

Business Plan

2014 / 2018



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INTRODUCTION

Welcome to Merton Council's Business Plan for 2014/18, which brings together financial information in the form of the council's budget and the Medium Term Financial Strategy, along with the service planning of all of the council's operational services over the next four years. Although it is a four year plan, it will be refreshed every year to ensure we are on target and to take account of changing needs and priorities.

As the work of the council encompasses such a wide and diverse range of services, we have tried to include all the necessary information needed to understand what we are doing and why we are doing it. This information should give you a detailed picture of how the council will operate over the next four years. To help understand some of the more complex areas of the council's business a Glossary of Terms and list of acronyms has been included.

The Background and Context section sets the scene for the Business Plan, with some of the key facts relating to Merton.

The Medium Term Financial Strategy incorporates details of the money the council has coming in (revenue) and the money and assets it has in place (capital) and how it will spend and invest this money over the four year planning period, through the Capital and Treasury Management Strategies.

Other key resources in place to enable the council to manage the Business Plan include how we:

- manage and develop staff, through the Workforce Management Strategy;
- obtain goods and services, through the Procurement Plan;
- design and develop information technology, through the IT Strategy;
- identify and manage the risks the council may face in delivering services, through the Risk Management Strategy; and
- manage and monitor performance against objectives, through the Performance Management Framework.

Each major work area in the council completes a service plan, to give a high level overview of its financial position, what it exists to do, what it hopes to achieve and how it will achieve its major work programmes over the next four years.

We appreciate that there is a huge level of detail in the plan, but hope it helps you to understand what the council is trying to achieve and how we intend to succeed. If you have any comments or questions on the content of this plan, then please contact zoe.church@merton.gov.uk.

TRANSFORMATION STATEMENT

By 2015 Merton Council will be smaller, reducing in size. Our top priority will continue to be to provide safe services of the best possible quality. Providing value for money services to our residents is at the heart of our business and we must be able to demonstrate that all of our services represent best value for money. We will do this by finding innovative solutions to maximise future efficiency.

We will deliver services that customers want and need and, where possible, involve our customers in service specification and design.

Delivering quality and value services in an era of significantly reduced resources will require strong and determined leadership. A single business view is essential to ensure a 'One Council' approach is followed in everything we do. Leaders at all levels will be visible and lead by example.

Change of this magnitude will only be achieved through a unified effort.

- Get Involved! – identify and implement improvements.
- One team – Directors, managers and staff have an equal part to play.
- Learn – from each other, our mistakes and from what our customers say.
- Determination – to try out new ideas.

The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
 - i) Continue to provide everything that is statutory.
 - ii) Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
 - i) Maintain clean streets and keep council tax low.
 - ii) Keep Merton as a good place for young people to go to school and grow up.
 - iii) Be the best it can for the local environment.
 - iv) All the rest should be open for discussion.

The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services.

The Community Plan has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019.

COMMUNITY PLAN

Merton Partnership brings together a range of key players from the public, private and voluntary sectors in Merton, including the council, health and Police, to co-ordinate the delivery of local services.

The Partnership developed a Community Plan in 2009 setting out the overall direction and vision for the borough until 2019, and a set of commitments and activities to achieve this vision. The Community Plan was refreshed in 2013 to take into account demographic, legislative and policy changes, and now sets out a vision, pledges to deliver the vision and details of achievements to date under the following headings:

- Merton: A place to work
- A healthy and fulfilling life
- Better opportunities for youngsters
- Keeping Merton moving
- Being safe and strong
- Contributing to your community

Underpinning all this is the concept of 'Bridging the Gap', that is to say to address the significant differences between those living in the east and west of our borough, for example average salary, life expectancy or educational attainment.

The Community Plan sits above each partner's own Business Plan and sets the context for how each organisation delivers its business.

The Partnership is made up of three tiers:

The Merton Partnership – this is the full partnership body that provides the governance, overall leadership and representation to ensure that the Partnership delivers the community's priorities. It is chaired by the Leader of the Council, the person with the clearest democratic authority in the borough. It provides the strategic direction for the work of the Partnership.

The Executive Board – this is the decision making body that provides the governance, overall leadership and representation to ensure that the Partnership delivers the community's priorities. The Executive Board meets every two months and brings together the organisations with the most significant budgets in the borough. It ensures the Partnership is given the leadership and capacity it needs to do its job. The Executive Board is committed to sharing information and resources, and to implementing cross-cutting projects to achieve the aspirations set out in the Community Plan.

Thematic Partnerships – four thematic partnerships co-ordinate the work of different partners to ensure that specific activity takes place to deliver the Community Plan. The thematic partnerships are the:

- Children's Trust
- Health & Wellbeing Board
- Safer & Stronger Communities
- Sustainable Communities & Transport

NATIONAL POLICIES

Many of the policies introduced by the Coalition Government have had, and will continue to have, a profound impact on the delivery of services at a local level. For example:

- The Comprehensive Spending Review 2013 saw a further cut to the funding partnership organisations will receive up until 2016.
- The Health and Social Care Bill has transferred responsibility for improving public health from health authorities to local councils, and will also place new burdens on public agencies to deliver services for older residents.
- The Welfare Reform Act introduced in 2013 sees significant changes to the allocation of welfare benefits and housing will continue to have a profound impact on Merton's most vulnerable residents.

This Business Plan represents Merton's response to the challenges and opportunities over the next four years.

CORPORATE STRATEGIES

The council has many corporate and service-specific strategies and plans that support the work not only of the council, but also the Merton Partnership and Thematic Partnerships. These strategies and plans draw heavily on the aims set out in the Merton Community Plan, but also reflect central Government policy changes, sub-regional policies (e.g. set by the Mayor of London), new legislative requirements and short-term changes to local priorities.

The following list is not exhaustive but shows the diversity of strategies and plans currently in place.

- Adult Treatment Plan
- Air Quality Action Plan
- Anti Social Behaviour Strategy
- Asset Management Plan
- Capital Programme
- Children and Young Persons' Plan
- Civil Contingencies Plan
- Climate Change Strategy
- Commercial and Trading Standards Delivery
- Community Plan
- Core Planning Strategy
- Corporate Equality Scheme
- Corporate Procurement Strategy
- Cultural Strategy
- Customer Services Strategy
- Crime and Disorder (partnership plan)
- East Merton and Mitcham Neighbourhood Renewal Strategy
- Economic Development Strategy
- Ethnic Minority Housing Strategy
- Gypsy and Traveller Strategy
- Homelessness Strategy
- Housing Strategy
- ICT Policy
- Information Governance Policy
- Local Development Framework
- Local Implementation Plan
- Local Transport Plan
- Looked After Children's Strategy
- Medium Term Financial Strategy
- Older People's Housing Strategy
- Open Spaces Strategy
- Performance Management Framework
- Risk Management Strategy
- Road Safety Plan
- Safeguarding Children's Board Annual Plan
- School Expansion Plans
- School Improvement Strategy
- Social Inclusion Strategy
- Special Educational Needs and Inclusion Strategy
- Treasury Management Strategy
- Unitary Development Plan
- Voluntary Sector Strategy
- Waste Management Plan
- Workforce Development Plan

ABOUT THE COUNCIL - An overview of the council

KEY FACTS

- The Council comprises 60 elected Councillors, representing 20 wards and six political groups. The current political composition of the Council (as at February 2014) is:
 - Labour: 28 Councillors
 - Conservative: 22 Councillors
 - Liberal Democrat: two Councillors
 - Merton Park Ward Independent Residents: three Councillors
 - Merton Coalition Group: four Councillors
 - Independents: one Councillors
- Full Council usually meets five times a year, and is responsible for agreeing the council tax and setting the overall direction of the council.
- A Cabinet of nine Labour councillors makes the majority of decisions throughout the year, with Overview and Scrutiny arrangements to hold Cabinet to account.
- Regulatory committees are appointed by Council and carry out planning and licensing functions.
- The council had a revenue budget of £164m in 2013/14 with around 45% of this being spent on social care.
- 4,159 FTE or 5,513 headcount (as at Dec 13) employees provide a range of public services, from street cleaners and town planners to teachers and social workers, who work in the four departments, including Merton's schools:
 - Children, Schools and Families (CSF)
 - Environment and Regeneration (E&R)
 - Community and Housing (C&H)
 - Corporate Services (CS)

ABOUT THE BOROUGH

Merton is an outer London borough situated to the south west of central London. The demographics of the borough and some of its defining characteristics are listed below.

- Population of 199,700¹ living in 78,757 chargeable dwellings. According to the Greater London Authority, the population is set to increase to 206,612 by 2016, to 209,666 by 2021, to 211,783 by 2026, and to 213,931 by 2031.
- Five main town centres: Wimbledon, Mitcham, Morden, Colliers Wood and Raynes Park
- The borough is predominantly suburban in character, with high levels of commuter flows in and out of central London.

¹ ONS Census estimate, May 2011

- Good connections with the London transport network: the District and Northern lines both run through the borough, Tramlink provides connections between Wimbledon and Croydon via Mitcham and Morden, while numerous overground stations and bus routes provide easy access to central London and neighbouring boroughs.
- Significant amounts of green space: 18% of the borough is open space, compared to a London average of 10%. This comprises over 65 parks and open spaces (including Wimbledon and Mitcham commons), 28 conservation areas, 11 nature reserves and 17 allotment sites.
- ONS Census 2011 data estimated that 35% of the population is from black and minority ethnic (BAME) groups, with the range across schools being 32% to 91%.
- 121 languages are spoken in Merton's 43 primary schools, eight secondary schools (including two academies), three special schools, one Pupil Referral Unit and 11 children's centres.
- Increasing numbers of groups with particular needs, for example older people, BAME communities and the increased number of young people with special educational needs or disabilities.
- Seven libraries provide internet access, summer reading schemes and homework clubs as well as traditional book, CD, DVD and video lending.
- Three leisure centres provide a wide range of facilities in Mitcham, Morden and Wimbledon.
- Merton plays host to one of the country's most famous sporting events – the Wimbledon fortnight held at the All England Lawn Tennis and Croquet Club.
- The top five areas of concern to residents are litter, crime, traffic congestion, level of council tax and lack of affordable housing according to the Council's Annual Residents Survey.
- Council tax is currently set at £1,405.55 (2013/14) for a band D property (including the Greater London Authority precept), the average level for outer London boroughs.
- Merton is consistently amongst the top four safest boroughs in London which is a tribute to the excellent partnerships between the council, Metropolitan Police Service, Safer Merton Partnership and the community.

Merton is the fourth least deprived of the 33 London boroughs². Nationally, the borough is ranked 208 out of 326, where 1 is the most deprived. This overall lack of deprivation does, however, hide stark inequalities in the borough between deprived wards in the east of the borough (Mitcham) and the more affluent wards in the west (Wimbledon).

² 2010 Index of Multiple Deprivation,

This is illustrated by the following facts:

- The average annual salary in the west is £40,000, compared to £28,000 in the east.
- The east of the borough has much higher levels of serious illness and early deaths from illnesses such as cancer and heart disease.
- Differences in life expectancy are stark: life expectancy for men in Wimbledon Park ward is 85 years, compared to 76 years in Ravensbury ward – a difference of 9 years over just 5 miles. In Hillside ward the life expectancy for women is 92 years, compared with 80 years in Figge's Marsh ward – a difference of 12 years over just 4 miles.
- Two of Merton's Super Output Areas (SOAs) – both in the east – are amongst the 20% most deprived in the country, and fourteen are in the 30% most deprived nationally, with 13 of these located in the east of the borough.
- Although unemployment in the borough is below the national average, it rises significantly in some of the eastern wards, and 71% of Merton's benefit claimants live in the east of the borough.
- Almost 25,000 residents have no qualifications in the borough. Two-thirds of those without qualifications live in the east of the borough. Furthermore, a quarter of all residents with no qualifications come from three wards in the east of the borough – Cricket Green, St Helier and Ravensbury.
- Free school meals eligibility is rising in Merton schools (increase of 21% on 2010 eligibility indicators – School Census 2012 data).

The data / figures from the 2011 national census were released in September 2012 and this information is being used to aid service planning in subsequent years.

Section A

Financial Resources

A) MEDIUM TERM FINANCIAL STRATEGY 2014-18

1. Background to Financial Planning

- 1.1 The Medium Term Financial Strategy (MTFS) supports the achievement of the business plan and any financial implications arising from the agreed plan are included in financial planning for 2014/15 and beyond. The MTFS brings together all of the key elements relating to the Council's financial position which are reflected in the General Fund, and the Capital Programme.
- 1.2 The approach to Medium Term Financial Planning provides a great deal of flexibility in decision making and enables the impact of alternative options to be modeled. This has assisted with progress towards a balanced budget over the four year plan.
- 1.3 The MTFS has been re-priced and rolled forward a year so that each year from 2014/15 to 2017/18 starts from the approved budget 2013/14 and is built up showing the cumulative effect of variations over the period.
- 1.4 Regular reports were made throughout the business planning process to Cabinet on 16 September 2013, 21 October 2013, 11 November 2013, 9 December 2013, 20 January 2014 and 17 February 2014 which presented updated information to Members, and set out the financial implications as assumptions were reviewed and decisions made. The final MTFS for 2014-18 was approved by Council on 5 March 2014.
- 1.5 The decisions made in respect of each element of the MTFS impact on the overall financial position of the Authority and need to be taken into account as part of an overall package of decisions to balance the budget over 2014-18. In addition to the normal review of the base position, an appraisal of options and variables was undertaken during the year which enabled the impact of different scenarios to be modeled, in particular, in relation to estimated funding scenarios arising from the Government's Spending Review 2013 and Autumn Statement, as well as forecasting resources from the Business Rate Retention Scheme, and the impact of technical issues such as the Pension Fund Revaluation.

2. Setting a Balanced Budget

- 2.1 Resource and expenditure projections were continually updated throughout the year to inform Members and officers of the overall position for 2014-2018. A four-year forward plan is presented in the MTFS, but it is a legal requirement that a balanced (i.e. fully funded) budget is achieved for 2014/15
- 2.2 Budget savings and growth proposals were formulated within the overall constraints of the resource projections. The proposals were approved in principle by the Cabinet and then considered by Overview and Scrutiny Panels as part of the scrutiny process. Scrutiny Panels met during

November 2013 and January 2014 and their feedback on the Council's spending proposals was taken into account as part of budget setting.

3. Review of previous year's Savings

- 3.1 As with previous years, the business planning process is a multi-year approach and this includes a review of total expenditure and income over the period 2014-18.
- 3.2 Cabinet on 11 November 2013 and 9 December 2013 considered revisions to current savings proposals. The overall impact of these amendments which have been incorporated into the MTFs is as follows:-

Table 1: Revisions to current savings

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000
Children, Schools & Families	0	0	0	0	0
Corporate Services	141	52	(256)	0	(63)
Environment & Regeneration	914	(500)	(414)	0	0
Community & Housing	350	(350)	0	0	0
Total	1,405	(798)	(670)	0	(63)
Total - Cumulative	1,405	607	(63)	(63)	

- 3.3 The current MTFs includes the following amounts in respect of the full year effects of previous year's savings.

Table 2: Full Year Effects of previous years savings

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000
Children, Schools & Families	(860)	(631)	(250)	0	(1,741)
Corporate Services	(1,650)	(749)	(886)	0	(3,285)
Environment & Regeneration	(3,339)	(1,102)	(853)	0	(5,294)
Community & Housing	(2,465)	(764)	(1,608)	0	(4,837)
Total	(8,314)	(3,246)	(3,597)	0	(15,157)
Total - Cumulative	(8,314)	(11,560)	(15,157)	(15,157)	

- 3.4 One of the key objectives is to balance the budget and one of the shortcomings of the process in the past, which the Council has started to address in recent years, has been the inability to look over a long-term period and identify significant savings over more than one year.
- 3.5 The Business planning framework aims to enable strategic resource allocation and investment decisions to be made that allow for services to transform and change at different times in the future and which would otherwise be very difficult to plan under an annual planning framework.

4. Growth

4.1 The MTFS agreed by Council in March 2014 includes a net £1m p.a. for adult social care placements. This has been included for prudent planning purposes but greater rigour is required to demonstrate this need for future years alongside options to manage the spending pressure, which has the potential to be an option to help balance the budget. This will also now need to be reviewed alongside the Better Care Fund and future joint working with health. However, it is envisaged that an element of growth within people services will be required in response to the increasing population.

4.2 The growth included in the MTFS is summarised in the following table:-

Table 3: Growth Contained with the Current MTFS

Revised Growth	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
People Services (cumulative)	1.000	2.000	2.000	2.000
Total (cumulative)	1.000	2.000	2.000	2.000

5. Local Government Finance Settlement 2014-16

5.1 The financial projections of resources are based on the information as announced in the provisional Local Government Finance Settlement on 18 December 2013 and confirmed in the Final Local Government Finance Settlement figures which were published on 5 February 2014.

5.2 The main information for Merton from the Settlement is summarised in the following table:-

Table 4: Key information from the Local Government Final Settlement

Settlement Funding Assessment

	Values (£m)			Change (%)	
	2013-14	2014-15	2015-16	2014-15	2015-16
Revenue Support Grant	48.069	39.738	29.284	-17.3%	-26.3%
Funding Baseline	31.415	32.027	32.911	1.9%	2.8%
Settlement Funding Assessment	79.484	71.765	62.195	-9.7%	-13.3%

Spending power

	Values (£m)			Change (%)	
	2013-14	2014-15	2015-16	2014-15	2015-16
Settlement Funding Assessment	79.484	71.765	62.195	-9.7%	-13.3%
Council tax requirement	74.119	75.014	75.920	1.2%	1.2%
Grant funding	16.534	19.131	27.626	15.7%	44.4%
Spending Power	170.136	165.901	165.741	-2.5%	-0.1%

6. Review of Corporate and Technical Provisions

6.1 The key assumptions included in the MTFS were continually reviewed and updated as the budget process developed and reported to Cabinet throughout the business planning process for 2014/15. The main details are set out in the following paragraphs.

6.2 Inflation

Predicting the level of inflation over a four year period with accuracy is not easy, particularly in the current economic climate and given the size of the Council's budget can lead to large variances if the actual inflation levels vary from the assumptions.

6.2.1 Pay

The latest estimates of pay inflation are:-

Table 5: Estimates of pay inflation

	2014/15	2015/16	2016/17	2017/18
Pay inflation in MTFS (%)	1%	1%	1.5%	1.5%
Estimate (cumulative £000)	807	1,614	2,825	4,035

There has been a pay freeze for the past three years. A 1% pay increase for 2013/14 was agreed. The Council also agreed to implement the London Living wage for permanent and temporary staff. The Government has stipulated that it wants to restrict public sector pay awards to an average of 1% for 2014/15 (Autumn Statement 2011) and in the recent Spending Round 2013, the government announced that public sector pay awards will also be limited to an average of up to 1 per cent in 2015-16.

Pay Claim 2014/15

The UNISON NJC Committee have agreed to consult its members on the following two alternative options for the proposed 2014/15 NJC pay claim:

Option 1

The Living Wage (LW) hourly rate to be the minimum pay rate, with an equivalent percentage increase on all other spinal column points; or

Option 2

A flat rate increase of £1 an hour on all pay points, which would achieve the current Living Wage as the bottom NJC spinal column point.

Unison's claim proposes to increase the lowest local government pay scale of £6.45 an hour to the non-London living wage level of £7.45. This represents a 15.5% increase and option 1 proposes an equivalent

increase on all other spinal column points. Under Option 2, the increase for the lowest pay scale level would be applied to other pay scales as a monetary increase of £1. This would result in an average increase of about 8.2%.

The local government employers are currently consulting local authorities over an offer for employees in England, Wales and Northern Ireland, and a response was expected in mid-February. However, as no response was received, the National Joint Council for Local Government Services (Trade Union Side) wrote to the Local Government Employers on 14 February in response to the employers' decision to cancel the planned meeting on that day and withhold the anticipated offer on NJC pay for 2014-2015. The union's letter from the National Secretary of the Local Government Service Group states that "In light of the failure to make us an NJC pay offer for 2014-15 and as a result of your suggestion that this year's pay offer will in any case be 'pegged' to the National Minimum Wage, I am writing to notify you that the Trade Union Side considers itself to be in formal dispute with you."

6.2.2 Prices

CPI annual inflation stood at 1.9% in January 2014, down from 2.0% in December 2013. CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 1.8% in the year to January 2014, down from 1.9% in December 2013. Owner occupiers' housing costs increased by 0.1% between December 2013 and January 2014.

RPI annual inflation stood at 2.8% in January 2014, up from 2.7% in December 2013.

6.2.3 **Outlook for inflation:**

On 6 February 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 MPC's projections are underpinned by four key judgements:

1. global growth strengthens gradually, driven by the advanced economies
2. the domestic recovery becomes increasingly entrenched as the headwinds to demand lessen
3. slack in the economy is eroded only gradually, despite the recovery in demand

4. inflation returns to the target as the impetus from import prices abates, and a gradual rise in productivity growth attenuates domestic price pressures

The MPC published its latest Inflation Report on 12 February 2014. In the report it noted that the UK economy grew by 1.9% in 2013, the strongest annual growth for six years but this has so far not been accompanied by a material pickup in productivity. However, “employment gains have been exceptionally strong and unemployment has fallen much more rapidly than expected. The LFS headline unemployment rate is likely to reach the MPC’s 7% threshold by the spring of this year.” The MPC also believes that “the inflation outlook is sensitive to several factors. The path of inflation will depend on the pace at which slack is absorbed and the impact that slack has on wages and prices. It is possible that the recent unexpectedly sharp falls in inflation reflect underlying cost and price pressures that are weaker than currently judged. Inflation will also be sensitive to developments in commodity prices and the exchange rate, both of which can move sharply.”

In reaching its decision to hold the Bank Base Rate at 0.5% the MPC felt that CPI inflation had reduced to the 2% target more quickly than previously anticipated and with domestic costs continuing to be contained, CPI inflation would be expected to remain at or below the target of 2% for the next few years.

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts as at February 2014 are set out in the following table:-

Table 6: UK economy forecasts

Source: HM Treasury - Forecasts for the UK Economy (February 2014)			
	Lowest %	Highest %	Average %
2013 (Quarter 4)			
CPI	2.1	2.7	2.2
RPI	2.6	2.7	2.6
LFS Unemployment Rate	6.9	7.7	7.2
2014 (Quarter 4)			
CPI	1.1	3.3	2.2
RPI	2.1	4.0	3.0
LFS Unemployment Rate	5.9	7.5	6.7

The current assumptions regarding price inflation incorporated into the MTFS are:-

Table 7: Price inflation assumptions in MTFS

	2014/15	2015/16	2016/17	2017/18
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Estimate (cumulative £000)	2,250	4,500	6,750	9,000

Given the downward trend for inflation and analysts recent forecasts for it to continue to fall in the coming months, it is anticipated that the current provision in the MTFS is adequate. Clearly, this will be treated as a cash limit and if 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.

6.2.4 Inflation > 1.5% on volatile budgets

There is also a corporate provision 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. This will only be released for specific demonstrable demand.

Table 8: Inflation exceeding 1.5%

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Inflation exceeding 1.5%	585	879	877	873

The cash limiting strategy is not without risks but if current levels of inflation were applied un-damped across the period then the budget gap would increase by c.£5m by 2017/18.

6.2.5 Income

The MTFS assumes that departments will achieve an additional 2% p.a. on their fees and charges.

Table 9: Income based on a 2% per annum increase

Income based on 2% p.a. increase	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Income	669	1,339	2,008	2,676

6.3 **Collection Fund**

6.3.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax and from NNDR (Business Rates). In preparing the budget for 2013/14, the estimated surplus on the Collection Fund as at 31 March 2013 was £3.284m arising from Council Tax and this was to be shared £0.739m to the GLA and £2.545m to

Merton. The actual surplus as at 31 March 2013 was £6.365m to be shared £1.378m to the GLA and £4.987m to Merton.

6.3.2 Due to the introduction of the Business Rates Retention Scheme last year, it was necessary to estimate a separate surplus/deficit arising from business rates in 2013/14. This was calculated as Part 4 of the NNDR1 2014/15 return to Central Government. Any surplus/deficit on the Collection Fund due to NNDR is shared 50% to Central Government, 30% to Merton and 20% to the GLA.

6.3.3 The financial implications are summarised in the following table:-

Table 10: Financial implications on Collection Fund

	Estimated surplus/ (deficit) as at 31/03/14	Estimated surplus/ (deficit) as at 31/03/14	Total surplus/ (deficit) as at 31/03/14
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(620)	(620)
GLA	1,266	(248)	1,018
Merton	4,608	(372)	4,236
Total	5,874	(1,240)	4,634

6.3.4 The net impact is a surplus of £4.236m and this was incorporated into the budget 2014/15 and the MTFS 2014-18.

6.4 Pension Fund

6.4.1 By law the Superannuation Fund is valued every 3 years. The new valuation is based on the position at 31st March 2013 and is implemented in the 2014/15 financial year. The fund has shown an increase in funding level from 84% to c.89%. This is because the growth in the value of assets has exceeded the growth in liabilities. The actuary will be certifying contributions based on the agreed deficit funding period, i.e. Merton has completed the first 3 years of an agreed 15 year deficit repayment period. In calculating the deficit repayment plan the actuary includes a loss of investment income as interest due at a rate of 5.9% p.a. This means that an additional 40% to 55% is added to the cost of the deficit repayment. For those authorities who have adopted very long term repayment periods the interest can substantially more than double the cost. This means that front loading repayments can give a significant benefit in overall payments and the level of repayment that will be required by the time the next revaluation is implemented in 2017/18. This issue was referred to in Cabinet reports throughout the budget process.

6.5 Concessionary Fares – 2014/15 Freedom Pass Settlement and Taxicards

6.5.1 Both of these schemes are administered by London Councils on behalf of London boroughs. At its meeting on 12 December 2013, London Councils' Transport and Environment Committee (TEC) agreed the Concessionary Fares 2014/15 Settlement, following the outcome of negotiations with transport operators (Transport for London (TfL), the Association of Train Operating Companies (ATOC) and independent bus operators) regarding compensation for carrying concessionary passengers in 2014/15. The estimated cost of Freedom Passes to Merton in 2014/15 is £8,851,663.

6.5.2 For taxicards, it was previously agreed by London councils that the formula by which the TfL allocation to each borough is calculated would be brought in over a 3 year transitional period to avoid sudden large increases or reductions to boroughs' budgets. 2014/15 is the first year where TfL's budget will be allocated 100% by the formula. The figures apportioned by the formula each year are based on:

- The number of people in each borough receiving Higher Rate Mobility Component of the Disability Living Allowance
- The number of people in each borough over 65 years of age
- The number of 'active' Taxicard members, defined as those who have taken at least one trip over a 12 month period

The projected cost of taxicards to Merton for 2014/15 is £169,541.

6.5.3 The overall estimates for 2014/15 are set out in the following table

Table 11: Freedom Pass and Taxicard estimates for 2014/15

Freedom Passes and Taxicards 2014/15	
	£
<u>Latest Details from London Councils</u>	
Charge to Merton for Freedom Passes	(8,851,663)
Charge to Merton for Taxicards	(169,541)
Latest Estimated Cost for 2014/15	(9,021,204)

6.5.4 These latest estimates have been incorporated into the Budget 2014/15 and MTFS 2014-18.

6.6 Contingency

6.6.1 The budget approved for 2014/15 includes provision of £1.5m as a contingency to meet unforeseen cost and demand pressures, particularly those arising as the economy recovers from the recession.

6.6.2 There is also a need for additional temporary resources for Children, Schools and Families to be able to respond to the Children and Families Bill, extended statutory duties associated with 0-25 agenda and transition. This need will be kept under quarterly review.

6.7 **Bad Debt Provision**

6.7.1 The bad debt provision is calculated on the basis of an examination of debts within the council's financial systems to assess the probability of their collection. Due to effective and proactive debt management it was not considered that an increase in contribution would be necessary for 2014/15, even under the current economic circumstances. The level of provision will be kept under review within the MTFS.

6.8 **Local Authority Better Care Fund and Mental Health S75 Agreement**

6.8.1 The Council's budget for 2013/14 included provision of £2.676m expenditure funded by the NHS Social Care transfer allocation.

6.8.2 In 2014/15 an additional £0.623m BCF Fund has been allocated to Merton. Therefore total BCF for Merton is £3.2m, of which £0.247m is ring-fenced for investments carried out by Merton Clinical Commissioning Group (MCCG).

6.8.3 In 2015/16 the BCF allocation increases to £11.254m. The fund will be put into a pooled budget under S75 governance arrangements with MCCG. The Council and MCCG have developed and agreed a joint plan for the fund signed off by the Health & Wellbeing board. Nevertheless, low council tax was one of the priorities agreed by Council in its motion of 13 July 2011 – the 'July Principles'.

6.8.4 Better Care plan templates were required to be submitted to NHS England by 4 April 2014.

6.8.5 In 2015/16 The Better Care Fund will also contain two capital funds:-

- Disabled Facilities Grant - £528k
- Social Care Capital Grant - £416k

6.9 **S75 Mental Health Agreement**

6.9.1 The Council and the Trust have, for the last 10 years, been managing a partnership agreement to facilitate the provision of services to adults and older people with a mental illness. The agreement has been reviewed and is now being renewed under a S75 pooled fund agreement.

6.9.2 The service will be provided by the Trust as lead provider.

6.9.3 Contributions to Pooled Fund: 1 April 2014 to 31 March 2015

The Council's contribution to the Pooled Fund will be £1,684,000.

The Council's contribution to the Non Pooled Fund will be £1,220,000.

The Trust's contribution to the Pooled Fund will be £2,765,000.

6.9.4 The budget 2014/15 and MTFS 2014-18 include provision for the Council's contributions.

6.10 **Summary of Corporate and Technical Adjustments**

6.10.1 The financial implications of the corporate and technical adjustments are summarised in Appendix 1.

7. **Departmental Savings Proposals 2014-18 and Service Planning**

7.1 In allocating savings targets for each Department, the Council has aimed to protect front-line services and services to the vulnerable in line with the 2011 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio (100%) : (100%) : (67%) : (50%), were applied which reduced the impact on Adult Social Care, Children's Social Care and vulnerable groups. Cabinet on 16 September 2013 agreed savings targets for each department on this basis.

7.2 Cabinet reviewed the savings proposals put forward by officers and referred them to the Overview and Scrutiny panels and Commission for consideration.

7.3 Following the scrutiny process which resulted in some savings being rejected and some deferred, the total savings agreed by Council for the period 2014-18 are set out in the following table:-

Table 12: Savings agreed by Council 5 March 2014

IDENTIFIED SAVINGS BY DEPARTMENT	2015/16 £000	2016/17 £000	2017/18 £000	Total £000s
Community and Housing	321	814	484	1,619
Children, Schools and Families	150	7	325	482
Environment and Regeneration	535	125	125	785
Corporate Services	291	412	493	1,196
Total Savings	1,297	1,358	1,427	4,082
Total Cumulative Savings	1,297	2,655	4,082	

8. Building in the Implications of Current Spending Patterns

- 8.1 As at 31st December 2013, there was a forecast underspend for the Council of £1.070m for 2013/14, net of the amount set aside to fund capital expenditure, balancing the budget reserve and the ring-fenced carry forward for Public Health in future years.
- 8.2 The underspend of £1.070m is made up as follows –
- | | |
|---------------------------|-----------|
| ▪ departmental underspend | £1.756m |
| ▪ corporate overspend | (£0.686m) |
- 8.3 Sound financial management and continued robust challenge are resulting in lower levels of forecast spend at year-end. Where appropriate these reduced projections are being incorporated into the Medium Term Financial Strategy for 2014-18.

9. Capital Financing and Treasury Management

Treasury Management, Capital Financing and Investment Income:

- 9.1 Comprehensive details are included as part of the Capital Strategy and Treasury Management Strategy sections of the Business Plan. Capital financing costs are derived from the draft capital programme 2014-18 and estimated revenue funding is built into the MTFs for the level of borrowing that is expected.
- 9.2 There have been a number of issues related to managing and financing the capital programme and these have been reported throughout the year, both as part of regular monthly monitoring reports and reports on the business plan 2014-18.
- 9.3 The main issues relate to:-
- Schools
 - revenue financing implications arising from slippage, re-profiling of the programme, reductions/deletions and growth in the programme
- 9.4 Revenuisation and Other Revenue Contributions to Capital

There has been an ongoing review of classification of expenditure which has previously been budgeted for in the capital programme but has subsequently turned out to be revenue in nature. However, it is important that this expenditure takes place and amounts identified that were formerly included in the capital programme that need to be funded from revenue have been identified. There are also a variety of assets with a short economic life within the capital programme. In 2013/14 these will be revenuised and funded via a combination of any treasury management under spending in year and drawing down of earmarked reserves. This will provide a more sustainable medium term position. In

2014/15 provisions have been set aside for re-enlisting such short life assets supplemented by earmarked reserves. The overall change in provision in the MTFs for re-enuisation and other revenue contributions to capital since 2013/14 is summarised in the following table:-

Table 13: Summary of Revenuisation/Revenue funding of capital

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Change (cumulative)	(114)	(2,353)	(2,522)	(2,522)

9.5 Revenue implications arising from slippage, re-profiling and reductions/amendments and growth in the programme

The capital programme has continued to be subject to major review as part of monthly monitoring and the process of developing the Business Plan for 2014-18.

9.6 In addition to reviewing the capital programme, focus was maintained on the treasury management aspects of funding the programme, to improve forecasts of available funding and to minimise as far as possible the costs of funding capital. This included improved cash flow forecasting to enable the programme to be funded from internal resources for as long as possible to take advantage of current low levels of interest. Work is also continuing to ensure that grants and contributions are utilised effectively and this work will continue into the closing of accounts process for 2013/14 to ensure that the revenue impact of the capital programme is minimised in 2014/15 and beyond.

9.7 The revenue budget implications of the capital programme 2014-18 Approved by Council on 5 March 2014 are summarised in the following table:-

Table 14: Details of Budgets for capital financing costs

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
MRP	7,411	7,819	8,894	10,214
Interest	6,692	6,692	7,109	8,003
Capital financing costs	14,103	14,511	16,003	18,217
Investment Income	(522)	(303)	(165)	(175)
Net	13,581	14,208	15,838	18,042

10 GENERAL FUND BALANCES AND RESERVES

10.1 In determining an appropriate level of general fund balances previously, an analysis of the overall expenditure of the authority was prepared. This analysis has been updated and the overall range of balances considered

appropriate is summarised below and compares with current GF balances of £18.838m as shown in the final accounts for 2012/13.

	Min	Medium	Max
	£m	£m	£m
Level of balances	12.59	19.31	26.17

- 10.2 An alternative approach was also taken which looked at a percentage based on the net spending of the authority. From the Audit Commission's report "Striking a Balance", most Chief Officers regard an amount of between 3 and 5 per cent as a prudent level and the minimum the auditors would consider prudent. There are also some other areas of risk and unknowns in relation to the localisation of business rates and how this impact will flow through, in particular in relation to appeals. There is also an amount calculated for Merton called the safety net, below which income must fall before Merton becomes entitled to funding from central government. Following this approach and using an amount of 5 per cent the level of reserves indicated is £14.5m as set out below:-

	£m
Net spending	8.1
Safety Net	2.4
Appeals	4.0
Level of balances	14.5

- 10.3 The average level of General Fund balances for outer London boroughs for 2012/13 was £15.4m, with a low of £7.8m and a high of £32.8m.
- 10.4 The average level of earmarked reserves for outer London boroughs for 2012/13 was £52.8m, with a low of £9.1m and a high of £86.6m.
- 10.5 There has been a regular quarterly update on the use of earmarked reserves for 2013/14 reported through to Cabinet as part of the financial monitoring report. An initial review of their estimated use over the MTFS period has been undertaken and details are shown in Appendix 2. This shows the level of earmarked reserves falling from £34.5m to £6.6m.

11. Revenue Support Grant and Baseline Funding (Non-Domestic Rates)

- 11.1 In 2013/14 there was a fundamental change in the funding methodology for local government services. This has an ongoing impact in 2014/15 and beyond and it still the case that the new procedures are not completely finalised and are taking time to bed in. Although this resulted in some delays in receiving key information from the Government it was possible to produce estimates of business rates receivable for 2014/15.

- 11.2 The overall changes in formula grant compared to 2013/14, the base estimate for 2014/15 and the funding announced in the Final Local Government Finance Settlement are summarised in the following table:-

Table 15: Changes Central Government Funding Assumptions in the MTFS

	2013/14 £000	Original 2014/15 £000	Final 2014/15 £000
RSG	47,221	39,301	39,738
NNDR	32,020	32,379	33,253
NNDR - Section 31 Grant	0	0	1,118
Total	79,241	71,680	74,109

12. Council Tax Strategy

- 12.1 In the Annual Residents Survey 2013, the residents' personal concerns over the level of council tax have continued to reduce and currently stand at 24%. The Residents' Survey for 2013 took place from 9 September 2013 until 13 October 2013.

Council Tax and Council Tax Freeze Grant

- 12.2 On 26 June 2013 the Chancellor of the Exchequer announced as part of the Spending Round 2013 that the government will provide additional grant funding to support councils that freeze Council Tax in both 2014/15 and 2015/16.
- 12.3 This funding will be built into the spending review baseline for future years. Funding for previous year's freeze grants is incorporated into the local government settlement total for future years.

Merton's indicative allocations for 2014/15 and 2015/16 assumed in the Budget 2014/15 and MTFS 2014-18 are:

2014/15	£858,073
2015/16	£868,436

12.4 Capping of Council Tax increases

The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered as excessive Council Tax, including proposed limits. The principles are subject to approval by the House of Commons. From 2013 onwards, any council that wishes to raise its Council Tax above the limits that apply to them will have to hold a referendum. The result of the referendum will be binding. On 5 February 2014 the Minister

for Local Government introduced the report on Council Tax Referendums. Under section 52ZB of the Local Government Finance Act 1992 each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount. Under section 52ZC of the 1992 Act the question of whether an authority's relevant basic amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State.

For 2014-15, for authorities such as Merton, an increase is regarded as excessive if the authority's relevant basic amount of council tax for 2014-15 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2013-14.

12.5 Special expenses

All special items (other than parish precepts) are included in an authority's basic amount of council tax. Therefore, the average of all an authority's special items (including its special expenses) over the whole of its area is the amount that will be used to judge eligibility for the grant.

12.6 Merton's council tax strategy for 2014/15 was to freeze its Council Tax which meant that it was eligible to receive Council Tax Freeze Grant in 2014/15.

13. **Council Tax Base**

13.1 Cabinet on 9 December 2013 agreed the Council Tax Base calculation for 2014/15. Details of the calculation were included in reports to Cabinet and the Council on the Business Plan 2014-18

13.2 For 2014/15 the Council Tax Base has been calculated as:-

Council Tax Base 2014/15	68,087.4
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13.3 A separate council tax base calculation has been produced for the properties covered by the Wimbledon and Putney Common Conservators (WPCC) area. For 2014/15 the Council Tax Base for Wimbledon and Putney Commons Conservators has been calculated as:-

WPCC Council Tax Base 2014/15	10,708.8
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14. Greater London Authority Precept and Other Levies

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

14.2 The 2014/15 GLA budget and precept of £299 were agreed by the London Assembly on 14 February 2014. This was a reduction in the Mayor's Band D council tax precept of £4.00 (1.3 percent) from £303.00 in 2013-14.

14.3 The budget comprises of £218.88 to support the Mayor's Office for Policing and Crime, £49.76 for the London Fire and Emergency Planning Authority, £28.03 for the GLA (Mayor and Assembly) and £2.33 for Transport for London (TfL).

14.4 Other Levies

14.4.1 The Council is required by statute to pay certain levies to the organisations listed below. The levies for 2014/15 are set out in the following table:-

Table 16: Other Levies

	2013/14 £000	2014/15 £000	2014/15 Change %
London Pension Fund Authority	268	266	(0.7)
Lee Valley Regional Park	220	214	(2.5)
Environment Agency	157	157	0.0

14.5 Wimbledon and Putney Commons Conservators (WPCC)

14.5.1 A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons. The amount is calculated on the basis of the amount levied by the Commons Conservators and the Band D Council Tax in respect of the WPCC precept in 2014/15 will be £293,184.23, an increase of £24,669.52 from the 2013/14 levy of £268,514.71.

Table 17: Wimbledon and Putney Commons Conservators Precept

	2013/14 £000	2014/15 £000	Change %
Wimbledon & Putney Commons Conservators	269	293	9.2%

14.5.2 Although the total cost of the precept to Merton has increased by 9.2%, the average Band D cost to a council taxpayer in the WPC area has reduced from £27.84 in 2013/14 to £27.38 in 2014/15. The reason for the cost increase to Merton is due to the rise in Council Tax Base, relative to Kingston and Wandsworth, who are also subject to this levy.

15. Council Tax Calculation

15.1 The measure used to assess whether a local authority is eligible to receive council tax freeze grant is the year on year change in the average level of council tax. The average level of council tax for Merton includes the additional council tax payment made in respect of those properties in the Wimbledon and Putney Commons Conservators area. In 2014/15 the average council tax for Merton was £1,106.56.

15.2 Based on the assumptions included in the Medium Term Financial Strategy the following financial position is achieved:-

Table 18: Average Band D Council Tax

Average Council Tax Calculation at Band D	2013/14 £m	2014/15 £m
Budget Requirement	164.261	162.541
RSG + Business Rates	(79.241)	(72.991)
Section 31 Grant (NNDR)	0	(1.118)
New Homes Bonus	(2.724)	(3.199)
PFI Grant	(4.797)	(4.797)
Council Tax Freeze Grant	(0.835)	(0.858)
Collection Fund Surplus	(2.545)	(4.236)
Council Tax Requirement	74.119	75.342
Council Tax Base	66,981.2	68,087.4
Average Council Tax	1,106.56	1,106.56

15.3 The calculation of Band D council tax for properties outside the Wimbledon and Putney Commons Conservators area is as follows:

Table 19: Council Tax calculation

Council Tax Calculation Band D	2013/14 £m	2014/15 £m
Budget requirement	164.261	162.541
WPC	(0.269)	(0.293)
RSG + Business Rates (inc. S.31 grant)	(79.241)	(74.109)
New Homes Bonus	(2.724)	(3.199)
PFI Grant	(4,797)	(4.797)
Council Tax Freeze Grant	(0.835)	(0.858)
Collection Fund Surplus	(2.545)	(4.236)
Balance to be met from Council Tax	73.850	75.049
Implied Council Tax (Band D)	1,102.55	1,102.25

- 15.4 The implications for the level of Council Tax on a Band D property, including the GLA precept are set out as follows:-

Table 20: Band D Council Tax

Council Tax at Band D	2013/14 £	2014/15 £	% change from 2013/14
Merton (exc. WPCC)	1,102.55	1,102.25	(0.03)%
GLA Precept (Provisional)	303.00	299.00	(1.32)%
Implied Council Tax at Band D	1,405.55	1,401.25	(0.31)%

16. Risk Management

- 16.1 The management of risk is strategically driven by the Corporate Risk Management Group. This is the central hub of a number of council mechanisms for risk management including a Corporate Key Strategic Risk Register, departmental risk registers and project risk registers. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, to be put forward for discussion at CMT. Reports on risk are made through the General Purposes Committee to Cabinet and Council. Developing a corporate business plan and setting a balanced budget 2014-18 and beyond has been highlighted as a key strategic risk on the corporate risk register.
- 16.2 In 2013/14, £9.315 million of savings are being progressed, and a further £19.239m of savings have been identified for 2014-18. Current practice is to monitor delivery of savings as part of the monthly Business Plan Monitoring, and it is envisaged that given the size of the savings target over the next three years, additional mechanisms may need to be established to monitor more transformational and longer term projects.

17. Summary

- 17.1 Taking into account the changes that have taken place since last year, the budget gap in the MTFS has changed to the following:-

Table 21: Cumulative MTFS Gap 2014-2018

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
MTFS gap (cumulative)	0	0	7.351	15.246

- 17.2 There is still much to be done to be able to set a balanced budget over the period of the MTFS. There is also a high level of uncertainty about RSG and Business Rates funding in the future.

17.3 As indicated in the updated MTFS there is a gap between the forecast level of resources and budget requirements for 2016/17 and 2017/18 which will need to be addressed if balanced budgets are to be set for those years. The updated MTFS is set out in Appendix 3.

APPENDIX 1

SUMMARY OF CORPORATE PROVISIONS IN THE MEDIUM TERM FINANCIAL
STRATEGY 2014-18

CORPORATE PROVISIONS	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<u>Treasury Related Income and Expenditure:</u>				
External borrowing costs including MRP	14,103	14,511	16,003	18,217
Investment Income	(522)	(303)	(165)	(175)
Sub-total: Treasury Related Income and Expenditure:	13,581	14,208	15,838	18,042
<u>Other Corporate Expenditure and Income:</u>				
Asset Rentals: Depreciation	(15,227)	(15,227)	(15,227)	(15,227)
Recharge to Education of Past Service Deficiency/Redundancy	(463)	(463)	(463)	(463)
Change in corporate Specific and Special Grants	(47)	61	204	206
CHAS Dividend	-	(174)	(1,152)	(1,152)
Auto-enrolment	300	300	300	300
Corporate expenditure (utilities inflation)	300	100	300	300
Adjustment re Income re P3/P4	400	400	400	400
Bad Debt provision	500	500	500	500
Balances - Provision for inflation > 1.5%	585	879	877	873
Further provision for revaluisation/RCCO	2,166	438	370	371
Contingency	1,500	1,500	1,500	1,500
Pensions deficit and Lump Sum (Net of use of £1.5m from Balancing the Budget Reserve)	13,597	4,206	4,394	4,593
Sub-total: Other Corporate Expenditure and Income:	3,611	(7,480)	(7,997)	(7,799)
<u>Levies:</u>				
Lee Valley	214	214	214	214
London Pension Fund	267	267	267	267
Environment Agency	157	157	157	157
Wimbledon and Putney Commons Conservators	293	293	293	293
Sub-total: Levies	931	931	931	931
<u>Appropriations to/(from) Reserves</u>	-	(4,064)	(1,688)	-
Total Corporate items	18,123	3,595	7,084	11,174

Reserves

Forecast Movement in Reserves 2013/14	Actual Bal at 31/3/13	Net Movt. in year	Bal. at 31/3/14	Net Movt. in year	Bal. at 31/3/15	Net Movt. in year	Bal. at 31/3/16	Net Movt. in year	Bal. at 31/3/17	Net Movt. in year	Bal. at 31/3/18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserve (including HRA)	18,838	0	18,838	0	18,838	0	18,838	0	18,838	0	18,838
Earmarked Reserves	34,544	-7,769	26,775	-9,766	17,009	-6,417	10,592	-3,418	7,174	-548	6,626
Grants & Contributions	4,597	-56	4,541	-2,635	1,906	-736	1,170	-273	897	-19	878
Total Available Gen. Fund Rev. Reser	57,979	-7,825	50,154	-12,401	37,753	-7,153	30,600	-3,691	26,909	-567	26,342
Fixed to Contracts	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
Total General Fund revenue reserves	59,933	-7,825	52,108	-12,401	39,707	-7,153	32,554	-3,691	28,863	-567	28,296

Schools Balances & Reserves	18,879	-286	18,594	-270	18,324	253	18,577	244	18,821	-34	18,787
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Analysis											
Earmarked Reserves											
Outstanding Council Programme Board	9,789	-1,639	8,151	-3,451	4,700	-1,557	3,143	-93	3,050	0	3,050
For use in future years for budget	9,752	-1,500	8,252	-2,500	5,752	-4,064	1,688	-1,688	0	0	0
Revenue Reserves for Capital / Revn.	4,269	-1,585	2,684	-2,684	0	0	0	0	0	0	0
Energy renewable reserve	1,441	0	1,441	0	1,441	-300	1,141	-1,141	0	0	0
Repairs & Renewal Fund	1,424	0	1,424	0	1,424	-500	924	-500	424	-424	0
Transforming families reserve	1,318	-508	810	-810	0	0	0	0	0	0	0
Pension Fund additional contribution	1,078	-1,078	0	0	0	0	0	0	0	0	0
Local Land Charges Reserve	1,075	150	1,225	0	1,225	0	1,225	0	1,225	0	1,225
Apprenticeships	1,000	-450	550	-48	502	0	502	0	502	0	502
Community Care Reserve	1,790	-39	1,751	0	1,751	0	1,751	0	1,751	0	1,751
Performance Reward Grant	651	-385	266	-266	0	0	0	0	0	0	0
Economic Development Strategy	623	-623	0	0	0	0	0	0	0	0	0
Wimbledon Tennis Courts Renewal	28	0	28	25	53	25	78	25	103	-103	1
MertonActionSingleHomelessness	50	-39	11	-11	0	0	0	0	0	0	0
Campus closure	7	-7	0	0	0	0	0	0	0	0	0
Other	249	-67	182	-21	161	-21	140	-21	119	-21	98
Earmarked Reserves	34,544	-7,769	26,775	-9,766	17,009	-6,417	10,592	-3,418	7,174	-548	6,626
Adult Social care contributions	1,482	-100	1,382	-625	757	-550	207	-207	0	0	0
Culture and Environment contributions	931	-354	577	-170	407	-52	355	0	355	0	355
Culture and Environment grant	852	-359	493	-19	474	-19	455	-19	436	-19	417
Childrens & Education grant	780	-235	545	-423	122	-75	47	-47	0	0	0
Adult Social care grants	101	-101	0	0	0	0	0	0	0	0	0
Housing Planning Development grant	345	-162	183	-143	40	-40	0	0	0	0	0
Housing GF grants	106	0	106	0	106	0	106	0	106	0	106
Public Health	0	1,255	1255	-1,255	0	0	0	0	0	0	0
Grants & Contributions	4,597	-56	4,541	-2,635	1,906	-736	1,170	-273	897	-19	878
Total	39,141	-7,825	31,316	-12,401	18,915	-550	18,365	-207	18,158	0	18,158
Insurance Reserve	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
Fixed to Contracts	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954

DSG Reserve	2,378	-523	1,855	-400	1,455	0	1,455	0	1,455	0	1,455
Schools Reserve	1,060	-67	994	-168	826	0	826	0	826	0	826
Schools PFI Fund	3,767	304	4,071	298	4,369	253	4,622	244	4,866	-34	4,832
Add Schools own reserves	11,674	0	11,674	0	11,674	0	11,674	0	11,674	0	11,674
Schools Reserves	18,879	-286	18,594	-270	18,324	253	18,577	244	18,821	-34	18,787

DRAFT MEDIUM TERM FINANCIAL STRATEGY 2014-18				
	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Departmental Base Budget 2013/14	151,915	151,915	151,915	151,915
Departmental Budget Changes	(7,496)	(7,469)	(7,904)	(5,016)
Departmental Re-priced Budget	144,419	144,446	144,011	146,899
Treasury items	14,830	14,208	15,838	18,042
Other Corporate items	2,655	(7,187)	(7,704)	(7,506)
Levies	638	638	638	638
Appropriation to/from Reserves	0	(4,064)	(1,688)	0
CORPORATE PROVISIONS	18,123	3,595	7,084	11,174
BUDGET REQUIREMENT	162,542	148,041	151,095	158,073
FUNDING:				
RSG - Main element	(39,738)	(29,284)	(26,836)	(24,860)
RSG - Total	(39,738)	(29,284)	(26,836)	(24,860)
Business Rates Baseline - Main element	(25,559)	(25,004)	(26,006)	(26,455)
Business Rates Yield as per NNDR1	(25,559)	(25,004)	(26,006)	(26,455)
Top-Up Payment	(7,694)	(7,906)	(8,010)	(8,241)
Section 31 Grant	(1,118)	(1,118)	-	-
Business Rates Funding	(34,371)	(34,029)	(34,016)	(34,696)
Sub-Total: RSG + NNDR	(74,109)	(63,313)	(60,852)	(59,556)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(3,199)	(2,487)	(2,000)	(2,000)
Collection Fund t/f of surplus(-)/deficit - Council Tax	(4,608)	-	-	-
Collection Fund t/f of surplus(-)/deficit - Business Rates	372	-	-	-
Council Tax Income	(75,049)	(75,425)	(75,802)	(76,181)
Council Tax - WPCC	(293)	(293)	(293)	(293)
Council Tax Freeze Grant 2014/15	(858)	(858)	-	-
Council Tax Freeze Grant 2015/16	-	(868)	-	-
TOTAL FUNDING	-	-	-	-
BUDGET GAP	0	0	7,351	15,246

A) CAPITAL STRATEGY

1 Introduction

1.1 Merton's Capital Strategy for 2014-18 has been aligned and integrated with the Business Plan for the period 2014-18. The Business Plan sets out how the Authority's objectives have been shaped by Merton Partnership in the Community Plan. The Community Plan sets out the overall vision and strategic direction of Merton which are embodied into five strategic themes:-

- Sustainable Communities and Transport;
- Safer and Stronger;
- Health and Well Being;
- Children and Young People;
- Corporate Capacity

1.2 Merton Partnership works towards improving the outcomes for people who work, live and learn in the borough and, in particular, to 'bridge the gap' between the eastern and western wards in the borough.

1.3 The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2014/18 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
 - i) Continue to provide everything that is statutory.
 - ii) Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
 - v) Maintain clean streets and keep council tax low.
 - vi) Keep Merton as a good place for young people to go to school and grow up.
 - vii) Be the best it can for the local environment.
 - viii) All the rest should be open for discussion.

The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services.

1.4 Merton's scrutiny function reflects these five strategic themes above and the themes have been incorporated into the bidding process for capital funding to ensure that scarce financial resources are targeted towards strategic objectives.

2 Planning Infrastructure

2.1 Business Plan 2014-2018

2.1.1 The Business Plan sets out the council's vision and ambitions for improvement over the next four years and how this will be achieved. Business Planning and financial planning frameworks are closely aligned and integrated.

2.2 Service Plans

2.2.1 In developing the Capital Strategy, clear linkages have also been identified with not only the Business Plan but also departmental service plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans. Priorities for the Corporate Services department are based around how the council manages its resources effectively and how it carries out its wider community leadership role.

2.2.2 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavours to maximise the contribution of the council's limited capital resources to achieving our vision. We will work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy also sets out the management arrangements for allocating resources to individual schemes, establishing funding for projects, monitoring progress, managing performance and ensuring that scarce capital resources are allocated efficiently.

3 Accounting Definitions and Practices

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

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

- 3.3 The de-minimis of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.
- 3.4 Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.

4 Corporate and strategic capital expenditure appraisal planning and control

4.1 Capital Programme Board

- 4.1.1 Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, which is effectively a sub-group of the Corporate Management Team (CMT), consists of the Directors and their nominated senior officers from each service department, together with officers from the Business Planning Team.
- 4.1.2 The role of the board is to ensure that all capital expenditure and investment decisions are made in an informed way, consistent with the achievement of the council's overall corporate strategic objectives (paragraph 1.1) along with monitoring the asset disposals programme. It also has a co-ordinating, reviewing, developing, encouraging, and reporting role, which ensures that Merton makes effective and efficient use of its capital resources, including management of its capital assets. During 2012/14 considerable work has been undertaken reviewing and developing the systems and processes for:
- i) Compiling the Capital Programme
 - ii) Monitoring Expenditure and year end / multi-year projection
 - iii) Identification and Realisation of Scheme Benefits
 - iv) Financing the Programme
- 4.1.3 The board recommends to cabinet how capital resources should be allocated. The recommendations are based on a review of existing schemes and consideration of growth proposals. The existing Capital Programme is examined for potential reductions and reprofiling. The growth bids are prioritised on the criteria as set out later in this document.

- 4.1.4 During the budget process the Director of Corporate Services recommends to cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, direct revenue financing and earmarked reserves. Any capital loans given out by the authority will be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members as and when it is proposed to use external borrowing and any other use of capital receipts.
- 4.1.5 The council has had a robust policy for many years of reviewing and disposing of surplus property, detailed in the Asset Management Plan (AMP) which also includes policy and procedures for land and property acquisition. However, the economic recession has slowed disposals in recent years and will continue to have an effect for 2014/15 and probably future years. All capital receipts are pooled, unless earmarked by cabinet, and are used either to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

4.2 Capital Programme Approval and Amendment

- 4.2.1 The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full council approval. Rules for changes to the Capital Programme are detailed in the Council's Constitution Financial Regulations and Financial Procedures and the key points are summarised here.
- 4.2.2 For virements which do not substantially alter the programme the below approval limits apply:
- Virements up to £5k can be signed off by the budget manager, the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
 - Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
 - Virements £100k and upwards go to Cabinet
 - Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet

(Please note virement rules are cumulative i.e. two virements of £5,000 from one code; the latter would require the approval of Chief Officers)

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

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

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

4.3 Capital Monitoring

4.3.1 The Council approves the four year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget regularly (normally monthly), key reviews are undertaken quarterly. December monitoring provides the final opportunity for budget managers to re-profile their budgets for the current financial year.

4.3.2 November monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy.

4.3.3 Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas. For example, in relation to the Primary School Expansion programme, the progress on each school is set out e.g. consultation, planning consent, start on site etc.

4.4 Risk Management

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

5 Revenue budget implications of capital investment

5.1 Revenue cost or savings

5.1.1 The council recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. In 2012/13 and 2013/14, it was possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case until 2015/16. This will be kept under review as part of general Treasury Management.

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

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

Revenue effects of Capital Programme				
	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
MRP	7,411	7,819	8,894	10,214
Interest	6,692	6,692	7,109	8,003
Capital financing costs	14,103	14,511	16,003	18,217
Investment Income	(522)	(303)	(165)	(175)
Net	13,581	14,208	15,838	18,042

6 Capital resources 2014-18

6.1 Variety of sources

6.1.1 Capital expenditure is funded from a variety of sources:-

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

6.2 Annual Minimum Revenue Provision (MRP) Statement

6.2.1 Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy.

6.2.2 The statement is set out in the Treasury Management Strategy.

7 Asset management review

7.1 Capital receipts

7.1.1 Capital receipts generated from the disposal of surplus and under-utilised land and property are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are primarily based on the Corporate Asset Management Plan 2011-15, from which is derived a multi-year forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

7.1.2 Progress and estimates of capital receipts are considered at each meeting of the Capital Programme Board by consideration of the Capital Disposals Programme.

7.2 Property as a corporate resource

7.2.1 The council treats its property as a corporate resource, oriented towards achieving its overall goals, underpinned by:

- Clear links to financial plans and budgets.
- Effective arrangements for cross-service working.
- Champions at senior officer and member level.
- Significant scrutiny by councilors.

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

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

7.2.4 Whole life costing of significant projects, which span more than one year, also forms part of the regular monitoring reports.

7.2.5 A Strategic Asset Plan and the Corporate Asset Plan are currently being developed and will be used for asset management.

7.2.6 A new IT system for asset accounting has been brought into use and the possibility of this system being used for more widespread asset management will be explored.

8 Summary of estimated disposals 2014-2018

8.1 Potential capital receipts

8.1.1 Due to difficulties in the property market since the economic recession a cautious view has been taken of the potential capital receipts identified. Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which would result in a reduction in receipts from the VAT shelter agreement, however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this should result in a significant capital receipt should these development plans go ahead. The following table represents a 'best prudent view' at this time in respect of an anticipated cash flow and therefore future capital receipts have not been assumed as a source of funding for the capital programme at this stage, but do replace the need for external borrowing:-

	2014/15	2015/16	2016/17	2017/18
Total £000	2,100	2,800	1,800	1,200

Note a) The above includes Right to Buys and the VAT shelter
Although difficult to accurately predict, other sales of assets could improve the position.

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

8.2 Debt repayment

8.2.1 The council has had a strategy to reduce its level of debt. Since 1 April 2008, the average interest payable on outstanding debt has fallen from 6.6% to 5.72%. For the period 2014-18, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered make this economic and the option makes appropriate revenue savings, but will also be considered for funding parts of the programme.

9 Grant Funding Capital Resources

9.1 Environmental and Regeneration

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Transport for London LIP (earmarked)	1,927	1,310	1,271	TBA
Total: E&R	1,927	1,310	1,271	TBA

TBA – To Be Advised

Please note, in the table above, some TFL funding which would previously been budgeted for as capital is now accounted for as revenue, as such the funding above and budgets in this document exclude £310k of TfL budgets in 2014/15, £301k in 2015/16 and £340k in 2016/17 as these amounts are now deemed to be revenue.

9.2 Children, Schools and Families

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Maintenance	1,981	TBA	TBA	TBA
Basic Need	7,150	4,236	4,448	TBA
Total Local Authority Funding (Both of the above grants are non-ringfenced)	9,131	4,236	4,448	TBA
Free School Meals Capital	437	0	0	0
Targeted Basic Need	10,855	696	0	0
Devolved Formula Capital (Earmarked)	TBA	TBA	TBA	TBA
TOTAL: CS&F	20,423	4,932	4,448	TBA
Assumed Maintenance and Basic Need	0	764	552	5,000

TBA – To Be Advised

Note: Basic Need has been announced up to 2016/17, however as yet the Capital Maintenance allocation has not been announced. Targeted Basic Need relates to specific schemes and must be spent by the end of the August of the financial year after it is received. It was allocated for 2013/14 and 2014/15 but the above shows when it is anticipated to be spent within this constraint.

9.3 Community and Housing

	2014/15 £000	2015/16 £000	2016/17 £000	2016/17 £000
C&H Adult Social Care Grant	410	0	0	0
Disabled Facilities Grant (non-ringfenced)	459	528	TBA	TBA
Total C&H	869	528	0	0

From 2015/16 the Adult Social Care Grant is to be part of a pooled budget with the Merton Clinical Commissioning Group, no decisions have been made as yet as to how this will be utilised

9.4 Summary of Grant Funding 2014-2018

9.4.1 The new resources notified to date are summarised in the following table. It is expected that there will be additional earmarked resources notified during the financial year 2014/15:-

Grant Funding	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Environment and Regeneration	1,927	1,310	1,611	TBA
Children, Schools and Families	20,423	4,932	4,448	TBA
Community and Housing	869	528	TBA	TBA
Total Newly Announced Grant Funding	23,219	6,770	6,059	TBA
Assumed source of funding - CSF	0	764	552	5,000

10 Summary of Total Resources 2014-18:

10.1 Summary

10.1.1 The total anticipated resources over the plan period 2014-18, including existing grant funding and anticipated CS&F grants, is summarised in the following table:-

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Grant & Contributions	27,723	10,038	7,261	5,288
Council Funding	16,882	31,331	30,446	26,987
Total	44,605	41,369	37,707	32,274

10.1.2 Projects for which earmarked resources have been notified have been given authority to proceed, subject to a detailed specification and programme of works being agreed which ensures that the maximum benefits accrue to the council within the overall constraints of the approved funding. Those schemes, on their own, represent a considerable capital investment.

10.1.3 The Table below summarises the Indicative Capital Programme for 2018 to 2023. Additional detail is provided as Annex 5:

Indicative Capital Programme 2018 to 2023

Department	Indicative 2018/19 Budget £000s	Indicative 2019/20 Budget £000s	Indicative 2020/21 Budget £000s	Indicative 2021/22 Budget £000s	Indicative 2022/23 Budget £000s
Corporate Services	1,785	1,500	1,760	1,645	875
Children, Schools and Families	27,578	6,250	6,600	4,758	3,920
Environment and Regeneration*	5,124	5,150	4,615	4,615	4,615
Community and Housing	280	280	280	280	280
Total	34,767	13,180	13,255	11,298	9,690

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

10.1.4 For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £242,000 for assets with a life of 5 years to £62,000 for an asset life of 50 years.

11 Capital bids and prioritisation criteria

11.1 Prioritisation of schemes 2017/18

The allocation of capital resources, on those schemes to be funded by borrowing, is focused towards the achievement of the council's key strategic objectives as agreed by councillors as highlighted in section 1 of this strategy.

The prioritisation criteria used in respect of growth were 'Statutory', Need (demand and / or priority), attracts match funding and revenue impact (including invest to save). Due to officers' awareness of the need to restrain the capital programme to affordable levels, the growth put forward over the period 2014-18, on the basis of these criteria by the board to cabinet was £25.041 million.

12 Detailed Capital Programme 2014-18

12.1 Corporate Services

This department is responsible for the administration of finance and staff, together with the corporate buildings including IT and utility services. Its main capital expenditure is on IT software and hardware, and on improvements to buildings. It is nearing the end of a major project for the restacking of offices in the Civic Centre to enable the economic concentration of staff and services on the borough's main civic site and replacement of Civic Centre Windows and the biggest remaining component of this is the replacement of the Civic Centre lifts. There are also budgets held centrally under Corporate Services to ensure funds are available to take up opportunities arising in the local property market, to leverage match funding or to enable transformation of services. The new schemes for this department are listed in Annex 1, Annex 3 provides a detailed breakdown of projects and Annex 4 provides the overall programme at scheme level for approval.

12.2 Children, Schools and Families

This department's main capital focus is the need for increased provision of pupil places. There was already provision in the 2013-17 capital programme, but the revised programme is as follows:

	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s
Primary Expansion	23,561	10,959	3,992	7,099
Secondary Expansion	275	1,475	14,495	13,700
Total	23,836	12,434	18,487	20,799

This is the most significant item in the council's capital programme and as such is set out in detail on the next page:

CSF capital programme 2014-18

The requirement to provide sufficient school places is a key statutory requirement. The government provides capital grant to meet some of this need, but there is a significant shortfall for the council to fund.

The vast majority of the CSF capital programme for 2014-16 relates to the requirement to provide sufficient primary school places but there is also some capital for other categories of expenditure. The focus then changes to provision of secondary school places, with some expansion of special school provision also required.

Primary school places

The 2013-17 capital programme approved provision to deliver the primary school expansion for an additional 23 forms of entry (FE) as permanent and to start 2 further FEs along with 3 FE of temporary provision, compared to that provided in 2007/08.

As a result the council has either completed, or is in the progress of permanent expansion to provide 21 additional forms of entry since 2007/08. These are at the following 20 schools: Wimbledon Chase, Holy Trinity CE, St. Thomas of Canterbury, Benedict, Hollymount, Joseph Hood, Aragon, Cranmer, Merton Abbey, St Mary's, All Saints CE, Gorrington Park, Hillcross, Pelham, Dundonald, Poplar, Liberty, Singlegate (2FE extra, through additional adjacent site), Wimbledon Park, and William Morris.

Following analysis of more recent demographic information and admissions data, officers are adopting a prudent and cautious approach to planning for future expansions. No further permanent expansions will be undertaken until additional sustained demand for places is identified. The capital programme enables temporary accommodation to be provided in up to three schools in 2016-17 with additional budget also allocated from 2015-16 to enable further permanent expansions to be undertaken should the need materialise. The position will be kept under regular review by officers.

A contingency has been created for the expansion projects at Merton Abbey (final phase), Pelham, Singlegate and Dundonald because these four schemes are mid-tender. This has a total budget of £3.134m and this is made up of £1.134m Section 106 (S106) funding and the remainder to be funded by borrowing should it be necessary to utilise it. The formal bid for the ring-fenced S106 portion of this contingency is subject to further approval at the Council meeting on 2nd April 2014.

Secondary and special school places

The significant increase in demand for school places will reach the secondary phase from 2015/16 but it is expected this can be met through existing accommodation for the first two years. New build, expansion and enabling

works will be required to provide sufficient places thereafter so significant budget is proposed for this from 2016-17.

The capital programme for 2014/18 includes £29.9 million for 5 secondary FE classes attached to our existing schools and some preliminary costs in respect of a new secondary school. The costs of the new school and an additional 5 secondary FE classes have yet to be built into the Capital Programme. Currently, there is uncertainty over the size, timing and cost of the secondary expansion, this includes a lack of clarity regarding government funding.

The capital programme also includes a sum for additionally resourced SEN provision for pupils on the autism spectrum and more will be required after 2016 for permanent additional special school places.

Other schemes

With regard to other capital schemes, £500,000 is provided for schools capital improvement works in 2014/15 and this increased to £600,000 per annum thereafter. This is an increase from previous years, but will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000.

12.3 Environment and Regeneration

This department provides a co-ordinated approach to managing the public realm (all borough areas to which the public has access), as well as the regeneration of our town centres and neighbourhoods.

The individual projects for this department are all listed in Annex 3. Other than the grant funded Transport for London scheme for the upgrade of principal roads and also Environmental Health grants, the departments main schemes relate to 10 main areas:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Highways Planned Road Works	1,500	1,500	1,500	1,500
Footways Planned Works	1,000	1,000	1,000	1,000
Highways General Planned Works	589	412	419	419
Leisure Centres	1,300	10,300	300	300
Future Merton	6,791	3,878	1,037	0
Replacement of Fleet Vehicles	590	500	500	500
Traffic and Parking management	135	135	150	156
Parks Investment	250	250	425	250
Street Lighting Replacement Programme	410	200	462	290
Street Scene	315	275	100	0
Total	12,880	18,450	5,889	4,259

12.3.1 Highways Planned Road Works and Footways Planned Works

These works are based on annual condition surveys of the whole of the borough. As a result, items are prioritised and drawn up in programmes of works. These programmes may be amended as circumstances alter.

12.3.2 Highways General Planned Works

An indicative list of the major works to be done under this budgeted scheme is as follows:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Demand for Surface Water Drainage - Flooding	62	62	69	69
Highways bridges and structures improvements	370	260	260	260
Anti-Skid and Coloured	90	90	90	90

12.3.3 Leisure

The major works relate to the authority's three Leisure Centres. The first scheme is for general improvements to the three Leisure Centres. The second scheme, Morden Park Pools, is a major investment for the council, with the replacement of the current centre with a new facility.

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Replacement of Leisure Centre Plant and Machinery	300	300	300	300
Morden Park Pools	1,000	10,000	0	0

12.3.4 Future Merton

Regeneration is a major part of the council's strategy. A vision for Morden town centre is being developed and Mitcham town centre will be sustainably developed. The main areas of expenditure over the Capital Programme period will be those below.

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Investment in industrial estates to create high-tech industrial park for key sectors	250	500	0	0
Colliers Wood Regeneration Fund	1,200	0	0	0
Town Centre Investment	750	878	1,037	0
Mitcham – TfL Major Schemes	1,443	0	0	0
Transportation Enhancements	2,500	2,500	0	0

12.4 Community and Housing

This department aims to provide residents with the chance to live independent and fulfilling lives, in suitable homes within sustainable communities, with chances to learn, use information, and acquire new skills.

The departmental Capital Programme for 2014/18 comprises:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Adult Social Care Information Technology	1,110			
Housing	2,464	724	724	280
Libraries		350	550	
Total	2,338	1,074	1,274	280

12.5 Overall Programme

12.5.1 The approved Capital Programme for 2014/18 follows at Annex 1, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

Capital Programme	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Corporate Services	7,858	3,091	3,362	2,806
Children, Schools & Families	27,193	14,722	22,087	21,399
Environment & Regeneration	15,920	19,900	7,204	4,555
Community and Housing	3,574	1,074	1,274	280
Total	54,545	38,787	33,927	29,040

12.5.2 The funding details for the programme follow at Annex 2

12.5.3 Within the funding details the authority has anticipated some slippage for schemes that require a consultation process or a planning application or where the implementation timetable is not certain. The slippage anticipated reduces the spend in the year it is budgeted but increases the spend in the following year when it is incurred. When slippage from 2013/14 is approved, the 2014/15 Capital Programme will be adjusted accordingly.

- 12.5.4 Annex 1 Capital Investment Programme - Schemes for Approval
 Annex 2 Funding the Capital Programme 2014-18
 Annex 3 Detailed Capital Programme 2014-18
 Annex 4 Analysis of Growth
 Annex 5 Indicative Capital Programme 2018-23

ANNEX 1**CAPITAL INVESTMENT PROGRAMME – SCHEMES FOR APPROVAL**

Department	2014/15	2015/16	2016/17	2017/18
Corporate Services	7,858	3,091	3,362	2,806
Children, Schools and Families	27,193	14,722	22,087	21,399
Environment and Regeneration	15,920	19,900	7,204	4,555
Community and Housing	3,574	1,074	1,274	280
Total	54,545	38,787	33,927	29,040

Corporate Services	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
Corporate Budgets	2,386	2,007	500	0
Business Improvement	1,819	0	0	0
Resources	1,100	0	0	0
I&T - Information Technology	953	584	1,862	1,806
I&T - Facilities Management	1,600	500	1,000	1,000
Total	7,858	3,091	3,362	2,806

CAPITAL INVESTMENT PROGRAMME – SCHEMES FOR APPROVAL

Children, Schools and Families	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
Primary School Expansions				
Cranmer expansion	1,886	492	0	0
Dundonald expansion	1,728	2,740	1,117	0
Hillcross School Expansion	2,627	2,123	0	0
Joseph Hood Expansion	117	0	0	0
Merton Abbey	3,423	438	0	0
Pelham School Expansion	3,849	852	0	0
Poplar Permanent Expansion	3,125	953	0	0
St Mary's expansion	2,572	100	0	0
Singlegate expansion	3,607	600	0	0
Wimbledon Park expansion	60	0	0	0
22 FE School Expansion	0	95	2,575	2,075
23 FE School Expansion	0	0	100	555
24 FE School Expansion	0	0	100	1,625
25 FE School Expansion	0	0	100	1,625
26 FE School Expansion	0	0	0	619
27 FE School Expansion	0	0	0	300
28 FE School Expansion	0	0	0	300
Primary School Expansion Contingency	569	2,565	0	0
Total Primary School Expansions	23,561	10,958	3,992	7,099

Secondary School Expansion				
Scheme 1 Phased extra 4FE	50	150	2,800	0
Scheme 2 Phased extra 4FE	50	150	2,800	0
Scheme 3 Phased extra 4FE	50	150	2,800	0
Scheme 4 New school phased 6-8FE	100	1,000	4,000	7,000
Scheme 5 Phased extra 2FE	0	0	95	1,500
Scheme 6 Phased extra 2FE	25	25	1,900	3,000
Scheme 7 - extra 1FE	0	0	50	1,100
Scheme 8 - extra 1FE	0	0	50	1,100
Total Secondary School Expansion	275	1,475	14,495	13,700
Other				
Devolved Formula Capital	45	0	0	0
St Ann's Primary Phase	139	0	0	0
Total Schs Cap Maint & Accessibility	500	600	600	600
Primary school autism unit	692	238	0	0
Perseid	800	500	0	0
Secondary School Autism Unit	350	850	0	0
Cricket Green	50	100	3,000	0
Free School Meals	437	0	0	0
School Equipment Loans	323	0	0	0
Youth&Comm centres reprovision	20	0	0	0
Total Other	3,356	2,288	3,600	600
Total	27,193	14,722	22,087	21,399

CAPITAL INVESTMENT PROGRAMME – SCHEMES FOR APPROVAL

Environment and Regeneration	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
Total Footways Planned Works	1,000	1,000	1,000	1,000
Total Greenspaces	633	250	425	250
Total Highways General Planned Works	613	412	419	419
Total Highways Planned Road Works	1,500	1,500	1,500	1,500
Total Leisure Centres	1,525	10,300	300	300
Total Other	27	0	0	0
Total Regeneration Partnerships	6,791	3,878	1,037	0
Total Plans and Projects	70	0	0	0
Total Street Lighting	410	200	462	290
Total Street Scene	315	315	60	60
Total Transport for London	1,927	1,310	1,271	0
Total Traffic and Parking Management	135	135	150	156
Total Transport and Plant	599	500	500	500
Total Safer Merton - CCTV & ASB	145	0	0	0
Total Environmental Health	40	40	60	6
Total Waste Operations	10	60	20	20
TOTAL	15,920	19,900	7,204	4,555

Community and Housing	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
Libraries	0	350	550	0
Adult Social Care	1,110	0	0	0
Housing	2,464	724	724	280
Total	3,574	1,074	1,274	280

FUNDING THE CAPITAL PROGRAMME 2014-18

ANNEX 2

Merton	Capital Programme £000s	Merton Funded £000s	Funded by Grant & Capital Contributions £000s
TOTAL Revised 2013/14	31,852	13,891	17,961
Potential Slippage c/f	(1,354)	(1,054)	(301)
TOTAL Spend 2013/14	30,498	12,838	17,660
2014/15 Revised Budget	54,108	24,736	29,373
Potential Slippage b/f	1,354	1,054	301
Potential Slippage c/f	(11,295)	(8,907)	(2,388)
TOTAL Spend 2014/15	44,605	16,882	27,723
2015/16 Draft Budget	38,788	30,372	8,415
Potential Slippage b/f	11,295	8,907	2,388
Potential Slippage c/f	(8,713)	(7,948)	(765)
TOTAL Spend 2015/16	41,369	31,331	10,038
2016/17 Draft Budget	33,927	27,128	6,799
Potential Slippage b/f	8,713	7,948	765
Potential Slippage c/f	(4,933)	(4,630)	(303)
TOTAL Spend 2016/17	37,707	30,446	7,261
2017/18 Draft Budget	29,040	24,040	5,000
Potential Slippage b/f	4,933	4,630	303
Potential Slippage c/f	(1,699)	(1,684)	(15)
TOTAL Spend 2017/18	32,274	26,987	5,288

Corporate Services	Scrutiny Panel *	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s
Corporate Budgets					
Acquisitions Budget	OSC	1,042	500	500	0
Transformation Budgets	OSC	344	507	0	0
Capital Bidding Fund	OSC	1,000	1,000	0	0
Total Corporate Budgets		2,386	2,007	500	0
Business Improvements					
Replace doc management system	OSC	740	0	0	0
Customer Contact Programme	OSC	785	0	0	0
Data Labelling	OSC	294	0	0	0
Total Business Improvements		1,819	0	0	0
Resources					
Improving Information Systems	OSC	1,100	0	0	0
Total Resources		1,100	0	0	0
Information Technology					
Planned Replacement Programme	OSC	718	299	1,412	1,686
ITSD Enhancements	OSC	35	85	250	120
Multi-Function Devices (MFDs)	OSC	200	200	200	0
Total Information Technology		953	584	1,862	1,806
Facilities Management					
Civic Centre refurbishment	OSC	100	0	0	0
Energy Utility Invest to Save	SC	250	150	150	150
Invest to Save schemes-General	OSC	250	150	150	150
Water Safety Works	OSC	0	0	150	150
Asbestos Safety Works	OSC	0	0	250	250
Capital Works - Facilities	OSC	200	200	300	300
Civic Centre Passenger Lifts	OSC	650	0	0	0
Civic Centre Windows	OSC	150	0	0	0
Total Facilities Management		1,600	500	1,000	1,000
TOTAL		7,858	3,091	3,362	2,806

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

DETAILED CAPITAL PROGRAMME 2014-18
ANNEX 3

Children, Schools and Families	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
Primary School Expansions					
Cranmer expansion	CYP	1,886	492	0	0
Dundonald expansion	CYP	1,728	2,740	1,117	0
Hillcross School Expansion	CYP	2,627	2,123	0	0
Jopseph Hood Expansion	CYP	117	0	0	0
Merton Abbey	CYP	3,423	438	0	0
Pelham School Expansion	CYP	3,849	852	0	0
Poplar Permanent Expansion	CYP	3,125	953	0	0
St Mary's expansion	CYP	2,572	100	0	0
Singlegate expansion	CYP	3,607	600	0	0
Wimbledon Park expansion	CYP	60	0	0	0
22 FE School Expansion	CYP	0	95	2,575	2,075
23 FE School Expansion	CYP	0	0	100	555
24 FE School Expansion	CYP	0	0	100	1,625
25 FE School Expansion	CYP	0	0	100	1,625
26 FE School Expansion	CYP	0	0	0	619
27 FE School Expansion	CYP	0	0	0	300
28 FE School Expansion	CYP	0	0	0	300
Primary School Expansion Contingency	CYP	569	2,565	0	0
Total Primary School Expansions		23,561	10,959	3,992	7,099
Other					
Devolved Formula Capital	CYP	45	0	0	0
St Ann's Primary Phase	CYP	139	0	0	0
Schs Cap Maint & Accessibility	CYP	500	600	600	600
Primary school autism unit	CYP	692	238	0	0
Perseid	CYP	800	500	0	0
Secondary School Autism Unit	CYP	350	850	0	0
Cricket Green	CYP	50	100	3,000	0
Youth&Comm centres reprovision	CYP	20	0	0	0
Free School Meals	CYP	437	0	0	0
Schools Equipment Loans	CYP	323	0	0	0
Total Other		3,356	2,288	3,600	600
Secondary School Expansion					
Scheme 1 Phased extra 4FE	CYP	50	150	2,800	
Scheme 2 Phased extra 4FE	CYP	50	150	2,800	
Scheme 3 Phased extra 4FE	CYP	50	150	2,800	
Scheme 4 New school phased 6-8FE	CYP	100	1,000	4,000	7,000
Scheme 5 Phased extra 2FE	CYP	0	0	95	1,500
Scheme 6 Phased extra 2FE	CYP	25	25	1,900	3,000
Scheme 7 - extra 1FE	CYP	0	0	50	1,100
Scheme 8 - extra 1FE	CYP	0	0	50	1,100
Total Secondary School Expansion		275	1,475	14,495	13,700
TOTAL		27,193	14,722	22,087	21,399

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

DETAILED CAPITAL PROGRAMME 2014-18

ANNEX 3

Environment and Regeneration	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
Footways Planned Works					
Repairs to Footways	SC	1,000	1,000	1,000	1,000
Total Footways Planned Works		1,000	1,000	1,000	1,000
Greenspaces					
Parks Investment	SC	250	250	425	250
B488 Landscape Dundonald Rec G	SC	12	0	0	0
B617a-c Wimbledon Park upgrade	SC	15	0	0	0
B521 – Morden Park	SC	30	0	0	0
B596a&b,B625a-c Crckt Grn Area	SC	21	0	0	0
B626a-c Cottnhm Prk&HolInd Gdn	SC	28	0	0	0
B651 South Park Gardents Pavil	SC	17	0	0	0
Tamworth Rec Interactive Water Play	SC	160	0	0	0
Mitcham Common Conservators	SC	100	0	0	0
Total Greenspaces		633	250	425	250
Highways General Planned Works					
Surface Water Drainage	SC	62	62	69	69
Highways bridges & structures	SC	370	260	0	260
Maintain AntiSkid and Coloured	SC	90	90	90	90
B497/8 Lombard Rd Improvements	SC	24	0	0	0
B646a Lonbard Industrial Estate	SC	24	0	0	0
B639a Fair Green	SC	43	0	0	0
Total Highways General Planned Works		613	412	159	419
Highways Planned Road Works					
Borough Roads Maintenance	SC	1,500	1,500	1,500	1,500
Total Highways Planned Road Works		1,500	1,500	1,500	1,500
Leisure Centres					
Leisure Centre Plant & Machine	SC	300	300	300	300
Morden Park Pool and LC Invest	SC	1,000	10,000	0	0
Multi Use Games area at Commons	SC	170	0	0	0
St Marks Academy Tennis	SC	56	0	0	0
Total Leisure Centres		1,526	10,300	300	300
Other E&R					
Big Lottery Play Areas	SC	27	0	0	0
Total Other E&R		27	0	0	0
Regeneration Partnerships					
Industrial Estate Investment	SC	250	500	0	0
Colliers Wd- Regeneration Fund	SC	1,200	0	0	0
Mitcham Major schemes	SC	1,443	0	0	0
Restoration of South Park Gdns	SC	130	0	0	0

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

Environment and Regeneration	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
Sect106 Bottleneck Skills Grnt	SC	14	0	0	0
B611 – Comm Facilities in WTC	SC	15	0	0	0
Town Centre Investment	SC	750	878	1,037	0
Mitcham Town Centre Improvements	SC	360	0	0	0
Colliers Wood Town Centre Improvements	SC	90	0	0	0
Transport Enhancements	SC	2,500	2,500	0	0
B550 Mitcham means Business	SC	39	0	0	0
Total Regeneration Partnerships		6,791	3,878	1,037	0
Plans and Projects					
Climate Change Initiatives	SC	70	0	0	0
Total Plans and Projects		70	0	0	0
Street Lighting					
Street Lighting Replacement Pr	SC	410	200	462	290
Total Street Lighting		410	200	462	290
Street Scene					
Street scene enhancements	SC	250	250	0	0
Street Tree Programme	SC	65	65	60	60
Total Street Scene		315	315	60	60
Transport for London					
Unallocated	SC	1,927	1,310	1,271	0
Total Transport for London		1,927	1,310	1,271	0
Traffic and Parking Management					
Traffic Schemes	SC	135	135	150	156
Total Traffic and Parking Management		135	135	150	156
Transport and Plant					
Replacement of Fleet Vehicles	SC	590	500	500	500
Network Rail	SC	9	0	0	0
Total Transport and Plant		599	500	500	500
Safer Merton - CCTV & ASB					
CCTV (match funding)	SC	145	0	0	0
Total Safer Merton - CCTV & ASB		145	0	0	0
Environmental Health					
Small Repairs Grant	SC	40	40	60	60
Total Environmental Health		40	40	60	60
Waste Operations					
Alley Gating Scheme - Fly Tip	SC	20	20	20	20
Re-use/recycling Site Maintena	SC	40	40	0	0
GPS Vehicle Tracking	SC	130	0	0	0
Total Waste Operations		190	60	20	20
TOTAL		15,920	19,900	7,204	4,555

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

DETAILED CAPITAL PROGRAMME 2014-18

ANNEX 3

Community and Housing	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
Adult Social Care					
Laptops for Other Staff	HCOP	60			
CareFirst report Development	HCOP	14	0	0	0
Excel Add-ins	HCOP	3			
Captive E-Learning CareFirst	HCOP	8	0	0	0
Telehealth	HCOP	44	0	0	0
Replacement SC System	HCOP	971	0	0	0
Total Adult Social Care		1098	0	0	0
Housing					
8 Wilton Road	SC	480	0	0	0
Disabled Facilities Grant	SC	1,224	724	724	280
Western Road *	SC	760	0	0	0
Total Housing		2,464	724	724	280
Libraries					
Relocation of Colliers Wood Library	SC	0	0	550	0
Library Self Service IT	SC	0	350	0	0
Total Libraries		0	350	550	0
Total		3,574	1,074	1,274	280

* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People, SC = Sustainable Communities, TBC – To Be Confirmed

Department	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
Corporate Services	738	689	(10)	2,806
Children, Schools and Families	1,352	3,203	200	9,845
Environment and Regeneration	1,589	(258)	(308)	4,835
Community and Housing	0	350	0	0
Total	3,679	3,984	(108)	17,486

Corporate Services	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
Infrastructure&Transactions					
Transformation (IT) - I&T**	OSC		(11)		
IT SD Stability**	OSC			(10)	1,806
Multi-Function Devices (MFDs)	OSC	200	200	200	
Business Improvement					
Resources					
Improving Information Systems	OSC	538			
Corporate					
Capital Bidding Fund	OSC		500		
FM Capital Works					
Energy Utilities Invest to Save	SC				150
Invest to Save schemes - General	OSC				150
Water Safety Works	OSC				150
Asbestos Works	OSC				250
FM Capital Works - Facilities	OSC				300
Total		738	689	(10)	2,806

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

** Negative growth in the capital programme is as a result of identifying some works as revenue rather than capital as part of on-going reviews of the programme.

Children, Schools and Families	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
School expansion 19FE to 25FE (Garfield)**	CYP	(29)			
24 FE School to be Confirmed	CYP				1600
25 FE School to be Confirmed	CYP				1600
Primary School Expansion Contingency	CYP	569	2,565		
Primary School autism unit	CYP		238		
Primary School Expansions		540	2,803	0	3,200
Schools Capital Maintenance and Accessibility	CYP	100	200	200	600
Free School Meals	CYP	437			
Secondary School expansion	CYP	0	200	0	6,045
Other		812	400	200	6,645
Total		1,352	3,203	200	9,845

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

** Negative growth in the capital programme is as a result of identifying some works as revenue rather than capital as part of on-going reviews of the programme

ANALYSIS OF GROWTH 2014-18
ANNEX 4

Environment and Regeneration	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
CCTV and Anti-Social Behaviour (ASB) **	SC	(13)			
Environmental Health					
Disabled Facilities Grant - LBM Contribution	SC	300			280
Small Repairs Grant (Private Sector Housing Programme)	SC				60
Greenspaces					
Tamworth Rec Interactive Water Play	SC	160			
Mitcham Common Conservators	SC	100			
Highway Maintenance					
Bridges and Structures	SC	110			260
Footways					
Footways Planned Works	SC				1,000
General					
Demand for Surface Water Drainage - Flooding	SC				69
Maintenance Anti-Skid and Coloured	SC				90
Roads					
Highways Planned Roadworks	SC			(100)	1,500
Greenspaces					
Parks Investment	SC				250
Leisure Centres					
Replacement of Leisure Centre Plant and Machinery including accelerated schemes in 2009/10	SC				300
Multi Use Games area at Commons	SC	170			
St Marks Academy Tennis	SC	56			
Street Scene					
Street tree programme (25 year programme)	SC				60
Street Lighting					
Street Lighting Replacement Programme	SC	110			290
Transport for London					
Transport for London	SC	626	(228)	(228)	
Transport and Plant					
Replacement of Fleet Vehicles	SC				500
Waste**	SC	(30)	(30)	20	20
TOTAL		1,589	(258)	(308)	4,835

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

** Negative growth in the capital programme is as a result of identifying some works as revenue rather than capital as part of on-going reviews of the programme

Community and Housing

Community and Housing	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
Library Self Service IT	SC	0	35 0	0	0
Total Community and Housing		0	350	0	0

Corporate Services	Scrutiny Panel*	Indicative 2018/19 Budget	Indicative 2019/20 Budget	Indicative 2020/21 Budget	Indicative 2021/22 Budget	Indicative 2022/23 Budget
		£000s	£000s	£000s	£000s	£000s
Information Technology						
Planned Replacement Programme	OSC	560	575	860	770	0
ITSD Enhancements	OSC	275	0	0	0	0
Total Information Technology		835	575	860	770	0
Facilities Management						
Energy Utility Invest to Save	SC	150	150	150	150	150
Invest to Save schemes-General	OSC	150	150	150	150	150
Water Safety Works	OSC	100	75	50	25	25
Asbestos Safety Works	OSC	250	250	250	250	250
Capital Works - Facilities	OSC	300	300	300	300	300
Total Facilities Management		950	925	900	875	875
Information Technology						
Planned Replacement Programme	OSC	560	575	860	770	0
ITSD Enhancements	OSC	275	0	0	0	0
Total Information Technology		835	575	860	770	0
TOTAL		1,785	1,500	1,760	1,645	875

INDICATIVE CAPITAL PROGRAMME 2018-23

ANNEX 5

Children, Schools and Families	Scrutiny Panel*	Indicative 2018/19 Budget	Indicative 2019/20 Budget	Indicative 2020/21 Budget	Indicative 2021/22 Budget	Indicative 2022/23 Budget
		£000s	£000s	£000s	£000s	£000s
Primary School Expansions						
23 FE School Expansion	CYP	2,575	1,600	0	0	0
24 FE School Expansion	CYP	1,600	1,600	0	0	0
25 FE School Expansion	CYP	1,600	1,600	0	0	0
Total Primary School Expansions		5,775	4,800	0	0	0
Other						
Schs Cap Maint & Accessibility	CYP	600	600	600	600	600
Perseid	CYP	850	850	0	0	0
Secondary School expansion	CYP	20,353	0	6,000	4,158	3,320
Total Other		21,803	1,450	6,600	4,758	3,920
TOTAL		27,578	6,250	6,600	4,758	3,920

Community and Housing	Scrutiny Panel*	Indicative 2018/19 Budget	Indicative 2019/20 Budget	Indicative 2020/21 Budget	Indicative 2021/22 Budget	Indicative 2022/23 Budget
		£000s	£000s	£000s	£000s	£000s
Disabled Facilities Grant	SC	280	280	280	280	280
TOTAL		280	280	280	280	280

INDICATIVE CAPITAL PROGRAMME 2018-23

ANNEX 5

Environment and Regeneration	Scrutiny Panel*	Indicative 2018/19 Budget	Indicative 2019/20 Budget	Indicative 2020/21 Budget	Indicative 2021/22 Budget	Indicative 2022/23 Budget
		£000s	£000s	£000s	£000s	£000s
Footways Planned Works						
Repairs to Footways	SC	1,000	1,000	1,000	1,000	1,000
Total Footways Planned Works		1,000	1,000	1,000	1,000	1,000
Greenspaces						
Parks Investment	SC	350	350	350	350	350
Total Greenspaces		350	350	350	350	350
Highways General Planned Works						
Surface Water Drainage	SC	69	69	69	69	69
Highways bridges & structures	SC	260	260	260	260	260
Maintain AntiSkid and Coloured	SC	90	90	90	90	90
Total Highways General Planned Works		419	419	419	419	419
Highways Planned Road Works						
Borough Roads Maintenance	SC	1,600	1,600	1,600	1,600	1,600
Total Highways Planned Road Works		1,600	1,600	1,600	1,600	1,600
Leisure Centres						
Leisure Centre Plant & Machine	SC	300	300	300	300	300
Total Leisure Centres		300	300	300	300	300
Street Lighting						
Street Lighting Replacement Pr	SC	509	535	0	0	0
Total Street Lighting		509	535	0	0	0
Street Scene						
Street Tree Programme	SC	60	60	60	60	60
Total Street Scene		60	60	60	60	60
Traffic and Parking Management						
Traffic Schemes	SC	306	306	306	306	306
Total Traffic and Parking Management		306	306	306	306	306
Transport and Plant						
Replacement of Fleet Vehicles	SC	500	500	500	500	500
Total Transport and Plant		500	500	500	500	500
Environmental Health						
Small Repairs Grant	SC	60	60	60	60	60
Total Environmental Health		60	60	60	60	60
Waste Operations						
Alley Gating Scheme	SC	20	20	20	20	20
Total Waste Operations		20	20	20	20	20
TOTAL		5,124	5,150	4,615	4,615	4,615

A) TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction

1.1 Background and Treasury Management Policy Statement

The London Borough of Merton's treasury management activities spans across the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The successful identification, monitoring and control of risk is the prime criteria by which the effectiveness of its treasury management activities will be measured.

The investment environment we operate in remain difficult, whilst counterparty risk appears to have eased, it remains at elevated levels and economic forecast abound with uncertainty. The Council will continue to scrutinise all investment opportunity or products before use regardless of whether other council's are investing in such.

1.2 Statutory requirements

The Local Government Act 2003 (the Act) as amended in 2011 and supporting regulations, requires the council to 'have regard to' the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of practice to set Prudential and Treasury Indicators for the next three years and to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Act requires the council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. CIPFA revised code of practice on treasury management has also been adopted.

1.3 Balanced Budget Requirement

Section 33 of the Local Government Finance Act 1992 requires the council to set a balanced budget. This therefore means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from increases in interest charges caused by increased borrowing to finance additions to capital expenditure and any increases in running costs from new capital projects, are limited to a level which is affordable within the projected income of the council for the foreseeable future.

Part of the Treasury Management operation is to ensure that its cash flow is adequately planned, with cash being available for spend when it is needed. Provision is first made for adequate liquidity before considering investment return.

The capital plans provide a guide to the borrowing need of the council, to manage this, the council has to control and plan its long term cash flow. In addition, the management of longer term cash may involve arranging long or short dated loans, or using longer term cash flow surpluses. On some occasion and after careful thought of the S151 Officer any debt previously drawn may be restructured or repaid to meet council risk or cost objectives.

1.4 The Treasury Management strategy for 2014/15 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the Minimum Revenue Provision strategy.

Treasury Management Issues

- the current treasury position as at December 2013;
- treasury indicators which will limit the treasury risk and activities of the council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling and early repayment of debt review;
- the Annual Investment Strategy and alternative investment instruments;
- creditworthiness policy
- Treasury Management Principles (Appendix 5);
- cash flow policy and three year cash flow; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

2. The Current Treasury Position

2.1 The Use of the Council's Resources and the Investment Position

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources for example asset sales.

The table below shows the position as at 31 January 2014

Year End Resources	2012/13 Actual £'000	31 Dec 2013/14 Actual £'000	31 March 2013/14 Estimate £'000	31 March 2014/15 Estimate £'000
Investments	67,470	100,370	75,000	51,000
Interest on investments	978	323	729	522
Borrowing				
Long Term Borrowing	116,976	116,976	116,976	116,976
Short Term Borrowing	8,000			
Total External Debt	124,976	116,976	116,976	116,976
Interest on External Debt				
Long Term	6,696	5,024	6,696	6,696
Short Term	6,696	3,270	6,696	6,696
Total Interest on External Debt				

Interest on investments figures above do not include interest from policy investments.

- 2.2 The application of resources (reserves and sometimes capital receipts) to finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments.

3. The Capital Prudential Indicators

- 3.1 Capital expenditure plans are one of the key drivers of Treasury Management activity, the output of the capital expenditure plans is reflected in prudential indicators which are designed to provide members with an overview and confirm capital expenditure plans.

Capital Expenditure – this indicator is a summary of the council’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. It should be noted that the figures in the table below do not reflect any slippage in the capital programme.

Capital Expenditure	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Children Schools & Families	24,370	12,862	27,193	14,722	22,087	21,399
Community & Housing	1,060	1,764	3,574	1,074	1,274	280
Corporate Services	2,583	4,946	7,858	3,091	3,362	2,806
Environment & Regeneration	11,813	12,280	15,920	19,900	7,204	4,555
Total Non-HRA	39,826	31,852	54,545	38,787	33,927	29,040

The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A short fall of resources means a borrowing need. The capital programme expenditure figures used in calculating the financing costs have been adjusted for slippage in the programme.

Capital Expenditure	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Capital Expenditure	39,826	31,852	54,545	38,787	33,927	29,040
Slippage*		1,354	9,940	-2,582	-3,780	-3,234
Total Capital Expenditure	39,826	30,498	44,605	41,369	37,707	32,274
Financed by:						
Capital Receipts	1,002	582	332	64	5	1
Capital Grants & Contributions	24,251	17,760	27,723	10,038	7,261	5,288
Capital Reserves						
Revenue Provisions	2,936	1,683	3,001	96	0	0
Other Financing Sources						
Net financing need for the year	11,637	10,473	13,549	31,171	30,441	26,985

*Slippage includes slippage in from the previous year and out to the following year

3.2 The Council’s Borrowing Need (the Capital Financing Requirement)

The second prudential indicator Capital Financing Requirement (CFR), this is simply the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the

underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR includes any other long term liabilities like PFI schemes and finance leases which have been brought onto the balance sheet. Whilst this increases the CFR, and therefore the council's borrowing requirement, it should be noted that these types of scheme include a borrowing facility and so the council is not required to separately borrow for these schemes.

This council has no Housing Revenue Account (HRA) and no new PFI schemes in 2014/15 is expected.

	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Capital Financing Requirement						
CFR (non-housing)	213,525	215,186	219,591	241,227	261,170	276,175
Total CFR	213,525	215,186	219,591	241,227	261,170	276,175
Movement in CFR	3,177	1,661	4,405	21,636	19,943	15,005
Movement in CFR represented by						
Net financing need for the year (above)	11,637	10,473	13,549	31,171	30,441	26,985
Less Capital MRP/VRP	(7,347)	(7,626)	(7,617)	(8,027)	(9,102)	(10,425)
Less Other MRP/VRP (leasing, PFI)	(1,113)	(1,186)	(1,527)	(1,508)	(1,396)	(1,555)
Less Other financing movements <ul style="list-style-type: none"> • Adjustment of PFI Liability • Adjustment of MRP 						
Movement in CFR	3,177	1,661	4,405	21,636	19,943	15,005

Actual and estimates of the ratio of financing costs to net revenue stream

- this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The indicator shows the proportion of the income received from council tax, revenue support grant and NNDR that is spent in paying the consequences of borrowing associated with delivery of capital investment i.e. principal and interest charges of long term borrowing.

	2012/13 Actual %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
Ratio of Financing Costs to Net Revenue Stream (Non HRA)	10.76%	10.92%	11.40%	12.80%	14.12%	15.79%

The table below shows the monetary values for the above ratio

	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Net Revenue Financing Costs	17,040	17,932	18,528	18,956	20,297	22,549
Net Financing Stream**	158,347	164,260	162,542	148,061	143,704	142,847

Estimates of the incremental impact of capital investment decisions on council tax as at 10 February 2014

The table below shows the Incremental impact of changes in the capital programme (incorporating the effects of changes in treasury forecasts and investment decisions) on the band D council tax.

%	2012/13 Actual %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
Council tax – band D	-0.13%	1.20%	0.79%	0.57%	1.78%	2.99%

£	2012/13 Actual £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
Incremental Change in Capital Financing Costs	-104,000	892,000	596,000	428,000	1,341,000	2,252,000
Council Tax Base	74,816	66,981	68,087	68,087	68,087	68,087
Incremental Impact on Council Tax - Band D***	-1.39	13.32	8.75	6.29	19.70	33.08
Council Tax - Band D	1106.56	1106.56	1106.56	1106.56	1106.56	1106.56

***2013/14 is actual council tax amounts, 2014/15 is proposed and remains unchanged from 2012/13. However the council tax base for future years is an approximation of future years.

4. Minimum Revenue Provision (MRP)

- 4.1 The council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). The Council has not made any provision for VRP in its capital expenditure.

For capital expenditure incurred before 1 April 2008 or by Supported Capital Expenditure, the MRP policy follows CLG regulations (option 1). This provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be based on the Asset Life Method – CLG regulations (option 3).

This option will be applied for any expenditure capitalised under a capitalisation direction. It should be noted that this option provides for a reduction in the borrowing need over approximately the asset's life.

Category	Depreciation (Years)
Properties valued over £1m	
Buildings	50
Mechanical & Electrical	20
External	20
Properties valued under £1m	
Buildings	40
Infrastructure (roads etc)	25
Computer software and Computer hardware	5
Large vehicles – e.g. buses, RCVs	7
Small vehicles – e.g. cars, vans	5
Other equipment e.g. CCTV	5

MRP years where there is no depreciation equivalent	
Land	50
Revenue Expenditure Funded by capital Under Statute e.g. Redundancy costs	20

5. Treasury Management Strategy

5.1 The Prospects for Interest Rates and economic forecasts

The following table gives the central position on the council's Treasury Management adviser's view on the prospects on interest rates.

Annual Average %	Bank Rate (%)	PWLB Borrowing Rates (%)			
		5 year	10 year	25 year	50 year
March 2014	0.50	2.50	3.60	4.40	4.40
June 2014	0.50	2.60	3.70	4.50	4.50
Sept 2014	0.50	2.70	3.80	4.50	4.50
Dec 2014	0.50	2.70	3.80	4.60	4.60
March 2015	0.50	2.80	3.90	4.60	4.70
June 2015	0.50	2.80	3.90	4.70	4.80
Sept 2015	0.50	2.90	4.00	4.80	4.90
Dec 2015	0.50	3.00	4.10	4.90	5.00
March 2016	0.50	3.10	4.20	5.00	5.10
June 2016	0.75	3.20	4.30	5.10	5.20
Sept 2016	1.00	3.30	4.30	5.10	5.20
Dec 2016	1.00	3.40	4.40	5.10	5.20
March 2017	1.25	3.40	4.50	5.10	5.20

Source: Capita Asset Services

The council is on the list of qualifying authorities will lend at 0.2% less than the going PWLB rates.

Funding for lending has kept a lid on interest rates in the UK and most of Europe over the past 12 months. UK strong growth of 0.7% in Q2, 0.0% in Q3 and 0.085% in Q4 has meant that unemployment is falling faster towards the threshold of 7% set by the MPC before it said it would consider an increase in Bank Rate.

A sharp fall in inflation (CPI) to 2.1% occurred in November and forward indications are that inflation will continue to be subdued. For the first time in four years UK inflation figures hit the Bank of England target level. December CPI grew 2%.

Short dated gilts experienced a sharp jump in December due to the UK growth and the US Federal Reserve announcement in December that it will start to taper its asset purchases by reducing them by \$10bn per month from January 2014. Wage inflation continues to remain significantly below CPI inflation.

The Eurozone concerns have subsided considerably however sovereign debt difficulties have not gone away.

- Investment returns are likely to remain relatively low during 2014/15 because the 7% unemployment rate is the threshold for reconsidering policy and not the trigger for rate rises according to the MPC although overnight index swap markets have priced a rate rise in Q1 2015. ;
- Interest rates are likely to change when there are fundamental changes in central bank policies in the UK and US because such changes will affect the market, will affect swap prices significantly and affect the forward rate curve.

5.2 Borrowing Strategy

Current Borrowing Portfolio Position

The table below shows the CFR against the gross debt position of the council. The gross debt includes other long term liabilities like PFI and finance lease obligations.

	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
External Debt at 1 April	125,039	124,976	116,976	116,976	116,976	133,913
Expected change in Debt (repayment and new debt)****	-63	-8,000	0	0	16,937	15,528
Closing External Debt	124,976	116,976	116,976	119,976	133,913	149,441
PFI liabilities at 1 April	38,125	37,287	36,216	34,734	33,277	31,932
Expected change in PFI Liabilities	-839	-1,071	-1,482	-1,457	-1,345	-1,481
Closing PFI balance	37,287	36,216	34,734	33,277	31,932	30,451
Finance Leases at 1 April	855	615	501	425	374	323

Expected Change in Finance Leases	-240	-115	-75	-51	-51	-74
Closing Balance Finance Leases	615	501	425	374	323	248
Salix Loan		58	48	38	28	18
Salix in year movement		-10	-10	-10	-10	-10
Closing Balance Salix		48	38	28	18	8
Actual gross debt at 31 March	162,878	153,741	152,173	150,655	166,186	180,148
Capital Financing Requirement	213,525	215,186	219,591	241,227	261,170	276,175
Under/(over) borrowing	50,647	-61,958	-68,462	-92,213	-97,265	-99,039

****£3.967m of long term debt matures in 2017/18

The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the CFR), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. It should be noted that the PFI and finance lease portion of the CFR will not be funded by additional loan. This strategy is prudent as investment returns still low and counterparty risk remains to a degree. Against this background and the risks within the economic forecast, the Director of Corporate Services will monitor interest rates in financial markets to maximise short term savings. However when interest rates begin to rise faster than expected, the council will consider borrowing in advance of need than current forecast requirements show.

Debt Liability Benchmarking

In defining its borrowing strategy, the council considered the true characteristics of all of the debt instruments in its portfolio, most especially the LOBO's and the various options available to the council. Consideration was given to the fact that in the current economic climate the LOBO's in the council's portfolio will not be called due to their very high interest rate. Should they be called, replacement borrowing will not be required because the council will have cash available in 2014/15 to meet the call options based on the current estimates of the use of internal borrowing for the capital program. However future estimated use of cash to temporarily fund the capital program may be affected.

All Counter parties were contacted and most responded citing a minimum rate they would consider reviewing the call option on the LOBO was over 3%. Bank of England rate is currently 0.50% with rates not expected to rise to 1.00% before Q1 2015.

The borrowing strategy to temporarily finance its capital program, led the council to consider setting a minimum amount of projected liquid cash of £10m. This means that cash outflows for capital purposes would primarily be met from cash investments until £10m was reached and only at that point would external borrowing be undertaken except if interest rates fall well below its borrowing

trigger rate then the council will borrow in advance of need or where interest rates are expected to rise significantly. The council will review continue to review through out the year its options around higher and lower levels of cash-backed balances.

The council has given consideration to future borrowing rates for new borrowing and has set a trigger rate of 3.75% for 25 to 30 year PWLB loans.

Treasury Risk Analysis - Debt

Whilst it is not mandatory for Local Authorities to adopt the CIPFA Risk Toolkit produced by CIPFA's Treasury Management Panel last year in relation to treasury management, the Council has chosen to participate in the risk study and adopt the risk toolkit in 2014/15 as there are some merits for the council in managing its integrated treasury management portfolio and in considering risk mitigation options for its treasury management review process and benchmarking with its peers.

5.3 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed.

Operational boundary £'000	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
External Debt	124,976	116,976	116,976	119,976	133,913	149,441
Other long term liabilities	37,902	36,765	35,159	33,679	32,273	30,707
Operational Boundary	162,262	153,192	152,173	150,655	166,186	180,148

The Authorised Limit for external borrowing

The limit is the statutory limit determined under section 3 (1) of the Local Government Act 2003. It represents a limit beyond which external borrowing must not go over in the 3 years, and this limit when set is to be revised annually by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Gross Debt	164,253	162,262	152,173	150,655	166,186	180,148
Authorised Limit	182,262	183,192	212,173	210,655	226,186	240,148

Members are required to note that these authorised limits shows the gross maximum borrowing for the year and, in year regulatory accounting changes which may affect the level of debt in the balance sheet as well as allow for any potential overdraft position and short term borrowing for cash flow purposes. All of which will be counted against the overall borrowing. The authorised limit also provides headroom for any debt rescheduling which may occur during the year and any borrowing in advance of need.

5.4 Treasury Management Limits on Activity

- The table below shows the debt related treasury activity limits.

Members are asked to note that the maturity structure guidance has changed in the CIPFA 2011 guidance notes for Lenders Option Borrowers Option (LOBO) Loans, the maturity dates is now deemed to be the next call date.

As interest rates begin to rise, it may be beneficial for the council to go into some variable rate investments to avoid being locked into long term investments at low rates in a period of rising interest rates.

The table below shows the fixed and variable interest rate exposure

	2013/14	2014/15	2015/16	2016/17	2017/18
Interest rate Exposures	Upper Estimate	Upper Estimate	Upper Estimate	Upper Estimate	Upper Estimate
Upper limit for fixed interest rates based on net debt	100%	100%	100%	100%	100%
Upper limit for variable interest rates based on net debt	50%	50%	50%	50%	50%
Limits on fixed interest rates:					
• Debt only	100%	100%	100%	100%	100%
• Investments only	100%	100%	100%	100%	100%
Limits on variable interest rates					
• Debt only	40%	40%	40%	40%	40%
• Investments only	40%	40%	40%	40%	40%

The table below shows the Limits on the Maturity Structure of Borrowing

	Maturity Structure of fixed interest rate borrowing 2014/15			Maturity Structure of variable interest rate borrowing 2014/15		
	Actual at 31/01/2014	Lower	Upper	Actual 31/01/2014	Lower	Upper
Under 12 months	0.0%	0%	60%	0%	0%	50%
12 months to 2 years	0.0%	0%	60%	0%	0%	50%
2 years to 5 years	3.39%	0%	60%	0%	0%	50%
5 years to 10 years	3.68%	0%	80%	0%	0%	50%
10 years and above	92.93%	0%	100%	0%	0%	50%

Local Indicators

The table below shows target borrowing and investment rates

	2012/13 Actual %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
Average Investment Target Return	0.81%	0.78%	0.65%	0.75%	1.00%	1.50%
Long Term Borrowing Target						
• Current Portfolio	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
• New Borrowing trigger rate	0	0	3.75%	3.75%	4.00%	4.00%

The average investment target return above is based on the expected target return for the following periods

Period	Overnight	7 day	1 month	3 month	6 month	12 months
Target Rate	0.20%	0.35%	0.36%	0.40%	0.47%	0.76%

5.5 Policy on Borrowing in Advance of Need

The London Borough of Merton will not borrow more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds. Should interest rates reach the borrowing trigger rates of 3.75% or less then, borrowing in advance could be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 24 months in advance of need. Where possible rates will be locked using forward borrowing to reduce the risk of the council holding cash in low interest rate environment.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. The possibility of this happening is very slim. However should the council need to borrow in advance of need, then the following will apply.

Year	Maximum Borrowing in advance	Notes
2014/15	0%	Borrowing in advance will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the period of the approved Medium Term Capital Programme, a maximum of 2 years in advance.
2015-16	No more than 50% of CFR increase	
2016-17	No more than 50% of CFR increase	
2017-18	No more than 50% of CFR increase	

5.6. Debt Rescheduling

The table below shows the maturity profile of the council's current debt as at 31 January 2014

	£'000	% of portfolio
less than 1 year	0	0.00
1 - 2 years	0	0.00
2 - 5 years	3,966,258	3.39
5 -10 years	4,310,000	3.68
10 -15 years	30,700,000	26.24
15- 20 years	1,000,000	0.85
20 - 25 years	11,500,000	9.83
25-30 years	13,500,000.00	11.54
30 - 35 years	0	0.00
35-40 years	7,000,000	5.98
40 -45 years	25,000,000	21.37
45-50 years	20,000,000	17.10
Total	116,976,258	100.00

All of the Council's LOBO's are past their call dates, however should all LOBO's be called at their next interest due date then the maturity profile will be as shown in the table below and even which is very unlikely due to interest rates being so low:

	£'000	% of portfolio
less than 1 year	63,000,000	53.86
1 - 2 years	0	0.00
2 - 5 years	1,966,258	1.68
5 -10 years	310,000	0.27
10 -15 years	26,200,000	22.40
15- 20 years	1,000,000	0.85
20 - 25 years	2,500,000	2.14
25-30 years	0.00	0.00
30 - 35 years	0	0.00
35-40 years	7,000,000	5.98
40 -45 years	15,000,000	12.82
45-50 years	0	0.00
Total	116,976,258	100.00

The review of redemption estimates showed that the premium to be paid on the PWLB loan portfolio total of £52.010m will be £11.359m. Estimates as at 15 January 2014 (Appendix 1).

The Director of Corporate Services will continue to review and identify any residual potential for making savings and provide cabinet with updates when such circumstances present itself. All rescheduling made will be reported to cabinet at the earliest meeting following action.

5.7 Key and Future Changes which may affect Treasury Management

- Future changes to money market fund valuation

Proposed EU legislative changes which will require money market funds with constant net asset value to change to variable net asset value. This will mean that investors in the fund will be liable for their share of all losses as a result of counterparty failure.

- Changes to accounting for schools

Proposals to accounting for schools in Local Authority Accounts where by payments of Dedicated Schools Grant to non-controlled schools will be recorded as payment to 3rd parties in the Income and Expenditure statement. Likely impacts are cashflow items like teachers payroll.

- Transport Infrastructure Assets

This is expected to start possibly in 2014/15 financial year. It is proposed that liabilities under PFI arrangements (for example road schemes) be recognized like they are financial liability under IAS39. It is anticipated that there will be not impact on MRP, however the impact on borrowing limits is unknown at the moment.

- Proposed changes to leasing

Future changes to accounting for leasing may mean that the cost of service will increase along with increases in MRP and CFR which affect the underlying borrowing requirement of the Council. It is anticipated that there may be some impact on both capital and revenue income.

6. Annual Investment Strategy

6.1 Investment Policy

The London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The council's investment priorities will be security first, liquidity second, then return.

6.2 Investment Strategy

The council does not place cash with fund managers as all of its cash is managed in house. Base rate is forecast to remain at 0.50% till Q1 2015. The forecast rates have been built on the basis that bank rate is expected to remain unchanged to around quarter one of 2015, however if interest rates do not rise then future income expectations may not be met. Local indicators /benchmark for investments set is included in paragraph 5.4 this report Cash available for investments will be split into three categories;

- Operational cash
- Core cash
- Strategic cash

Strategic cash will aim to be locked for longer periods of up to 12 months or more to enable the council to gain the advantage of good rates. However this is also constrained by counterparty risk. Operational cash will predominantly be overnight cash and cash locked away for less than one month.

6.3 Alternative investment instruments

The Council has in the past restricted its treasury activities to simple investment structures like fixed deposits. However in today's market there are a wide range of alternative asset classes available like enhanced money market funds, corporate bonds, property funds and equity funds. There are varying degree of risks associated with each of these asset classes as such these need a good understanding of not just credit risk but interest rate/liquidity and market risk. Should the council choose to invest in these asset classes a comprehensive analysis will be conducted to understand the risk associated them.

6.4 Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the council's liquidity requirements and are based on the availability of funds after each year-end.

	31 Dec 2013 Actual £'m	2013/14 Estimate £'m	2014/15 Estimate £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m
Estimated Principal sums invested greater than 364 days	0	20m	40m	40m	30m	30m

For its cash flow generated balances, the council will seek to utilise its, reserve accounts, 15 and 30 day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

6.5 The use of Specified and Non-Specified Investments

Investment instruments identified for use in the financial year are as follows:

Specified Investments

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
- The investment is not a long term investment;
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended]; and
- The investment is made with a body or in an investment scheme of *high credit quality* or with one of the following public-sector bodies:
 - The United Kingdom Government;
 - A local authority in England or Wales (as defined under section 23 of the 2003 Act).

Non Specified Investments

Non-Specified investments are defined as those not meeting the above criteria and exceeding 365 days in duration.

6.6 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change

Security - The council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.00% historic risk of default which is not due to administrative faults when compared to the whole portfolio.
- Liquidity – in respect of this area the council seeks to maintain:
 - Bank overdraft - £1m
 - Liquid short term deposits of around £5m or more available with a week's notice.

6.7 Risk Management and Creditworthiness Policy

In managing its risk, the London Borough of Merton will only use financial instruments for the prudent management of its financial affairs and never for speculative purposes.

In order to minimise the risk to investments, the council's minimum acceptable credit quality of counterparties for inclusion on its lending list is listed below. Credit ratings including viability ratings are monitored daily in the first instance as prescribed by CIPFA using daily electronic notifications of the three agencies received from the council's treasury adviser.

In addition other monitoring takes the form of;

- Review where possible daily financial news and treasury journals for news on counterparties and sovereigns;
- Receiving and reading direct mail shots from the ratings agencies;
- Share price monitoring of counterparties for early warning signals;
- Monitor other market information and pricing data such as the Credit Default Swaps via data obtained from the council's treasury adviser;
- As part of daily contact with brokers market information will be obtained;
- The counterparties exposure to sovereign debt; and
- Provisions which the counterparty has in place in compliance with Financial Services Authority (FSA) and EU rules e.g. the Individual Liquidity Adequacy Standards – Basle Committee directives.
- European Banking Association Bank Reports and European Securities Market Association report and news

- For money market funds in addition to the credit rating, the Weighted Average Maturity and the constituents counterparties will be monitored daily in addition to comprehensive month end reviews..
- The Council's aggregate exposure to counterparties including its money market constituent funds will be monitored on a monthly basis and where possible daily.

Investment instruments identified for use in the financial year are listed in Appendices 2A and 2B to this report under the categories of specified and non specified investment categories.

Apart from government owned or part owned banks, the minimum credit criteria the council will use for individual counterparties is stated below:

BANKS AND BUILDING SOCIETIES MINIMUM CRITERIA ACROSS ALL THREE RATING AGENCIES			
	FITCH	MOODY'S	S&P
Short Term	F1	P-1	A-1
Long Term	A-	A3	A-
OTHER CRITERIA			
Viability / BFSR Rating	Bbb+	c-	n/a
Support	1	n/a	n/a

The rating agency support rating score remain a key criteria and only counterparties with support 1 will be used. For building societies in addition to credit criteria, the council will also use only the top ten building societies in terms of asset value. However credit quality rather than asset size or position in the league table ranking will be the main driver for selection.

	FITCH	MOODY'S	S&P
Money Market Funds	AAAmf	Aaa-mf	AAAm
UK Gilts	Assume rating of UK Government Sovereign		
Government Institutions and DMADF	N/A (assume rating of UK Government Sovereign)		
Local authorities, parish councils Collateralised Deposits	N/A (assume rating of UK Government Sovereign)		
Supranational Institutions	AAA	Aaa	AAA
Multilateral Development Banks	AAA	Aaa	AAA

Duration of use for Counterparties - In coming to a decision on duration the Council will consider suggested duration from its adviser. Counterparties may therefore fall in to duration categories of:

- not to be used,
- use for three months or less ,
- use for six months or less,
- use for one year or less or
- use for one year or more
- use for two years or less or
- use for five years or less (this will apply to AA+ rated government debt)

The council in addition to the criteria above will also consider the sovereign ratings of each of its counterparties. This is included in Appendix 2 of this report.

6.8 Counterparty Downgrades

A counterparty will be removed, suspended or kept on close watch from the council's approved list on the following grounds:

- if a downgrade results in the counterparty / investment scheme no longer meeting the council's minimum criteria, its further use as a new investment will be withdrawn immediately;
- If the council is advised of movements in CDS which shows extreme market movements which may result in downgrade of an institution;
- If market information or market data indicate that there is cause for concern about a counterparty;
- If there are adverse changes to government support for banks or the support is withdrawn; and
- If the Sovereign rating of the counterparty is downgraded below the council's minimum rating for a sovereign.

There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

Treasury Risk Analysis – Investments

The tables below show the Security/Liquidity/Yield characteristics of the council's investments as at 31 January 2014.

Portfolio Breakdown		Institution Type		Country	
Fixed Deposits	90.70%	Banks	65.51%	UK	100%
Call	9.30%	Building Societies	15.22%	Foreign ex MMF's	0%
MMF	0%	Government/L A	19.28%		
CD's	0%	MMF	0%		
		Other	0%		
Total	100%	Total	100%	Total	100%

Maturity Structure of Investments as at 31 January 2014

	Number of Investments	£ ('000)	%
< 1 month	4	14,770	15
1 – 3 months	9	28,400	29
3 – 6 months	9	14,500	15
6 – 9 months	8	19,400	20
9 – 12 months	5	16,500	17
12 months+	1	5,000	5
Total		98,570	100

6.9 Provisions for Credit Related Losses

If any of the council's investments appears at risk of loss due to default (i.e. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the council will make revenue provision of an appropriate amount. To avoid this

6.10 Banking Arrangements

The council's bankers are Lloyds bank. The Council's bank accounts include some school accounts and client bank accounts managed as part of its Appointeeship role for residents that require this support. All schools are responsible for the management of their bank accounts.

From time to time the council may open bank accounts with other banks for specific reasons.

6.11 Country limits

The current economic climate has not only affected companies and financial institutions, it has affected sovereigns as well. In addition to counterparty selection, due care will be placed on country selection and only approved counterparties from countries with a minimum sovereign credit rating of AA- (Appendix 3).

This does not mean that the council will lend to every sovereign that meets this criteria, the list will be added to, or deducted from, by officers in consultation with the Director of Corporate Services, should ratings change in accordance with this policy. The council is mindful of the fact that investments should not be concentrated in one counterparty or country apart from the UK. Therefore;

- no more than 50% of the council's aggregate investments will be placed with any non-UK country at any time;
- Countries will be monitored weekly as part of the credit rating's monitoring for appropriateness against limits suggested by the council's treasury adviser Capita Asset Services.

6.12 Nationalised and Part Nationalised Banks - Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland these banks will be included on the council's lending list in so far as they continue to be part nationalised or they meet the minimum ratings set by the council. When they cease to be part nationalised then they will be assessed like any other counterparty.

6.13 Group Limits - No more than 50% of the council's aggregate funds will be placed in any one banking group. To avoid this happening, the council will invest in a range of strong counterparties.

6.14 Guarantee from Parent Banks - The council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above to suggest this.

- 6.15 Lending to Community Organisations and Other Third Parties** - Any loans to or investments in third parties will be made under the Well Being powers of the council conferred by section 2 of the Local Government Act 2000 or Localism Act of 2012.

The Well Being power can be exercised for the benefit of some or all of the residents or visitors to a local authority's area. The power may also be used to benefit organisations, schools or even individuals. Loans of this nature will be under exceptional circumstances and must be approved by cabinet or by delegated authority to the Director of Corporate Services.

Where it is deemed necessary additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company.

In other instances, the council may receive soft loans from government agencies, European Economic Community agencies or organisations like Salix for energy efficiency related loans.

- 6.16 Comparative Reviews** - The Council participates in various comparative and benchmarking clubs.

7. Cash Flow Management

- 7.1** CIPFA requires all monies to be under the control of the responsible officer and for cash flow projections to be prepared on a regular and timely basis. Cashflow, actuals and forecast are recorded using Logotech systems. At the end of each day the net receipts and payments is either invested or borrowed to ensure that the council's bank account is kept at a minimum. The current projection as at 31 January 2014 for 2013/14 year end is a cash balance of £75m.

7.2 Purchase and Corporate Credit Cards

The use of corporate credit cards like other accounts payable methods carries significant risks. The Director of Corporate Services is responsible for ensuring that the council has appropriate controls in place to protect the council's funds.

8. Policy on the use of external service providers

The council recognises CIPFA's guidance on Treasury Management that the responsibility for Treasury Management cannot be delegated outside the authority and recognises that any external service provider used by the council is to support the in-house Treasury Management function. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. The council is aware of the CIPFA Treasury Management Advisors Regulation and Services issues in March 2010.

The council is also mindful of the requirements of the Bribery Act 2011 in its dealings with external providers. A copy of the Council's policy can be found in the link below.

http://www.merton.gov.uk/democratic_services/w-agendas/w-nonexecreports/1115.pdf

9. Training

A key outcome of the recent investigations into Local Authority investments is the need to ensure that all relevant Treasury Management staff receive appropriate training and knowledge in relation to these activities. Training is in-house on the job, via CIPFA seminars and training courses, via treasury adviser seminars and training courses and sometimes counterparties conduct training. In addition members of the team attend national forums and practitioner user groups.

10. The Localism Act

- 10.1 A key element of the Act is the “General Power of Competence”: “A local authority has power to do anything that individuals generally may do.” CIPFA emphasise that where the legality of the use of derivatives is confirmed, then there is a need for a framework for their use. The council does not use derivatives. Should the need for the use of derivative arise as a requirement for managing its interest rate exposure or hedging its investments, the council will take legal advice and report to members before use.

11. Treasury Management Practices

- 11.1 The 2011 code reinforces a framework of 12 Treasury Management practices (TMPs), which define the manner in which authorities seek to achieve the policies and objectives outlined in their Treasury Management policy statement. The council’s detailed Treasury Management practices approved in March 2012/13 can be found on the council’s intranet. An updated version is included as Appendix 5

12. Appendices

- 12.1 Appendix 1– Early Repayment of Debt estimate
Appendix 2A – Specified Investments
Appendix 2B – Non Specified Investments
Appendix 3 – Approved Countries for Investment
Appendix 4 – The Treasury Management Role of the S151 Officer
Appendix 5 – Treasury Management Principles 2014/15
Appendix 6 – Cash Flow Statement 2013/14 to 2015/16

13. Background Papers

- CIPFA Treasury Management in Public Services. Code of Practice and Cross –Sectional Guidance Notes 2011
- CIPFA Prudential Code for Capital Finance in Local Authorities 2013 Edition
- 2012/13 Treasury Management Strategy report
- The Guide to Local Government Finance (2013 Edition) Module 4: Treasury Management
- CIPFA Practical Considerations in Using Financial Instruments to Manage Risk in the Public Sector

APPENDIX 1 – Early Repayment Estimates for Debt

Estimated Repayment cost for PWLB Loans as at 15 January 2014

Internal Reference Number	Type	F/V	Previous Payment	Final Payment	Loan Rate	Discount Rate	Nominal	***Accrued Interest to 15/01/2014	***Premium/Discount	Total Due	Counter Party
1097480120	Maturity	Fixed	30/09/2013	31/03/2023	6.62500	2.64000	310,000	6,133	100,325	416,458	PWLB
1097480121	Maturity	Fixed	30/09/2013	31/03/2024	6.50000	2.78000	12,000,000	232,932	3,941,188	16,174,119	PWLB
1097480232	Maturity	Fixed	30/09/2013	31/03/2024	6.75000	2.78000	1,700,000	34,268	595,857	2,330,125	PWLB
1098480925	Maturity	Fixed	31/10/2013	30/04/2024	5.87500	2.78000	6,000,000	75,329	1,651,316	7,726,644	PWLB
1000484711	Maturity	Fixed	31/10/2013	31/10/2024	5.00000	2.84000	5,000,000	53,425	997,294	6,050,718	PWLB
1000484981	Maturity	Fixed	31/10/2013	31/10/2024	4.75000	2.84000	1,500,000	15,226	264,560	1,779,786	PWLB
1005489969	Maturity	Fixed	20/11/2013	20/05/2035	4.45000	3.38000	2,500,000	17,678	404,369	2,922,047	PWLB
1005490706	Maturity	Fixed	21/11/2013	21/11/2031	4.25000	3.30000	1,000,000	6,637	127,341	1,133,978	PWLB
1005490967	Maturity	Fixed	25/07/2013	25/07/2055	3.95000	3.40000	10,000,000	190,466	1,218,635	11,409,101	PWLB
1005490976	Maturity	Fixed	25/07/2013	25/07/2055	3.95000	3.40000	5,000,000	95,233	609,317	5,704,550	PWLB
1006491475	Maturity	Fixed	28/10/2013	28/10/2051	4.40000	3.42000	7,000,000	68,351	1,448,734	8,517,085	PWLB
Total							52,010,000	795,676	11,358,936	64,164,612	

*****Accrued Interest will vary depending on when the loan is paid. *****Discount rate used in the calculations of the premium is valid only as at 15 January 2014

APPENDIX 2A – Specified Investments

Organisation/Instrument/ Sovereign	Counter Party Minimum Credit Criteria								Other Data	Maximum Lending Period	Limit (Agg)	
	FITCH				MOODY			STANDARDS & POORS		CDS DATA		
	Fitch L/T	Fitch S/T	Fitch Viability	Fitch Support	Moody L/T	Moody S/T	Moody FSR	S&P L/T	S&P S/T	In range		
Term deposits – banks	AA-	F1+	a+	1	Aa3	P-1	C	AA-	A-1+	In range	0 – 12 months	80%
Term deposits – banks	A	F1	a	1	A2	P-1	C	A	A-1	In range	0 –12months	60%
Term deposits –building societies	A	F1	a	1	A2	P-1	C	A	A-1	In range	0- 12 months if within limits	30%
Term deposits – Nationalised and Part Nationalised Banks	A	F1	bb+	1	A3	P-2	D	A-	A-2	In range	0 - 12 months if within limits	80%
Structured Deposits												
Term Deposits in Supranational	AAA	n/a	n/a	n/a	Aaa	n/a	a/a	AAA	n/a	n/a	0 – 12 months	90%
		Fund Quality Rating						Principal Stability Fund Rating	Fund Credit Quality Rating	Fund Volatility Rating		
Money Market Funds	AAAmf	Excellent			Aaa-mf			AAAm	AAAf	n/a	0 – 3 months	60%
Term Deposits – UK Government	Assume AA+ UK Government Sovereign rating Status									n/a	0 – 12 months	100%
Term Deposits – LA's with or without credit ratings	Assume AA+ UK Government Sovereign rating Status									n/a	0 – 12 months	50%
Debt Management Agency Deposit	Assume AA+ UK Government Sovereign rating Status									n/a	0 – 12 months	80%
UK Government Gilts	Assume AA+ UK Government Sovereign rating Status									n/a	0 – 12 months	80%
Gilt Funds and Bond Funds	AA+	n/a	n/a	n/a	Aa1	n/a	n/a	AA	n/a		0 – 12 months	50%
Certificate of Deposit	AA-	F1+	a+	1	Aa3	P-1	C	AA-	A-1+		0 -12 months	30%
Corporate Bond												
Corporate Bonds LA	AA+				Aa1			AAA		n/a	0 – 12 months	50%

Ratings will become a key criteria should the UK government sells more than 70% of its shares in a part nationalised bank

APPENDIX 2B - Non Specified Investments (where rating agencies have issued a counterparty with different ratings score, the lowest ratings score will apply)

Type of investment	Counter Party Minimum Credit Criteria									Other Data	Maximum Lending Period	Limit (Agg)	
	FITCH				MOODY			STANDARDS & POORS					CDS DATA
	Fitch L/T	Fitch S/T	Fitch Viability	Fitch Support	Moody L/T	Moody S/T	Moody FSR	S&P L/T	S&P S/T				
Term Deposits in Banks	AAA	F1+	n/a	1	Aaa	P-1	-	AAA	A-1+	In range	1 – 3 years	80%	
Term Deposits in Supranational	AAA	n/a	n/a	n/a	Aaa	n/a	n/a	AAA	n/a	n/a	1 – 5 years	80%	
Collateralised Local Authority Deposits	AA+	n/a	n/a	n/a	Aa1	n/a	n/a	AAA	n/a	n/a	1 – 5 years	80%	
Certificates of deposits issued by banks and building societies	AA	n/a	n/a	n/a	Aa3	n/a	n/a	AA-	n/a	In range	1 – 2 years	40%	
Term Deposits – UK Governments	AA+				Aa1			AAA		n/a	0 – 5 years	80%	
Term Deposits – LA's with or without credit ratings	Assume AA+ UK Government Sovereign rating Status				Assume Aa1 UK Government Sovereign rating Status			Assume AAA UK Government Sovereign rating Status		n/a	0 – 5 years	80%	
Debt Management Office Deposit	AA+				Aa1			AAA		n/a	1 – 2 years	80%	
UK Government Gilts	AA+				Aa1			AAA	n/a	n/a	0 – 5 years	80%	
Gilt Funds and Bond Funds	AA+	n/a	n/a	n/a	Aa1			AAA			0 – 2 years	30%	
Commercial Paper issuance covered by a specific UK Government (explicit) Guarantee	AA+	n/a	n/a	n/a	Aaa	n/a	n/a	AAA			0 – 2 year	20%	
Commercial Paper Other	AA	n/a	n/a	1	Aa3	n/a	n/a	AA-	n/a		1 year	20%	

**APPENDIX 2C – Special Investments
– Local Authority Mortgage Scheme**

Should the Council place funds under the local authority mortgage scheme this is classified as special investment rather than treasury management investments and is therefore outside of the specified /non specified categories.

APPENDIX 3

Approved countries for investments for use by the council's treasury team or countries in which the money markets the council invests in place money based on ratings as at 31 January 2014. It should however be noted that the countries on the council's approved list may change from time to time as Sovereign ratings change. Where rating agencies have awarded different ratings, the lowest credit rating will apply.

Sovereign Benchmark	Fitch Long Term Ratings	Moody's Long Term Ratings	S&P Long Term Ratings
Australia	AAA	Aaa	AAA
Canada	AAA	Aaa	AAA
Denmark	AAA	Aaa	AAA
Finland	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
Luxembourg	AAA	Aaa	AAA
Norway	AAA	Aaa	AAA
Singapore	AAA	Aaa	AAA
Sweden	AAA	Aaa	AAA
Switzerland	AAA	Aaa	AAA
Hong Kong	AA+	Aa1	AAA
Netherlands	AAA	Aaa	AA+
U.K	AA+	Aa1	AAA
USA	AAA	Aaa	AA+
Abu Dhabi (U.A.E)	AA	Aa2	AA
France	AA+	Aa1	AA
Qatar	-	Aa2	AA
Belgium	AA	Aa3	AA
Saudi Arabia	AA-	Aa3	AA-

APPENDIX 4 The Treasury Management role of the section 151 officer

The S151 officer (Director of Corporate Services)

- recommending clauses, Treasury Management policy / practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular Treasury Management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the Treasury Management function;
- ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of Treasury Management external service providers.
- Approval of appropriate money market funds for the council to invest in.

LONDON BOROUGH OF MERTON TREASURY MANAGEMENT PRINCIPLES 2014/15

TMP1 RISK MANAGEMENT

The Director of Corporate Services – the responsible officer will implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy / suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

The council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

Policy on the use of credit risk analysis techniques

- The council will use credit criteria in order to select creditworthy counterparties for placing investments with.
- Credit ratings will be used as supplied from all three rating agencies - Fitch, Moodys and Standard & Poors.
- Treasury Management Consultants will provide regular updates of changes to all ratings relevant to the council.
- The treasury manager will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

1.2 Liquidity Risk Management

The council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. The council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The treasury management team shall seek to minimise the balance held in the council's main bank accounts at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim. At the end of each financial day any unexpected surplus funds are transferred to the main bank account.

Bank overdraft arrangements – A £1 million net overdraft at 2% over base rate on debit balances has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the council's accounts. Separate facilities are available for the Pension Fund bank account.

a. Short-term borrowing facilities

The council accesses temporary loans through approved brokers on the London money market.

b. Special payments

Where an urgent clearing house automated payment system (CHAPS) payment is required, a CHAPS payment request form must be completed and forwarded to the Head of Transactional Services who then checks for correct required signatures and supporting paper work. Further guidance can be found on the Council's intranet.

c. Inter account transfer

From time to time transactions occur between the Pension Fund and the Council. Reimbursement where necessary is by inter- account transfers between both bank accounts.

1.3 Interest Rate Risk Management and use of Derivatives

The council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

The council does not use derivatives, the council's S151 Officer will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives when used will be clearly stated to members. The treasury management strategy has full details of interest rate exposure limits.

Policies concerning the use of instruments for interest rate management.

- forward dealing

Consideration will be given to dealing from forward period's dependant upon market conditions. When forward dealing is more than a 364 day period forward then the approval of the Chief Financial Officer is required.

- callable deposits

The council may use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the AIS.

Policy on Use of LOBOS (borrowing under lender's option / borrower's option)

Use of LOBOs is considered as part of the annual borrowing strategy. All long term borrowing must be approved by the S151 Officer.

1.4 Exchange Rate Risk Management

Occasionally, the council has to make foreign exchange payments, the council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

1.5 Refinancing Risk Management

The council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

The council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year. Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- a) the generation of cash savings at minimum risk;
- b) to reduce the average interest rate;
- c) amend the maturity profile and /or the balance of volatility of the debt portfolio.

Any rescheduling will be reported to the council at the meeting immediately following the action.

1.6 Legal and Regulatory Risk Management

The council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 1.1 Credit and Counterparty Risk Management, it will ensure that there is evidence of counterparties powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

The council will ensure that its treasury management activities comply fully with legal statute, guidance, Codes of Practice and the regulations of the council.

The council's powers to borrow and invest are contained in the Local Government Act 2003, section 12 and Local Government Act 2003, section 1. The treasury management scheme of delegation is contained in the corporate services scheme of delegation. This document contains the officers who are authorised signatories. The council's monitoring officer is the Assistant Director Corporate Governance, while the S151 Officer is the Director of Corporate Services.

1.7 Fraud, Error and Corruption, and Contingency Management

Treasury tasks are segregated and adequate internal checks have been implemented to minimise risks and fraud. Procedures are documented and staff will not be allowed to take up treasury management activities until they have had proper training and are then subject to an adequate and appropriate level of supervision. Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out. Periodic backups will be made to ensure contingency of systems is available.

Details of Systems and Procedures to be Followed, Including Internet Services

The council uses Logotech Treasury systems as its treasury management recording tool.

- The Corporate Services Scheme of Delegation sets out the delegation of duties to officers. While the council's constitution details delegated authority of treasury management to the Section 151 Officer.
- All loans and investments are negotiated by the treasury manager or authorised persons.
- All long term loans must be authorised by the Section 151 Officer.

1.8 Market Risk Management

The council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect it from the effects of such fluctuations. This is controlled mainly by setting limits on investment instruments where the principal value can fluctuate. The limits are detailed in the treasury management strategy

TMP 1 SCHEDULE 1 – SPECIFIED AND NON SPECIFIED INVESTMENTS

This is included in the treasury management strategy.

TMP 2 PERFORMANCE MEASUREMENT

2.1.1 Evaluation and Review of Treasury Management Decisions

Periodic reviews during the financial year

The Director of Corporate Services will as and when required may periodically hold treasury management review meetings with the treasury manager to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts.

This will include:

- Total debt (both on-and off balance sheet) including average rate and maturity profile.
- Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.
- Cash flow forecast against the actual.

2.1.2 Annual Review after the end of the financial year

- Annual Treasury Report will be submitted to the Full Council each year after the close of the financial year.

2.1.3 Comparative reviews

Each year or on a quarterly basis, comparative reviews are undertaken to see how the performance of the council on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Such reviews are: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- CIPFA Risk Study
- other

2.2 Benchmarks and Calculation Methodology:

2.2.1 Debt management

- . Average rate on all external debt
- . Average rate on external debt borrowed in previous financial year
- . Average period to maturity of external debt
- . Average period to maturity of new loans in previous year

2.2.2 Investment.

The performance of investment earnings will be measured against any of the following benchmarks: -

- in house benchmark and when necessary other benchmarks such as Bank of England base rate, 7 day LIBID un compounded, 7 day LIBID compounded weekly, 1 month LIBID and 3 month LIBID compounded quarterly

Performance will also be measured against other local authority funds with similar benchmark and parameters managed by other fund managers using the CIPFA treasury management benchmark service.

2.3 Policy Concerning Methods for Testing Value for money in Treasury Management

The process for advertising and awarding contracts will be in line with the council's Contract Standing Orders and procurement guidelines.

2.3.1 Money-broking services

From time to time, the council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. An approved list of firm of brokers is maintained by the treasury manager, this takes account both prices and quality of services. No firm of brokers will be given undue preference.

2.3.2 Consultants / advisers services

The council's treasury management adviser is Capita Asset services.

TMP 3 DECISION-MAKING AND ANALYSIS

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques:

3.1.1 Records to be kept

The following records will be retained -

- Daily cash balance forecasts for the day and previous day
- Money market deal booking and deal approval confirmation emails
- Dealing slips for all investment and borrowing transactions
- Brokers' confirmations for all investment and temporary borrowing transactions made through brokers
- Confirmations from borrowing / lending institutions including money market fund portals
- PWLB loan confirmations
- PWLB interest due schedule
- Certificates for market loans, local bonds and other loans
- Deal confirmation letters for deals over one month
- Banking and other contract documents which the treasury team has responsibility for.

3.1.2 Processes to be pursued

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger/Logotech/Bank reconciliations
- Review of counterparty limits in addition to monitoring of counterparties
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).
- Treasury contracts management

3.1.3 Issues to be addressed.

3.1.3.1. In respect of every treasury management decision made the council will:

- a) Above all be clear about the nature and extent of the risks to which the council may become exposed
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the council's objectives and protect the council's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the council's creditworthiness policies, and that limits have not been exceeded
- e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.
- f) Ensure that adequate investigation on security of the council's funds has been conducted

3.1.3.2 In respect of borrowing and other funding decisions, the council will:

- a) consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
- b) evaluate the economic and market factors that might influence the manner and timing of any decision to fund
- c) consider the merits and demerits of alternative forms of funding, including funding from revenue, use of reserves, leasing and private partnerships
- d) consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

3.1.3.3 In respect of investment decisions, the council will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions;
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the council to changes in the value of its capital;

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved Activities of the Treasury Management Operation

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- the use of external fund managers (other than Pension Fund)
- leasing;
- Undertaking all treasury management activities for the Pension Fund including its strategy setting.

4.2 Approved Instruments for Investments

English and Welsh authorities: The Annual Investment Strategy has a list of approved instruments.

4.3 Approved Techniques

- Forward dealing
- LOBOs – lenders option, borrower's option borrowing instrument
- Structured products such as callable deposits

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
EIB	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●

Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●

Other Methods of Financing

Government and EC Capital Grants
 Lottery monies
 PFI/PPP
 Operating and Finance leases
 Revenue Contributions

Borrowing will only be done in British Pound Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Corporate Services has delegated powers in accordance with Financial Regulations, Standing Orders and Scheme of Delegation to Officers to take the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

The Treasury Management Strategy Statement and Prudential and Treasury Indicators state all appropriate limits.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 Allocation of responsibilities

(i) Council (Budget)

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Cabinet

- approval of amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations

(iii) Overview and Scrutiny Commission (financial monitoring task group)

- reviewing all treasury management reports and making recommendations to the Cabinet.

5.2 Principles and Practices Concerning Segregation of Duties

5.2.1 The following duties are undertaken by separate officers: -

Tasks	Duties	Responsible Officer
Dealing	<ul style="list-style-type: none"> • Negotiation and approval of deal • Entering of deal into Logotech • Sending confirmation letter to counterparty (to be signed by authorised signatory) • Checking of brokers and counterparty confirmation notes against Logotech • Reconciliation of FMIS Codes and reconciliation to bank statement • Sign off of reconciliations 	<p>Treasury manager</p> <p>Treasury manager/ Fund officer</p> <p>Treasury Manager/Fund Officer</p> <p>Fund officer</p> <p>Fund Officer Treasury manager Fund officer</p>
Accounting Entry	<ul style="list-style-type: none"> • Processing of accounting entry into FMIS (bank reconciliation team) 	Bank reconciliation team
Authorisation / Payment of Deal	<ul style="list-style-type: none"> • Inputting CHAPS on Lloyds link • Approval of CHAPS on Lloyds link and CHAPS form authorisation 	<p>Treasury Manager/Fund officer</p> <p>Authorisers per bank mandate</p>

5.3 Statement of the treasury management duties/responsibilities of each treasury post

5.3.1 The responsible officer

The responsible officer is the person charged with professional responsibility for the treasury management function and in this council it is the Director of Corporate Services and is also the S151 officer. This person or delegated persons will carry out the following duties: -

- a) recommending clauses, treasury management policy / practices for approval, reviewing the same regularly, and monitoring compliance
- b) submitting regular treasury management policy reports
- c) submitting budgets and budget variations
- d) receiving and reviewing management information reports
- e) reviewing the performance of the treasury management function
- f) ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- g) ensuring the adequacy of internal audit, and liaising with external audit
- h) recommending the appointment of external service providers.

- i) The responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- j) The responsible officer may delegate his power to borrow and invest to members of her staff. The Treasury & Insurance Manager, the fund officer. Only treasury management team staff must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave / sickness. All treasury transactions must be authorised by the treasury manager or the S151 officer.
- k) The responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
- l) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the council's Financial Regulations
- m) It is also the responsibility of the responsible officer to ensure that the council complies with the requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.3.2 Treasury & Insurance Manager

The responsibilities of this post will be: -

- a) Drafting the treasury management strategy and annual report
- b) execution of transactions
- c) adherence to agreed policies and practices on a day-to-day basis
- d) maintaining relationships with counterparties and external service providers
- e) supervising treasury management staff
- f) monitoring performance on a day-to-day basis
- g) submitting management information reports to the responsible officer
- h) identifying and recommending
- i) opportunities for improved practices

5.3.3 The Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented
- b) Ensuring that the responsible officer reports regularly to the full Council / cabinet or General Purpose Committee on treasury policy, activity and performance.

5.3.4 The Monitoring Officer

The responsibilities of this post will be: -

- a) Ensuring compliance by the responsible officer with the treasury management policy statement and treasury management practices and that they comply with the law.
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.
- c) Giving advice to the responsible officer when advice is sought.

5.3.5 Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practices.
- b) Reviewing division of duties and operational practice.

- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

5.4 Absence Cover Arrangements

Cover for treasury management staff will be to specific delegated staff.

5.5 Dealing Limits

No investment deal must exceed £5million per transaction

No borrowing deal at any point in time must exceed £10 million except when existing loans are being repaid.

5.6 List of Approved Brokers

A list of approved brokers is maintained within the Treasury team and a record of all transactions recorded against them can be obtained from Logotech.

Policy on Brokers' Services

It is this council's policy to rotate business between brokers.

5.7 Policy on Taping of Conversations

The council currently does not tape conversations **but** ensures that confirmations are received from counterparties.

5.8 Direct Dealing Practices

The council will deal direct with counterparties if it is appropriate and the council believes that better terms will be available. There are certain types of accounts and facilities, however, where direct dealing is required, as follows;

- Business Reserve Accounts:
- Call Accounts:
- Money Market Funds.
- Gilt/CD purchase via custodian
- Fixed period account e.g. 15 day fixed period account

5.9 Settlement Transmission Procedures

A confirmation letter signed by an authorised signatory per the council's bank mandate must be sent to the counterparty if the deal period exceeds one month. Copy of forms folder located in H:

/techaccy/treasury/forms

For payments any transfer to be made via Lloyds link CHAPS system must be completed by 2.00 p.m. on the same day to ensure it is authorised. Money market funds may have earlier time deadlines.

5.10 Documentation Requirements

For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker and confirmation fax, email or letter.

5.11 Arrangements Concerning the Management of Third-Party Funds.

The council holds a number of trust funds, appointeeship and custody bank accounts. The cash in respect of these funds is held in the council's bank account but transactions are separately coded.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted the cabinet and then to the Council (budget) for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy Statement is concerned with the following elements:
 - a) Prudential and Treasury Indicators
 - b) current Treasury portfolio position
 - c) borrowing requirement
 - d) prospects for interest rates
 - e) borrowing strategy
 - f) policy on borrowing in advance of need
 - g) debt rescheduling
 - h) investment strategy
 - i) creditworthiness policy
 - j) policy on the use of external service providers
 - k) any extraordinary treasury issue
 - l) the MRP strategy
4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives.

6.2 The Annual Investment Strategy Statement

At the same time as the council receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The council's risk appetite in respect of security, liquidity and optimum performance
- b) Which specified and non specified instruments the council will use
- c) The council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- d) Which credit rating agencies the council will use
- e) How the council will deal with changes in ratings, rating watches and rating outlooks
- f) Limits for individual counterparties and group limits
- g) Country limits
- h) Levels of cash balances
- i) Interest rate outlook
- j) Budget for investment earnings
- k) Policy on the use of external service providers

6.3 The Annual Minimum Revenue Provision Statement

This statement sets out how the council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.4 Policy on Prudential and Treasury Indicators

1. The council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.
2. The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to the full Council.

6.5 Other reporting

- Annual report on treasury management activity
- Other management information reports

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory / Regulatory Requirements

The accounts are drawn up in accordance with IFRS. The council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this council's treasury management activities.

TMP 8 Cash and Cash Flow Management

8.1 Arrangements for Preparing Cash Flow

Cash flow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure, new grant allocations and changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known. Logotech is used to record cashflow.

8.2 Bank Statements Procedures

The council receives daily bank statements. On a daily basis download the day's bank statement into the folder below. Estimates on Logotech cash flow is updated with actuals from bank statement.

H:\TECHACCY\TREASURY\Daily\Bank Statement Export

TMP 9 MONEY LAUNDERING

9.1 Proceeds of Crime Act 2002

See council's website and intranet for Money laundering process and associated policies
http://intranet/anti_money_laundering_policy.pdf

9.2 The Terrorism Act 2000 and updates

See council's website and staff intranet on policy. Staff should note that. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment

9.3 The Money Laundering Regulations 2007 and updates

The council's money laundering officer is the monitoring officer. See council's website and intranet for details http://intranet/anti_money_laundering_policy.pdf

Treasury management and banking staff are required to familiarise themselves with all money laundering regulations.

9.4 Procedures for Establishing Identity / Authenticity of Lenders

It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, the council does not accept loans from individuals except during a bond issue.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FSA website on www.fsa.gov.uk.

9.5 Methodologies for identifying Deposit Takers

In the course of its Treasury activities, the council will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FSA register can be accessed through their website on www.fsa.gov.uk).

All transactions will be carried out by CHAPS or bacs for making deposits or repaying loans.

TMP 10 TRAINING AND QUALIFICATIONS

The council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity.

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time.

Additionally, training may also be provided on the job and it will be the responsibility of the treasury manager to ensure that all staff under her authority receives the level of training appropriate to their duties.

10.1 Details of Approved Training Courses

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

10.2 Records of Training Received by Treasury Staff

Staff will keep records on their training.

10.3 Member training records

Member training will be provided as required.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

This council may employ the services of other organisations to assist it in the field of treasury management. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this council, especially in terms of being objective and free from conflicts of interest.

11.1.1 Banking Services

- a) The council's supplier of banking services is Lloyds TSB Bank. The bank is an authorised banking institution authorised to undertake banking activities by the FSA
- b) The branch address is:
Lloyds Banking Group
25 Gresham Street, London
EC2V 7HN

11.1.2 Money-Broking Services

The council will use money brokers for temporary borrowing and investment and long term borrowing. It will seek to give an even spread of business amongst the approved brokers.

11.1.3 Consultants'/Advisers' Services

Treasury Consultancy Services

The council receives mail shots on credit ratings, economic market data and borrowing data. In addition interest rate forecasts, annual treasury management strategy templates and from time to time the council may receive advice the timing of borrowing, lending and debt rescheduling. The performance of consultants will be reviewed by the treasury manager to check whether performance has met expectations.

11.1.4 Credit Rating Information

The council receives notifications of credit ratings from Capita Asset services.

11.2 Procedures and Frequency for Tendering Services

See TMP2

TMP 12 CORPORATE GOVERNANCE

12.1.1 List of Documents to be Made Available for Public Inspection

- a. The council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.
- b. It has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.
Contained in Section 5 and Appendix 15 of the Cabinet Report

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Appendix 6

Cashflow Statements 2013/14 to 2017/18

2014/15 CASHFLOW FORECAST AS AT 31 JANUARY 2014														
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
REFDESC	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Total 2014/15	
TOTAL OTHER EXPENDITURE	(6,764,106)	(2,108,106)	(2,228,106)	(2,140,106)	(2,101,106)	(2,120,106)	(2,195,106)	(2,100,106)	(2,116,106)	(2,167,106)	(2,086,106)	(2,103,106)	(30,229,272)	0
CAPITAL EXPENDITURE	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(3,717,083)	(44,605,000)	0
PFI RELATED PAYMENTS DAILY DEBITS FROM CHEQU														0
CHEQUES - FMIS	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(350,000)	(400,000)	(400,000)	(400,000)	(4,750,000)	0
CHEQUES (HB/NND/CTAX)	(500,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(1,050,000)	0
BACS RUN FOR INVOICES	(30,282,917)	(23,282,917)	(24,582,917)	(23,482,917)	(25,282,917)	(32,282,917)	(25,282,917)	(24,782,917)	(26,782,917)	(29,282,917)	(26,282,917)	(36,282,917)	(327,895,000)	0
RATE SUPPORT GRANT	0	(3,479,888)	(3,479,888)	(3,479,888)	(3,479,888)	(3,479,888)	(3,479,888)	(3,479,888)	(3,479,888)	(2,651,343)	0	0	(30,490,439)	0
MID MONTH PAYROLL	(3,500,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(41,600,000)	0
END MTH PAYROLL MAIN	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(27,600,000)	0
CHAS PAYROLL & OTHER DISBURSEMENTS	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(408,000)	0
END MONTH TIFFIN	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(3,480,000)	0
TEACHERS PAYROLL	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(33,600,000)	0
TEACHERS PENSION	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(13,200,000)	0
HOUSING BENEFIT	(5,700,000)	(5,700,000)	(5,700,000)	(8,000,000)	(5,700,000)	(5,700,000)	(5,700,000)	(5,700,000)	(7,000,000)	(5,700,000)	(5,700,000)	(5,700,000)	(72,000,000)	0
H BENEFIT RUN FOR MPH	(1,700,000)	(1,700,000)	(1,700,000)	(3,100,000)	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)	(2,000,000)	(1,600,000)	(1,600,000)	(1,600,000)	(21,800,000)	0
S106 PAYMENTS														0
INLAND REVENUE	(3,400,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,400,000)	(39,800,000)	0
PAYROLL PENSIONERS (GF)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(1,956,000)	0
ESTIMATED TOTAL EXPENDITURE	(62,651,106)	(53,824,993)	(55,244,994)	(57,756,992)	(55,817,994)	(62,936,992)	(56,011,992)	(55,416,994)	(58,982,993)	(59,055,449)	(53,323,106)	(63,440,106)	(694,463,711)	0
TOTAL OTHER CREDITS	11,523,072	9,543,072	9,387,572	11,183,072	9,683,072	9,087,572	9,723,072	9,273,072	9,677,572	9,323,072	7,063,072	6,767,572	112,234,868	0
TOTAL GRANTS	26,405,424	4,110,718	5,658,821	2,064,404	4,029,483	5,101,394	2,087,279	2,911,483	5,101,394	3,064,404	12,604,203	8,258,006	81,397,013	0
C/TAX REC'D VIA ALL P	1,300,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	800,000	310,000	300,000	11,110,000	0
COUNCIL TAX D/D	6,350,000	6,350,000	6,350,000	6,350,000	6,350,000	6,350,000	6,350,000	6,350,000	6,350,000	6,350,000	500,000	600,000	64,600,000	0
BUSINESS RATES D/D	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	300,000	300,000	47,600,000	0
DEPT OF WORKS AND PENSION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	96,000,000	0
HOUSING BENEFIT ADMIN SUBSIDY GRANT	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	1,086,408	0
DSG	16,542,240	11,028,160	11,028,160	11,028,160	11,028,160	11,028,160	11,028,160	11,028,160	11,028,160	11,028,160	11,028,160	11,028,160	137,852,000	0
PUBLIC HEALTH GRANT (DoH)	2,309,050	0	0	2,309,050	0	0	2,309,050	0	0	2,309,050	0	0	9,236,200	0
SCHOOLS PAYROLL PAYMENT RECOUPED	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	84,000,000	0
VAT REIMBURSEMENT	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	22,800,000	0
ESTIMATED TOTAL INCOME	86,120,320	53,772,484	55,165,087	55,675,220	53,831,250	54,307,661	54,238,095	52,303,250	54,897,661	54,565,220	48,795,970	44,244,272	667,916,489	0
NET INCOME/ EXPENDITURE	23,469,214	(52,509)	(79,907)	(2,081,772)	(1,986,744)	(8,629,331)	(1,773,897)	(3,113,744)	(4,085,332)	(4,490,229)	(4,527,137)	(19,195,834)	(26,547,222)	0
INTEREST ON DEPOSITS	70,784	44,197	45,341	45,760	44,245	44,636	44,579	42,989	45,121	44,848	40,106	36,365	548,972	0
INTEREST ON EXISTING LONG TERM DEBT	(1,059,121)	(76,875)	(27,847)	(296,250)	0	0	(1,059,121)	(12,174)	(114,904)	(623,763)	0	(3,421,512)	(6,691,566)	0
INTEREST ON NEW LONG TERM BORROWING														0
INTEREST ON SHORT TERM DEBT														0
ESTIMATED TOTAL INTEREST PAID/RECEIVED	(988,337)	(32,678)	17,495	(250,490)	44,245	44,636	(1,014,541)	30,815	(69,783)	(578,915)	40,106	(3,385,147)	(6,142,594)	0
ESTIMATED NEW DEBT														0
REPAYMENT OF DEBT														0
DISCOUNT / PREMIUM														0
ESTIMATED TOTAL PREMIUM/DISCOUNT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ESTIMATED CASH BALANCE	97,480,877	97,395,690	97,333,277	95,001,016	93,058,517	84,473,822	81,685,383	78,602,454	74,447,338	69,378,195	64,891,165	42,310,184		0
CLOSING BALANCE INVESTMENTS	97,480,000	97,390,000	97,300,000	95,000,000	93,000,000	84,400,000	81,700,000	78,600,000	74,400,000	69,400,000	64,900,000	42,300,000		0
OUTSTANDING SHORT TERM BORROWING														0
CLOSING BANK BALANCE	877	5,690	33,277	1,016	58,517	73,822	(14,617)	2,454	47,338	(21,805)	(8,835)	10,184		0
YEAR END CLOSING CASH BALANCE														0
OUTSTANDING TEMPORARY BPRROWING														0
LONG TERM DEBT	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)		0
ADD ESTIMATED NEW LONG TERM DEBT														0
LESS DEBT REPAYED DURING THE YEAR														0
ESTIMATED CLOSING LONG TERM DEBT	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)	(116,976,258)		0
	(19,496,258)	(19,586,258)	(19,676,258)	(21,976,258)	(23,976,258)	(32,576,258)	(35,276,258)	(38,376,258)	(42,576,258)	(47,576,258)	(52,076,258)	(74,676,258)		0
LIABILITY BENCHMARK	10M	10M	10M	10M	10M	10M	10M	10M	10M	10M	10M	10M	10M	0

2017/18 CASH FLOW FORECAST AS AT 31 JANUARY 2014														
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
REFDESC	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Total 2017/18	
TOTAL OTHER EXPENDITURE														0
CAPITAL EXPENDITURE	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(2,689,500)	(32,274,000)	0
PFI RELATED PAYMENTS														0
DAILY DEBITS FROM CHEQU														0
CHEQUES - FMIS	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(350,000)	(400,000)	(400,000)	(400,000)	(4,750,000)	0
CHEQUES (HB/NNDR/CTAX)	(500,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(1,050,000)	0
BACS RUN FOR INVOICES	(31,310,500)	(24,310,500)	(25,610,500)	(24,510,500)	(26,310,500)	(33,310,500)	(26,310,500)	(25,810,500)	(27,810,500)	(31,310,500)	(27,310,500)	(39,310,500)	(343,226,000)	0
RATE SUPPORT GRANT	0	(3,479,887)	(3,479,888)	(3,479,886)	(3,479,888)	(3,479,886)	(3,479,886)	(3,479,888)	(3,479,887)	(2,651,343)	0	0	(30,490,439)	0
MID MONTH PAYROLL	(3,500,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(41,600,000)	0
END MTH PAYROLL MAIN	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(27,600,000)	0
CHAS PAYROLL & OTHER	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(408,000)	0
END MONTH TFFIN	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)	(3,480,000)	0
TEACHERS PAYROLL	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(33,600,000)	0
TEACHERS PENSION	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(13,200,000)	0
HOUSING BENEFIT	(6,000,000)	(6,000,000)	(6,000,000)	(8,500,000)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)	(7,000,000)	(6,000,000)	(6,000,000)	(6,000,000)	(75,500,000)	0
H BENEFIT RUN FOR MPH	(1,600,000)	(1,600,000)	(1,600,000)	(3,100,000)	(1,600,000)	(1,600,000)	(1,600,000)	(1,600,000)	(2,000,000)	(1,600,000)	(1,600,000)	(1,600,000)	(21,100,000)	0
S106 PAYMENTS														0
INLAND REVENUE	(3,400,000)	(3,400,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(40,500,000)	0
PAYROLL PENSIONERS (GF)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)	(1,956,000)	0
ESTIMATED TOTAL EXPENDITURE	(56,087,000)	(52,016,887)	(53,216,888)	(56,116,886)	(53,916,888)	(61,116,886)	(54,116,886)	(53,616,888)	(56,966,887)	(58,288,343)	(51,637,000)	(63,637,000)	(670,734,439)	
TOTAL OTHER CREDITS	11,626,072	9,446,072	9,240,572	11,036,072	9,536,072	9,040,572	9,656,072	9,206,072	9,610,572	9,156,072	7,166,072	7,170,572	111,890,868	
TOTAL GRANTS	16,849,667	3,164,309	4,009,626	2,008,501	4,084,074	4,154,985	2,031,376	2,965,074	4,154,985	2,008,501	11,250,794	8,264,597	64,946,491	0
C/TAX REC'D VIA ALL P	1,300,000	1,100,000	1,100,000	1,100,000	1,100,000	1,200,000	1,100,000	1,100,000	1,100,000	970,000	410,000	546,000	12,126,000	0
COUNCIL TAX D/D	6,320,000	6,300,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	1,202,012	430,000	64,252,012	0
BUSINESS RATES D/D	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	800,000	300,000	48,100,000	0
DEPT OF WORKS AND PENSION	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	97,200,000	0
HOUSING BENEFIT ADMIN SUBSIDY	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	90,534	1,086,408	0
DSG	17,982,240	11,988,160	11,988,160	11,988,160	11,988,160	11,988,160	11,988,160	11,988,160	11,988,160	11,988,160	11,988,160	11,988,160	149,852,000	0
PUBLIC HEALTH GRANT (DoH)	2,309,050	0	2,309,050	0	2,309,050	0	2,309,050	0	2,309,050	0	2,309,050	0	9,236,200	0
SCHOOLS PAYROLL PAYMENT	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	84,000,000	0
VAT REIMBURSEMENT	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	22,800,000	0
ESTIMATED TOTAL INCOME	78,177,563	53,789,075	54,378,892	56,482,317	54,748,841	54,424,252	55,125,192	53,299,841	54,894,252	54,472,317	49,907,573	45,789,863	665,489,979	
NET INCOME/ EXPENDITURE	22,090,563	1,772,188	1,162,004	365,431	831,953	(6,692,634)	1,008,306	(317,047)	(2,072,635)	(3,816,026)	(1,729,427)	(17,847,137)	(5,244,460)	
INTEREST ON DEPOSITS	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000	0
INTEREST ON EXISTING LONG TERM DEBT	(1,059,121)	(76,875)	(27,847)	(296,250)	0	0	(948,520)	(12,174)	(114,904)	(623,763)	0	(3,421,512)	(6,580,965)	0
INTEREST ON SHORT TERM DEBT														0
ESTIMATED TOTAL INTEREST														0
ESTIMATED NEW DEBT							19,494,000							19,494,000
REPAYMENT OF DEBT	(1,966,268)								(2,000,000)					(3,966,268)
DISCOUNT / PREMIUM														0
ESTIMATED TOTAL PREMIUM/DISCOUNT	(1,966,268)	0	0	0	0	0	19,494,000	0	(2,000,000)	0	0	0	0	15,527,732
ESTIMATED CASH BALANCE	30,524,295	32,272,188	33,462,004	33,765,431	34,531,953	47,301,366	48,308,306	47,982,953	43,927,365	40,183,974	38,370,573	20,452,863	30,683,272	
CLOSING BALANCE INVESTMENTS	10,400,000	30,500,000	32,300,000	33,400,000	33,700,000	34,500,000	47,300,000	48,300,000	44,000,000	40,100,000	38,300,000	20,400,000		
BORROWING														
CLOSING BANK BALANCE	24,295	(27,812)	62,004	65,431	31,953	1,366	8,306	(17,047)	(72,635)	83,974	70,573	52,863		
YEAR END CLOSING CASH BALANCE														
OUTSTANDING TEMPORARY														
LONG TERM DEBT	(133,913,258)	(131,946,990)	(131,946,990)	(131,946,990)	(131,946,990)	(131,946,990)	(131,946,990)	(131,946,990)	(129,946,990)	(129,946,990)	(129,946,990)	(129,946,990)	(129,946,990)	
ADD ESTIMATED NEW LONG TERM DEBT	1,966,268	0	0	0	0	(19,494,000)	(19,494,000)	(19,494,000)	(19,494,000)	(19,494,000)	(19,494,000)	(19,494,000)	(19,494,000)	
LESS DEBT REPAYED DURING THE YEAR														
ESTIMATED CLOSING LONG TERM DEBT	(131,946,990)	(131,946,990)	(131,946,990)	(131,946,990)	(131,946,990)	(151,440,990)	(151,440,990)	(151,440,990)	(149,440,990)	(149,440,990)	(149,440,990)	(149,440,990)	(149,440,990)	
	(101,446,990)	(99,646,990)	(98,546,990)	(98,246,990)	(97,446,990)	(104,140,990)	(103,140,990)	(103,440,990)	(105,440,990)	(109,340,990)	(111,140,990)	(129,040,990)		
LIABILITY BENCHMARK	10M	10M	10M	10M	10M	10M	10M	10M	10M	10M	10M	10M		

Section B

Other Key Resources

B) Workforce Strategy 2014-2018

Merton Council is undergoing a period of sustained and conscious transformation in order to best respond to the changing economic environment and customer expectations. We are working together to shape services and the organisation to ensure a successful future for our residents and staff. We are rightly proud of our achievements over the past years, including the MJ Award for Best Achieving Council, which is testament to the quality of dedication of our workforce.

We are continuously reviewing and updating our delivery models and are at the forefront of new developments, such as partnership working including shared services and flexible working.

We want to employ people who are resilient, ambitious, disciplined in thought and action, people who can take the Council from 'good to great'.

To design the future of our services, we work on developing a Target Operating Model (TOM). TOM documents set a vision for each of the departments and detail the shape of our future business model, covering all aspects of the organisation, including: services, processes, structures, people and technology. Through this process, the Departments have identified the main developments we will have to make to best deliver our services in the future. To support this, the four strategic priorities for workforce strategy and planning are:

Workforce planning - Managers are equipped with the skills and competencies to successfully workforce plan to support the organisation to achieve its business objectives and outcomes.

Recruitment and retention - Ensure that the organisation has a clear and effective recruitment and retention system and plan of key workforce skills and behaviours, including succession planning and managing turnover.

Organisational and workforce development -The workforce is equipped with the skills, competencies and infrastructure to achieve cultural change and the desired organisational behaviours when creating and developing new and improved service delivery models, including flexible working, customer service and IT. To support this the Council will provide new skills, abilities and competencies for the workforce including learning and development of key skills for future service delivery.

Morale, health and wellbeing – The organisation understands what a healthy workforce looks like and supports staff to achieve this.

Building on the key workstreams identified within the departmental service plans, a four year workforce transformation action plan is being developed to accompany the Workforce Strategy. The final strategy and plan, mapped against the four strategic priorities will be presented to Cabinet.

B) PROCUREMENT PLAN

OUR APPROACH

During 2014, the Commercial Services Team will continue to build on the work which has been carried out to date both with departments and centrally, to establish an effective vehicle to identify and capture savings and best practice, mitigating commercial risk to the council in response to the unprecedented financial challenges the public sector faces.

In Children Schools and Families the team will continue to support commissioners and managers throughout the year on a wide variety of procurement activity, such as the capital build programme whilst also providing further support, advice and guidance on potential service and delivery models and other commercial matters as required.

In Adult Social Care, the team is working with colleagues in a number of ways to review and update their commercial strategy in the light of the current financial climate. For example, we are assisting with benchmarking and delivery models along as well continuing advice in relation to the use of the e-tendering system and tender specific advice. Other important tender exercises which are underway in the wider department will continue to be supported.

We are working closely with Health colleagues and have run specific training events and provided strategic commercial advice. This will continue.

For Corporate Services Department, among other things, the team will support the tendering of a number of requirements, such as lift replacement and customer contact. The Agency and Civic Centre Windows contracts have now both been let and the team will assist in contract management as required.

During 2014, we will work with departments to introduce a category management approach, which will include approach, reviewing the services around transportation, to deliver savings and improve services. The Procurement Board will retain oversight of the work.

We will also build on the improvements to procurement, governance and control which have been achieved working in partnership with the legal team and the Procurement Board. We are in the process of embedding the new Procurement Strategy, the production of which has been overseen by the Procurement Board, together with the three year rolling procurement plans which we now have for each department. The Procurement Board will focus strongly on these plans during 2014 and intends hold major reviews of each department's plans at least bi annually.

The Procurement Board also recognises the importance of proactive contract management both in terms of potential savings and management of commercial risk. This area is one where it is believed the sector can and should improve. Recognising this and the need for consistency, we will be producing and rolling a set of contract management guidelines for use by officers. Again, this will be overseen by the Procurement Board.

The Operational Procurement Groups, the operating arms of the Procurement Board are managing commercial risk effectively, jointly with departments.

Work will continue with the departments to plan training and development for Merton staff undertaking procurement activity. To complement the workshops that were delivered previously, we have introduced and will continue to run a Procurement Forum, with input from the departments. As series of drop in sessions is also planned for 2014, covering such topics as EU Procurement Regulations, contract management, etendering and forms of contract. To complement this, we will issue a prospectus, detailing the training and guidance we are able to make available.

Merton's new e-tendering system is now rolled out and continues to be adopted further by departments. The system allows staff to conduct RFQ's (Requests for Quotations) and tenders online, much more quickly than before. The Contracts Register has now been made available online via the E-tendering system and is accessible by the public and has helped to reduce the time spent on FOI requests.

In the South West London region Merton continues to work with neighbouring boroughs to seek out further opportunities for joint and collaborative procurement. This also provides an excellent opportunity to discuss current issues and share best practice.

Relationships between the Commercial Services Team and our partners continue to be good. Merton's commitment to the voluntary and community sector and to the Compact has been reaffirmed in the new Compact with continued emphasis on the way in which Merton carries out commissioning and procurement activity.

CONTRACT ACTIVITY

The team will continue to provide strategic in relation to key contacts and a selection of tenders planned for 2014 is shown below:

Social Care Information System
Customer Contact
Civic Centre Catering
Cashless parking
NHS Health Checks
SPD Managed Service
MFD retender
Lift Replacement

Strategic Focus

Area of Strategic Focus	April	May	June	July	Aug	Sep	Oct	Nov	a	Jan	Feb	Marc
1. Improving Leadership & Governance.												
Build on existing governance processes - embed the Procurement Strategy and planning process.												
Deliver Savings - For Direct Spend												
Continue analysis of spend data. Work with departments to identify and capture savings.												
Deliver procurement related aspects of 2012/16 Business Plan												
Deliver procurement supply related aspects of previous & future Service Reviews and TOMs												
Deliver Savings												
In CS support improved approach to commercial activity by promoting Category Management. Initial focus on Agency and Transport contracts												
Benchmarking quality /price with other boroughs and public sector bodies												
2. Developing People & Improving Skills												
Work with Departments to embed proficiency in the use of the e-tendering facility												
In conjunction with HR and the Departments, via OPGs undertake a review of procurement/commercial skills in plan a Workshop programme based on need												
Deliver a programme of Workshops to meet the identified L&D needs												
3. Improving Processes & Systems												
Focus on Procurement Processes – continue to communicate and review procurement gateway processes & improve documentation on intranet including Procurement Toolkit, templates, guidance documents & general intranet pages to support staff.												
Embed use of Contract Register across council and upload on the external portal												
Build upon use of E-tendering system for tenders and contract management processes												
Work with Legal to produce and embed standard terms and conditions												

B) INFORMATION TECHNOLOGY STRATEGY – this strategy is currently under review

1. The strategy

- 1.1 This strategy is designed around six aims which are supported by key objectives. The strategy will influence IT components (covering customer facing technologies, business governance support, corporate and departmental systems, infrastructure and IT governance). The strategy is linked to the layers in the target operating model (TOM).
1. Services enabled by IT must be designed around the citizen, not the provider, and delivered through modern, co-ordinated delivery channels. This will improve the customer experience, achieve better policy outcomes, and improve efficiency by leveraging delivery capacity, streamlining processes and reducing paperwork, duplication and routine processing.
 2. Merton must move to a shared services culture – between the front-office and back-office, in information and in infrastructure, including partners. This will release efficiencies by standardisation, simplification and sharing.
 3. There must be broadening and deepening of Merton's professionalism in terms of the planning, delivery, management, skills and governance of IT enabled change. This will result in more successful outcomes, fewer costly delivery failures, and increased confidence by citizens and councillors in the delivery of change through effective use of IT.
 4. There must be a systematic focus on innovation to exploit opportunities not only of installed technology, but also new and emerging products. This will lead to more effective introduction of newer technologies and enable faster business change.
 5. There must be a focus on processes and outcomes that are underpinned by appropriate technology and a move away from tactical solutions. This will assist in the deployment of end to end solutions that overcome departmental boundaries and focus on deliverables.
 6. There must be effective management of ICT to support the delivery of services to meet the other five strategic aims.

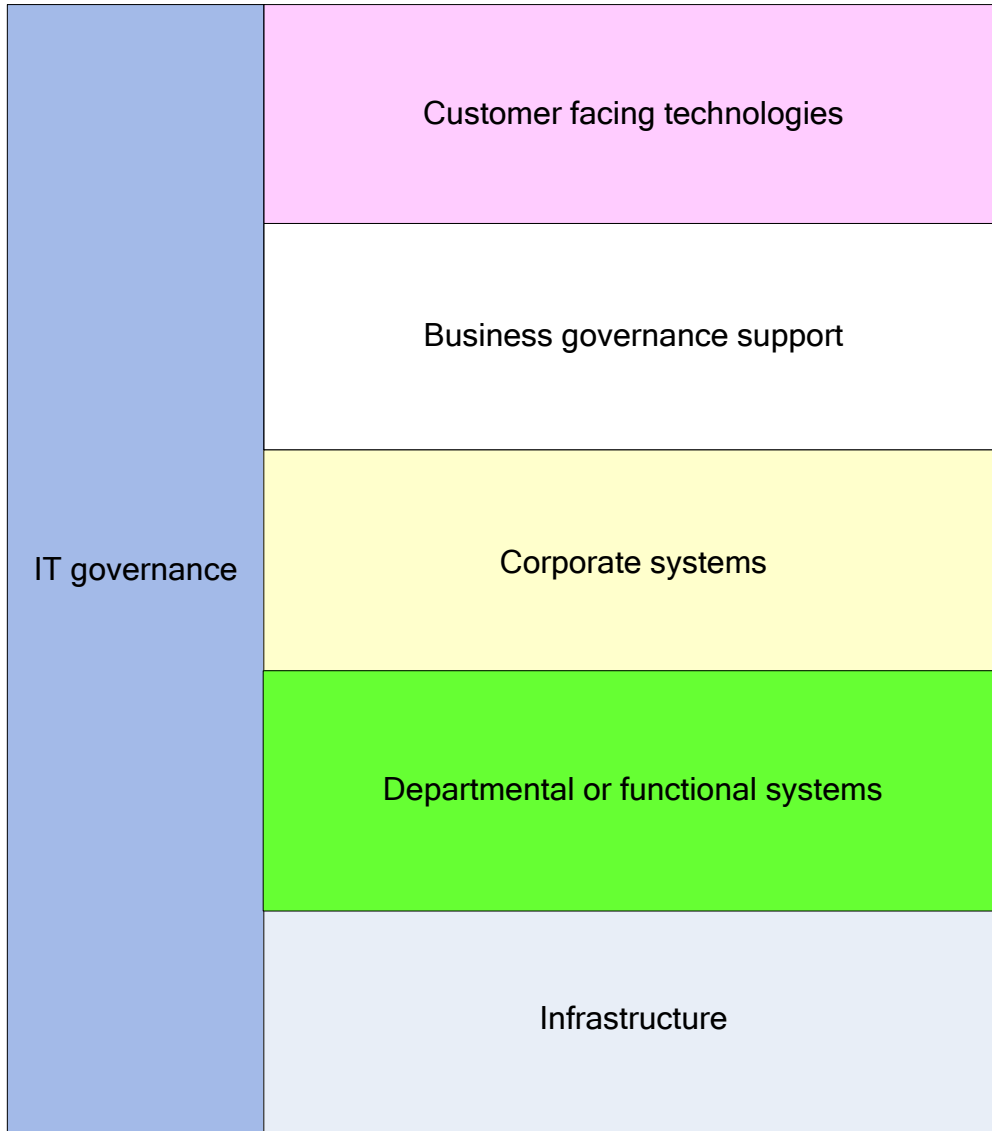
2. Design principles

2.1 In order to deliver the strategic aims and objectives, the following design principles will be deployed:

Design principles
Systems supporting services will be designed with customers in mind. They will be delivered via a customer interface with agreed standards. Regardless of the access channel chosen by the customer, they will get the same experience with consistent answers. Customer data will be stored consistently across various systems. The strategy will support the concept of 'tell us once'. Where possible, evidential items (such as proof of age or residence) will be re-used to reduce the burden on customers. This will also include citizens signing in and reviewing their own data by use of dual factor authentication.
Service delivery will be designed with shared services in mind. In particular, IT will support the move of service delivery to the front office (web, contact centre and Merton Link). The strategy will support the concept of developing shared services with other authorities.
The strategy will support the rationalisation of systems. Tasks such as systems administration will be streamlined.
The need for innovation will be understood, but more importantly, this will be linked to the potential benefits to the council. Risk of innovative ideas will be managed through careful planning and control.
Technology solutions will be in place to underpin automation of processes. It will be possible to model changes to processes before implementation.
Portals will be available on the intranet for each of these, enabling access to information for decision making without reference to skilled technical staff or time-consuming searches for information.
Key data sources will be brought together systematically to provide a comprehensive but a trusted management information system that can be used by decision makers.
The strategy will support an infrastructure that is based on resilient services, shared infrastructure and a formal disaster recovery plan.
Documents will be available electronically at point of use. Paper records will be imaged. All incoming mail will only enter the processing systems electronically.
The strategy supports the mixed economy model of service delivery, namely in-house, shared services and outsourced.
Systems and infrastructure will be geared towards flexibility in methods of working. Staff will be able to move desk location or working style with minimum disruption. Telephone systems and printing will follow the worker. Secure systems will be in place to ensure data protection.
Data storage will be designed around the life of data and to comply with information governance policies. Duplication of data will be electronically managed to single instances. Data will be stored and deleted in line with retention policies.

3. IT strategy – components

- 3.1 The diagram below provides a high level view of the components making up this strategy. Details of each component are provided in the **detailed strategy document** as well as how the strategic aims and design principles are addressed.



Section C

Risk Management Strategy

C) RISK MANAGEMENT STRATEGY

Introduction

Risk management should take place at every level within the council and across our partnerships. Risk management should be a central part of any organisation's strategic management and should be seen as the means by which business opportunities are maximised and potential losses associated with unwanted events are reduced.

Local authorities are under increasing external pressure to improve outcomes for the public and at the same time reduce costs. As such the council is required to rethink how it operates in order to achieve its desired outcomes. Risks have to be understood, managed and controlled if we are to meet our objectives and therefore we need to ensure that we have a robust system of risk management in place. This will ensure that decisions are made on the best available information and the likelihood of success is increased.

Risk Management Strategy

The process of identifying and evaluating risks is known as risk assessment. By understanding the risks we face we are able to be actively aware of where uncertainty surrounding events or outcomes exists and therefore identify steps that can be taken to protect the council, its staff, residents, customers and assets from these risks.

This strategy sets out to provide a structured approach to identifying emerging risks as well as assessing and managing current risk. It builds in a process for regularly reviewing and updating identified risks.

This strategy will be reviewed on annual basis and updated where required.

What is risk?

Risk is the threat that an event or action may adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies'. A risk can be a threat, obstacle, barrier, concern, problem or event that may prevent us fulfilling our objectives.

Risks should not be confused with issues. Issues are current problems, questions, outstanding items, tasks or a request that is here today. There is a strong element of fact surrounding it. An issue becomes a risk when the issue cannot be addressed and could continue or get worse.

Definitions of Risk Management

Risk Management is the process by which organisations methodically address risks with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

Organisations exist to achieve their ambitions, aims and objectives. Risk management is the process of how we identify the risks that may prevent us from achieving this, enabling us to anticipate, identify, manage, and where possible mitigate these risks. Ultimately, risk management is about creating a better understanding of the most important problems facing our organisation.

As risk is very much concerned with our objectives, the management of it will be closely linked to the creation of our strategic, service, project and partnership objectives and plans. The established processes for the creation of these plans will act as an "anchor" for the risk management process.

Risk is also implicit in the decisions we make; how we make those decisions will affect how successful we are in achieving our objectives. Decision making is, in turn, an integral part of the day to day existence and is particularly prominent in times of change. Risk management therefore is a key component in the management of change and to decision making.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

By being aware of and managing the risks we face, it is more likely that we will achieve our objectives and that, should a risk occur, we will be better placed to deal with it.

We endeavour to identify all risks facing the council and to monitor, manage and mitigate (where possible) all those risks which are deemed to be high (scored Amber or Red). Risks are monitored via Departmental Risk Registers, and key crosscutting risks to the council are placed on the Key Strategic Risk Register (KSRR).

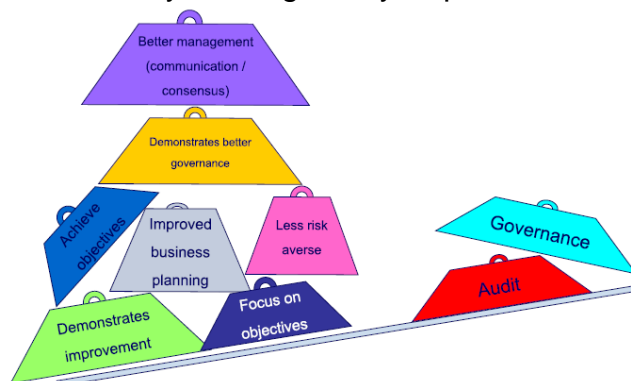
Merton's aims and objectives in relation to risk management are to:

- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- To not expose the council to unacceptable levels of risk, minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Integrate risk management into the day to day activities of staff and the culture of the organisation, raising awareness of the importance and need for risk management.
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Effectively manage the total cost of risk.

The benefits and National drivers behind risk management

We are required to undertake risk management as it forms part of the Annual Governance Statement, we must demonstrate a systematic strategy, framework and process for managing risk. The council recognises that the benefits of risk management far outweigh the requirement to undertake the activity and such benefits include;

- Achieving our ambitions, aims and objectives as key risks are managed.
- Better decision making as we are more aware of risk.
- Ability to take advantage of opportunities because we understand the risks attached to them.
- Better governance and the ability to demonstrate it to our stakeholders.
- Reduction in failure, loss, damage and injury caused by risk
- Improvement in ability to adapt to change
- Improvement in corporate governance
- Compliance with statutory and regulatory requirements



Risk management awareness

Ensuring awareness of risk management will be undertaken on an on-going basis through training sessions, reviews, departmental meetings, briefings and staff bulletins. Each department has a risk champion who will be able to offer guidance to staff where required. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to pro-actively identify and manage risk e.g. the risk management toolkit and guidance.

Risk Appetite

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

It is also recognised that a higher level of risk may need to be taken, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall informed and cautious position on risk.

How does risk management fit in?

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance, by ensuring close links we can enhance the resilience of the organisation .

Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, the link with risk management is key to ensuring the continuous delivery of services that are important to the community.



Risk management in projects

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

Risk management in partnerships

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

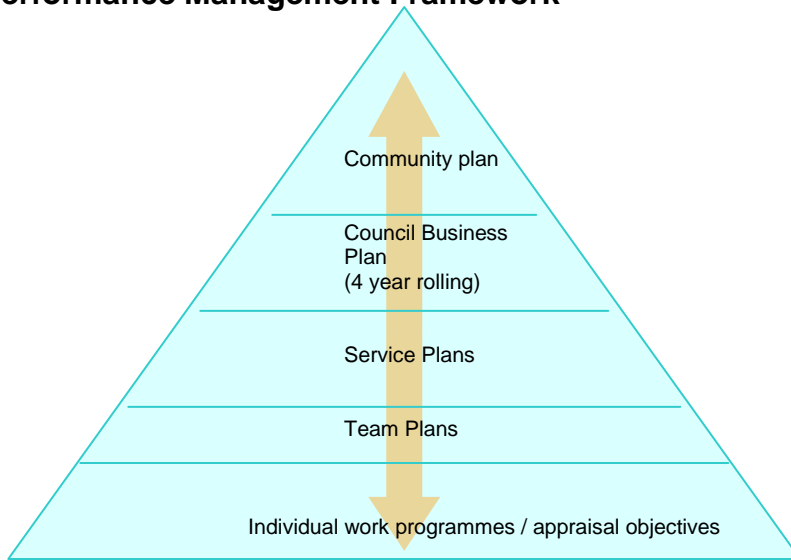
Risk management and financial planning

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed and reviewed on a regular basis.

Corporate approach to risk management

In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Business Planning team. The overall council Business Plan and service plans set out what a team, division, department, or the council as a whole, want to achieve in a set time frame, as shown below.

Merton Performance Management Framework



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for the corporate KSRR.
- DMTs are responsible for their own service risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole. Ultimately, it is the respective management team who decide if a risk is worthy of inclusion on their risk register.

Scoring Risk

In conjunction with this strategy, more detailed guidance will be issued to assist officers in identifying risks and issues, and the scoring, managing and reporting of those risks identified.

When determining a score for service level risks, definitions of likelihood and impact of risk (Service Level) together with the matrix as detailed below, should be used. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, critical, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

Risk Matrix

Likelihood	
6	= Very High
5	= High
4	= Significant
3	= Possible
2	= Low
1	= Almost Impossible

	6	5	4	3	2	1
6	6	10	12	18	24	
5	5	10	15	20		
4	4	8	12	16		
3	3	6	9	12		
2	2	4	6	8		
1	1	2	3	4		
	1	2	3	4		
	Impact					

Impact	
4	= Catastrophic
3	= Critical
2	= Significant
1	= Marginal

Defining the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur more than 50%, and up to 90% of the time
4 - Significant	Occurs or likely to occur more than 25%, and up to 50% of the time
3 - Possible	Occurs or likely to occur more than 5% and up to 25% of the time
2 - Low	Occurs or likely to occur more than 1% and up to 5% of the time
1 - Almost Impossible	Occurs or likely to occur up to 1% of the time

Defining the Impact of Risk (Service Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
Financial Impact - FI	Up to 15% gross budget or turnover	Over 15% and up to 50% of gross budget or turnover	Over 50% and up to 75% of gross budget or turnover	Over 75% of gross budget or turnover
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

Reporting and escalating risks

Risks on service area risk registers which are red and therefore score 15 and above should be reviewed at Departmental Managers Team (DMT) meetings to determine if any of these (red) risks are to be escalated to the Departmental Risk Register (DRR).

If DMT determine a risk to be significant enough to be escalated to the DRR for monitoring and management, then the risk needs to be checked for any cross cutting implications. If the risk could have an impact across the organisation, then it must be rescored using the Defining the Impact of risk (corporate level) criteria below, prior to escalation to the Key Strategic Risk Register.

Defining the Impact of Risk (Corporate Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
Financial Impact - FI	Up to £2.5m per annum or up to £10m one off	£2.5m up to £5m per annum or up to £20m one off	£5m up to £7.5m per annum or up to £30m one off	£7.5m up to £10m per annum or above £30m one off
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

Having been reviewed / rescored against the definition of likelihood and risk (corporate level), risks with a score of between 10 to 24 (inclusive) and which will impact across the whole organisation are to be escalated to the KSRR. The matrix below shows the re-evaluated risk scores which require escalation.

Likelihood	
6	= Very High
5	= High
4	= Significant
3	= Possible
2	= Low
1	= Almost Impossible

	6	5	4	3	2	1
Likelihood	6	6	12	18	24	
	5	5	10	15	20	
	4	4	8	12	16	
	3	3	6	9	12	
	2	2	4	6	8	
	1	1	2	3	4	
		1	2	3	4	
						Impact

Impact	
4	= Catastrophic
3	= Critical
2	= Significant
1	= Marginal

Monitoring and Managing

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed. The reviews of risk registers should be managed by exception. The reporting cycle as detailed below, takes place during April, July, October and January.

1 st week	2 nd week	4 th week
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

However, risks with a score of 15 and above (red risks) should be reviewed on a more frequent basis (at least monthly) with the responsible officer ensuring the risk has an action plan in place which is monitored and updated until the risk has been managed down to a score of 12 or below, where this is possible.

Roles, Responsibilities and Governance

Across the organisation we all have a responsibility to identify and manage risk.

Councillors

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have the responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

Chief Executive and CMT

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. CMT are to take a leading role in the risk management process ensuring that risk management is communicated, understood and implemented by Councillors, managers and staff, and establish a supportive culture.

CMT will submit an annual report on risk to the General Purposes Committee and Cabinet.

Directors

Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate. They will need to be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate.

Section 151 Officer / Internal Audit

The Section 151 officer and internal audit will be responsible for carrying out independent reviews of the risk management strategy and processes, providing assurance and giving an independent and objective opinion, to the council on the adequacy of risk management, control procedures and governance.

An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based on work undertaken in the previous year. The section 151 officer will chair the CRMG group.

Risk Champions

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the Directorate and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their directorate at CRMG meetings.

They will assist management teams to identify and record all key risks to service, project and partnership objectives, monitoring and reviewing risks against performance.

Service Managers

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

They are to maintain an awareness of risk and feed those identified into the risk management process, understanding and acting upon the key risks that could significantly impact on the achievement of their service/team objectives. Managers should encourage staff to be open about risk so that treatment actions can be agreed.

Risk Owners

Risk owners are responsible for Identifying and implementing risk treatment that will bring the risk/s they own to a tolerable level. Regularly reviewing the progress of the risk treatment actions and report on the risk treatment progress to the responsible body.

Individual Employees

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks surrounding their everyday work, processes and environment. Risks that could impact on service delivery the achievement of objectives or their own or other wellbeing must be identified and actively managed with risk actions in place, where appropriate.

Business Planning team

The business planning team are responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners.

The team will ensure risk management documentation and intranet pages up to date and relevant, as well as updating the KSRR with emerging risks, new risks and updating existing risks.

In addition the Business Planning team will ensure risk is part of the annual service planning process, facilitate the CRMG meetings and submit strategic updates and reports on risk management to CMT, Cabinet, Audit and Assurance Committee etc.

Corporate Risk Management Group

The Corporate Risk Management Group will provide strategic direction and leadership to ensure a risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum that brings together risk specialists for the benefit of the council, it's staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition it will provide assurance that all risk based systems and processes are operating effectively to minimize the overall risk exposure to the Council. On a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, will be discussed by CRMG and will then forward for discussion at CMT.

Cabinet

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the risk management framework.

General Purposes Committee

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. The committee will receive an annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it. Reports will also be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

Risk management in committee reports

When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action or if it decides not to follow the recommend course of action. The risk assessment should follow the corporate procedure and scored using the risk matrix. The report should also give details of any controls proposed, or in place, to manage the significant risks identified. Where appropriate, reference should be made to any existing risk.

Report authors are advised to consult with the Business Planning team or their departmental risk champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

Section D

Performance Management Framework

D) PERFORMANCE MANAGEMENT FRAMEWORK

Introduction

Merton launched its Performance Management Framework in 2004. While the main principles of performance management remain the same, the framework undergoes annual review and updating where and when required, to ensure that it remains up to date with changes within the organisation and outside.

We are committed to delivering customer-focused services. To achieve this, it is essential that we measure our performance, both against our own intentions, and the performance of others, using that information to improve local services.

Performance management enables us to ensure that our goals are constantly being met, whilst allowing us to identify best practice and address areas of concern. It is about how we consistently plan and manage improvements to our services to ensure continuous improvement in line with Lean principles. Sustainable improvements in services are unlikely to happen without it.

Everyone in the organisation has a part to play in monitoring our services and achieving our ambition.

Why measure performance?

- It highlights areas where we are doing well, and areas which need improving;
- To enable our managers to monitor performance, manage effectively and plan for the future of the service;
- Performance data is required by the decisions makers within the council to help inform their decisions;
- Timely and accurate performance data will help identify problems early and enable us to put actions in place to address / rectify the situation;
- In order to improve, we need to know where we are now and ensure that we are doing the right things for the right reasons;
- Performance Management provides the evidence required for change and improvement, and lastly;
- What gets measured gets done!

Why do we need a Performance Management Framework?

Since the introduction by Central Government of the Single Data List in April 2011, removing the monitoring of performance to reduce the burden, and reductions of audit and inspection by central government, it is now even more important that we manage and monitor our performance. We must ensure that our Performance Measures are robust, challenging and realistic, ensuring that we are achieving and delivering our priorities.

What is a Performance Management Framework?

This Performance Management Framework has been created to provide a view of the overall approach the council takes to managing performance.

The Framework should also be considered alongside the council's Risk Management and Data Quality Strategies.

Our framework will help all of us to understand:

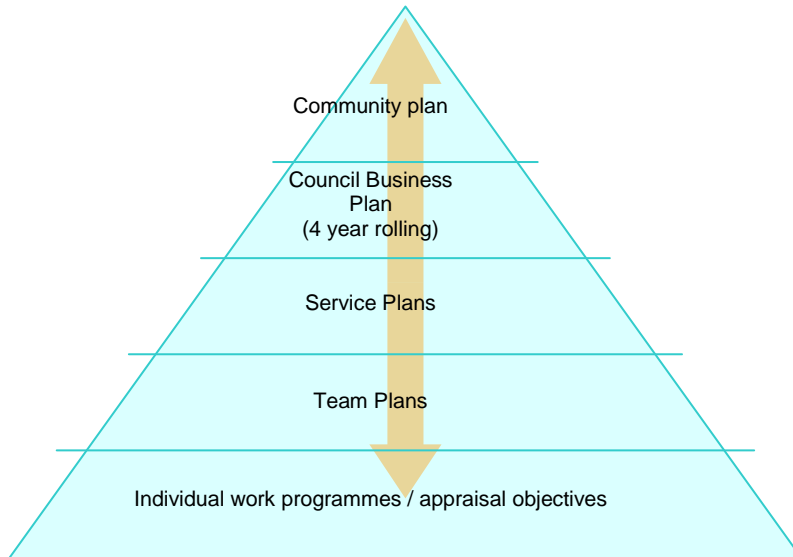
- what we are trying to achieve as an organisation
- how we are going to achieve this
- how we will monitor and report progress
- how the contribution of staff, managers, teams and departments relate to each other to help deliver the targets set for the whole organisation

The framework has three parts

1. The planning framework, how the plan fits together - the Golden Thread
2. The planning, monitoring and review cycle
3. Taking responsibility seriously

The planning framework - how the plans fit together, the 'Golden Thread'

The performance management framework is represented by the performance triangle



The key aspects of the Golden Thread are:

- [The Community Plan](#) has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019.
- [Business Plan](#) sets out the council's priorities for improvement over the next four years. The plan is reviewed every year to ensure that it always reflects the most important improvement priorities.
- [Service Plans](#) are reviewed every year to ensure they outline the key issues and priorities for the department.
- [Medium Term Financial Strategy](#) (MTFS) outlines how much money we expect to receive over the next four years and in broad terms what we expect to be spending this on.
- [Workforce Development Plan](#) is focused on making the best use of the skills of staff to deliver the services residents demand and deserve
- [Individual Appraisals](#) take place twice a year and are used to agree individual work programmes and targets.

The planning, monitoring and review cycle - what happens, when and how?

The planning, monitoring and review cycle shows how we continuously review and revise our performance in order to improve our services.



The cycle has four phases and takes place on an annual basis as part of the development of the next four year rolling Business Plan and agreement of the next year's budget.

Planning - Where are we now and where do we want to be?

Where we are now is reflected in our results against our performance indicators detailed in our service plans, the results of satisfaction surveys such as the Annual Residents Survey (ARS), and other inspection results. Our corporate ambitions and objectives that describe where we want to be are laid out in the Community Plan and the Business Plan and reflected at a more local level in service plans and targets in annual appraisals.

Doing - How do we get to where we want to be?

To get where we want to be we need to maximise our capacity to deliver the actions laid out in the various plans, and use our performance management and appraisals systems to ensure that we remain on course.

Reviewing - How are we doing and are we there yet?

By monitoring and managing performance, consulting with our partners and service users, and benchmarking against other providers we can assess our progress towards achieving our ambitions and learn from the good practice of others.

Revising - What do we do next?

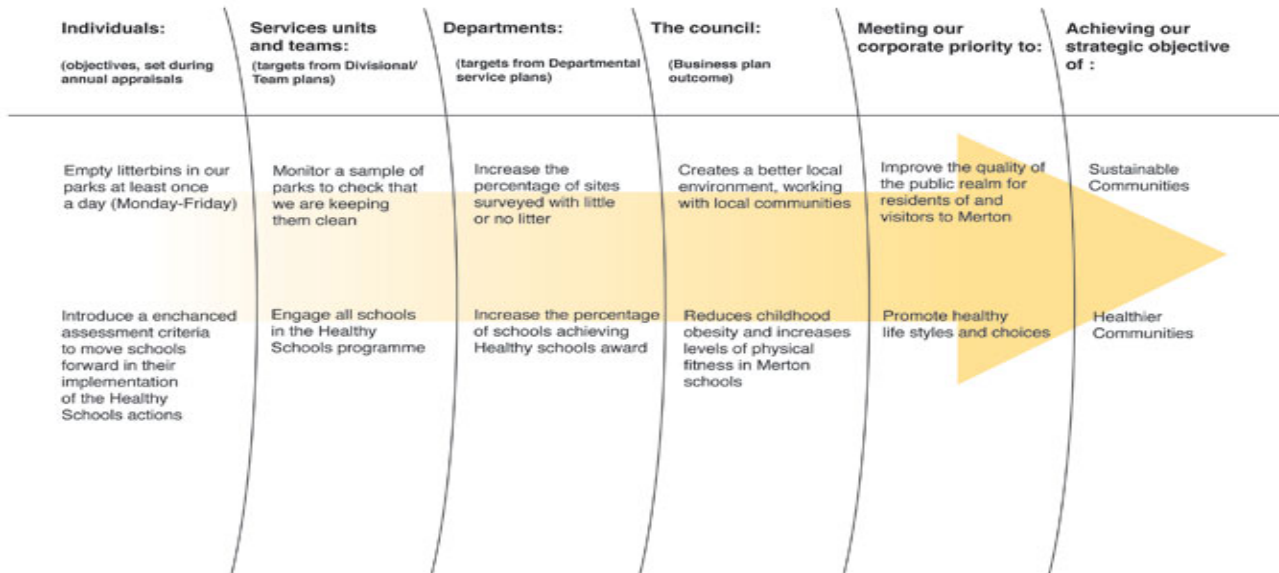
It is important that our services evolve to meet the needs of our residents. Having reviewed our performance we may need to change what we are doing or revise our ambitions and objectives so that we can continuously improve as an organisation.

To maximise the cycle's effectiveness we have an agreed timetable for the process which takes into account both performance and financial considerations. This timetable enables Councillors to agree priorities and allocate resources based on community views and needs, and accurate performance information. These priorities are translated into planned outcomes and performance targets to make sure that the right things get done.

Taking responsibility for results - how we go about doing it

Everyone has a responsibility to contribute to improving Merton, working within and using the performance management framework. This ensures that measurable activities at individual, team and service levels translate into outcomes.

It is the responsibility of the owner of the performance measure to ensure that details of the measure are clearly defined and that adequate collection, recording and validation processes are in place to enable effective monitoring and reporting in line with the council's Data Quality Strategy.



Performance Management Systems and Collection Arrangements

With effective from 1 June 2013 performance against service plan measures is captured and reported via our Performance Management System known as Covalent.

One the first day of each month departmental performance leads are reminded of the deadline date by which performance data needs to be uploaded onto the system.

Performance Monitoring reports are presented to CMT on the fourth Tuesday of every month, Cabinet receives quarterly reports and Full Council annually. In addition, a monthly performance dashboard is published on both the internet and intranet giving staff, Members, residents and the public access to the latest performance data detailing how the council is doing against it targets.

Roles and responsibilities

The roles and responsibilities are outlined below:

Individuals	All staff have a responsibility to deliver the tasks / actions that have been agreed in their appraisal and understand how their work contributes to the team, departmental and council goals.
Managers	All managers have responsibility for supporting their staff through the appraisal process and regular reviews. They must also show commitment and accountability by leading through example. Managers should ensure that their team have regular meetings to share information, review progress of their divisional and team plans, develop ideas, identify areas for the next plan and agree the way forward on a variety of team and work issues. Managers should use these meetings to raise issues around corporate priorities, tell staff about developments within the department and the council and to cascade information about performance to staff.
Heads of service	Heads of service report to Directors and are responsible for overseeing the performance of service units within their remit. They take a key role in the development and monitoring of their service plan at their DMT. They may also take on or contribute to wider corporate projects.
Departmental Management Teams (DMT's)	DMT's monitor their department's performance information and are responsible for taking action to deal with under-performance. DMT's make sure that every manager in the department knows and understands the planning cycle and performance management framework
Directors	Each Director is responsible for the performance of their department. They must make sure that appropriate reporting arrangements are in place with their DMT's to enable them to monitor performance. Directors demonstrate commitment to the performance management framework by leading its implementation within their department. They make sure their service plans are monitored at least every two months and regularly provide progress reports to the Chief Executive and appropriate Cabinet portfolio holder(s). Directors also have collective responsibility for corporate improvement as members of Corporate Management Team (CMT)
Corporate Management Team (CMT)	CMT is made up of the Chief Executive and Directors of the four departments. Its role is to focus on the 'big issues' facing the council and develop the organisation's strategic approach and service delivery. CMT reviews performance monthly and it can ask DMT's to review areas of concern and agree management action to address under-performance.
Cabinet and Elected Members	Ultimately, councillors are responsible for setting the direction of the Council and developing priorities by developing policy, setting strategic targets, monitoring progress, and agreeing the framework for continuous improvement.
Full Council	Members receive regular reports on progress against the strategic themes, including any relevant performance information and can use these meetings as an opportunity to ask questions of Cabinet members about performance issues.
Overview and Scrutiny	Overview and Scrutiny panels have regular performance monitoring task groups to examine performance data, detect trends and identify key areas of concern. They are responsible for challenging Cabinet to ensure that they are fulfilling their responsibilities. If they have areas of concern then they can ask Cabinet members and officers to attend meetings to answer questions. If they have wider concerns about the performance of a service area then they could carry out a scrutiny review into a particular area.

Help and advice

If you require any guidance or advice with regards to Performance Management or have any queries please contact a member of the [Business Planning team](#).

Corporate Indicator set 2014-15

The corporate indicator set is a set of ten key measures from each of the four departments. There are 40 performance measures in total which are monitored on a monthly basis by the Corporate Management Team (CMT).

Corporate Indicator set 2014/15

Dept. / Service Area	PI code and description	13/14 target	14/15 target	Frequency	Polarity
CS – Customer Services	CRP 18 - % council tax collected	97	97	Monthly	High
CS – Customer Services	CRP 36 - % of business rates collected	97	97.25	Monthly	High
CS – Customer Services	CRP 13 - % of positive and neutral coverage tone	91.5	92	Monthly	High
CS – Customer Services	CRP 37 - % of complaints progressed to level 2 (quarterly in arrears)	10	9	Quarterly	Low
CS – Customer Services	CRP 43 – % Successful website visits	81.5	84	Monthly	High
CS – Corporate Governance	CRP 14 - % of ombudsman complaints answered in time	90	90	Monthly	High
CS – Corporate Governance	CRP 41 - % of Freedom Of Information requests dealt with in time (monthly in arrears)	90	90	Monthly	High
CS – Corporate Governance	CRP 42 - Freedom of Information (FOI) requests answered in full (including information already published or not held)	80	85	Monthly	Low
CS – Human Resources	CRP 04 - Average numbers of working days lost to sickness	7	7	Monthly	Low
CS – Infrastructure & transactions	CRP 16 - The level of CO2 emissions from the council's main operational buildings (tonnes) – (2014/15 to include ALL council buildings thus increase in target).	1875	4100	Monthly	Low
CS – Infrastructure & Transactions	CRP 074 – Number of staff working from Civic Centre	1,275	1,275	Quarterly	High
E&R – Parking Services	CRP 44 – Parking services estimated revenue	£11,401,998	£11,789,000	Monthly	High

Dept. / Service Area	PI code and description	13/14 target	14/15 target	Frequency	Polarity
E&R - Property	CRP 46 - Increase the level of capital receipts to support the financial strategy (excluding Merton Priory Homes)	£5,000,000	£2,000,000	Quarterly	High
E&R – Waste Management	CRP 47 – No. of refuse collections including recycling and kitchen waste missed per 100,000	60	55	Monthly	Low
E&R – Street Cleaning	CRP 48 - % sites surveyed on street inspections for litter that are below standard	8.5	7.5	Monthly	Low
E&R – Street Cleaning	CRP 49 – Number of fly tips in streets and parks	3,300	3,200	Monthly	Low
E&R – Development & Building Control	CRP 45 – Income from development and building control	£1,970,000	£1,970,000	Monthly	High
E&R – Development & Building Control	CRP 50 - Volume of planning applications	1,850	2,050	Monthly	High
E&R – Development & Building Control	CRP 51 - % of major planning applications processed within 13 weeks	60	45	Monthly	High
E&R – Development & Building Control	CRP 52 - % of minor planning applications processed within 8 weeks	65	50	Monthly	High
E&R – Development & Building Control	CRP 53 - % of other planning applications processed with 8 weeks	80	75	Monthly	High
C&H – Adult Social Care	CRP 54 - No. of adults Inc. carers, in receipt of Direct Payments or Personal Budgets as a % of all customers & carers receiving community based services.	70	Measures will change in line with national Zero Based Review of Adult Social Care collections. The final publication of the 'Handbook of Definitions' for the new measures is due sometime this spring. Base lining and target setting will be finalised by the end of June 2014.	High	
C&H – Adult Social Care	CRP 55 – Weekly rate of delayed transfers of care from hospital - (both Merton & NHS responsible)	6.5		Low	
C&H – Adult Social Care	CRP 56 – % Carers receiving a service of information and advice	28.5		High	
C&H – Adult Social Care	CRP 57 - No. of adults receiving community based Services e.g. Personal Care, to help them continue to live in their own homes, as a % of all customers receiving services	82		High	
C&H – Adult Social Care	CRP 58 – No. of adults on the Occupational Therapy waiting list	80		Low	

Dept. / Service Area	PI code and description	13/14 target	14/15 target	Frequency	Polarity
C&H - Libraries	CRP 59 – No. of people accessing the library service by borrowing an item or using a peoples network terminal at least once in the previous 12 months	54,000	54,500	Monthly	High
C&H - Libraries	CRP 60 - Number of visitors accessing the library service on line	110,000	115,000	Monthly	High
C&H – Housing Needs & Enabling	CRP 61 – The number of households in temporary accommodation provided under the homeless legislation	100	100	Monthly	Low
C&H – Housing Needs & Enabling	CRP 62 – The number of homelessness cases prevented	550	550	Monthly	High
C&H – Merton Adult Education	CRP 078 - % Retention rate	87	87	Monthly	High
C&H – Merton Adult Education	CRP 079 - % Achievement rate	95	96	Monthly	High
C&H – Merton Adult Education	CRP 080 - % Success rate	83	84	Monthly	High
CSF – Children’s Social Care	CRP 64 – % Children and young people on child protection plan for second or subsequent time	10	We are currently reviewing the impact the Children and Families Bill 2013 will have on CSF, measures may change in line with this. Base lining / target setting will be finalised by the end of June unless we are awaiting specific legislation.	Low	
CSF – Children’s Social Care	CRP 65 - Number of Special guardianship orders and adoptions finalised during the year	12		High	
CSF – Children’s Social Care	CRP 71 – No. of first time entrants to the Youth Justice System aged 10-17 years.	96		Low	
CSF – Children’s Social Care	CRP 72 – % 16-19 year olds Not in Education, Employment or Training (NEET)	8.3		Low	
CSF - Education	CRP 68 - % of Good or Outstanding Ofsted inspections rated as good in children’s centres.	100	100	Quarterly	High
CSF - Education	CRP 69 – % Outcome of schools Ofsted inspections rated as good or outstanding	77	85	Monthly	High
CSF - Education	CRP 075 - % 5 GCSE A-C including English and math	64	65	Annual	High
CSF - Education	CRP 076 - % L4 English and maths at KS2	78	82	Annual	High

Dept. / Service Area	PI code and description	13/14 target	14/15 target	Frequency	Polarity
CSF – Commissioning, Strategy & Performance	CRP 077 - No. of in-house foster carers recruited	16	20	Quarterly	High
CSF – Commissioning, Strategy & Performance	CRP 73 - % vacancies in reception year of primary school	2	2	Annual	Low
CSF – Commissioning, Strategy & Performance	CRP 66 - % Looked after children in foster care placed with external agency carers	38	36	Monthly	Low

CS – Corporate Services, E&R – Environment & Regeneration, C&H – Community & Housing, CSF – Children, Schools & Families.

Help and advice

If you require any guidance or advice with regards to performance management or have any queries, please contact a member of the **Business Planning team**.

Section E

Service Planning 2014/18

SERVICE PLANNING 2014-18

The Service Plans agreed by service departments during the 2014/18 Business Planning Process are set out in the following pages. During this process Service Plans were considered by Cabinet on 17 February 2014.

Proposed Final Service Plans were considered and agreed by Council on 5 March 2014 these plans will be subject to scrutiny in April 2014 so may be subject to minor changes.

Interim Service Plans were scrutinised by the Overview and Scrutiny Commission and Panels during the January 2014 cycle of meetings and by the Overview and Scrutiny Commission on 30 January 2014.

The service plan is designed to be a two page document the first page summarises key resources, drivers and performance. The second page focusses on the outcomes and impacts of the major projects identified.

At the start of the Business Planning Process managers were issued with guidance to clarify understanding and improve the quality and consistency of submissions. Each department reviewed the appropriateness of their current service plans. The tables below summarise the 29 service plans over their relevant Scrutiny Panels and departments.

Scrutiny Panels

Children & Young People	Healthier Communities & Older People	Overview & Scrutiny	Sustainable Communities
Children's Social Care	Adult Social Care	Business Improvement	Commercial Services (Waste)
Commissioning, Strategy & Performance	Public Health	Corporate Governance	Development & Building Control
Education		Customer Services	Environmental Health
		Human Resources	Future Merton
		Infrastructure & Transactions	Housing Needs & Enabling
		Resources	Leisure & Culture Development
		Safer Merton	Libraries
		Shared Legal Services	Merton Adult Education
			Parking
			Parks & Green Spaces
			Property
			Street Cleaning
			Traffic & Highways
			Transport Commissioning
			Transport Passenger Fleet
			Waste Management

Departments

Children, Schools and Families	Community and Housing	Corporate Services	Environment and Regeneration
Children's Social Care	Adult Social Care	Business Improvement	Commercial Services (Waste)
Commissioning, Strategy & Performance	Housing Needs & Enabling	Corporate Governance	Development & Building Control
Education	Libraries	Customer Services	Environmental Health
	Merton Adult Education	Human Resources	Future Merton
	Public Health	Infrastructure & Transactions	Leisure & Culture Development
		Resources	Parking
		Shared Legal Services	Parks & Green Spaces
			Property
			Safer Merton
			Street Cleaning
			Traffic & Highways
			Transport Commissioning
			Transport Passenger Fleet
			Waste Management

The paragraphs below provide an overview of the approach taken to completing the information requirements on the service plans:

Page 1

- i) Service description – Managers are asked to provide a succinct description of the key activities undertaken by the service.
- ii) Anticipated demand - What their key demand channels are and how best to measure them.
- iii) Anticipated non-financial resources - What are the key resources used to deliver services and products, to aid completion drop down menus can be used to identify accommodation, contractors, staff, transport and voluntary services. Managers may also identify their own resources.
- iv) Corporate strategies – From a drop down menu managers are asked to identify what key strategies they contribute to. These strategies are identified on page 6 of the Business Plan 2013-17.
- vi) Performance indicators – Managers are asked to identify the key performance indicators for their service, they must then indicate whether they should be measured monthly, quarterly, annual or biennial. Polarity indicates whether a higher or lower score are beneficial. Finally, indicators must be allocated one of the following six classifications:
 - **Business critical** - the business critical function of the service often with severe consequences if this is interrupted or not met.
 - e.g. tonnage of waste sent to landfill (a high tonnage can lead to landfill tax which has a detrimental effect to the council)
 - **Outcome** - The success of the service in fulfilling its service description
 - e.g. the % of waste recycled
 - **Output** – The quantity of work or services produced.
 - e.g. the number of Housing Benefit applications processed
 - **Perception** - resident or user satisfaction with the service or part of the service
 - e.g. resident satisfaction with street cleanliness
 - **Quality** - the quality of the service delivery
 - e.g. % of missed refuse collections
 - **Unit cost** - Cost required to provide or produce a unit of a service or product
 - e.g. cost per household per refuse collection

vii) Major projects and/or procurement – Managers are asked to briefly describe up to 10 major projects they are undertaking over the planning period (2014-18). On the second page they are able to provide additional details of the project and the following key impact information:

- **Major expected outcome** - the following eight choices are available to managers:
 - Improved customer satisfaction
 - Improved reputation
 - Improved resident wellbeing
 - Income generation
 - Income loss
 - More efficient way of working
 - To meet budget savings
 - To meet legislative requirements
- **Risk** - managers are asked to consider the risks that could prevent them from achieving projects or work programmes within agreed timescales and budgets and to the required standard and are referred to the corporate guidance on risk management which is contained in Section C of this document

The following pages display service plans for 2014-18 in departmental order.

Children, Schools and Families Department

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Children's Social Care

PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
				Likelihood	Impact	Score
Project 1		Project Title:	Deliver transforming families year 2 & year 3 programme	To meet legislative requirements		
Start date	2013-14	Project Details:	Continues programme of TF programme and claiming of performance based grant funding. Implementation of TF exit strategy & realigning TF team into CSF family intervention for the future. 2015-16 - Claim Transforming Families performance by results funding.	2	3	6
End date	2015-16					
Project 2		Project Title:	Social Care Information System procurement & implementation	To improve case records, data quality, & management information on all casework in CSF, & to improve compliance with statutory & regulatory requirements including for inspection purposes		
Start date	2013-14	Project Details:	Cross-cutting project to provide system for both CSF & C&H casework, including financial aspects; led by Corporate Services. Will encompass capability to deal with new statutory requirements including C&F Bill in relation to CYP with SEND, management information & reporting for inspection purposes. Implementation phase will include extensive work to improve associated processes. Also interim improvements re data quality & reporting in CF. Involves parts of Education Division dealing with casework. System also used by R&I & ART within CSP.	3	3	9
End date	2015-16					
Project 3		Project Title:	Preparation for new inspection regime	To meet legislative requirements		
Start date	2013-14	Project Details:	To improve data quality, case records & management, filing & retention, & reporting to provide required information for inspection purposes. To improve assessment, case management & associated quality assurance. Primarily CSC project but also involves parts of Education Division & requires substantial input from CSP Division.	4	3	12
End date	2014-15					
Project 4		Project Title:	Youth Justice	To meet legislative requirements		
Start date	2014-15	Project Details:	Development of policy framework in response to regulation. Trend analysis.	3	2	6
End date	2015-16					
Project 5		Project Title:	Joint work with Housing	Improved resident well being		
Start date	2014-15	Project Details:	To develop joint approaches for older LAC, unaccompanied asylum seekers, families with NRTPF. Relates to commissioning under CSP.	4	2	8
End date	2015-16					
Project 6		Project Title:	Post-reorganisation review of staffing structure & processes	To improve safeguarding, contain services within limited budgets, & for staff retention		
Start date	2013-14	Project Details:	To review allocation of staffing between teams, caseloads & throughput, recruitment & retention implications. Associated process refinement across assessment, application of thresholds, EIP, specialist & enhanced services. Joint work with legal on 26 week limit.	3	2	6
End date	2014-15					
Project 7		Project Title:		Select one major outcome		
Start date		Project Details:				0
End date						
Project 8		Project Title:		Select one major outcome		
Start date		Project Details:				0
End date						
Project 10		Project Title:		Select one major outcome		
Start date		Project Details:				0
End date						

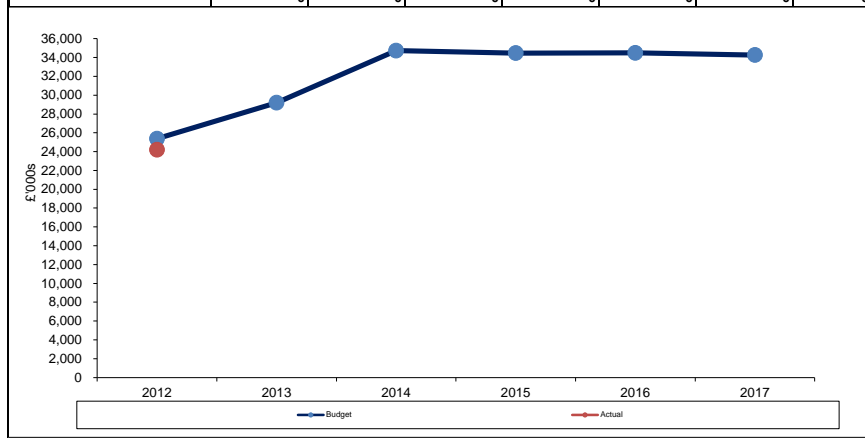
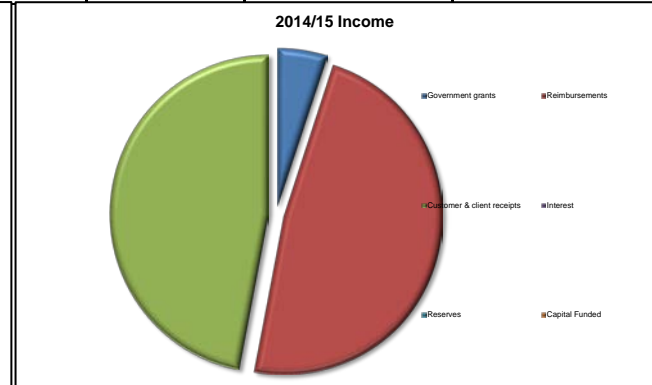
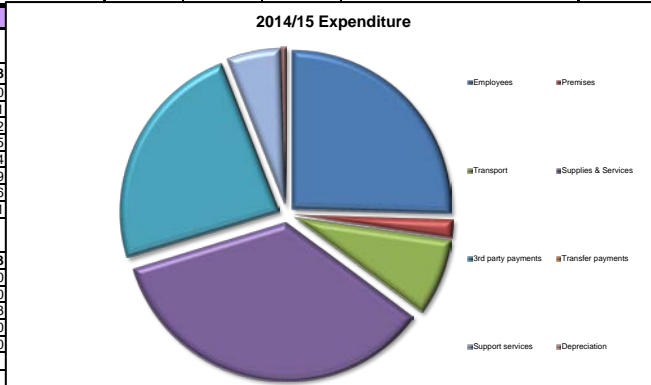
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Commissioning, Strategy and Performance

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Commissioning	More efficient way of working		3	2	6
Start date	2014-15	Project Details:	Range of significant changes to CSF commissioning, including working jointly with public health on commissioning of health visitor services for CYP & families; working with CCG to explore options for the future commissioning of health services for CYP & families -initial project to identify the way forward, could develop into a substantial piece of work for major transformational change depending on solution; commissioning of post-16 AltEd & RPA places; commissioning of placements for older LAC and care leavers accommodation.					
End date	2015-16							
Project 2		Project Title:	Implementation of secondary & special school expansion strategy	To meet legislative requirements		5	3	15
Start date	2013-14	Project Details:	Pupil places planning, development of strategy, statutory processes, planning & delivery of construction contracts. Includes consideration of provision for SEND.					
End date	2017-18							
Project 3		Project Title:	PFI - 5 year review	More efficient way of working		4	2	8
Start date	2014-15	Project Details:	Quinquennial soft services review.					
End date	2014-15							
Project 4		Project Title:	School Admissions System Procurement	More efficient way of working		3	3	9
Start date	2013-14	Project Details:	Procurement of school admissions system, including consideration of surrounding processes. Also engagement with CC Programme.					
End date	2015-16							
Project 5		Project Title:	Participation & Engagement Review	Improved resident well being		3	1	3
Start date	2014-15	Project Details:	Review of i) existing participation and engagement capacity in CSF, ii) reprioritisation of activity and iii) model of delivery. Work could lead to internal restructuring or external commissioning of service.					
End date	2014-15							
Project 6		Project Title:	Increase uptake of Free School Meals	Improved resident well being		2	2	4
Start date	2014-15	Project Details:	Increase proportion of those eligible for free school meals who apply for and then take up entitlement. Work will include reviewing marketing and application procedures and targeted work with schools with lower FSM registrations than would be expected from analysis of deprivation factors.					
End date	2014-15							
Project 7		Project Title:	Release of Assets	More efficient way of working		3	1	3
Start date		Project Details:	To address a range of issues related to CSF property & accommodation, including consideration of further potential for flexible working & consolidation in the Civic Centre; review of caretakers' houses.					
End date								
Project 8		Project Title:	Progress existing capital schemes & provide additional FE's in primary schools	To meet legislative requirements		3	3	9
Start date	2013-14	Project Details:	Completion of construction projects in progress. Consideration of further primary places required, planning & delivery of construction projects.					
End date	2016-17							

Education	Planning Assumptions						The Corporate strategies your service contributes to				
CLRs Maxi Martin & Martin Whelton, Cabinet Members for Children's Services & Education	Anticipated demand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Children & Young person's Plan			
Enter a brief description of your main activities and objectives below	Forecast increase in population 5-19	2400						Community Plan			
	Increase in compulsory education to 18	2000						Corp Equality Scheme			
Schools Standards & Quality will improve outcomes for all pupils in Merton Schools by: <ul style="list-style-type: none"> monitoring, analysing & evaluating pupil & school performance developing skills in planning, teaching, assessment, leadership & management working with schools to reduce inequality & improve achievement for vulnerable groups changing relationships between LA's, HT's & schools in context of new government policies 	Forecast increase in targeted SEND services	200 - 400						Performance Management Framework			
	Forecast increase in population 0 - 4	780						Social Inclusion Strategy			
Special Education Needs & Disabilities will improve outcomes for CYP with SEND by: <ul style="list-style-type: none"> building capacity in schools & settings, families & the community focus on early intervention & prevention as well as direct support for schools & families implementing the requirements of the Children and Families Bill 	Anticipated non financial resources	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	LAC strategy			
	Staff (FTE)	210	236	251	247	237		Youth crime			
Early Years Services will improve outcomes for all children aged 0-5 via: <ul style="list-style-type: none"> universal, early help & targeted services children's centres free nursery places for 2 to 4 year olds information for families (0-19) childcare market management 	School to school support	Facilitate and encourage schools to support each other						Family poverty			
	Voluntary Services	Review arrangements for some commissioned services						Health & wellbeing			
Youth Inclusion will improve outcomes for Young People by: <ul style="list-style-type: none"> providing universal & targeted in house & commissioned services for YP & schools providing support to prevent bullying, substance misuse & teenage pregnancy, to improve attendance & to encourage emotional & social development developing alternative education offerings to enable YP to stay in education, training & employment leading on the council's partnership with the police & CAMHS for education improving attendance in Merton schools 	Voluntary Services	Volunteers in schools, youth and early years									
	Performance indicator	Performance Targets (T) & Provisional Performance Targets (PT)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2012/13(T)	2013/14(T)	2014/15(T)	2015/16(PT)	2016/17(PT)	2017/18(PT)				
% 5 GCSE A-C including English & maths		62	64	65	We are currently reviewing the impact the Children and Families Bill 2013 will have on CSF, measures may change in line with this. Base lining / target setting will be finalised by the end of June unless we are awaiting specific legislation.			High	Annual	Outcome	Reputational risk
% outcome of schools Ofsted inspections good or outstanding		75	77	85				High	Monthly	Outcome	Inspection outcomes
% L4 English & maths as KS2		78	78	82				High	Annual	Outcome	Reputational risk
% secondary school attendance (LA only)		new	new	94.5				High	Quarterly	Outcome	Increased costs
% primary school attendance (LA only)		new	new	95				High	Quarterly	Outcome	Breach statutory duty
Provision of short breaks		520	520	520				High	Annual	Outcome	Reputational risk
% EY foundation stage profile		63	60	65				High	Annual	Outcome	Increased costs
% Good or Outstanding children's centres per Ofsted		100	100	100				High	Quarterly	Outcome	Inspection outcomes
Youth service participation rate		1800	2000	2000				High	Annual	Output	Reputational risk

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Expenditure	36,565	36,738	37,648	39,709	39,499	39,542	39,348
Employees	10,268	10,041	10,453	10,106	9,956	9,949	9,700
Premises	559	552	511	734	746	759	771
Transport	3,200	3,394	3,210	3,112	2,998	2,995	3,042
Supplies & Services	12,590	12,752	12,779	13,956	13,984	14,012	13,995
3rd party payments	8,061	7,859	8,430	9,435	9,449	9,461	9,474
Transfer payments	1	39	19	19	19	19	19
Support services	1,828	2,043	2,188	2,156	2,156	2,156	2,156
Depreciation	58	58	58	191	191	191	191
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Income	11,199	12,544	8,444	4,982	5,019	5,056	5,073
Government grants	6,413	6,384	2,261	250	250	250	250
Reimbursements	2,950	3,950	3,958	2,390	2,390	2,390	2,390
Customer & client receipts	2,111	2,485	2,225	2,342	2,379	2,416	2,433
Interest	0	0	0	0	0	0	0
Reserves	-275	-275	0	0	0	0	0
Capital Funded							
Council Funded Net Budget	25,366	24,194	29,204	34,727	34,480	34,486	34,275



Summary of major budget etc. changes
Changes prior to 2014/15

- Employee expenditure reduced partly due to transfer of Youth justice service to Children Social Care.
- The Supplies and services budget for 2013-14 increased due to an increase in DSG grant. This is not reflected on grant income as the grant increase was offset by the EIP grant reduction of £5,860. The reduction in 2014-15 is due to the acadisation reduction which is paid through the EFA not the LA.
- Support services recharge increased due to changes in accounting practice.

2014/15
Reduction of the overall detached youth service: £25,000
Increased income generation and management efficiencies in School Standards and Quality service: £70,000
Restructuring and realignment to deliver efficiencies: in Early Years service: £100,000
Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport: £140,000
Reduction in Participation/Advocacy commissioning: £50,000
Duke of Edinburgh funding reprove via schools: £25,000

2015/16
Increased income generation and management efficiencies in School Standards and Quality service: £40,000
Restructuring and realignment to deliver efficiencies: in Early Years service: £10,000
Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport: £161,000
Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation: £150,000

2016/17
Increased income generation and management efficiencies in School Standards and Quality service: £40,000
Restructuring and realignment to deliver efficiencies: in Early Years service: £10,000
Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport: £50,000
Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation: £7,000

2017/18
Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation: £250,000

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Education

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Improving pupil outcomes at KS2 & KS4	Improved resident well being		2	3	6
Start date	2013-14	Project Details:	Ongoing work with schools. Challenge and support, monitoring, feedback, including Ofsted. Training and collaboration.					
End date	2016-17							
Project 2		Project Title:	School Improvement - development of SLAs	Improved resident well being		2	2	4
Start date	2013-14	Project Details:	Ongoing development of partnership with schools, including new Ofsted requirements, developing new curricula. Merton Leaders of Education Programme. More commercial approach to SSQ services, and move to a sharper SLA based charging process, to facilitate provision to other organisations and to generate income.					
End date	2016-17							
Project 3		Project Title:	Transforming Early Years	Improved resident well being		3	2	6
Start date	2013-14	Project Details:	Including provision of 2 year-old places to meet legislative requirement - stage 2 is for a further 500 places; ongoing development of the Locality Model to reorganise provision to maximise outcomes within available funding - service realignment & increasingly targeted provision; further alternative / shared / mixed use for the centres.					
End date	2015-16							
Project 4		Project Title:	Implementation of requirements of Children & Families bill	To meet legislative requirements		4	3	12
Start date	2013-14	Project Details:	Development to meet legislative requirements including assessment framework, Ed, Health & Care Plan, development of the local offer, joint working with other agencies, secure web portal to access & comment on care plan, also to set out services in the local offer, personal budgets for those families that want them. Related to SCIS & CC Programme. Including addressing new statutory duty for age 19-25. Develop plan and manage process within available funding streams.					
End date	2015-16							
Project 5		Project Title:	Development of AltED & linked provision	To meet legislative requirements		3	2	6
Start date	2013-14	Project Details:	Development of Melbury College and commissioning of AltEd provision. Including addressing new statutory duty for age 19-25. Develop plan and manage process within available funding streams.					
End date	2015-16							
Project 6		Project Title:	Youth transformation phases 2 & 3	Improved resident well being		4	3	12
Start date	2013-14	Project Details:	Consolidation of localities - Morden and Wimbledon and roll out of Mitcham provision					
End date	2015-16							
Project 7		Project Title:	Raising Participation Age	To meet legislative requirements		3	2	6
Start date		Project Details:	Development to provision to meet range of needs. Relates to CSP activity, including processes & accuracy of data from schools and colleges to reduce NEET, EET & unknowns.					
End date								

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Community and Housing Department

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Adult Social Care

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Brokerage efficiencies	To meet budget savings		4	2	8
Start date	2013-14	Project Details:	Care and support packages will be negotiated and brokered to deliver the best value solution based on assessed need - includes <i>Mental Health Placements 2014-15 Ref: ASC54</i> (2014-15 Ref: ASC13 & CH3; 2015-16 to 2017-18 Ref: CH3 - additional savings for 2015-16, 2016-17 plus proposed savings for 2017-18 awaiting Cabinet approval).					
End date	2017-18							
Project 2		Project Title:	Restructuring supporting people	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	Continue the mainstreaming of the procurement process and reducing overall expenditure within these contracts (2014-15 Ref: CH11).					
End date	2014-15							
Project 3		Project Title:	Voluntary sector grants - reduction in infrastructure	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	Delivering efficiencies through reduction in voluntary organisations' overheads and back office costs (2014-15 Ref: ASC51).					
End date	2014-15							
Project 4		Project Title:	Voluntary organisations	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	Delivering efficiencies through reduction in voluntary organisations' overheads and back office costs , or reduction in demand for statutory services (2014-15 Ref: CH6).					
End date	2014-15							
Project 5		Project Title:	Commissioning management restructure	To meet budget savings		3	1	3
Start date	2014-15	Project Details:	Streamlining procurement and commissioning process (2014-15 Ref: ASC52).					
End date	2014-15							
Project 6		Project Title:	Procurement efficiencies	To meet budget savings		4	2	8
Start date	2013-14	Project Details:	Delivering efficiencies through contract negotiations (2014-15 Ref: ASC55; 2015-16- 2017-18 Ref: CH10 - additional savings for 2015-16 , 2016-17 plus proposed for 2017-18 awaiting Cabinet approval).					
End date	2017-18							
Project 7		Project Title:	Meals on wheels contract saving	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	Delivering efficiencies through contract negotiations (2014-15 Ref: ASC53).					
End date	2014-15							
Project 8		Project Title:	Remodelling of reablement service	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	The service will be remodelled to reduce / eliminate downtime and match hours more closely with customer need (2014-15 Ref: ASC44)					
End date	2014-15							
Project 9		Project Title:	Reablement (outcome - care packages)	To meet budget savings		4	3	12
Start date	2014-15	Project Details:	Reduced reablement outcome care packages (2014-15 Ref: ASC45).					
End date	2014-15							
Project 10		Project Title:	Promoting independence	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	Public Value Review - Efficiencies to be found in hospital discharge process and customers to be enables to regain and maintain independence (2014-15 to 201617 Ref: CH2).					
End date	2016-17							

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

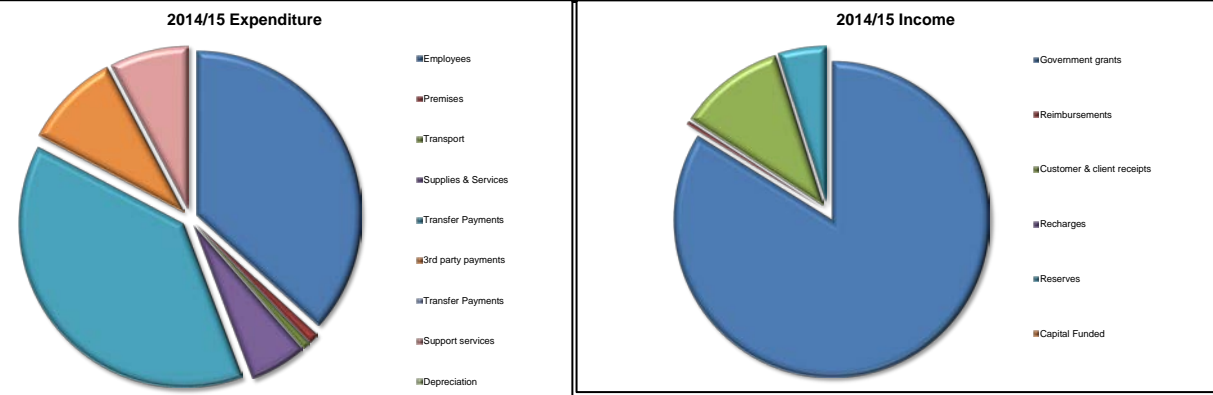
Adult Social Care

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Reviewed service packages	To meet budget savings		4	3	12
Start date	2013-14	Project Details:	Review of care packages with a view to an overall average reduction in line with promoting independence (2014-15 Ref: ASC46).					
End date	2014-15							
Project 2		Project Title:	Additional reablement funding (PCT)	To meet budget savings		3	2	6
Start date	2014-15	Project Details:	Additional one off funding from PCT to support health related social care services (2014-15 Ref: ASC47).					
End date	2014-15							
Project 3		Project Title:	Access and assessment staffing restructure	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	Access and assessment staffing restructure (2014-15 Ref: CH4, CH13; 2015-16 Ref: CH4 - awaiting Cabinet approval, 2016-17 Ref: CH4).					
End date	2016-17							
Project 4		Project Title:	Transport efficiencies / transport	To meet budget savings		3	2	6
Start date	2014-15	Project Details:	Day service staff to become responsible for collecting customers and taking them home (2014-15 Ref: ASC49).					
End date	2014-15							
Project 5		Project Title:	Direct provisions - staffing restructure	To meet budget savings		3	2	6
Start date	2013-14	Project Details:	Direct provisions - staffing restructure (2014-15 Ref: CH7).					
End date	2014-15							
Project 6		Project Title:	Below inflation uplift to third party suppliers	To meet budget savings		6	3	18
Start date	2015-16	Project Details:	Continue the below inflation uplift. This will be a total of 7 years at 0% or below inflation uplift (2014-15 Ref: ASC7, 2015-16 & 2016-17 Ref: CH1).					
End date	2016-17							
Project 7		Project Title:	Realise benefits of new prevention programme	To meet budget savings		4	2	8
Start date	2016-17	Project Details:	Realise benefits of new prevention programme, in terms of reduced demand for statutory services, or alternatively if these benefits have not occurred then to reduce investment in the prevention programme through reduced grants to voluntary organisations (2016-17 Ref: CH5).					
End date	2016-17							
Project 8		Project Title:	Re-modelling and re-procuring the domiciliary care service	To meet budget savings		4	2	8
Start date	2015-16	Project Details:	Re-modelling and re-procuring the domiciliary care service following the end of three year contract starting in 2012 (2015-16 Ref: CH09; 2016-17 & 2017-18 Ref: CH09 awaiting Cabinet approval).					
End date	2017-18							
Project 9		Project Title:	Remove Day Care Costs from Residential Customers	To meet budget savings		4	2	8
Start date	2014-15	Project Details:	Cessation of day care costs from Residential customers (2014-15 Ref: CH12).					
End date	2014-15							
Project 10		Project Title:	All Saints Respite Extension	To meet budget savings		3	1	3
Start date	2014-15	Project Details:	Extend All Saints Respite Service offer to PD customers (2014-15 Ref: CH14).					
End date	2014-15							

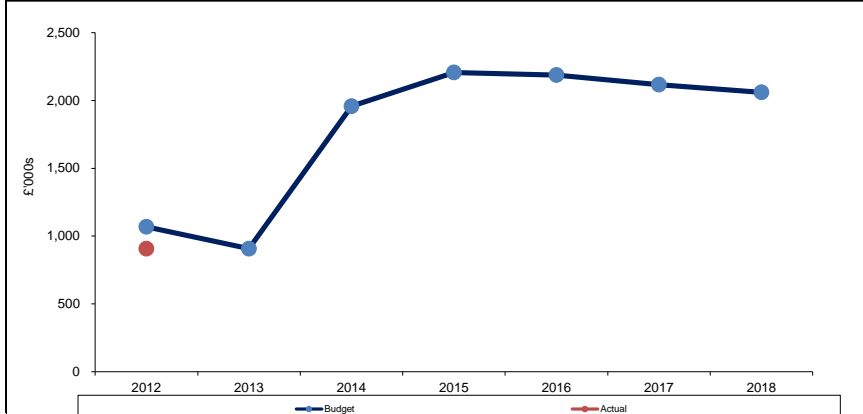
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Housing Needs and Enabling Services	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Nick Draper Cabinet Member for Community & Culture	Anticipated demand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18				
Enter a brief description of your main activities and objectives below	Housing advice, options, private tenants & landlords advice	11500	10500	10500	10500	11500	11500	Homelessness Strategy			
To fulfil statutory housing functions to prevent homelessness and avoid the use of temporary accommodation.	Housing register applicants	8250	7000	7900	8850	7750	8700	Housing Strategy			
	Housing options casework	1200	1350	1100	1100	1250	1250				
	Demand for temporary accommodation	275	275	275	300	300	300				
To plan services in response to changes in national policies and in the housing market, and to develop innovative projects or models of delivery that maximise the use of resources and deliver services that minimise costs to the council.	Anticipated non financial resources	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18				
	Housing Needs Staff (FTE)	25.5	26.5	26.5	24.5	24.5	23.5				
	Environmental Health (Housing)	0	0	6.03	6.03	6.03	6.03				
The purpose of this service is to - Prevent homelessness in accordance with statutory housing law - Provide homes to people in housing need - Plan for the future delivery of housing via general conformity with the London Housing Strategy - Formulate and deliver statutory housing strategies for the borough - Maintain the housing register and choice based lettings process and nominate households to vacant housing association homes - Maximise supply of affordable homes with registered providers and private landlords - Provide care and housing support to vulnerable adults - Relationship management between the council and stock transfer housing associations - Carry out a statutory duty to enforce Environmental Health (Housing) legislation - Provide grant assistance for improvements and adaptations	Performance indicator	Performance Targets (T) & Provisional Performance Targets (PT)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2012/13(T)	2013/14(T)	2014/15(T)	2015/16(PT)	2016/17(PT)	2017/18(PT)				
	No. of homelessness preventions	525	550	550	550	550	550	High	Monthly	Business critical	Increased costs
	No. of households in temporary accommodation	87	100	125	130	130	130	Low	Monthly	Business critical	Increased costs
	Highest no. of families in B&B	10	10	10	10	10	10	Low	Monthly	Business critical	Increased costs
	Highest no. of adults in B&B	7	7	10	10	10	10	Low	Monthly	Business critical	Increased costs
	Affordable homes delivered	120	150	70	40	80	30	High	Annual	Outcome	Reputational risk
	Social housing lets	420	430	410	370	390	380	High	Quarterly	Outcome	Increased waiting times
	Rent deposit - new tenancies	125	90	90	90	90	90	High	Annual	Outcome	Increased waiting times
	No. of enforcement/improvement notices	77	57	60	60	60	60	High	Quarterly	Outcome	Reduced enforcement
	Number of Disabled Facilities Grants approved	97	52	75	75	75	75	High	Quarterly	Outcome	Customer hardship

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Expenditure	2,230	2,533	2,790	3,566	3,481	3,412	3,357
Employees	632	624	962	1,310	1,233	1,233	1,197
Premises	37	22	1	38	38	38	38
Transport	12	10	18	28	28	28	28
Supplies & Services	230	177	190	200	213	186	153
Transfer Payments	480	1,143	909	1,375	1,389	1,403	1,417
3rd party payments	604	266	480	338	303	247	247
Transfer Payments	0	0	0	0	0	0	0
Support services	235	291	230	277	277	277	277
Depreciation	0	0	0	0	0	0	0
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Income	1,161	1,626	832	1,359	1,293	1,294	1,296
Government grants	1,001	1,504	798	1,140	1,140	1,140	1,140
Reimbursements	0	11	0	5	5	5	5
Customer & client receipts	30	92	34	147	148	149	151
Recharges	0	0	0	0	0	0	0
Reserves	130	19	0	67	0	0	0
Capital Funded	0	0	0	0	0	0	0
Council Funded Net Budget	1,069	907	1,958	2,207	2,188	2,118	2,061



Capital Budget £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Birches Close			291,640				
8 Wilton Road			50,000	480,000			
Merton Dementia Hub			497,000				
Western Road			760,000	760,000			
Disabled Facilities Grant	n/a	n/a	n/a	1,224,000	724,000	724,000	280,000
Small Repairs Grant				40,000	40,000	60,000	60,000
	0	0	1,598,640	2,504,000	764,000	784,000	340,000



Summary of major budget etc. changes	
2014/15	Transfer of Environmental Health team from E&R £270k Savings - £92k Homelessness Prevention grant Temp Accom - Expenditure, Housing Benefit and Client contribution budgets increased
2015/16	Savings £35k Reduction of Homelessness Prevention grant
2016/17	Savings £56k Reduction of Homelessness Prevention grant Savings £30k Rationalisation of admin budget (CH9)
2017/18	Savings £36k Rationalisation of admin budget (CH9) Savings £36k Deletion of one staffing post (CH10)

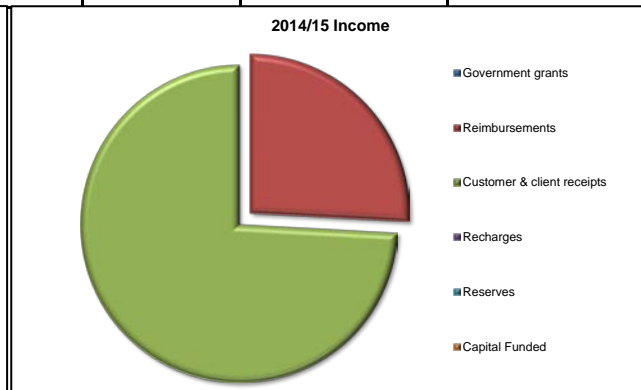
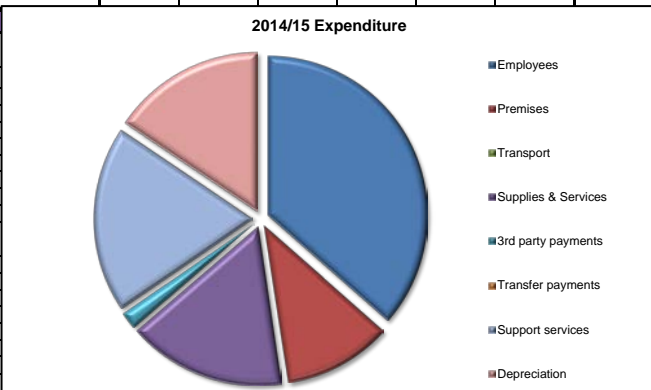
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Housing Needs and Enabling Services

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Shared lives optimisation	To meet budget savings		3	3	9
Start date	2013-14	Project Details:	Optimise the use of Shared Lives thereby reducing the associated spend on Adult Social Care budget.					
End date	2014-15							
Project 2		Project Title:	Deliver on-line self-assessment tools	More efficient way of working		3	1	3
Start date	2014-15	Project Details:	Implement on-line Housing Self-assessment tools for Housing Options and Housing Register Pre-assessment.					
End date	2014-15							
Project 3		Project Title:	Maximise use of private rented sector	More efficient way of working		2	2	4
Start date	2013-14	Project Details:	Increase housing supply in Private Rented Sector (PRS) by continuing to consider and implement new and innovative ways to maximise use of the private sector housing market including rehousing through empty homes grants.					
End date	2017-18							
Project 4		Project Title:	Integrate Environmental Health (Housing)	More efficient way of working		1	3	3
Start date	2014-15	Project Details:	Integrate Environmental Health (Housing) into Community & Housing and develop a suite of performance indicators.					
End date	2014-15							
Project 5		Project Title:	Review Housing Register and Nominations Policy	More efficient way of working		1	1	1
Start date	2014-15	Project Details:	Review Housing Register and Nominations Policy.					
End date	2014-15							
Project 6		Project Title:	Feasibility Study: Social Enterprise Private Lettings Agency	More efficient way of working		3	1	3
Start date	2014-15	Project Details:	Commission a feasibility study on benefits of running a Social Enterprise Private Lettings Agency.					
End date	2015-16							
Project 7		Project Title:	Disabled Facilities Grant Process Review	More efficient way of working		1	3	3
Start date	2014-15	Project Details:	Review process for the administration of the Disabled Facilities Grant (DFG).					
End date	2014-15							
Project 8		Project Title:	Welfare Reform Mitigation	Improved resident well being		1	2	2
Start date	2013-14	Project Details:	Contact households in the borough affected by the Benefits Cap and determine impact on homelessness and seek to prevent homelessness by working proactively to mitigate the effects.					
End date	2014-15							
Project 9		Project Title:						0
Start date		Project Details:						
End date								
Project 10		Project Title:						0
Start date		Project Details:						
End date								

Libraries	Planning Assumptions							The Corporate strategies your service contributes to		
<p>Cllr Nick Draper Cabinet Member for Community & Culture</p> <p>Enter a brief description of your main activities and objectives below</p> <p>The purpose of the service is to provide a 'comprehensive and efficient' library service, addressing the 'needs of adults and children' according to the Public Libraries and Museums Act 1964.</p> <p>Local authorities have a statutory duty to make provision for a library service but may decide on how this is delivered.</p> <p>Certain aspects of the service must be provided for free: Free lending of books Free access to information Free library membership</p> <p>The Library Service aims to provide a modern, high quality and cost effective service that is responsive to the needs of customers. Our vision is to remain the most efficient library service in London whilst continuing to achieve some of the highest customer satisfaction levels.</p>	Anticipated demand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18			
	Active users	54,000	54,000	54,500	55,000	56,000	56,000	56,000	Community Plan	
	Stock issues	1,000,000	1,050,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	Corp Equality Scheme	
	Registered members	120,000	125,000	130,000	135,000	135,000	135,000	135,000	Customer Services Strategy	
	Visitor figures	1,100,000	1,150,000	1,150,000	1,200,000	1,200,000	1,210,000	1,210,000	Voluntary Sector Strategy	
	Anticipated non financial resources	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		Performance Management Framework	
	Staff (FTE)	47	46	47	47	47	43.5	43.5	ICT Policy	
	Accommodation (Libraries)	7	7	7	7	7	7	7	Performance Management Framework	
	Equipment (PC's)	144	144	144	144	144	144	144	Workforce Development Plan	
									Asset Management Plan	
Performance indicator	Performance Targets (T) & Provisional Performance Targets (PT)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2012/13(T)	2013/14(T)	2014/15(T)	2015/16(PT)	2016/17(PT)	2017/18(PT)				
No. of visitors accessing the library service online	95,000	110,000	115,000	125,000	135,000	150,000	High	Monthly	Business critical	Reduced uptake of service
Active users - peoples network terminal	54,000	54,000	54,500	55,000	56,000	56,000	High	Monthly	Business critical	Reduced uptake of service
% self service usage for stock transactions	95	95	95	95	95	95	High	Monthly	Outcome	Increased costs
Active volunteers in libraries	143	180	180	180	180	180	High	Monthly	Business critical	Customer hardship
Maintain Income	£282,570	£282,570	£282,570	£292,570	£292,570	£292,570	High	Monthly	Unit cost	Increased costs
Partnership numbers	20	25	30	30	30	30	High	Monthly	Quality	Customer hardship
% customer satisfaction (ARS)	78	78	78	78	78	78	High	Annual	Outcome	Reduced customer service

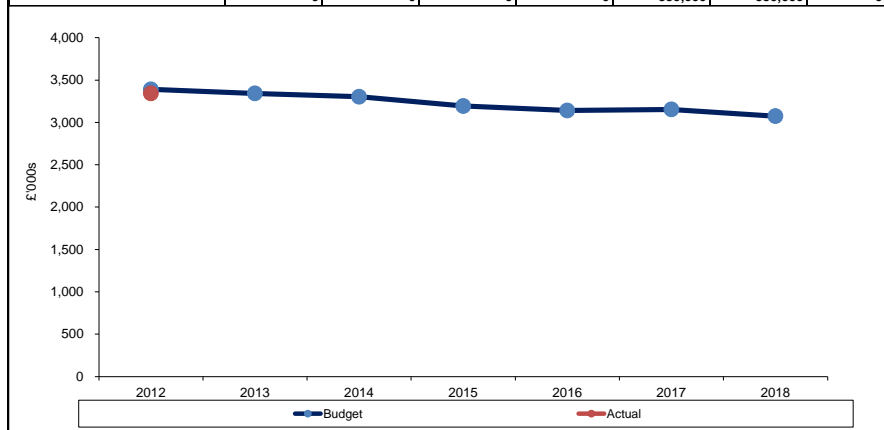
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Expenditure	3,831	3,725	3,791	3,634	3,586	3,603	3,529
Employees	1,337	1,297	1,319	1,327	1,305	1,306	1,216
Premises	349	337	418	401	407	413	419
Transport	3	5	3	4	4	4	4
Supplies & Services	559	547	618	582	549	558	567
3rd party payments	105	119	66	65	66	67	68
Transfer payments	0	0	0	0	0	0	0
Support services	907	867	814	689	689	689	689
Depreciation	571	553	553	566	566	566	566
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Income	441	382	488	441	445	450	454
Government grants	0	0	0	0	0	0	0
Reimbursements	82	47	120	114	114	114	114
Customer & client receipts	359	310	343	327	331	336	340
Recharges	0	0	0	0	0	0	0
Reserves	0	25	25	0	0	0	0
Capital Funded							
Council Funded Net Budget	3,390	3,343	3,303	3,193	3,141	3,153	3,075



Capital Budget £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Relocation of Colliers Wood Library						550,000	
Library Self Service					350,000		
	0	0	0	0	350,000	550,000	0

Summary of major budget etc. changes 2014/15

Savings - Reduction in Media Fund - £10k
Corporate Services Cleaning contract savings - £15k



2015/16

Savings - Reduction in Media Fund - £12k (CH5)
Savings - Increase Income - £10k (CH6)
Revenue - £42k

2016/17

2017/18

Savings - Introduce self-serve Libraries at off peak times - £90k

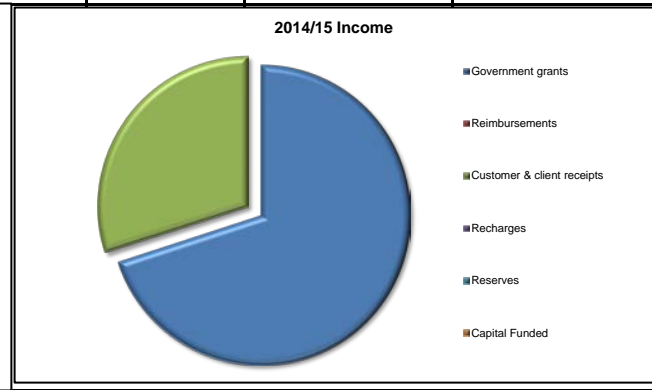
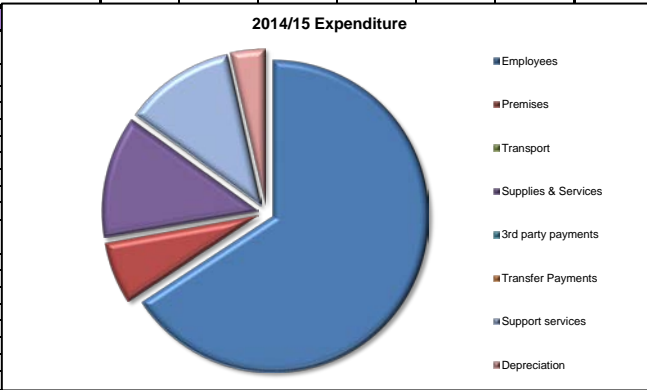
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Libraries

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	E-communications Strategy	More efficient way of working		2	2	4
Start date	2013-14	Project Details	Continue to channel shift communication through digital methods: 1. Channel shift more customers towards receiving e-mail and SMS notifications; 2. Issue a quarterly customer e-newsletter; 3. Develop a library application for mobile phones; 4. Continue to develop library website.					
End date	2015-16							
Project 2		Project Title:	Heritage Project	Improved customer satisfaction		2	2	4
Start date	2013-14	Project Details	Monitor the Heritage Strategy and deliver expected outcomes. Complete Heritage Lottery Funded digitisation project 'Merton Memories' and launch new heritage website. Increase income from heritage services by providing online sales facilities .					
End date	2015-16							
Project 3		Project Title:	Stock efficiency program	Select one major outcome		2	1	2
Start date	2013-14	Project Details	Continue to deliver efficiencies in the way that stock is managed. Deliver media fund savings for 2014/15 and 2015/16. Maximise usage of e-resources.					
End date	2015-16							
Project 4		Project Title:	Children & Young People's projects	Improved resident well being		2	2	4
Start date	2013-14	Project Details	Complete the rollout of the universal library membership scheme for all school children and students in Merton. Increase engagement with young people by establishing youth panels in libraries.					
End date	2016-17							
Project 5		Project Title:	Outreach and Community Engagement plan	Improved customer satisfaction		2	2	4
Start date	2013-14	Project Details	Deliver an annual outreach plan to increase usage of libraries. Run the Public Library User Surveys (PLUS) annually. Conduct research and engagement work with under represented groups and shape services accordingly.					
End date	2017-18							
Project 6		Project Title:	IT Projects	Improved customer satisfaction		3	2	6
Start date	2013-14	Project Details	Tender for replacement self-service technology in 2015/16. Develop payment services online and rollout new hall booking system. Implement self-service libraries at off peak times in branch libraries.					
End date	2017-18							
Project 7		Project Title:	Assisted digital support	Improved resident well being		2	1	2
Start date	2013-14	Project Details	Increase volunteer numbers and skills in supporting customers with more complex IT needs. Increase partnership numbers to support the assisted digital agenda and link in with other council and partner services. Complete staff IT skills analysis and put development plans in place.					
End date	2016-17							
Project 8		Project Title:	Security services contract	More efficient way of working		3	2	6
Start date	2015-16	Project Details	Re-tender of contract and on-going monitoring of current performance against contract.					
End date	2015-16							
Project 9		Project Title:	Library redevelopments	Improved customer satisfaction		3	2	6
Start date	2013-14	Project Details	Progress redevelopment plans where highlighted in Sites & Policies Development Plan. Investigate co-location opportunities with other council services and partners.					
End date	2017-18							
Project 10		Project Title:	London Libraries Consortium	More efficient way of working		3	2	6
Start date	2013-14	Project Details	Work with LLC to improve systems and drive through efficiencies. Implement actions in LLC 3-year Strategy.					
Projects	2017-18							

Merton Adult Education	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Martin Whelton Cabinet Member for Education	Anticipated demand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18				
Enter a brief description of your main activities and objectives below Our vision is to enrich lives through learning and our mission is to provide high quality qualification and personal development learning responsive to the diverse needs of our communities. It is our ambition for Merton Adult Education to become an innovator and the college of choice for our community.	Number of accredited learners	1000	1000	1000	1000	1000	1000	Medium Term Financial Strategy			
	No. of personal development learners	3000	3000	3000	3000	3000	3000	Community Plan			
	Number of commercial learners	New	300	500	600	600	601				
We are committed to providing the best learning experience for our students, deliver an excellent service to our customers, maximise partnership opportunities, remain financially viable, achieve our Skills Funding Agency contractual targets and develop a range of income generating commercial products.	Anticipated non financial resources		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18			
	Staff (FTE)	154	148	146	146	146	147				
Our strategic objective is to increase the skills, knowledge and educational attainment of adults through the provision of a range of accredited and non accredited courses. The course offer is developed in response to both government priority targets and responding to emerging local needs. A range of courses are delivered within the following departments, English and Maths, ESOL, IT, Mind and Body, Early Years, Foreign Languages, NEET, Family Learning, Neighbourhood Learning for Deprived Communities, Fitness, Art and Craft and Employability.	Performance indicator	Performance Targets (T) & Provisional Performance Targets (PT)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2012/13(T)	2013/14(T)	2014/15(T)	2015/16(PT)	2016/17(PT)	2017/18(PT)				
	Number of accredited learners	1000	1000	1000	1000	1000	1000	High	Monthly	Business critical	Loss of income
	No. of personal development learners	3000	3000	3000	3000	3000	3000	High	Monthly	Business critical	Loss of income
	% achievement rate	95%	95%	96%	96%	96%	96%	High	Monthly	Outcome	Government intervention
	% retention rate	87%	87%	88%	88%	88%	88%	High	Monthly	Outcome	Government intervention
	% success rate	83%	83%	84%	84%	84%	84%	High	Monthly	Outcome	Government intervention
	Income target	612890	662890	732890	732890	732890	732890	High	Monthly	Business critical	Loss of income
	Number of commercial learners		300	500	600	600	600	High	Monthly	Business critical	Loss of income

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	
Expenditure	2,594	2,698	2,673	2,715	2,722	2,729	2,737	
Employees	1,758	1,832	1,813	1,785	1,785	1,785	1,785	
Premises	164	164	141	174	176	178	181	
Transport	3	4	3	3	3	3	3	
Supplies & Services	351	352	334	345	350	355	360	
3rd party payments	0	0	0	0	0	0	0	
Transfer Payments	0	0	0	0	0	0	0	
Support services	232	250	286	311	311	311	311	
Depreciation	86	96	96	97	97	97	97	
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	
Income	2,384	2,464	2,500	2,676	2,690	2,698	2,698	
Government grants	1,817	1,889	1,873	1,873	1,873	1,873	1,873	
Reimbursements	3	6	3	0	0	0	0	
Customer & client receipts	564	569	624	803	817	825	825	
Recharges	0	0	0	0	0	0	0	
Reserves	0	0	0	0	0	0	0	
Capital Funded	0	0	0	0	0	0	0	
Council Funded Net Budget	210	234	173	39	32	31	39	



Capital Budget £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
	0	0	0	0	0	0	0

Summary of major budget etc changes

2014/15

£176k Savings
To be achieved through increased income and some staff reductions, high risks due to income being dependent on external sources which are themselves volatile and liable to change at short notice

2015/16

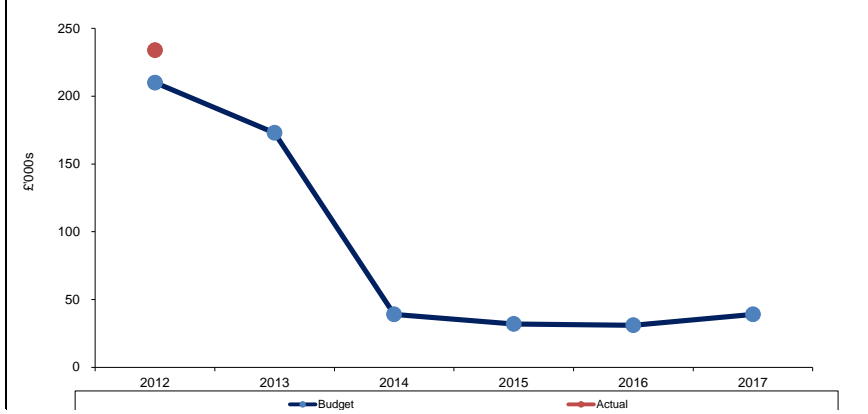
£14k Savings
To be achieved through increased income and some staff reductions, high risks due to income being dependent on external sources which are themselves volatile and liable to change at short notice

2016/17

£8k Savings
To be achieved through increased income and some staff reductions, high risks due to income being dependent on external sources which are themselves volatile and liable to change at short notice

2017/18

Income and saving targets difficult to achieve due to the college received funding from and external source, allocations are awarded annually further reductions will impact on being able to meet saving targets.



DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Merton Adult Education

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Introduction of New 24+ Loans	To meet legislative requirements		3	2	6
Start date	2013-14	Project Details:	Devise and implement an awareness raising campaign to promote the take up of the new 25+ Advanced Loans					
End date	2014-15							
Project 2		Project Title:	MAE Commercial Business Plan	Income generation		3	2	6
Start date	2013-14	Project Details:	Implement a range of income generating products in line with saving targets. Action plans to be implemented for MAE Adult Social Care short course programme, Event Hosting, Leadership and Management short course programme, Early Years and Schools short course programme					
End date	2014-15							
Project 3		Project Title:	Widening Participation in Learning	Improved resident well being		2	1	2
Start date	2013-14	Project Details:	Update and implement the college widening participation strategy focused on increasing participation amongst disadvantaged localities within the borough.					
End date	2015-16							
Project 4		Project Title:	Accommodation Strategy	To meet legislative requirements and respond to growing school population		3	2	6
Start date	2013-14	Project Details:	In response to Children Schools and Families requiring possible secondary school sites, undertake a full analysis of possible sites across Merton. Undertake explorations with a number of key partners					
End date	2015-16							
Project 5		Project Title:	Virtual Learning Environment Strategy	More efficient way of working		2	1	2
Start date	2013-14	Project Details:	Outline a robust VLE model and implement a range of programmes and services via this medium					
End date	2014-15							
Project 6		Project Title:	Increase the use of the E Learning Portal Moodle	More efficient way of working		2	1	2
Start date	2014-15	Project Details:	Provide training and awareness raising for tutors in how to access and use the Moodle on line system for managing resources and communicating with students					
End date	2015-16							
Project 7		Project Title:	Adult Skills and Employability Scrutiny Action Plan Implementation	More efficient way of working		2	1	2
Start date	2013-14	Project Details:	Implement the key skills and employability elements of the scrutiny action plan					
End date	2015-16							
Project 8		Project Title:						
Start date		Project Details:						
End date								
Project 9		Project Title:						
Start date		Project Details:						
End date								
Project 10		Project Title:						
Start date		Project Details:						
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Public Health

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Integrated sexual health service	Improved customer satisfaction		3	3	9
Start date	2014-15	Project Details:	Commissioning an integrated tier 2 sexual health service which combines existing provision in Contraceptive and Sexual Health (CaSH) and Genito-Urinary Medicine (GUM) clinics. This service would be commissioned on a Payment by Results basis and allowing for cross-charging of non-Merton residents.					
End date	2015-16							
Project 2		Project Title:	Embedding Chlamydia screening programme	More efficient way of working		3	2	6
Start date	2014-15	Project Details:	To move from a separately commissioned service to embedding Chlamydia screening into existing primary care services - GPs, Pharmacists, CaSH. These services will then have responsibility for meeting the diagnostic target for Chlamydia which is a PHOF indicator.					
End date	2015-16							
Project 3		Project Title:	Review of local HIV services	Improved resident well being		3	3	9
Start date	2014-15	Project Details:	Analyse local need in relation to HIV, review existing services which are funded through pan-London and South London partnerships to ensure they are fit for purpose and meet local need, and increase HIV testing in the community.					
End date	2015-16							
Project 4		Project Title:	LiveWell	Improved resident wellbeing		2	1	2
Start date	2014-15	Project Details:	LiveWell is a programme that supports Merton residents to lead a healthy lifestyle and offers motivation support to achieve personalised goals around stopping smoking, reducing alcohol levels, being more physically active and being a healthy weight. The programme has a network of health champions, linked to voluntary sector groups who promote healthy living and signpost their peers to a range of activities.					
End date	2014-15							
Project 5		Project Title:	Prevention	Improved resident wellbeing		2	1	2
Start date	2014-15	Project Details:	Public Health work with a range of partners on the prevention agenda, ranging from the direct commissioning of programmes e.g. LiveWell to the influencing of local policy to create an environment that supports healthy choices e.g. alcohol licensing policy. Work from across the council e.g. the contract to manage the boroughs leisure centres, compliments the public health led activity and has an important role to play in reducing the stark health inequalities between east and west Merton.					
End date	2014-15							
Project 6		Project Title:	Transition of responsibility for Health Visiting Service to Local Authority	Select one major outcome				0
Start date		Project Details:	Responsibility for Health Visiting Services are due to transfer from NHS England to LB Merton in April 2015. Project required to manage transition, including establishment of Task group; agreeing vision for health Visiting and Early Years; developing Project Plan with key timelines; participation in pan-London transition programme.					
End date								
Project 7		Project Title:	National Child Measurement Programme	Improved Health and Wellbeing				0
Start date		Project Details:	Children aged reception year and Year 6 are weighed and measured and schools that are identified with larger numbers of children who are overweight or obese are targeted with weight management classes for families.					
End date								
Project 8		Project Title:	NHS Health Checks	Improved Health and Wellbeing				0
Start date		Project Details:	People aged 40 -74 with no known heart disease are offered an NHS Health Checks every five years to detect early signs of heart disease and risk factors.					
End date								
Project 9		Project Title:	Drugs and Alcohol Prevention and Treatment	Select one major outcome				
Start date		Project Details:						
End date								
Project 10		Project Title:						
Start date		Project Details:						
End date								

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Corporate Services Department

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Business Improvement

PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
				Likelihood	Impact	Score
Project 1		Project Title:	IT Strategy and Implementation Plan	More efficient way of working		
Start date	01/04/2014	Project Details:	Refresh the IT strategy and implementation to ensure fit for purpose to support and enable delivery of TOMs and coordinate and lead on delivery in collaboration with I&T Division.	1	3	3
End date	31/03/2017					
Project 2		Project Title:	Customer Contact programme	More efficient way of working		
Start date	01/04/2013	Project Details:	Lead and deliver CC programme; to deliver improvements (technology and service redesign) set out in CC Strategy.	3	2	6
End date	31/03/2016					
Project 3		Project Title:	Electronic document and records management system	More efficient way of working		
Start date	01/04/2013	Project Details:	Procure and implement a replacement EDRMS to support and enable flexible/remote working and Customer Contact.	3	2	6
End date	31/03/2016					
Project 4		Project Title:	Transformation portfolio design and implementation	More efficient way of working		
Start date	01/04/2014	Project Details:	Clarify cross-cutting programmes and projects for governance by the Merton 2015 Board and ensure appropriate monitoring and control is in place to provide assurance on delivery and achievement of benefits.	2	1	2
End date	31/03/2015					
Project 5		Project Title:	Programme Office Implementation	More efficient way of working		
Start date	01/04/2014	Project Details:	Design and implement a functioning Programme Office	3	2	6
End date	31/03/2015					
Project 6		Project Title:	Social Care Information System	To meet legislative requirements		
Start date	01/09/2013	Project Details:	Procure and implement a Social Care Information system to support adults social and children and families integrated care.	2	3	6
End date	30/08/2016					
Project 7		Project Title:	Continuous Improvement Programme	More efficient way of working		
Start date	01/04/2014	Project Details:	Design and implement a programme of service/business/process reviews to lead, embed and support continuous improvement.	3	1	3
End date	31/03/2017					
Project 8		Project Title:		Select one major outcome		
Start date		Project Details:				0
End date						
Project 9		Project Title:		Select one major outcome		
Start date		Project Details:				0
End date						
Project 10		Project Title:		Select one major outcome		
Start date		Project Details:				0
End date						

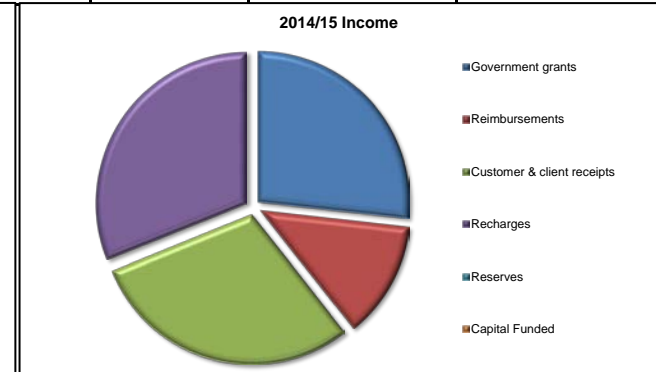
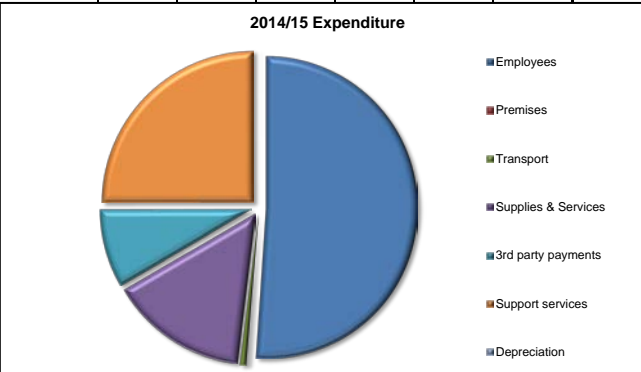
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Corporate Governance

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1	Project Title:	Support new intake of councillors		Improved customer satisfaction				
Start date	01/04/2013	Project Details:	To prepare information and support for new intake of councillors following May 2014 council elections. To ensure smooth introduction of any consequent changes to decision making structure or process.			1	1	1
End date	31/03/2015							
Project 2	Project Title:	2013/17 Implement individual electoral registration		To meet legislative requirements				
Start date	01/04/2013	Project Details:	Introduce new system of Individual Electoral Registration by implementing new processes to register residents, whilst undertaking data matching and public awareness strategies to seek to maximise the accuracy and completeness of the register of electors.			3	3	9
End date	31/12/2016							
Project 3	Project Title:	2013/17 Administer statutory elections, referendums and ballots.		To meet legislative requirements				
Start date	01/04/2013	Project Details:	Administer London borough council and European Parliament elections in 2014, Parliamentary general election in 2015, GLA elections in 2016, and Willow BID ballot in 2014, together with any other referendums and ballots that may be required			3	3	9
End date	31/03/2017							
Project 4	Project Title:	Prepare for and implement changes to single fraud initiative		To meet legislative requirements				
Start date	01/02/2014	Project Details:	To prepare for the SFIS and the effect on audit and investigation in relation to the focus on workload from Housing Benefit fraud to other areas of fraud			2	2	4
End date	31/03/2015							
Project 5	Project Title:	Committee report workflow		More efficient way of working				
Start date	01/06/2014	Project Details:	To improve workflow through implementation of features within new software system. Will enable report authors to submit electronically, receive deadline reminders and get legal and finance comments as well as sign off by Directors and Cabinet Members.			2	1	2
End date	01/10/2014							
Project 6	Project Title:	Scrutiny Improvement Programme		Improved reputation				
Start date	01/04/2014	Project Details:	To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities.			2	1	2
End date	31/03/2015							
Project 7	Project Title:	LLC service delivery		To meet legislative requirements				
Start date	01/04/2014	Project Details:	Review of LLC service delivery; dependent on national directive			3	1	3
End date	31/03/2015							
Project 8	Project Title:			Select one major outcome				
Start date		Project Details:						0
End date								
Project 9	Project Title:			Select one major outcome				
Start date		Project Details:						0
End date								
Project 10	Project Title:			Select one major outcome				
Start date		Project Details:						0
End date								

Customer Services	Planning Assumptions							The Corporate strategies your service contributes to			
Select your Cabinet Member & Portfolio	Anticipated demand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18				
Enter a brief description of your main activities and objectives below There are 5 core services: Local Taxation - responsible for Council Tax & Business Rates collection, Debt recovery & Bailiff collection services; - this includes a shared bailiff service with Sutton Council Housing Benefit - responsible for administering housing and council tax benefit schemes & identification and prevention of fraud; Merton Link - first point of contact for most council customers & visitors, through either face to face or via telephone - also provide Translation Services; Registrars - responsible for registration of births & deaths, marriages & civil partnerships, citizenship ceremonies & nationality services; Communications - responsible for protecting and enhancing the reputation of Merton Council; promoting Merton as a good place to live, work and learn; ensuring residents know about and have access to services; ensuring the community is able to have a say in the council decisions; and engaging council staff so they understand the direction of the council and are committed to putting customers at the heart of all they do. Front line service for Universal Credit - local authorities will be responsible for delivering front line services for universal credit for those claimants that cannot claim and access on-line. It is anticipated that this new service will be delivered sometime during 15/16.	Benefit claimants	16,000	16,000	14,000	14,000	14,000	14,000	Customer Services Strategy			
	Telephone callers	400,000	500,000	600,000	600,000	600,000	600,000	Homelessness Strategy			
	Face to face customers	130,000	115,000	100,000	90,000	90,000	90,000	Medium Term Financial Strategy			
	Council tax properties	81,000	82,000	82,500	83,000	83,000	83,000	Social Inclusion Strategy			
	Anticipated non financial resources		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18			
	Staff (FTE)	153.0	162.4	139.4	136.4	134.4	133.4				
	Apprentices(FTE)		3	3							
Performance indicator		Performance Targets (T) & Provisional Performance Targets (PT)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2012/13(T)	2013/14(T)	2014/15(T)	2015/16(PT)	2016/17(PT)	2017/18(PT)				
Business Rates collected		97%	97%	97.25%	97.5%	97.50%	97.50%	High	Monthly	Business critical	Loss of income
% of Merton Bailiff Service files paid in full (excluding parking and miscellaneous debt)		58%	58%	58%	58%	58%	58%	High	Monthly	Outcome	Loss of income
HB - COC & new claims processing days		16	16	16	10	10	10	Low	Monthly	Business critical	Customer hardship
First contact resolution				60%	65%	70%	75%	High	Monthly	Perception	Reduced customer service
Income from events (marriages, civil partnerships etc)				415,000	TBA	TBA	TBA	High	Monthly	Business critical	Loss of income
Successful website visits		83%	83%	84%	84%	84%	84%	High	Monthly	Perception	Reduced uptake of service

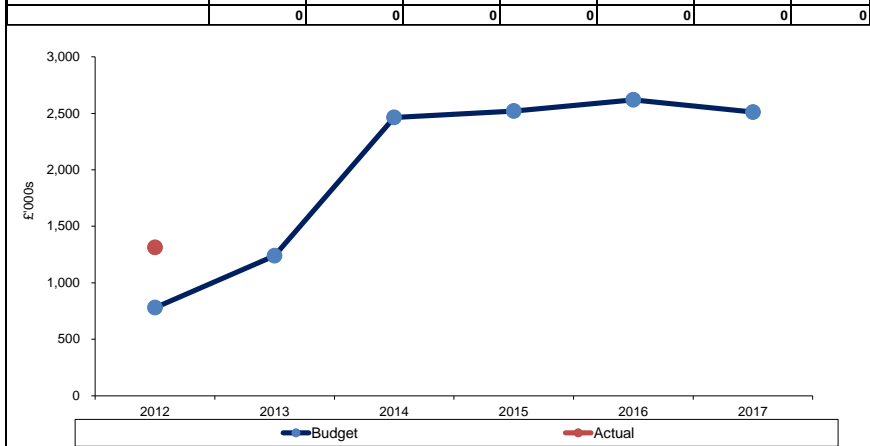
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Expenditure	11,535	11,694	12,456	9,863	9,487	9,394	9,312
Employees	5,229	5,690	5,749	5,037	5,008	4,897	4,788
Premises	63	64	39	20	21	21	21
Transport	71	76	91	63	64	65	65
Supplies & Services	3,416	2,928	3,346	1,447	1,459	1,470	1,491
3rd party payments	111	280	475	828	467	473	479
Support services	2,642	2,653	2,753	2,465	2,465	2,465	2,465
Depreciation	3	3	3	3	3	3	3
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Income	10,755	10,382	11,216	7,399	6,966	6,774	6,801
Government grants	1,809	1,796	1,826	1,980	1,520	1,302	1,302
Reimbursements	1,030	1,175	930	930	930	930	930
Customer & client receipts	5,903	5,218	6,185	2,184	2,211	2,237	2,264
Recharges	2,013	2,194	2,275	2,305	2,305	2,305	2,305
Reserves							
Capital Funded							
Council Funded Net Budget	780	1,313	1,240	2,464	2,521	2,620	2,511



Capital Budget £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
	0	0	0	0	0	0	0

Summary of major budget etc changes 2014/15

The DWP have confirmed funding for 2014/15 for Housing Benefit administration. Closure of the Cash Office will yield a £30k saving. Retendering of the cash collection contract will save £20k with on-going savings in future years through the adoption of telephone parking. Review of Welfare Benefits and New Welfare Support program will save £30k. Continued impact of the Customer Service Review will save £30k annually. £20k saving through the rationalisation of Divisional budgets. £20k increase in registrars income.



2015/16

At this stage the DWP have not committed funding for the Local Welfare Support scheme so there may be a reduction or removal of the funding. Currently they fund the scheme and the administration costs of the scheme. The DWP will review funding for 15/16 for Housing Benefit administration based on the progress in roll out of Universal Credit. It is likely that our administration grant will be reduced. Continued impact of the Customer Service Review will save £30k annually. Ongoing savings through reduction of cash collection following implementation of telephone parking £10k. There may be funding from the DWP for the new Local Support Services framework for supporting Universal Credit.

2016/17

Deferred budgetary savings from 14/15 include a deletion of manager position within Customer Services and a reduction within the debt recovery/bailiff function resulting in £81k of savings. Continued impact of the Customer Service Review will save £30k annually. Ongoing savings through reduction of cash collection following implementation of telephone parking £10k. The roll out of Universal Credit will impact on the level of administration grant.

2017/18

CS60 Deletion of Assistant Director post £109k

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Customer Services

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Customer Service review	More efficient way of working		3	2	6
Start date	01/04/2013	Project Details:	As part of the implementation of the customer contact electronic solution processes and resourcing will be reviewed					
End date	31/03/2015							
Project 2		Project Title:	Improve access to on-line services	More efficient way of working		2	2	4
Start date	01/04/2013	Project Details:	Maintain successful visits to the website at 83%., improve the look and feel of the website, implement the recommendations of the customer services review, increase uptake of online transactions.					
End date	31/03/2016							
Project 3		Project Title:	Council Tax support scheme	To meet legislative requirements		2	3	6
Start date	01/04/2013	Project Details:	During 14/15 options for a revised scheme will be reviewed for Council decision and possible implementation for 15/16					
End date	31/03/2016							
Project 4		Project Title:	Implement and review Welfare Assistance Scheme	Improved resident well being		3	2	6
Start date	01/04/2013	Project Details:	A review of the scheme will be undertaken during 2014/15, however, there is currently uncertainty regarding future funding from 15/16					
End date	31/03/2015							
Project 5		Project Title:	Appoint a medical examiner	To meet legislative requirements		2	2	4
Start date	01/04/2014	Project Details:	The Council will need to appoint a medical examiner for registration of deaths. This will be achieved through the sharing of another boroughs recruitment and appointment.					
End date	31/12/2014							
Project 6		Project Title:	Local Support Services	To meet legislative requirements		2	2	4
Start date	01/04/2014	Project Details:	In line with implementation and roll out of Universal Credit local authorities have been asked to provide a front line solution for those customers than cannot access and claim on-line. This service may be multi agency and include Job Centre Plus, voluntary sector and neighbouring authorities					
End date	31/03/2016							
Project 7		Project Title:		Select one major outcome				0
Start date		Project Details:						
End date								
Project 8		Project Title:		Select one major outcome				0
Start date		Project Details:						
End date								
Project 9		Project Title:		Select one major outcome				0
Start date		Project Details:						
End date								
Project 10		Project Title:		Select one major outcome				0
Start date		Project Details:						
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Human Resources

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Occupational Health Service	More efficient way of working				
Start date	01/04/2014	Project Details:				3	3	9
End date	31/03/2015							
Project 2		Project Title:	Employee Assistance programme	More efficient way of working				
Start date	01/04/2014	Project Details:	Flexible working - policy development and learning and development to support culture and technical change.			3	4	12
End date	31/03/2015							
Project 3		Project Title:	Leadership and management development	More efficient way of working				
Start date	01/04/2014	Project Details:	Centralisation of L&D and appraisal systems within iTrent system.			3	3	9
End date	31/03/2015							
Project 4		Project Title:	Recruitment - agency and executive search via the LBRP	More efficient way of working				
Start date	01/04/2015	Project Details:				3	3	9
End date	31/03/2016							
Project 5		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 6		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 7		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 8		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 9		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 10		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Infrastructure and Transactions

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1	Project Title:	Replacement of IT Infrastructure and desktop equipment		Improve the efficiency of IT systems across the whole organisation				
Start date	01/04/2013	Project Details:	Replacement of desktop equipment and standardisation of operating systems including Microsoft Office to enable hot desking, mobile and flexible working through the use of the Virtualised Desktop Infrastructure and unified telephone communications.			1	2	2
End date	31/03/2015							
Project 2	Project Title:	Backscanning of existing paper records		More efficient way of working				
Start date	01/06/2014	Project Details:	Backscanning of paper records into a digital format which will be prioritised in order to support the roll out of the Flexible Working Programme. This project also links directly to the Customer Contact programme which includes the implementation of a new Electronic Documents and Records Management System (EDRMS).			1	2	3
End date	31/03/2018							
Project 3	Project Title:	Upgrading of IT Disaster Recovery Arrangements		Improve Disaster Recovery and Business Continuity arrangements				
Start date	01/12/2013	Project Details:	Replacement of Storage Area Network (SAN) equipment and associated hardware to provide improved disaster recovery arrangements for the Councils main IT systems and minimise any potential loss of service in the event of a major incident or IT equipment failure.			2	3	6
End date	31/12/2014							
Project 4	Project Title:	Flexible Working Programme		More efficient way of working				
Start date	01/04/2012	Project Details:	The Flexible Working Programme is the innovative use of modern IT technology, infrastructure and office accommodation to enable the council to deliver services in the most efficient and cost effective manner possible.			2	2	4
End date	31/12/2015							
Project 5	Project Title:	Refurbishment of 4 main passenger lifts at Civic Centre		Improved customer satisfaction				
Start date	01/10/2013	Project Details:	Project to refurbish the 4 main passenger lifts at the Civic centre which were installed in 1960 and that are now 'Life Expired' in terms of maintenance and obtaining spare parts in the event of a breakdown or mechanical failure. The project is essential to ensure that the premises are safe and compliant with statutory requirements.			1	2	2
End date	31/03/2015							
Project 6	Project Title:	Energy "Invest to Save" Initiatives		More efficient way of working				
Start date	01/04/2007	Project Details:	Completion of a range of projects across the councils entire portfolio of properties which will reduce energy consumption and associated CO2 emissions and that are designed to have a maximum financial pay back of between 7 and 10 years.			1	1	1
End date	01/04/2018							
Project 7	Project Title:	Review Civic Centre Building Services & Security arrangements		To meet budget savings				
Start date	01/07/2013	Project Details:	Review of both the scope and method of delivery of the Civic Centre building services and security arrangements to produce the best balance of a cost effective solution and one that protects the reputational risks inherent in managing a front-line service in the highest profile corporate building within the authority.			2	2	4
End date	01/04/2015							
Project 8	Project Title:	Civic Centre Accommodation Strategy and Refurbishment Programme		More efficient way of working				
Start date		Project Details:	Project to refresh the Civic Centre accommodation strategy to ensure that the building is refurbished and managed in a consistent manner with the delivery of key council objectives in relation to the rationalisation and more efficient use of space. The strategy needs to be closely aligned with corporate guidelines to support the introduction of Flexible Working as well as the Councils wider strategic review of assets.			1	2	2
End date								
Project 9	Project Title:	Continuation of work on the Locations Layer of the Corporate TOM		More efficient way of working				
Start date	01/10/2013	Project Details:	Works to develop an online corporate asset register covering all of the property related assets owned and operated by the council which will be an essential element of a larger piece of work relating to the longer term strategic management of property and assets across the authority.			2	2	4
End date	31/03/2015							
Project 10	Project Title:			Select one major outcome				
Start date		Project Details:						0
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Resources								
PROJECT DESCRIPTION				MAJOR EXPECTED OUTCOME		Risk		
		Likelihood	Impact	Score				
Project 1		Project Title:	Evaluation of future funding levels		To meet legislative requirements			
Start date	01/04/2013	Project Details:	Analysis of all relevant information relating to local government finance. This will include details provided in annual Local Government Finance Settlements, Annual Budgets, Spending Reviews and other financial information published by the Government. This information is incorporated into the Council's MTFS and updated as part of annual Budget Setting Procedures. Modelling of the retained NNDR system will be undertaken along with sensitivity analysis.			2	2	4
End date	31/03/2018							
Project 2		Project Title:	Financial systems re-engineering programme		More efficient way of working			
Start date	01/08/2013	Project Details:	Procurement of a single integrated financial system to replace the suite of products that are current used to provide GL, AP, P2P & AR functions. This will involve a new chart of accounts and new ways of working, driving efficiencies throughout the organisation. The potential for joint working with neighbour boroughs is currently being investigated. Initial estimate of Go Live date 1 April 2015 - project length allows for post implementation review			3	3	9
End date	30/09/2015							
Project 3		Project Title:	Develop and implement whole life costing for capital projects		More efficient way of working			
Start date	01/09/2014	Project Details:	This project will be undertaken in four stages 1) Develop a template to capture appropriate information 2) Pilot the template on two selected schemes 3) Amend the template 4) Apply the temple to selected schemes			3	2	6
End date	31/03/2016							
Project 4		Project Title:	Improve joint finance and business planning		More efficient way of working			
Start date	01/18/14	Project Details:	The project requires the quarterly update of service plans scheduled to start with September 2014 information following the implementation of the new performance and risk management system			2	2	4
End date	31/10/2014							
Project 5		Project Title:	Evaluation of different models of funding the capital programme		Required to deliver options for the MTFS			
Start date	01/07/2014	Project Details:	In recent years there has been no need to borrow externally to fund capital expenditure, it is anticipated that some external funding will be needed towards the end of the current planning period and therefore a detailed consideration of all reasonable options needs to be done, including leasing, renting and borrowing or any other suitable methods of funding capital expenditure.			2	2	4
End date	31/03/2016							
Project 6		Project Title:	Fully implement the new performance/risk management IT system		More efficient way of working			
Start date	01/04/2014	Project Details:	Implementation of a cloud based system for the management and governance of performance and risk information known as Covalent. The earlier phases of the project are now complete, this financial year the three final phases will be completed: 1) The transfer of risk registers will be completed by the end of May 2014 2) The roll out of the system for use in monitoring local performance indicators 3) the provision of screen icons to senior management for performance and risk information.			2	2	4
End date	31/03/2015							
Project 7		Project Title:	Capital Review		More efficient way of working			
Start date	01/04/2014	Project Details:	In 2012 there was a comprehensive review of the management of the capital programme. This led to the production of an action plan. It would be appropriate to undertake a follow-up review now.			2	2	4
End date	31/03/2015							
Project 8		Project Title:	Recharge Review		More efficient way of working			
Start date	01/04/2014	Project Details:	Annual reviews of recharges have been undertaken. These have tended to be tactical. In 2014/15 a full scale strategic review will be undertaken. The project will need to dovetail with work undertaken to develop and implement the new financial system.			3	2	6
End date	31/03/2015							
Project 9		Project Title:			Select one major outcome			
Start date		Project Details:						0
End date								
Project 10		Project Title:			Select one major outcome			
Start date		Project Details:						0
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Legal Services

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Shared service	Improved customer satisfaction				
Start date	01/04/2014	Project Details:	To embed the newly expanded shared service, to identify and exploit the efficiencies of the new service in order to improve the customer experience and to identify further savings			2	2	4
End date	31/03/2016							
Project 2		Project Title:	Smarter Working	More efficient way of working				
Start date	01/04/2014	Project Details:	To ensure the service is maximising the use of IT systems and software in order to enable mobile working across four authorities, reduce costs and increase the effectiveness and efficiency of the officers in the service			2	1	2
End date	31/03/2016							
Project 3		Project Title:	Delivering Savings	To meet budget savings				
Start date	01/04/2015	Project Details:	To deliver £80,000 of savings to Merton and such savings as required by Sutton, Kingston and Richmond					0
End date	31/03/2018							
Project 4		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 5		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 6		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 7		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 8		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 9		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 10		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								

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Environment and Regeneration Department

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Commercial Services (Waste Operations)

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Market Testing of Pest Control Service	To meet budget savings				
Start date	2014-15	Project Details:	Undertake a review of the market in relation to Pest Control.			2	2	4
End date	2014-15							
Project 2		Project Title:	Sales and Marketing Plan	Income generation				
Start date	2014-15	Project Details:	Produce a Sales and Marketing plan for Commercial Waste Service area			3	2	6
End date	2014-15							
Project 3		Project Title:		More efficient way of working				
Start date		Project Details:				0	0	0
End date								
Project 4		Project Title:						
Start date		Project Details:				0	0	0
End date								
Project 5		Project Title:						
Start date		Project Details:						0
End date								
Project 6		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 7		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 8		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 9		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 10		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Development and Building Control

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Commercialisation of Building Control	Income generation				
Start date	2013-14	Project Details:	This is to ensure Building Control is more commercially aware in a more competitive market.			3	2	6
End date	2014-15							
Project 2		Project Title:	Mobile/Home working	More efficient way of working				
Start date	2014-15	Project Details:	This is introducing mobile and home working to the teams.			2	2	4
End date	2014-15							
Project 3		Project Title:	Improving the development management processes	Delivering regeneration in the Borough				
Start date	2014-3	Project Details:	Closer working with sustainable communities to provide an end to end development management process to deliver regeneration objectives.			3	2	6
End date	2014-5							
Project 4		Project Title:	developing eforms and M3 capability and e-payments	utilising IT to our advantage				
Start date	2014-5	Project Details:	Enforcement eforms , BC eforms and DC e-payments			5	1	5
End date	2015-6							
Project 5		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 6		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 7		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 8		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 9		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								
Project 10		Project Title:		Select one major outcome				
Start date		Project Details:						0
End date								

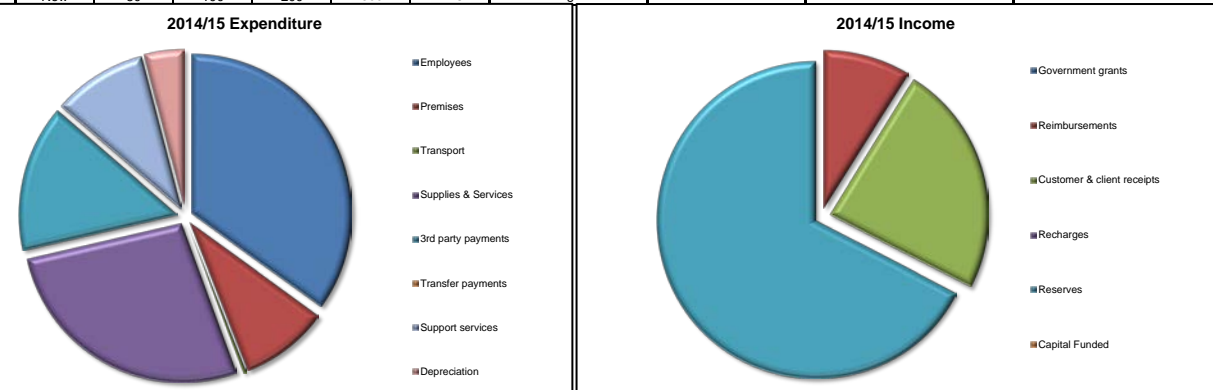
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Environmental Health, Trading Standards & Licensing

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Development of shared 'regulatory' service	To meet budget savings		2	3	6
Start date	2012-13	Project Details:	Provision of Environmental Health, Trading Standards and Licensing services with the London Boroughs of Croydon and Richmond with Merton acting as the lead/host borough.					
End date	2014-15							
Project 2		Project Title:	Implementation of 'Flexible Working' across section	More efficient way of working		2	1	2
Start date	2014-15	Project Details:	Following Phase 1 of Shared Service implementation look at opportunities to 'mobilise' operational staff, enhance current 'working from home' arrangements to provide for a more efficient and resilient service.					
End date	2015-16							
Project 3		Project Title:	Roll-out of London-wide 'Feeding Stuffs' Protocol	To meet legislative requirements		2	2	4
Start date	2014-15	Project Details:	Respond to the Food Standards Agency's national audit and action plan to improve the supervision and regulation of the animal feed controls across the UK.					
End date	2015-16							
Project 4		Project Title:	Work with Public Health England to deliver 'Healthy Catering Commitment'	Improved resident well being		2	2	4
Start date	2014-15	Project Details:	Build on existing practise by developing a system by which officers through their premises inspection work can better engage business in the development of improved health outcomes					
End date	2015-16							
Project 5		Project Title:	Launch 'Healthier Workplace Commitment' with Public Health England	Improved resident well being		2	2	4
Start date	2014-15	Project Details:	A programme to assist local employers/businesses from the public, private or voluntary sector build good practice in health and work within their organisation.					
End date	2015-16							
Project 6		Project Title:	Investigation of contaminated land at Marlowe Square	Improved resident well being		5	2	10
Start date	2013-14	Project Details:	Assess outcomes of wide scale soil sampling activities and develop action plan for treatment/remediation as necessary to reduce the risk of harm to local residents					
End date	2015-16							
Project 7		Project Title:						0
Start date		Project Details:						
End date								
Project 8		Project Title:						0
Start date		Project Details:						
End date								
Project 9		Project Title:						0
Start date		Project Details:						
End date								
Project 10		Project Title:						0
Start date		Project Details:						
End date								

Future Merton	Planning Assumptions						The Corporate strategies your service contributes to				
Cllr Andrew Judge Cabinet Member for Sustainability & Regeneration	Anticipated demand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18				
Enter a brief description of your main activities and objectives below	Population	203,247	206,038	208,822	211,569	214,229	216,806	Asset Management Plan			
IM's TOM is to be like a development corporation; deliver ing LBM's regeneration plans, prioritising areas for growth and investment and to; <ul style="list-style-type: none"> Develop new Local Plan policies to support regeneration and growth objectives Develop site assembly requirements to support regeneration , growth and economic development objectives Develop sustainable development policies to support Merton's commitment to carbon reduction Develop urban design / planning frameworks to support regeneration and growth and increase design quality in the borough Deliver projects as set out in our Economic Development and Climate Change Strategies and the Regeneration Delivery Plan (future Growth Strategy) Attract developer and inward investment, public sector funding and support to deliver our regeneration and growth objectives. To develop transport policies and secure external funding from Transport for London (TfL) to deliver improvements to Merton's public realm Deliver regeneration projects in Mitcham and Colliers Wood and coordinating funding from LBM and the Mayor of London' Adopt Planning Briefs to aid marketing and disposal of Broadway car park, Wimbledon (P4), Morden Station Planning Brief (1MO). Lead on Major Planning developments (AFC Wimbledon / YMCA / Colliers Wood Tower, St Georges Quarter, Morden town centre) LBM lead on planning and design quality for emerging estate regeneration proposals in partnership with Circle (High Path, Eastfields, Ravensbury) and Moat (Pollards Hill) LBM lead on non-operational assets for growth and regeneration investment purposes. LBM lead on Crossrail 2, Tram; ID growth opportunities and external funding 	Actual businesses in borough	7,500	7,500	7,700	7,900	8,100	8,100	Road Safety Plan			
	Anticipated non financial resources	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Community Plan			
	Staff (FTE)	24	28	27	27	27	27	Climate Change Strategy			
								Core Planning Strategy			
								Economic Development Strategy			
								Local Development Framework			
	Performance indicator	Performance Targets (T) & Provisional Performance Targets (PT)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2012/13(T)	2013/14(T)	2014/15(T)	2015/16(PT)	2016/17(PT)	2017/18(PT)				
	New homes target (number per year)	370	320	320	411	411	411	High	Annual	Outcome	Loss of Government grant
	Town centre vacancy rates (% of units vacant)	12	10	10	10	9	8	Low	Quarterly	Outcome	Reputational risk
Inc. mode share for walking + cycling (% inc frm 35.40% base 2012)	0.00	0.40	0.2	0.2	0.2	0.2	High	Annual	Perception	Reputational risk	
Emissions reduction from buildings (% from 2009 baseline)	4.0	6.5	9.0	11.5	12.0	12.5	High	Annual	Outcome	Environmental issues	
Reduction in KSI's: road traffic accidents (Number of incidents)	56	54	44	39	37	34	Low	Annual	Perception	Reputational risk	
Modal increase in cycling (% increase from 2% 2012 baseline)	New	1	2	3	5	8	Low	Annual	Output	Political risk	
Number of new jobs created through EDS E&SAP	New	150	300	450	600	TBC	High	Annual	Outcome	Social exclusion	
^ Of new jobs created: number that are apprentices	New	40	60	80	100	TBC	High	Annual	Outcome	Social exclusion	
Number of new businesses created as part of EDS MBSS (Cumulative)	New	50	100	200	300	TBC	High	Annual	Outcome	Reduced Business Rates	

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Expenditure	2,927	3,140	3,198	2,987	2,987	2,573	2,573
Employees	1,104	1,157	1,112	1,046	1,046	632	632
Premises	126	275	289	270	270	270	270
Transport	6	3	9	9	9	9	9
Supplies & Services	719	610	601	808	808	808	808
3rd party payments	555	644	751	445	445	445	445
Transfer payments	0	0	0	0	0	0	0
Support services	344	378	363	287	287	287	287
Depreciation	73	73	73	122	122	122	122
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Income	1,229	1,269	1,382	1,289	1,329	1,379	1,379
Government grants	218	0	0	0	0	0	0
Reimbursements	691	285	118	114	114	114	114
Customer & client receipts	272	382	306	306	346	396	396
Recharges	0	0	0	0	0	0	0
Reserves	48	602	958	869	869	869	869
Capital Funded							
Council Funded Net Budget	1,698	1,871	1,816	1,698	1,658	1,194	1,194

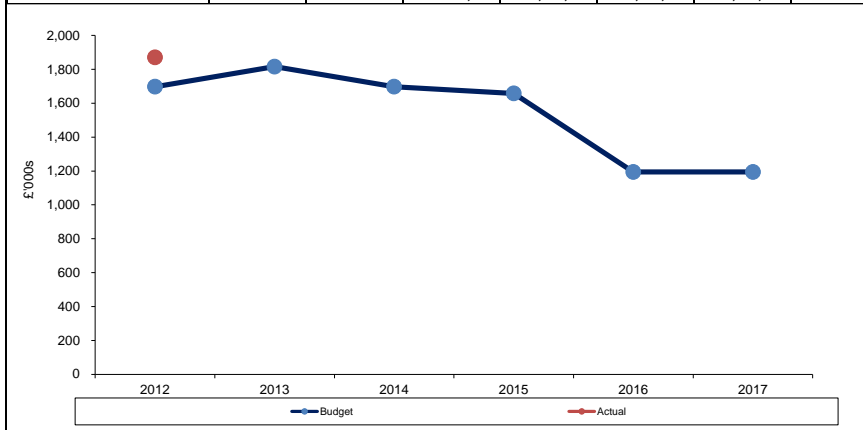


Capital Budget £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Regeneration Partnerships			829,660	6,790,860	3,878,000	1,037,000	
Plans and Projects			74,090	70,000			
	0	0	903,750	6,860,860	3,878,000	1,037,000	0

Summary of major budget etc changes 2014/15

EN41=£40K
EN43=£60K
Rediscover Mitcham and Colliers Wood MRF Capital Spend to increase HPDG possibly deployed to increase staff (off revenue) or as an off-set to achieve savings.
Capitalisation of salaries from Mini-Holland cycling investment - design and delivery of cycle infrastructure
Greater income from Pre-Application charging

TOM: Sustainable Communities transformation - aligning DC/BC / T&H and fM teams, projects and capital budgets.



2015/16

EN42=£40K
Capitalisation ongoing for Mitcham, Colliers Wood, Cycling and asset disposals.

2016/17

ER23=£414,000 saving or income to be achieved.
EN42=£50K
EDS reserves project to wind down

2017/18

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Future Merton

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Morden station planning brief, Morden public realm and Master Plan	Investment into the borough and make it a more attractive place to live and work		3	2	6
Start date	2012-13	Project Details:	Work in Partnership with TfL to bring forward the redevelopment of Morden Station for a mixed use, retail led scheme to reinvigorate Morden Town Centre. This will feed into the wider masterplan and public realm improvements for the town centre					
End date	2017-18							
Project 2		Project Title:	Rediscover Mitcham	Improved resident well being		2	2	4
Start date	2012-13	Project Details:	Revitalising Mitcham Fair Green and surrounding streets by investing c£6m in the public realm, local businesses, and transport proposals, working closely with local residents, the business community and Transport for London. Rediscover Canons HLF Bids (Parks for People and Townscape Heritage c£2.5m)					
End date	2016-17							
Project 3		Project Title:	Colliers Wood / South Wimbledon Planning Framework	Quality place making to support a growing population whilst identifying regeneration opportunities and inward investment.		4	2	8
Start date	2014-15	Project Details:	Work with stakeholders to facilitate the regeneration of Colliers Wood / South Wimbledon Development Framework (through the preparation of a masterplan, development control and delivery of new, more sustainable homes) Stage 1; delivery c£2.5m investment in 'Connecting Colliers Wood' public realm project					
End date	2019-20							
Project 4		Project Title:	Wimbledon Stadium	Improved efficiency of investment into the borough and make it a more attractive place to live and work		3	2	6
Start date	2011-12	Project Details:	Delivery of a new stadium and associated developments, working with stakeholders on a masterplan for the site following the outcome of the <i>Sites and Policies Plan</i>					
End date	2016-17							
Project 5		Project Title:	Invest to save: energy efficiency and generation in Merton	Income generation		2	2	4
Start date	2014-15	Project Details:	Managing internal and external energy efficiency and renewable energy investment in the council's buildings, schools and in the wider community to reduce carbon while saving money, towards the creation of a revolving invest-to-save investment fund					
End date	2018-19							
Project 6		Project Title:	futureWimbledon: Crossrail 2, tramlink and visioning competition	Promoting Merton and achieving greater inward investment in terms of Jobs and infrastructure.		2	2	4
Start date	2014-15	Project Details:	Identifying the growth potential of Wimbledon as the premier business hub in South London. Explore investment and development opportunities linked to Crossrail 2 and improving the quality of architecture, design and placemaking.					
End date	2022-23							
Project 7		Project Title:	Raynes Park Local centre	Improved reputation		2	2	4
Start date	2010-11	Project Details:	Working with the local business and residents community to continue the Raynes Park Enhancement Plan, including improvements to the public realm on the south side of the station					
End date	2018-19							
Project 8		Project Title:	EDS Merton Business Support Service	Improved economic resilience, supporting jobs and business growth		2	1	2
Start date	2012-13	Project Details:	The authority to assist businesses through the current financial difficulties where possible					
End date	2015-16							
Project 9		Project Title:	Smarter travel: road safety	Improved resident well being		2	2	4
Start date	2013-14	Project Details:	Running various programmes to improve road safety and encourage smarter and healthier travel choices, including adult and children cycle training, walk to school, motorcycle and learner driver training. Reduces road related injuries and helps Merton deliver its share of the Mayor's Transport Strategy.					
End date	2015-16							
Project 10		Project Title:	Estate Regeneration	Improved resident well being		2	1	2
Start date	2014-15	Project Details:	Working with Circle Merton Priory to deliver investment in new homes and the regeneration of High Path, Eastfields and Ravensbury estates. Also working with Moat housing to coordinate investment in regenerating Pollards Hill.					
End date	2024-26							
								191

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Leisure & Cultural Development

PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME			Risk		
					Likelihood	Impact	Score
Project 1		Project Title:	Increasing participation in culture, sport and physical activity		Improved resident well being		
Start date	2014	Project Details:	Develop with partners joint community programmes in the east of the borough in accordance with the Culture & Sport Framework		2	2	4
End date	2016-17						
Project 2		Project Title:	Increasing participation & engagement in the arts, cultural and well-being activities		Improved resident well being		
Start date	2014	Project Details:	Develop and deliver in partnership with others projects and programmes which celebrate and commemorate local, national and international events.		2	2	4
End date	2016-17						
Project 3		Project Title:	Leisure Centres Contract		To meet budget savings		
Start date	2014	Project Details:	Renegotiate the Leisure Centres Contract to generate savings		2	2	4
End date	2016-17						
Project 4		Project Title:	Morden Park Pool & Wimbledon Park Watersports Centre		Improved resident well being		
Start date	2014	Project Details:	Deliver a replacement Morden Park Pools and create a business case to replace the existing Wimbledon Park Watersports Centre.		4	2	8
End date	2017-18						
Project 5		Project Title:	Implementation of Online Leisure & Cultural Bookings		More efficient way of working		
Start date	2012	Project Details:	Develop & implement online booking & payment system for pitch, halls, pavilions, courses, events and activities. Working with IT and other service beneficiaries for a whole council approach.		2	2	4
End date	2015-16						
Project 6		Project Title:	Commercialisation of Culture & Sport Activities, Projects and Programmes		To meet budget savings		
Start date	2012	Project Details:	Rebrand the Merton Active Plus programme and generate increased income over a three year period to cover the salary of the officer that delivers it. Introduce a Marine College into the work of the Watersports Centre. Also move the work of the development team to cover two distinct strands of commercial and community activities.		2	2	4
End date	2016-17						
Project 7		Project Title:	St Mark's Academy School - Community Use		Improved resident well being		
Start date	2012	Project Details:	Work with St Mark's Academy School to increase their sports facilities; develop a community leisure facility increasing community use and transferring the management of the BMX track to the school.		2	1	2
End date	2016-17						
Project 8		Project Title:	Cultural Framework Implementation		More efficient way of working		
Start date	2012	Project Details:	Launch Cultural Framework, promote this framework widely and commence service delivery locally within that framework.		2	1	2
End date	2015-6						
Project 9		Project Title:	Develop the boroughs involvement in Ride London		Improved reputation		
Start date	2012	Project Details:	Deliver and develop Merton's contribution to the Ride London Event as well as delivering Merton's contribution to other major sporting, arts and cultural events as appropriate and required		2	2	4
End date	2016-17						
Project 10		Project Title:	External Funding & Inward Investment Opportunities		Income generation		
Start date	2012	Project Details:	Seek out partnership working and funding opportunities that deliver against the Cultural Framework as well as seeking external funding to deliver our strategic needs. Eg Multi-use games area at Canons; Floodlit Tennis Courts at St Mark's Academy, etc.		2	1	2
End date	2016-17						

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Parking

PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME			Risk				
					Likelihood	Impact	Score		
Project 1		Project Title:	Upgrade enforcement CCTV systems						
Start date	2014-15	Project Details:	Replace the existing cameras and back office system to enable unmanned (automated) enforcement of bus lane and moving traffic contraventions with ANPR (Automatic Number Plate Recognition) capability.	More efficient way of working	2	2	4		
End date	2015-16								
Project 2		Project Title:	Cashless parking						
Start date	2013-14	Project Details:	Implement a cashless/mobile phone payment service for on and off-street parking charges, permits and suspensions.	Improved customer satisfaction	1	1	1		
End date	2014-15								
Project 3		Project Title:							
Start date		Project Details:							
End date									
Project 4		Project Title:							
Start date		Project Details:							
End date									
Project 5		Project Title:							
Start date		Project Details:							
End date									
Project 6		Project Title:							
Start date		Project Details:							
End date									
Project 7		Project Title:							
Start date		Project Details:							
End date									
Project 8		Project Title:							
Start date		Project Details:							
End date									
Project 9		Project Title:							
Start date		Project Details:							
End date									
Project 10		Project Title:							
Start date		Project Details:							
End date									

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Parks and Green Spaces

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Management of parks & open spaces	More efficient way of working		2	2	4
Start date	2012-13	Project Details:	Encourage and facilitate the management of parks and/or parks facilities by friends and other community groups.					
End date	2015-16							
Project 2		Project Title:	Management of allotments	More efficient way of working		2	2	4
Start date	2012-13	Project Details:	To increase number of allotment sites being managed by local allotment societies through self-management agreements					
End date	2016-17							
Project 3		Project Title:	Management of bowling greens	More efficient way of working		2	2	4
Start date	2012-13	Project Details:	Review and transformation of the current bowls provisions in Merton					
End date	2015-16							
Project 4		Project Title:	Morley Park (development of new open space)	Income generation		3	2	6
Start date	2012-13	Project Details:	To review the management arrangements for the new Morley Park.					
End date	2016-17							
Project 5		Project Title:	Car parking fees in key parks	Income generation		4	2	8
Start date	2012-13	Project Details:	Introduction of car parking fees in some park's car parks					
End date	2015-16							
Project 6		Project Title:	Commercialisation of grounds and sports services	Income generation		2	2	4
Start date	2012-13	Project Details:	Increased commercialisation of the grounds, sports and other Greenspaces' services					
End date	Ongoing							
Project 7		Project Title:	New cemetery extensions	Income generation		2	3	6
Start date	2012-13	Project Details:	Provision of new burial capacity across Merton's cemeteries					
End date	2015-16							
Project 8		Project Title:	Development of new sporting hub at Joseph Hood Rec	Income generation		3	2	6
Start date	2012-13	Project Details:	Production and implementation of a new masterplan for Joseph Hood Recreation Ground					
End date	2017-18							
Project 9		Project Title:	New pavilion & facilities at Dundonald Rec	Improved reputation		3	2	6
Start date	2014-15	Project Details:	Delivery of new pavilion and allied facilities at Dundonald Rec					
End date	2015-16							
Project 10		Project Title:						
Start date		Project Details:						
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Property								
PROJECT DESCRIPTION				MAJOR EXPECTED OUTCOME		Risk		
		Project Title:				Likelihood	Impact	Score
Project 1		Project Title:	Integrated Project Team					
Start date	2012-13	Project Details:	This is to create a team which covers all aspects of the council which will allow better use of council properties and maximise capital receipts through either selling or rental	Income generation		2	2	4
End date	on going							
Project 2		Project Title:	Asset Management Plan					
Start date	2012-13	Project Details:	This is the creation of a plan which will help to maximise all the property held by the council	Income generation		1	2	2
End date	on going							
Project 3		Project Title:						
Start date		Project Details:						
End date								
Project 4		Project Title:						
Start date		Project Details:						
End date								
Project 5		Project Title:						
Start date		Project Details:						
End date								
Project 6		Project Title:						
Start date		Project Details:						
End date								
Project 7		Project Title:						
Start date		Project Details:						
End date								
Project 8		Project Title:						
Start date		Project Details:						
End date								
Project 9		Project Title:						
Start date		Project Details:						
End date								
Project 10		Project Title:						
Start date		Project Details:						
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Safer Merton

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Risk limitation of future grant loss	To meet legislative requirements		4	2	8
Start date	2013-14	Project Details:	Finding ways to limit the impact of the loss of grants from central government and Mayors office.					
End date	on going							
Project 2		Project Title:	ASB changes	To meet legislative requirements		4	3	12
Start date	2012-13	Project Details:	This is the changes in definition regarding Anti-Social Behaviour (although this is still awaiting defining from Central Government)					
End date	on going							
Project 3		Project Title:						
Start date		Project Details:						
End date								
Project 4		Project Title:						
Start date		Project Details:						
End date								
Project 5		Project Title:						
Start date		Project Details:						
End date								
Project 6		Project Title:						
Start date		Project Details:						
End date								
Project 7		Project Title:						
Start date		Project Details:						
End date								
Project 8		Project Title:						
Start date		Project Details:						
End date								
Project 9		Project Title:						
Start date		Project Details:						
End date								
Project 10		Project Title:						
Start date		Project Details:						
End date								

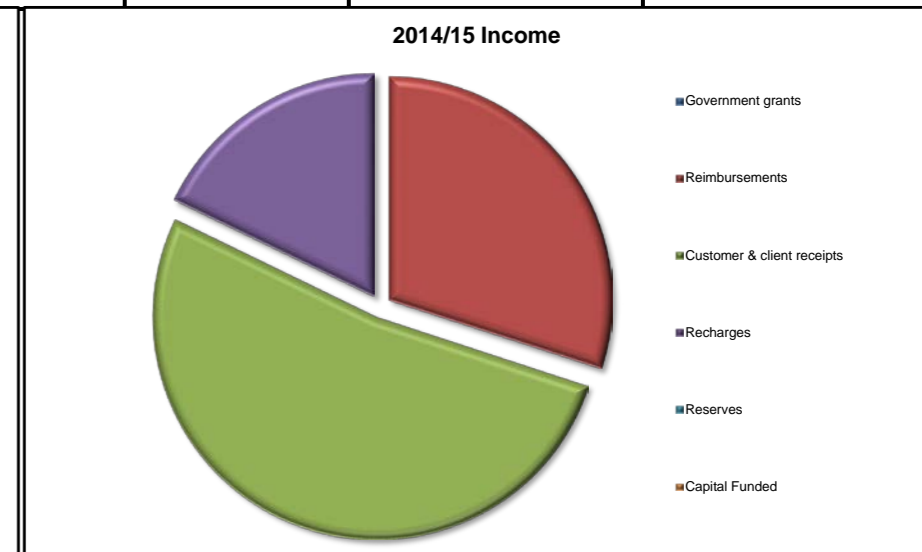
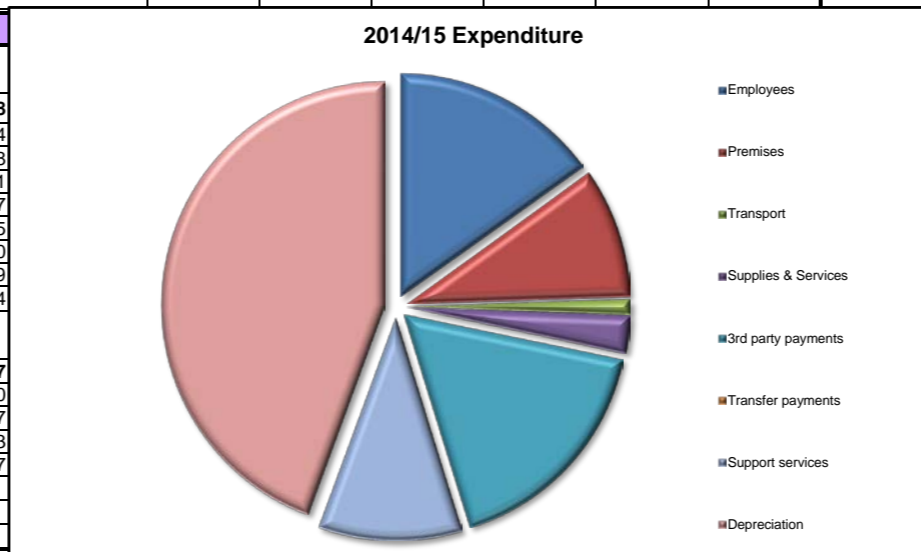
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Street Cleaning

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Introduce mobile working					
Start date	2012-13	Project Details:	This to introduce the use of handheld devices for all operators enabling receiving of reports from residents and also to report any to the office.	More efficient way of working	2	2	4	
End date	2015-16							
Project 2		Project Title:	Public value review of street cleansing and enforcement					
Start date	2013-14	Project Details:	Carry out a review of the services provided and introduce any efficiencies resultant from this review	Improved customer satisfaction	2	2	4	
End date	2014-15							
Project 3		Project Title:	Introduce timed commercial waste collections in town centres					
Start date	2013-14	Project Details:	Introduce time banded waste collections in town centres starting with Wimbledon town centre	To meet legislative requirements	2	2	4	
End date	2015-16							
Project 4		Project Title:	Review Street Cleansing equipment					
Start date		Project Details:	Chewing Gum equipment as well as review Mechanicals sweeping resource with a view to consider more flexible vehicles.	Improve residents satisfaction	2	2	4	
End date								
Project 5		Project Title:	Street Champions Initiative					
Start date		Project Details:	Re-launch street champions initiative	Improve residents satisfaction	2	2	4	
End date								
Project 6		Project Title:	Increase Enforcement Capacity					
Start date		Project Details:	Develop and launch pilot programme to increase enforcement potentially utilising additional private contractor capacity	Improve residents satisfaction	3	1	4	
End date								
Project 7		Project Title:						
Start date		Project Details:						
End date								
Project 8		Project Title:						
Start date		Project Details:						
End date								
Project 9		Project Title:						
Start date		Project Details:						
End date								
Project 10		Project Title:						
Start date		Project Details:						
End date								

Traffic & Highways		Planning Assumptions						The Corporate strategies your service contributes to					
Cllr Andrew Judge Cabinet Member for Sustainability & Regeneration		Anticipated demand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18					
Enter a brief description of your main activities and objectives below		Street lights	12,673	12,673	12,673	12,673	12,673	12,674	Road Safety Plan				
The service discharges the council's responsibilities as a Highway, Traffic and Local Flood Risk Authority, assists with its responsibilities as a Local Planning Authority and assists in the delivery of the Community Plan vision. It maintains 12,673 street lights, 363.5 kms of road network and 16,500 trees on the public highway with an anticipated additional 70 new trees planted per year.		Number of trees to be maintained	16,500	16,570	16,640	16,710	16,710	16,711	Local Transport Plan				
		Network Maintenance and Improvement	363.5km	363.5km	363.5km	363.5km	363.5km	363.5km	Local Implementation Plan				
		Number of Streetwork Permits issued	5,600	11,650	18,000	18,000	18,000	18,000	Capital Programme				
		Anticipated non financial resources	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Local Development Framework				
The main aims of the service are to:		Staff (FTE)	40.5	38	38	35	35	35					
<p>Objectives</p> <p>The overall objectives of the Service is to effectively maintain and manage the highway network and to ensure that this network is safe and serviceable for all road users.</p> <p>Specific Objectives:</p> <p>Introduce Mobile working Channel shift and move to on-line self service system</p>		Performance indicator	Performance Targets (T) & Provisional Performance Targets (PT)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
			2012/13(T)	2013/14(T)	2014/15(T)	2015/16(PT)	2016/17(PT)					2017/18(PT)	
			Average number of days taken to repair an out of light L.C	New	New	3	3	3	3	Low	Quarterly	Quality	Reduced customer service
			% response to Emergency Callouts (within 2 hrs)	100	100	100	100	100	100	High	Monthly	Quality	Increased costs
			% Streetworks permitting determined	98	98	98	98	98	98	High	Monthly	Quality	Loss of income
			% Streetworks inspections completed	30	32	35	37	38	38	High	Quarterly	Unit cost	Loss of income
			% of jobs completed where no Fixed Penalty Notice issued	96	96	98	99	99	99	High	Monthly	Outcome	Reduced customer service
			% of Condition Surveys completed on time	80%	90%	92%	95%	95%	95%	High	Annual	Quality	Increased costs
			Carriageway Condition - Unclassified Roads Defectiveness Condition Indicator	New	New	21%	20%	19%	19%	Low	Annual	Quality	Increased costs
			Footway condition - Defectiveness Condition Indicator	New	New	21%	20%	19%	19%	Low	Annual	Quality	Increased costs

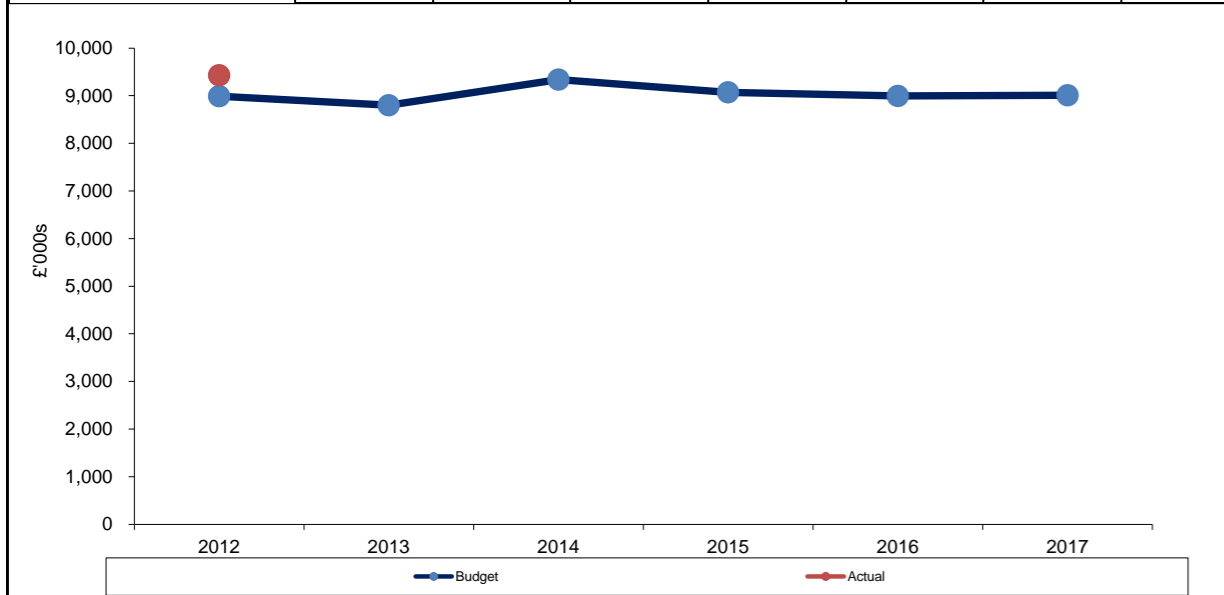
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Expenditure	11,443	12,113	11,420	12,127	11,856	11,792	11,808
Employees	1,327	1,597	1,622	1,831	1,543	1,544	1,544
Premises	1,210	1,292	1,274	1,138	1,138	1,108	1,108
Transport	105	125	128	131	131	131	131
Supplies & Services	497	157	252	326	327	307	307
3rd party payments	2,046	2,473	1,914	2,058	2,074	2,059	2,075
Transfer payments	0	0	0	0	0	0	0
Support services	1,322	1,533	1,294	1,259	1,259	1,259	1,259
Depreciation	4,936	4,936	4,936	5,384	5,384	5,384	5,384
Revenue £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Income	2,451	2,682	2,619	2,787	2,787	2,797	2,797
Government grants	125	189	0	0	0	0	0
Reimbursements	802	304	624	837	837	847	847
Customer & client receipts	859	974	1,436	1,453	1,453	1,453	1,453
Recharges	665	965	559	497	497	497	497
Reserves		250					
Capital Funded							
Council Funded Net Budget	8,992	9,431	8,801	9,340	9,069	8,995	9,011



Capital Budget £'000s	Budget 2012/13	Actual 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Traffic & Parking Management			282,000	135,000	135,000	150,000	156,000
Highways Gen Planned Works			471,470	612,670	412,000	419,000	419,000
Footways Planned Works			1,065,390	1,000,000	1,000,000	1,000,000	1,000,000
Street Lighting			644,580	410,000	200,000	462,000	290,000
Street Scene			339,450	315,000	315,000	60,000	60,000
Highways Planned Road Works			1,590,000	1,500,000	1,500,000	1,500,000	1,500,000
Transport For London			2,460,990	1,927,000	1,310,000	1,271,000	
	0	0	6,853,880	5,899,670	4,872,000	4,862,000	3,425,000

Summary of major budget etc. changes 2014/15

EN23=£50K; EN24=£50K; EN25=£18K; EN26=£11K; EN27=£10K; EN28=£50K



2015/16

EN29=£252K

2016/17

EN27=£10K; EN30=£20K; EN31=£30K; EN32=£10K

2017/18

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Traffic & Highways

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Flood and Water Management Schemes	To meet legislative requirements		1	1	1
Start date	2013-14	Project Details:	Development and adoption of Local Flood Risk Management Strategy					
End date	2014-15							
Project 2		Project Title:	Delivery of Mitcham Town Centre scheme	Improved customer satisfaction		4	3	12
Start date	2013-14	Project Details:	Major improvement to road network around Mitcham Town Centre					
End date	2015-16							
Project 3		Project Title:	Ride London	Improved customer satisfaction		1	1	1
Start date	2014-15	Project Details:	Delivery of London - Surrey Cycle Road Race					
End date	2014-15							
Project 4		Project Title:	Mobile Working	More efficient way of working		2	2	4
Start date	31/01/2015	Project Details:	Implement Mobile working solution across Traffic and Highway					
End date	31/03/2015							
Project 5		Project Title:	On-line self Service System	Improved customer satisfaction		2	2	4
Start date		Project Details:	Move to on-line self service system					
End date								
Project 6		Project Title:	Home Zones			2	1	3
Start date		Project Details:	Roll out of Home Zones across the borough					
End date								
Project 7		Project Title:	Mini Holland	Improved resident well being		2	2	4
Start date		Project Details:	Delivery of Mini Holland Cycling proposals					
End date								
Project 8		Project Title:	20mph Limits / Zones	Improved resident well being		2	2	4
Start date		Project Details:	Development of Policy to inform a decision on future speed management in Merton					
End date								
Project 9		Project Title:						
Start date		Project Details:						
End date								
Project 10		Project Title:						
Start date		Project Details:						
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Transport - Passenger Fleet Service

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Closer working with Merton Community Transport	More efficient way of working		2	2	4
Start date	2012-13	Project Details:	Closer working with the voluntary sector has been identified as an objective to improve services. We are looking at ways to better cooperate with Merton Community Transport. So far we have an arrangement to supply fuel to them and we are now looking at vehicle maintenance and vehicle utilisation.					
End date	on going							
Project 2		Project Title:	Tachograph Facility	Income generation		2	2	4
Start date	2012-13	Project Details:	At the present time there is no tachograph repair facility within the borough. We have to visit a Tachograph Centre 40+ times a year. We have undertaken a viability exercise and completed a business case to install operate and market Tachograph Services in house. It is anticipated that this facility will be operational during 2014.					
End date	2014-15							
Project 3		Project Title:	Office new build	Select one major outcome				0
Start date		Project Details:	Initial investigation is under way to construct a new office complex at Garth Road Depot. This would house staff from Waste Services, Waste Operations as well as Transport.					
End date								
Project 4		Project Title:						
Start date		Project Details:						
End date								
Project 5		Project Title:						
Start date		Project Details:						
End date								
Project 6		Project Title:						
Start date		Project Details:						
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Project 7		Project Title:						
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Project 8		Project Title:						
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End date								
Project 9		Project Title:						
Start date		Project Details:						
End date								
Project 10		Project Title:						
Start date		Project Details:						
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Transport - Commissioning

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Closer Working with Merton Community Transport	More efficient way of working		2	2	4
Start date	2012-13	Project Details:	Working closer with Merton Community Transport, to find ways of improving services, and providing training. Merton have made available to MCT the fuel bunker to reduce MCT costs, and further work in being carried regarding vehicle utilisation, and vehicle procurement					
End date	2014-15							
Project 2		Project Title:	Passenger Transport Provision Framework	To meet budget savings		2	2	4
Start date	2014-15	Project Details:	Passenger Transport Framework 4 year contract due to expire August 2015. Liaising with neighbouring boroughs (Sutton & Kingston) for the possibility to work together in providing this service					
End date	2015-16							
Project 3		Project Title:						0
Start date		Project Details:						
End date								
Project 4		Project Title:						0
Start date		Project Details:						
End date								
Project 5		Project Title:						0
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Project 6		Project Title:						0
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Project 7		Project Title:						0
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Project 8		Project Title:						0
Start date		Project Details:						
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Project 9		Project Title:						0
Start date		Project Details:						
End date								
Project 10		Project Title:						0
Start date		Project Details:						
End date								

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Waste Management

		PROJECT DESCRIPTION		MAJOR EXPECTED OUTCOME		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	South London waste partnership (phase B)	More efficient way of working		2	4	8
Start date	2012-13	Project Details:	The partnership manages the waste disposal for Merton, Kingston, Croydon and Sutton. Management consists of disposing waste in a sustainable manner and to ensure cost effectiveness. Interim service commencing on 1 April 2014					
End date	2014-15							
Project 2		Project Title:	Improved enforcement regime to support time-banding in town centres	More efficient way of working		2	2	4
Start date	2013-14	Project Details:	Once implemented will reduce back office staff numbers as a result of reducing reliance on paper schedules and in addition the GPS vehicle tracking system will lead to improved service and fuel efficiency. There will need to be capital investment approx £120K.					
End date	2014-15							
Project 3		Project Title:	Mobile technology including GPS and in cab monitors	More efficient way of working		3	2	6
Start date	2014-15	Project Details:	Procurement and introduction of the GPS, driver behavioural management, route optimisation system					
End date	2015-16							
Project 4		Project Title:	Double shift garden waste collection vehicles reduce 2 x vehicles	More efficient way of working		3	2	6
Start date	2015-16	Project Details:	Issues with disposal licences may cause a delay to the commencement date of this project.					
End date	2016-17							
Project 5		Project Title:	LWARB efficiency review of Domestic waste collections	More efficient way of working		2	2	4
Start date	2014-15	Project Details:	Review of existing service to ensure we have the most efficient service and consider options for the future.					
End date	2014-15							
Project 6		Project Title:	South London waste partnership (phase C)	More efficient way of working		3	2	6
Start date	2014-15	Project Details:	It is by no means certain of the outcome of Phase C project; however a joint working group has been formed within the partnership to investigate the feasibility of shared services, and to propose possible business models to support the agreed outcomes. The timeline for Phase "C" is estimated to be at least four years.					
End date	2017-18							
Project 7		Project Title:	SLWP HRRC Procurement	More efficient way of working		3	2	6
Start date	2013-14	Project Details:	The planned re-procurement of the HWRC contract / return of Garth Road Transfer Station					
End date	2014-15							
Project 8		Project Title:	Waste Framework procurement	More efficient way of working		3	2	6
Start date	2014-15	Project Details:	A project for procurement of a Framework Agreement for non-guaranteed tonnages across different waste streams, to achieve better pricing from materials in the medium term.					
End date	2014-15							
Project 9		Project Title:						0
Start date		Project Details:						
End date								
Project 10		Project Title:						0
Start date		Project Details:						
End date								

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Section F

List of Revenue Savings 2014/18

REVENUE SAVINGS 2014-18

The revenue savings agreed by service departments during the 2014/18 Business Planning Process are set out in the following pages.

During this process the revenue savings proposals were considered by Cabinet on:

- 9 December 2012
- 17 February 2013

Final revenue savings will be considered by Council on 5 March 2014. Revenue savings were scrutinised by the Overview and Scrutiny Commission and Panels during the January 2014 cycle of meetings and by the Overview and Scrutiny Commission on 30 January 2014.

In total the following savings have been identified by each department:

SERVICE DEPARTMENTS: SUMMARY OF SAVINGS			
Department	2015/16 £000	2016/17 £000	2017/18 £000
Children, Schools and Families	150	7	325
Community and Housing	321	814	484
Corporate Services	291	412	493
Environment and Regeneration	535	125	125
In Year Total	1,297	1,358	1,427
Cumulative Total	1,297	2,655	4,082

These savings are in addition to those savings identified as part of the 2012-16 and 2013-17 Business Planning Processes.

The tree tables over the page summarise the spread of agreed risks across financial years for the council:

SUMMARY OF TOTAL RISKS OVER FINANCIAL YEARS

2015/16 RISKS

DELIVERABILITY RISK	High	0.00%	0.00%	7.25%
	Medium	12.80%	21.97%	34.31%
	Low	22.44%	0.93%	0.31%
		Low	Medium	High
REPUTATIONAL RISK				

2016 /17 RISKS

DELIVERABILITY RISK	High	0.00%	0.00%	53.61%
	Medium	6.48%	13.62%	9.72%
	Low	16.57%	0.00%	0.00%
		Low	Medium	High
REPUTATIONAL RISK				

2017 /18 RISKS

DELIVERABILITY RISK	High	0.00%	0.00%	22.56%
	Medium	5.19%	7.99%	32.59%
	Low	21.58%	2.38%	7.71%
		Low	Medium	High
REPUTATIONAL RISK				

The table below summarises the Savings by type for the council over the financial period of the Medium Term Financial Strategy:

Total Savings Identified as part of the 2014-18 Planning Period

		2014/15 £000	2015/16 £000	2016/17 £000
SI1	Income: increase in current level of charges	129	195	125
SI2	Income: increase arising from expansion of existing service/new service	174	58	35
SS1	Staffing: reduction in costs due to efficiency	0	60	78
SS2	Staffing: reduction in costs due to deletion/reduction in service	320	95	681
SNS1	Non - Staffing: reduction in costs due to efficiency	272	154	148
SNS2	Non - Staffing: reduction in costs due to deletion/reduction in service	94	728	322
SP1	Procurement / Third Party arrangements - efficiency	273	12	0
SP2	Procurement / Third Party arrangements - deletion/reduction in service	0	0	38
SG1	Grants: Existing service funded by new grant	0	0	0
SG2	Grants: Improved Efficiency of existing service currently funded by unringfenced grant	0	0	0
SPROP	Reduction in Property related costs	35	56	0
TOTAL		1,297	1,358	1,427

The following pages provide a detailed breakdown of the savings identified as part of the 2014-18 Business Planning Process, these are displayed in departmental order. The Panel shown in the first column of the analysis represents the Scrutiny Panel who reviewed the proposals, these are:

- C&YP Children & Young People
- O&S Overview and Scrutiny
- HC&OP Healthier Communities & Older People
- SC Sustainable Communities

Children, Schools and Families Department

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS - BUDGET PROCESS 2014/18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
C&YP	CSF01	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>Early Years</p> <p>Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations</p> <p>Substantial reduction in services to support Children's Centres and early years day care providers , virtually no quality assurance capability to support early years provision, will cover safeguarding issues only; no training programme. Only limited cover of statutory requirements. Reduction in standards of early years provision and reduction in integrated service delivery</p> <p>Approximately 10 FTE staff redundancies.</p> <p>Reduced service offering. Potential adverse impact on educational standards for older children and increased pressure on children's social care. Dependent on government changes to DSG which may impact negatively on the overall funding of the early years service; such changes are uncertain and will not impact before 2015/16.</p> <p>None.</p> <p>Will lead to a reduction in service to disadvantaged and vulnerable groups within the community, particularly very young children and their families.</p>	1,204		150	7	250	Medium	High	SS2

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS - BUDGET PROCESS 2014/18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF02	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>School Improvement</p> <p>448</p> <p>Reduced service offer Support for schools requiring improvement would remain and high level monitoring of good or better schools. Reduced commissioning of schools to secure advanced skills teachers, expert teachers, sharing of best practice and school to school support. Training programme moves towards self funding. Limited - given time frame hope to secure through natural turnover Reduced service offering, Increased dependency on DSG and school funding for LA core functions. Changes to the DSG may impact on this through the national education funding review. Such changes are uncertain and will not impact before 2015/16 None. Reduction to service will impact on LA work to narrow the gap in education achievement for disadvantaged groups unless the schools' increase their funding of this work.</p>				75	Low	High	SS2 & SP2
Total Children, Schools and Families Savings				0	150	7	325			

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Community and Housing Department

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
C&YP	CH1	<p>Service</p> <p>Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>Commissioning</p> <p>Placement budget: Further reduction of the ASC placement budget, increasing the targets on 3 already agreed and ambitious proposals as follows: Brokerage efficiency savings, by finding the best value option and setting personal budgets on this basis</p> <p>These savings add to the targets of existing programmes: procurement, brokerage and contracting for home care. The ASC transformation plan will continue with its existing principles of promoting greater independence. This approach would be driven through all ASC access channels (Brokerage, MAAT, OT and MILES), and through reviews.</p> <p>None identified.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population.</p>	36,658	31	242	107	High	High	SNS2

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CH2	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>Placements</p> <p>Remodelling and re-procuring the domiciliary care service, following the end of the 3 year contract starting in 2012</p> <p>These savings add to the targets of existing programmes: procurement, brokerage and contracting for home care. The ASC transformation plan will continue with its existing principles of promoting greater independence. This approach would be driven through all ASC access channels (Brokerage, MAAT, OT and MILES), and through reviews</p> <p>None identified.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population.</p>	36,658	31	242	107	High	High	SNS2

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CH3	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>Placements</p> <p>Procurement Opportunities (Placement budget)</p> <p>These savings add to the targets of existing programmes: procurement, brokerage and contracting for home care. The ASC transformation plan will continue with its existing principles of promoting greater independence. This approach would be driven through all ASC access channels (Brokerage, MAAT, OT and MILES), and through reviews</p> <p>None identified.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population.</p>	36,658	32	244	108	High	High	SNS2

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CH4	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>Access & Assessment</p> <p>Staffing reductions across Access and Assessment</p> <p>Less capacity within the A&A team which will mean less professional support available for ASC customers, reduced capacity to conduct customer reviews, increased waiting times for assessment and delayed access to services.</p> <p>Loss of staff and therefore capacity. Proposed 4 FTE posts.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population</p>	5,895	170	0	0	Medium	High	SS2

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	CH5	<u>Service</u> Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications	<u>Library & Heritage Service</u> Reduction in media fund Reduced expenditure on library stock will be balanced by improvements in the way stock is purchased. None identified. None identified. None identified. Whilst less stock would be purchased the criteria will still be to supply a broad range of stock to meet community needs.	513	12	0	0	Low	Medium	SNS1

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	CH6	<u>Service</u>	<u>Library & Heritage Service</u>							
		Description	Increase income	333	10	0	0	Medium	Low	SNS1
		Service Implication	Increased income will be delivered by maximising the use of space for commercial activities in library halls etc.							
		Staffing Implications	None identified.							
		Business Plan implications	None identified.							
		Impact on other departments	None identified.							
		Equalities Implications	Making more space available for commercial usage in halls may restrict some usage for community meetings but bookings will be taken on a first come first served basis.							

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	CH7	Service	Library & Heritage Service							
		Description	Introduce self-serve libraries at off peak times	1,224	0	0	90	Medium	High	SS2
		Service Implication	Smaller libraries to be self-service and supported only by a security guard during off peak times.							
		Staffing Implications	3.5 FTE at risk							
		Business Plan implications	None identified.							
		Impact on other departments	None identified.							
		Equalities Implications	Limited support for customers would be available during the self-service periods but this will be clearly promoted.							

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	CH8	Service	Housing Needs & Enabling							
		Description	Reduction of Homelessness Prevention Grant	400	35	56	0	Medium	Medium	SG2
		Service Implication	The HPG is used for the prevention of homelessness thus minimising the use of temporary accommodation. To date there has been an underspend of the HPG.							
		Staffing Implications	None identified.							
		Business Plan implications	The reduction in the Homelessness Prevention Grant may impact upon our ability to respond to homelessness.							
		Impact on other departments	Increased homelessness has impacts on both CSF and ASC. Increased rough sleeping will impact on crime and disorder/ Safer Merton.							
		Equalities Implications	BME communities are over represented nationally in homeless statistics and this may lead to a further increase in episodes of homelessness for these groups.							

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	CH9	<p><u>Service</u></p> <p>Description Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p><u>Housing Needs & Enabling</u></p> <p>Rationalisation of admin budget Little projected impact on service overall. Potential difficulties in service improvement/TOM and retention of Customer Service Excellence accreditation. None identified.</p> <p>None identified.</p> <p>None identified.</p> <p>None identified.</p>	172	0	30	36	Low	Low	SNS1

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	CH10	Service	Housing Needs & Enabling							
		Description	Deletion of one staffing post	1,048	0	0	36	Medium	Medium	SS2
		Service Implication	The loss of front line operational staff may affect the council's ability to respond to housing need particularly in its ability to respond in a timely manner to prevent homelessness. Currently the council continues to maintain its position in having the lowest number of households in temporary accommodation in London despite the implementation of welfare reform.							
		Staffing Implications	Deletion of one FTE post.							
		Business Plan implications	Homelessness Preventions: The reduction of staff could see a decrease in the number of homeless preventions being achieved.							
		Equalities Implications	Increased homelessness has impacts on both CSF and ASC. Increased rough sleeping will impact on crime and disorder/ Safer Merton.							
Total Community and Housing Savings					321	814	484			

Corporate Services Department

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS60	<u>Corporate services</u> Description	Deletion of Assistant Director post	109			109	Low	Low	SS2
		Service Implication	None. Duties to be reallocated							
		Staffing Implications	One post (one assistant director post currently vacant)							
		Business Plan implications	None.							
		Impact on other departments	None.							
		Equalities Implications	None							
O&S	CS61	<u>Corporate services</u> Description	Dividend income from CHAS 2013 Limited		174	58		Low	Low	SI2
		Service Implication	None.							
		Staffing Implications	None.							
		Business Plan implications	None.							
		Impact on other departments	None.							
		Equalities Implications	None							

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS62	Corporate services	Recharges to Public Health			70		Low	Low	SI1
		Description	Public Health function transferred to the local authority and is supported by numerous in house services. The recharge will reflect total cost of service							
		Service Implication								
		Staffing Implications	None							
		Business Plan implications	None.							
		Impact on other departments	None.							
		Equalities Implications	None							

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CS63	<p><u>Service Description</u></p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p>	<p><u>Business Improvement</u></p> <p>Reorganisation of systems development and support arrangements.</p> <p>The anticipated streamlining of systems and support arrangements is expected to increase efficiency and reduce overheads without impacting negatively on the quality of services.</p> <p>Reduction in posts anticipated.</p> <p>None - proposal is in line with intended streamlining and rationalisation of systems and support arrangements.</p> <p>None - proposal is supported by transformational work planned to streamline systems and reduce support demand.</p>	1122		88	74	Medium	Low	SS2

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS64	Resources Description	Reduction of treasury running costs through review, improvement and efficiency	34		20		Low	Low	SNS1
		Service Implication	None as savings will be derived from efficiency							
		Staffing Implications	None							
		Business Plan implications	None							
		Impact on other departments	None							
		Equalities Implications	None							
O&S	CS65	Resources Description	Consolidation of various budgets within Resources division	95		35	31	Low	Low	SNS1
		Service Implication	None as savings will be derived from efficiency							
		Staffing Implications	None							
		Business Plan implications	None							
		Impact on other departments	None							
		Equalities Implications	None							

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS66	Resources Description	- Review recharges of Resources support function to pension fund	47			47	Low	Low	SNS1
		Service Implication	None							
		Staffing Implications	None							
		Business Plan implications	None							
		Impact on other departments	None							
		Equalities Implications	None							
O&S	CS67	Resources Description	- Reduction in bank and giro charges	237		12		Low	Low	SP1
		Service Implication	None							
		Staffing Implications	None							
		Business Plan implications	None							
		Impact on other departments	None							
		Equalities Implications	None							

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS68	Resources Description	Reduction in interest charges through cash management.		117			Low	Low	SP1
		Service Implication	None							
		Staffing Implications	None							
		Business Plan implications	None							
		Impact on other departments	None							
		Equalities Implications	None							
O&S	CS70	Infrastructure & Transactions Description	Apply a £3 administrative charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team.				35	Low	High	SI2
		Service Implication	None							
		Staffing Implications	None							
		Business Plan implications	None							
		Impact on other departments	None							
		Equalities Implications	None							

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS71	<p><u>Infrastructure & Transactions</u> Description</p> <p>Delete two in house trainers posts</p> <p>Service Implication: None</p> <p>Staffing Implications: 2 posts</p> <p>Business Plan implications: None</p> <p>Impact on other departments: None</p> <p>Equalities Implications: None</p>				85	Low	Low	SS2
O&S	CS72	<p><u>Infrastructure & Transactions</u> Description</p> <p>Consolidation of Infrastructure & Transactions revenue budgets</p> <p>Service Implication: None</p> <p>Staffing Implications: None</p> <p>Business Plan implications: None</p> <p>Impact on other departments: None</p> <p>Equalities Implications: None</p>				34	Low	Medium	SNS1

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS73	<p>Corporate Governance Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>-</p> <p>Saving from 4 borough shared legal service</p> <p>None</p> <p>Likely to be 2 FTE reduction</p> <p>None</p> <p>Need to ensure level of service received by departments is maintained</p> <p>None</p>	1032	60	20	Medium	Medium	SS1
O&S	CS74	<p>Human Resources Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	<p>Review of L&D spend</p> <p>Learning and development spend to be reduced in light of experience from consolidation of budgets, improved strategic alignment of L&D activity, 4-borough opportunities.</p> <p>Likely to be x1 FTE reduction arising from staffing review</p> <p>Need to ensure budgets and spend are correctly aligned to the Workforce strategy aims and support the Council's business plans</p> <p>Need to ensure that L&D needs can be appropriately met - training needs analysis and business impact assessment will be key to delivery</p> <p>Need to ensure equal access to learning and development opportunities across the Council</p>	622	69		Medium	Medium	SNS1

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS75	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p>	506			58	Medium	Medium	SS1
Total Corporate Services Savings				291	412	493			

Environment and Regeneration Department

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2015/18

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	EV01	Service/Section Description	Safer Merton Reprocurement of CCTV maintenance contract leading to efficiency savings.	151	36			Medium	Low	SP1
		Service Implication	None							
		Staffing Implications	None							
		Business Plan implications	None							
		Impact on other departments	None							
		Equalities Implications	None							
SC	EV02	Service/Section Description	Parking Services Increase charges for the following types of parking permits Business £5, Trade £5, Teachers £5. Please note no allowance has been made for elasticity of demand this figure could reduce by 10%.	(340)	4			Low	High	SI1
		Service Implication	Need to ensure that any increase in permit charges is legally compliant with DFT guidance regarding the rationale for increasing permit charges.							
		Staffing Implications	None							
		Business Plan implications	This revenue increase is over and above estimates already given.							
		Impact on other departments	None							
		Equalities Implications	None							

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2015/18

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	EV08	Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications	Waste disposal Increased recycling rate by 3% followign education and communications activity funded by WCSS. This will be driven by the incentivisation and education programme due to commence in March 2014. None None None None None	4,526	250			Medium	Medium	SNS1
SC	EV09	Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications	Leisure & Culture Development Renegotiation of contract with GLL for management of Leisure Centres None None None Legal and corporate finance input to contract renegotiations None	220	120			Medium	Low	SP1

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2015/18

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	EV11	Service/Section	Parking Services							
		Description	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	(3,692)	125	125	125	Medium	High	SI1
		Service Implication	Need to ensure that any increase in pay and display charges is legally compliant with DFT guidance regarding the rationale for increasing permit charges.							
		Staffing Implications	The initial changes will require considerable work in changing all the electronic chips. It will take 15 working days plus cost of electronic chips of £20K.							
		Business Plan implications	This revenue increase is over and above figures already given.							
		Impact on other departments	Complaints and FOI requests							
		Equalities Implications	None							
Total Environment and Regeneration Savings					535	125	125			

Section G

Revenue Estimates 2014-15

Corporate Estimates 2014-15

SUMMARY - SUBJECTIVE ANALYSIS

FULL TIME EQUIVALENTS	2013/14	2014/15
Number of FTE Staff	2,133.5	2,163.5
Number of FTE Sutton / PCT TUPE Staff	61.5	64.8
Total FTE Staff	2,195.0	2,228.3

SUBJECTIVE ANALYSIS OF ESTIMATES	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	90,717	145	328	91,190
Premises	8,267	92	447	8,806
Transport	10,915	108	1,808	12,830
Supplies and Services	168,607	811	(5,725)	163,693
Third Party Payments	87,149	1,037	(4,133)	84,053
Transfer Payments	99,048	6	9,300	108,354
Support Services	33,630	0	(2,699)	30,931
Depreciation and Impairment Losses	13,990	0	1,236	15,226
GROSS EXPENDITURE	512,323	2,199	562	515,084
Income				
Government Grants	(245,997)	0	(13,377)	(259,374)
Other Reimbursements and Contributions	(22,123)	(2)	(849)	(22,973)
Customer and Client Receipts	(56,043)	(278)	348	(55,972)
Interest	(44)	0	0	(44)
Recharges	(35,222)	0	3,850	(31,372)
Reserves	(981)	0	51	(929)
GROSS INCOME	(360,409)	(279)	(9,976)	(370,665)
NET EXPENDITURE	151,914	1,920	(9,415)	144,419
Corporate Provisions	12,345	(0)	5,777	18,123
NET EXPENDITURE	164,259	1,919	(3,637)	162,542
Funded by:				
Revenue Support Grant	(47,221)	0	7,482	(39,738)
Business Rates	(32,019)	0	(2,352)	(34,371)
New Homes Bonus	(2,724)	0	(475)	(3,199)
Council Tax	(73,850)	0	(1,199)	(75,049)
Council Tax Freeze Grant 2013/14	(835)	0	835	0
Council Tax Freeze Grant 2014/15	0	0	(858)	(858)
WPCC Levy	(269)	0	(25)	(293)
Collection Fund	(2,545)	0	(1,691)	(4,236)
PFI Grant	(4,797)	0	0	(4,797)
	(164,260)	0	1,718	(162,542)
	0	1,919	(1,919)	0

Other Variations: Contingency/Other

Major Items: Corporate Provisions	£000	fte
Corporate borrowing and Investment	(297)	0.0
Further provision for revaluation/RCCO	547	0.0
Pension Fund and Auto-enrolment	8,347	0.0
Contingency and centrally held provisions	(29)	0.0
Cost of DR Recovery	(47)	0.0
CHAS - Council Tax loss	(1,226)	0.0
Appropriation to/from Reserves	0	0.0
Depreciation and impairment	(1,535)	0.0
Council Tax Freeze Grant 2012/13	0	0.0
Levies	17	0.0
TOTAL	5,777	0

CIPFA - Standard Subjective Analysis

Introduction

The subjective analysis is the analysis of income and expenditure that is applicable to all Best Value reporting requirements for all accounting periods from 1 April 2008.

We use a set standard subjective analysis for a number of reasons:-

- The subjective analysis is a CIPFA recommended structure.
- It minimises the reporting requirements for Government statistical reporting.
- It provides information in a multi-dimensional format for Best Value
- It improves consistency and therefore helps Authorities to make effective comparisons for Best Value and other financial requirements
- A subjective Analysis provides further information that is useful for benchmarking analysis.
- For analysing costs in reviews.

Glossary of the standard Subjective analysis

Details of Expenditure groups and what is included:

1 Employees: This group includes the costs of employee expenses, both direct and indirect to the Authority.

Direct employee expenses

- Salaries
- Employer's National Insurance contribution
- Employers retirement benefit costs
- Agency Staff
- Employee expenses

Indirect employee expenses

- Relocation
- Interview
- Training
- Advertising
- Severance payments
- Employee - related schemes

2 Premises: This group includes expenses directly related to the running of the premises and land.

- Energy costs
- Rent
- Rates
- Water Services
- Fixtures and Fittings
- Apportionment of expenses of operating buildings
- Cleaning and Domestic Supplies
- Grounds maintenance costs
- Premises Insurance
- Contribution to premises - related provisions.

- 3 Transport: This group includes all costs associated with the provision, hire or use of transport, including travelling allowances and home to school transport.
- Direct Transport costs
- Repair and maintenance, running costs and contributions to provisions in respect of vehicles.
 - Repairs and maintenance of (e.g.) roads included in this heading, but should be included in the relevant subjective headings (such as staff costs, supplies and services etc),
 - This could include the write-off in the year if any assets not deemed material by the authority's capital accounting policies i.e. below de minimis thresholds set).
- Contract hire and operating leases
- Public Transport
- Staff Travelling expenses
- Car allowances
- Contribution to transport related provisions
- 4 Supplies and Services: This group includes all direct supplies and service expenditure to the authority.
- Equipment, furniture and materials
 - Catering Services
 - Communications and computing includes
 - Expenses
 - Grants and subscriptions
 - Private Finance Initiatives and Public Private Partnership schemes.
 - Contributions to provisions
 - Miscellaneous expenses
- 5 Third Party Payments: Independent units within the council;
- Joint Authorities
 - Other Local authorities
 - Health authorities
 - Government departments
 - Voluntary associations
 - Other establishments
 - Private contractors
 - Other agencies
 - Debit resulting from soft loans
- 6 Transfer Payments: This includes the cost of payments to individuals for which no goods or services are received in return by the local authority. Four sub-groups are suggested: However, this list is not exhaustive.
- Schoolchildren and students
 - Adult Social Services clients
 - Housing benefits
 - Debit resulting from soft loans

- 7 Support Services: Charges for services that support the provision of services to the public.
- Finance
 - IT
 - Human Resources
 - Property Management /Office Accommodation
 - Legal services (not included in the definition of Corporate and democratic Core)
 - Procurement Services
 - Corporate Services not included in the definition of Corporate and democratic Core)
 - Transport Functions
- 8 Depreciation and Impairment losses: This provides the subjective analysis that will record the revenue impact of capital items in the services revenue accounts for the authority
- 9 Income: This group included all income received by the services from external users or by way of charges or recharges to internal users.
- Government Grants
- Specific and special government grants
- Other Reimbursements and contributions
- Revenue Income received to finance a function/project jointly or severally undertaken with other bodies.
 - Contributions from other local authorities.
 - Value of costs recharged to outside bodies including other committees.
- Customer and Client Receipts
- Sales products or materials, data technology or surplus products.
 - Fee and charges for services, use of facilities, admissions and lettings
 - Rents, tithes, acknowledgements. way leaves and other land and property based charges of a non-casual user.
- Interest
- Recharges
- Value of costs recharged to internal users
- Reserves
- All credits resulting from soft loans should be included in this subjective
 - (as a corporate entry).

SUMMARY

FULL TIME EQUIVALENTS

	2013/14	2014/15
Number of FTE Staff	2,133.5	2,163.5
Number of FTE Sutton/PCT TUPE Staff	61.5	64.8
Total FTE Staff	2,195.0	2,228.3

SERVICE AREA ANALYSIS

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Corporate Services	10,530	194	562	11,285
Education Services]				
Children's Services] CSF	50,712	766	(3,438)	48,040
Environment and Regeneration	25,778	391	(3,315)	22,854
Adult Social Care]				
Cultural Services] C&H	63,472	552	(2,692)	61,333
Housing General Fund]				
Public Health	0	0	0	0
CRM	159		(159)	0
Single Status	474		(373)	101
Pay Award	790	17	0	807
TOTAL NET SERVICE EXPENDITURE	151,915	1,919	(9,415)	144,420
Corporate Provisions/Appropriations	12,345	0	5,777	18,123
NET EXPENDITURE	164,260	1,919	(3,637)	162,542
Funded by:				
Revenue Support Grant	(47,221)	0	7,482	(39,738)
Business Rates	(32,019)	0	(2,352)	(34,371)
New Homes Bonus	(2,724)	0	(475)	(3,199)
Council Tax	(73,850)	0	(1,199)	(75,049)
Council Tax Freeze Grant 2013/14	(835)	0	835	0
Council Tax Freeze Grant 2014/15	0	0	(858)	(858)
WPCC Levy	(269)	0	(25)	(293)
Collection Fund	(2,545)	0	(1,691)	(4,236)
PFI Grant	(4,797)	0	0	(4,797)
	(164,260)	0	1,718	(162,542)
	0	1,919	(1,919)	0

Other Variations: Contingency/Other

Major Items: Corporate Provisions	£000	fte
Corporate borrowing and Investment	(297)	0.0
Further prov. reversion/RCCO	547	0.0
Pension Fund and Auto-enrolment	8,347	0.0
Contingency/centrally held provisions	(29)	0.0
Change in Grants	(47)	0.0
CHAS - Council Tax loss	(1,226)	0.0
Appropriation to/from Reserves	0	0.0
Depreciation and impairment	(1,535)	0.0
Council Tax Freeze Grant 2012/13	0	0.0
Levies	17	0.0
TOTAL	5,777	0

CORPORATE ITEMS ANALYSIS

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Cost of Borrowing including Minimum Revenue Provision	14,261	0	(158)	14,103
Further provision for revaluation/RCCO	1,618	0	547	2,165
Pension Fund	4,787	0	8,347	13,134
Pensions: Auto-enrolment	300	0	0	300
Centrally held provision for Utilities inflation	1,000	0	(700)	300
Adjustment re Income re P3/P4	0	0	400	400
Provision for excess inflation	314	0	271	585
Bad Debt Provision	500	0	0	500
Contingency	1,500	0	0	1,500
Change in Corporate Specific and Special Grants	0	0	(47)	(47)
CHAS - Council Tax Loss	1,226	0	(1,226)	0
Levies:-				
Lee Valley	220		(5)	214
London Pensions Fund	268		(2)	266
Environment Agency	157		0	157
WPCC	269		25	293
GROSS EXPENDITURE	26,420	0	7,451	33,871
Income				
Investment Income	(383)		(139)	(522)
Depreciation & Impairment	(13,692)		(1,535)	(15,227)
Use of Reserves - Closing the Gap Reserve	0		0	0
GROSS INCOME	(14,075)	0	(1,674)	(15,749)
NET EXPENDITURE	12,345	0	5,777	18,123

Children, Schools and Families Department Estimates 2014-15

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

This Page contains the Budget for the whole Children, Schools and Families Department including funding provided directly to Merton's Schools

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
497.1	520.9	75.4	445.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Expenditure						
Employees	25,036	(26)	124	25,134	4,202	20,932
Premises	804	15	605	1,424	209	1,215
Transport	3,440	49	(150)	3,339	63	3,276
Supplies and Services	142,473	531	(4,319)	138,685	130,482	8,203
Third Party Payments	26,510	211	337	27,058	10,445	16,613
Transfer Payments	431	6	(20)	417	0	417
Support Services	4,657	0	(87)	4,570	138	4,432
Depreciation and Impairment Losses	4,989	0	246	5,235	0	5,235
GROSS EXPENDITURE	208,340	786	(3,264)	205,862	145,539	60,323
Income						
Government Grants	(146,458)	0	(554)	(147,012)	(142,184)	(4,828)
Other Reimbursements and Contributions	(6,999)	0	514	(6,485)	(1,160)	(5,325)
Customer and Client Receipts	(4,235)	(20)	(114)	(4,369)	(2,195)	(2,174)
Interest	(44)	0	0	(44)	0	(44)
Recharges	0	0	0	0	0	0
Reserves	108	0	(20)	88	0	88
GROSS INCOME	(157,628)	(20)	(174)	(157,822)	(145,539)	(12,283)
NET EXPENDITURE	50,712	766	(3,438)	48,040	0	48,040

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(860)	(10.6)
Overhead adjustments	0	
Depreciation adjustments	453	
Technical adjustments	(2,636)	
Revenuisation	(390)	
Transfers between departments	(5)	
TOTAL	(3,438)	(10.6)

SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
497.1	520.9	75.4	445.5

SERVICE AREA ANALYSIS

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Senior Management	1,314	11	(29)	1,296	0	1,296
Childrens Social Care	13,131	53	(54)	13,130	97	13,033
Commissioning, Strategy and Performance	13,670	88	(499)	13,259	4,533	8,726
Education	29,204	114	5,409	34,727	21,603	13,124
Schools	(15,954)	0	(5,246)	(21,200)	(26,233)	5,033
Other Childrens, Schools and Families	9,347	500	(3,019)	6,828	0	6,828
TOTAL NET EXPENDITURE	50,712	766	(3,438)	48,040	0	48,040

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Senior Management

This budget contains provision for the Senior Management of Children, Schools and Families Department.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
4.0	4.0	0.0	4.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Expenditure						
Employees	514	0	(19)	495	0	495
Premises	0	0	0	0	0	0
Transport	1	0	(1)	0	0	0
Supplies and Services	741	11	(9)	743	0	743
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Support Services	58	0	0	58	0	58
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	1,314	11	(29)	1,296	0	1,296
Income						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0	0	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	0	0	0	0	0	0
NET EXPENDITURE	1,314	11	(29)	1,296	0	1,296

Other Variations are analysed as follows:

Major Items	£000	fte
Overhead adjustments	0	
Transfer between departments	0	
Shared legal services devolved budgets	0	
Technical adjustments	(29)	
TOTAL	(29)	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Children's Social Care

This budget contains the funding for central social work; family and adolescent service; Mash and child protection; permanency, placements and looked after children; as well as safeguarding, standards and training.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
206.4	207.2	2.0	205.2

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Expenditure						
Employees	9,217	3	278	9,497	92	9,405
Premises	121	2	1	124	0	124
Transport	191	2	(8)	186	1	185
Supplies and Services	1,198	13	(115)	1,096	4	1,092
Third Party Payments	1,844	27	(90)	1,781	0	1,781
Transfer Payments	412	6	(20)	398	0	398
Support Services	1,899	0	(154)	1,745	0	1,745
Depreciation and Impairment Losses	11	0	0	11	0	11
GROSS EXPENDITURE	14,893	53	(108)	14,838	97	14,741
Income						
Government Grants	(957)	0	(25)	(982)	0	(982)
Other Reimbursements and Contributions	(633)	0	98	(535)	0	(535)
Customer and Client Receipts	(5)	0	0	(5)	0	(5)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	(167)	0	(19)	(186)	0	(186)
GROSS INCOME	(1,762)	0	54	(1,708)	0	(1,708)
NET EXPENDITURE	13,131	53	(54)	13,130	97	13,033

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(100)	(2.8)
Overhead adjustments	0	
Depreciation adjustments	0	
Transfer between departments	0	
Technical adjustments	45	
TOTAL	(55)	(2.8)

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Commissioning, Strategy and Performance

This page contains the budgets for access to resources service; policy, planning and performance; joint commissioning and partnerships; as well as contract procurement and school organisation.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
48.8	56.3	5.9	50.4

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Expenditure						
Employees	2,118	0	140	2,258	201	2,057
Premises	138	1	393	532	125	407
Transport	39	1	1	41	7	33
Supplies and Services	6,849	57	(557)	6,349	2,030	4,319
Third Party Payments	6,915	31	(1,085)	5,861	4,019	1,843
Transfer Payments	0	0	0	0	0	0
Support Services	512	0	83	595	32	563
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	16,571	90	(1,025)	15,636	6,414	9,222
Income						
Government Grants	(746)	0	640	(106)	0	(106)
Other Reimbursements and Contributions	(209)	0	(101)	(310)	(28)	(282)
Customer and Client Receipts	(1,946)	(2)	(13)	(1,961)	(1,853)	(108)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(2,901)	(2)	526	(2,377)	(1,881)	(496)
NET EXPENDITURE	13,670	88	(499)	13,259	4,533	8,726

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(350)	(2.00)
Overhead adjustments	0	
Transfer between departments	0	
Revenuisation	(390)	
Technical adjustments	241	
TOTAL	(499)	(2.00)

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Education

To page contains the budgets for school improvement; early years and children's centres; education inclusion; as well as special educational needs and disability integrated service.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
235.7	251.2	67.5	183.7

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Expenditure						
Employees	10,453	0	(348)	10,105	3,270	6,835
Premises	511	12	211	734	50	684
Transport	3,210	48	(147)	3,111	55	3,056
Supplies and Services	12,779	58	1,119	13,956	12,197	1,759
Third Party Payments	8,430	13	992	9,435	6,426	3,009
Transfer Payments	19	0	0	19	0	19
Support Services	2,188	0	(31)	2,157	106	2,051
Depreciation and Impairment Losses	58	0	133	191	0	191
GROSS EXPENDITURE	37,648	131	1,929	39,708	22,104	17,604
Income						
Government Grants	(2,261)	0	2,011	(250)	(80)	(170)
Other Reimbursements and Contributions	(3,958)	0	1,569	(2,389)	(79)	(2,310)
Customer and Client Receipts	(2,225)	(17)	(100)	(2,342)	(342)	(2,000)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(8,444)	(17)	3,480	(4,981)	(501)	(4,480)
NET EXPENDITURE	29,204	114	5,409	34,727	21,603	13,124

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(410)	(5.7)
Overhead adjustments	0	
Transfer between departments	(6)	
Depreciation adjustments	133	
Technical adjustments	5,692	
TOTAL	5,409	(5.7)

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Schools

This budget covers schools funding as well as some centrally retained DSG money to support the schools function.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
0.0	0.0	0.0	0.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14		Other	2014/15	2014/15	2014/15
	Estimate	Inflation	Variations	Estimate	DSG	LA
	£000	£000	£000	£000	Estimate	Estimate
					£000	£000
Expenditure						
Employees	625	0	13	638	638	0
Premises	34	0	0	34	34	0
Transport	0	0	0	0	0	0
Supplies and Services	120,830	0	(4,578)	116,252	116,252	0
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	4,920	0	113	5,033	0	5,033
GROSS EXPENDITURE	126,409	0	(4,452)	121,957	116,924	5,033
Income						
Government Grants	(142,363)	0	259	(142,104)	(142,104)	0
Other Reimbursements and Contributions	0	0	(1,053)	(1,053)	(1,053)	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(142,363)	0	(794)	(143,157)	(143,157)	0
NET EXPENDITURE	(15,954)	0	(5,246)	(21,200)	(26,233)	5,033

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	320	
Technical adjustments	(5,566)	
TOTAL	(5,246)	0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Other Children Schools and Families Budgets

This budget covers residual schools retained budgets, asylum seeker costs, past and present pension and redundancy costs and PFI unitary charges.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
2.2	2.2	0.0	2.2

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Expenditure						
Employees	2,109	(30)	61	2,140	0	2,140
Premises	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Supplies and Services	75	392	(175)	292	0	292
Third Party Payments	9,321	139	519	9,979	0	9,979
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	16	16	0	16
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	11,505	501	421	12,427	0	12,427
Income						
Government Grants	(130)	0	(3,440)	(3,570)	0	(3,570)
Other Reimbursements and Contributions	(2,198)	0	0	(2,198)	0	(2,198)
Customer and Client Receipts	(60)	(1)	0	(61)	0	(61)
Interest	(44)	0	0	(44)	0	(44)
Recharges	0	0	0	0	0	0
Reserves	274	0	0	274	0	274
GROSS INCOME	(2,158)	(1)	(3,440)	(5,599)	0	(5,599)
NET EXPENDITURE	9,347	500	(3,019)	6,828	0	6,828

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Overhead adjustments	0	
Technical adjustments	(3,019)	
TOTAL	(3,019)	0.0

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Community and Housing Department Estimates 2014-15

COMMUNITY AND HOUSING DEPARTMENT Total

The department includes Adult Social Care, Housing, Libraries and Merton Adult Education.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14

2014/15

527.91

531.08

Number of FTE PCT TUPE staff

19.88

24.24

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	19,499	15	(404)	19,110
Premises	1,059	16	19	1,094
Transport	1,415	21	(234)	1,202
Supplies and Services	4,824	66	285	5,175
Third Party Payments	41,939	637	(792)	41,784
Transfer Payments	13,030	0	(3,298)	9,732
Support Services	8,538	0	(182)	8,356
Depreciation and Impairment Losses	725	0	14	739
GROSS EXPENDITURE	91,028	755	(4,592)	87,192
Income				
Government Grants	(2,802)	0	(175)	(2,977)
Other Reimbursements and Contributions	(10,135)	0	2,080	(8,055)
Customer and Client Receipts	(11,277)	(203)	(171)	(11,651)
Interest	0	0	0	0
Recharges	(3,317)	0	208	(3,109)
Reserves	(25)	0	(42)	(67)
GROSS INCOME	(27,556)	(203)	1,900	(25,859)
NET EXPENDITURE	63,473	552	(2,692)	61,333

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(2,465)	0
Previous years savings	0	0
Previous years growth	1,243	0
Overheads adjustments	26	0
Depreciation adjustments	14	0
Rebasing of Income	553	0
Technical adjustments	355	0
Transfers between departments	252	6.03
Grants	(4)	0
Other	(2,666)	0
TOTAL	(2,692)	6.03

SUMMARY: COMMUNITY AND HOUSING DEPARTMENT

FULL TIME EQUIVALENTS

Number of FTE Staff
Number of FTE PCT TUPE
staff

2013/14	2014/15
524.71	531.08
19.88	24.24
544.59	555.32

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS

	2013/2014 Current Estimate £000	Inflation £000	Other £000	2014/15 Estimate £000
Senior Management	356	4	36	396
Adult Social Care	57,683	513	(2,698)	55,498
Libraries and Heritage	3,303	12	(122)	3,193
Merton Adult Education	173	7	(141)	39
Housing General Fund	1,958	16	233	2,207
NET EXPENDITURE	63,473	552	(2,692)	61,333

COMMUNITY AND HOUSING DEPARTMENT Senior Management

This area includes the cost of the Director and PA.

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE PCT TUPE staff

2013/14	2014/15
2.00	2.00
0.00	0.00

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	224	0	0	224
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	90	4	40	134
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	42	0	(4)	38
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	356	4	36	396
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	0	0	0	0
NET EXPENDITURE	356	4	36	396

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	0	
Previous years savings	0	
Growth	0	
Overheads adjustments	(4)	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	40	
Transfers between departments	0	
Grants	0	
Other	0	
TOTAL	36	0.00

COMMUNITY AND HOUSING DEPARTMENT Adult Social Care

This area includes Older People, Mental Health, Learning Disability, Physical Disability and sensory Impaired clients. It also includes No Recourse to Public Fund, aids support and substance misuse clients, concessionary fares and clients receiving other services.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14

2014/15

422.65

420.19

Number of FTE PCT TUPE staff

19.88

24.24

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees

15,181

15

(732)

14,464

Premises

500

8

(27)

481

Transport

1,390

21

(244)

1,167

Supplies and Services

3,592

45

277

3,914

Third Party Payments

40,964

622

(1,021)

40,565

Transfer Payments

12,550

0

(3,156)

9,394

Support Services

7,166

0

(125)

7,041

Depreciation and Impairment Losses

76

0

0

76

GROSS EXPENDITURE

81,419

711

(5,028)

77,102

Income

Government Grants

(131)

0

(4)

(135)

Other Reimbursements and Contributions

(10,012)

0

2,076

(7,936)

Customer and Client Receipts

(10,276)

(198)

50

(10,424)

Interest

0

0

0

0

Recharges

(3,317)

0

208

(3,109)

Reserves

(0)

0

0

0

GROSS INCOME

(23,736)

(198)

2,330

(21,604)

NET EXPENDITURE

57,683

513

(2,698)

55,498

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(2,187)	
Previous years savings	0	
Growth	1,243	
Overheads adjustments	83	
Depreciation adjustments	0	
Rebasing of Income	553	
Technical adjustments	293	
Transfers between departments	(3)	
Grants	(4)	
Other	(2,676)	
TOTAL	(2,698)	0.00

COMMUNITY AND HOUSING DEPARTMENT

Library & Heritage Services

Services are provided through three main town centre libraries, Mitcham, Morden, Wimbledon and four neighbourhood libraries, Donald Hope, Pollards Hill, Raynes Park and West Barnes. Additional services available are home visits and school services. Also available is the Heritage Service located at Morden Library.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
46.40	47.00

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2013/14 Estimate £000
Expenditure				
Employees	1,319	0	8	1,327
Premises	418	6	(23)	401
Transport	3	0	1	4
Supplies and Services	618	9	(45)	582
Third Party Payments	66	1	(2)	65
Transfer Payments	0	0	0	0
Support Services	814	0	(125)	689
Depreciation and Impairment Losses	553	0	13	566
GROSS EXPENDITURE	3,791	16	(173)	3,634
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(120)	0	6	(114)
Customer and Client Receipts	(343)	(4)	20	(327)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	(25)	0	25	0
GROSS INCOME	(488)	(4)	51	(441)
NET EXPENDITURE	3,303	12	(122)	3,193

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(10)	
Previous years savings	0	
Previous years growth	0	
Overheads adjustments	(125)	
Depreciation adjustments	13	
Rebasing of Income	0	
Technical adjustments	15	
Transfers between departments	(15)	
Grants	0	
Other	0	
TOTAL	(122)	0.00

COMMUNITY AND HOUSING DEPARTMENT Adult Education

Provides high quality learning and training needs of Merton communities for ages 16-65. Funded by LSC, MAE is able to support financially qualifying learners and or offer free courses. Services are provided through two main town centres Whatley Avenue, Wimbledon's Marlborough hall, and four neighbourhood centres, Cobham Court, Mitcham's Canons house, Pollards Hill and Morden libraries.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
31.36	29.36

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14		2013/14	2014/15
	Original £000	Inflation £000	Other Variations £000	Estimate £000
Expenditure				
Employees	1,813	0	(28)	1,785
Premises	141	2	31	174
Transport	3	0	(0)	3
Supplies and Services	334	5	6	345
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	286	0	25	311
Depreciation and Impairment Losses	96	0	1	97
GROSS EXPENDITURE	2,673	7	35	2,715
Income				
Government Grants	(1,873)	0	0	(1,873)
Other Reimbursements and Contributions	(3)	0	3	0
Customer and Client Receipts	(624)	0	(179)	(803)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(2,500)	0	(176)	(2,676)
NET EXPENDITURE	173	7	(141)	39

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(176)	
Previous years savings	0	
Previous years growth	0	
Overheads adjustments	25	
Depreciation adjustments	1	
Rebasing of Income	0	
Technical adjustments	(2)	
Transfers between departments	0	
Grants	0	
Other	11	
TOTAL	(141)	0.00

COMMUNITY AND HOUSING DEPARTMENT Housing General Fund

Housing Needs and Enabling Service

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
25.5	32.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	962	0	348	1,310
Premises	1	0	37	38
Transport	18	0	10	28
Supplies and Services	190	3	7	200
Third Party Payments	909	14	231	1,154
Transfer Payments	480	0	(142)	338
Support Services	230	0	47	277
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	2,790	17	538	3,345
Income				
Government Grants	(798)	0	(171)	(969)
Other Reimbursements and Contributions	0	0	(5)	(5)
Customer and Client Receipts	(34)	(1)	(62)	(97)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	(67)	(67)
GROSS INCOME	(832)	(1)	(305)	(1,138)
NET EXPENDITURE	1,958	16	233	2,207

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(92)	
Previous years savings	0	
Growth	0	
Overheads adjustments	47	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	9	
Transfers between departments	270	6.03
Grants	0	
Other	(1)	
TOTAL	233	6.03

COMMUNITY AND HOUSING DEPARTMENT Public Health

This area includes all Public Health responsibilities.

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE PCT TUPE staff

	2013/14	2014/15
Number of FTE Staff	9.00	13.77
Number of FTE PCT TUPE staff	0.00	0.00

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	569	0	353	922
Premises	0	0	0	0
Transport	6	0	1	7
Supplies and Services	4,227	0	204	4,431
Third Party Payments	4,086	0	288	4,374
Transfer Payments	0	0	0	0
Support Services	97	0	13	110
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	8,985	0	859	9,844
Income				
Government Grants	(8,985)	0	(251)	(9,236)
Other Reimbursements and Contributions	0	0	(608)	(608)
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	(0)	0	0	0
GROSS INCOME	(8,985)	0	(859)	(9,844)
NET EXPENDITURE	(0)	0	0	0

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	0	
Previous years savings	0	
Growth	0	
Overheads adjustments	9	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	242	4.77
Transfers between departments	0	
Grants	(251)	
Other	0	
TOTAL	0	4.77

Corporate Services Department Estimates 2014-15

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE Sutton TUPE staff

2013/14	2014/15
444.5	460.5
41.6	40.6
486.1	501.1

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	21,877	32	1,311	23,220
Premises	3,075	31	(224)	2,882
Transport	173	2	(32)	143
Supplies and Services	13,272	165	(2,359)	11,078
Third Party Payments	1,230	20	83	1,333
Transfer Payments	85,566	0	12,623	98,188
Support Services	10,041	0	(781)	9,260
Depreciation and Impairment Losses	1,688	0	231	1,919
GROSS EXPENDITURE	136,922	250	10,851	148,023
Income				
Government Grants	(87,328)	0	(12,411)	(99,739)
Other Reimbursements and Contributions	(2,402)	(2)	(3,009)	(5,413)
Customer and Client Receipts	(9,772)	(55)	3,493	(6,333)
Interest	0	0	0	0
Recharges	(26,890)	0	1,637	(25,253)
Reserves	0	0	0	0
GROSS INCOME	(126,392)	(56)	(10,290)	(136,738)
NET EXPENDITURE	10,529	194	562	11,285

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE Sutton TUPE staff

2013/14	2014/15
444.5	460.5
41.6	40.6
486.1	501.1

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Customer Services	1,240	2	1,222	2,465
Infrastructure & Transactions	171	76	(247)	(0)
Business Improvement	504	10	(445)	69
Corporate Governance	1,704	24	(117)	1,610
Resources	1,487	48	407	1,942
HR	140	7	(143)	4
Corporate Items	5,284	26	(114)	5,196
TOTAL EXPENDITURE	10,529	194	562	11,285
Contingency / Other	0	0	0	0
Capital Financing Adjustment	0	0	0	0
Levies	0	0	0	0
NET EXPENDITURE	10,529	194	562	11,285

CUSTOMER SERVICES

The Customer Services Division consists of: Merton Link (including the Cash Office, Translation Services and Contact Centre), Support Team, Local Taxation (including Business Rates, Baliff Team and Recovery Team), Benefits Administration, Registrars, Debt Recovery, Corporate Communications, Web Team and Consultation & Community Engagement. CHAS is now trading as a limited company and reported separately.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
162.4	139.4

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	5,749	0	(712)	5,038
Premises	39	0	(19)	20
Transport	91	1	(28)	63
Supplies and Services	3,346	21	(1,920)	1,447
Third Party Payments	475	6	(20)	461
Transfer Payments	0	0	367	367
Support Services	2,753	0	(288)	2,465
Depreciation and Impairment Losses	3	0	0	3
GROSS EXPENDITURE	12,456	29	(2,620)	9,865
Income				
Government Grants	(1,826)	0	(155)	(1,981)
Other Reimbursements and Contributions	(930)	0	0	(930)
Customer and Client Receipts	(6,185)	(27)	4,027	(2,184)
Interest	0	0	0	0
Recharges	(2,275)	0	(30)	(2,305)
Reserves	0	0	0	0
GROSS INCOME	(11,216)	(27)	3,842	(7,400)
NET EXPENDITURE	1,240	2	1,222	2,465

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(213)	(4.0)
Transfer between Corporate services divisions		(2.0)
Technical adjustments	1,753	(17.0)
Depreciation adjustments		
Overhead adjustments	(318)	
TOTAL	1,222	(23.0)

INFRASTRUCTURE & TRANSACTIONS

The Infrastructure & Transactions Division consists of Facilities Management, IT Service Delivery, Post & Print Room and Transactional services.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
83.7	82.7

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	3,304	7	55	3,365
Premises	2,908	28	(203)	2,733
Transport	39	1	(7)	33
Supplies and Services	2,828	42	(182)	2,687
Third Party Payments	274	3	(70)	207
Transfer Payments	0	0	0	0
Support Services	930	0	(55)	875
Depreciation and Impairment Losses	1,685	0	231	1,916
GROSS EXPENDITURE	11,967	80	(232)	11,815
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(1,990)	(4)	(70)	(2,063)
Interest	0	0	0	0
Recharges	(9,807)	0	55	(9,752)
Reserves	0	0	0	0
GROSS INCOME	(11,797)	(4)	(15)	(11,815)
NET EXPENDITURE	171	76	(247)	(0)

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(327)	(1.0)
Technical adjustments	(181)	
Depreciation adjustments	261	
Overheads adjustments	0	
TOTAL	(247)	(1.0)

BUSINESS IMPROVEMENT

The Business Improvement Division consists of IT Business Systems, IT Business Process Re-engineering, Business Improvement and Programme Office.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
29.9	30.9

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	1,477	0	64	1,541
Premises	0	0	0	0
Transport	3	0	0	3
Supplies and Services	639	10	280	928
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	339	0	(21)	318
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	2,458	10	323	2,791
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(79)	0	(5)	(84)
Interest	0	0	0	0
Recharges	(1,875)	0	(763)	(2,638)
Reserves	0	0	0	0
GROSS INCOME	(1,954)	0	(768)	(2,722)
NET EXPENDITURE	504	10	(445)	69

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(81)	(1.0)
Transfer between departments		2.0
Technical adjustments	420	
Overheads adjustments	(784)	
TOTAL	(445)	1.0

CORPORATE GOVERNANCE

The Corporate Governance Division consists of the South London Legal Partnership, Internal Audit, Investigations, Democracy Services, Electoral Services, Information Governance and Safety Services.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
90.5	134.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	4,441	3	2,154	6,599
Premises	9	0	1	10
Transport	29	0	5	35
Supplies and Services	1,648	25	(19)	1,654
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	705	0	(196)	509
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	6,832	29	1,946	8,807
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(1,472)	(2)	(3,009)	(4,482)
Customer and Client Receipts	(197)	(4)	(429)	(629)
Interest	0	0	0	0
Recharges	(3,460)	0	1,375	(2,085)
Reserves	0	0	0	0
GROSS INCOME	(5,129)	(5)	(2,063)	(7,197)
NET EXPENDITURE	1,704	24	(117)	1,610

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(59)	(1.0)
Technical adjustments	(1,237)	45.0
Overhead adjustments	1,179	
TOTAL	(117)	44.0

RESOURCES

The Resources Division consists of Policy & Strategy, Commercial Services, Business Planning, Accountancy and Business Partners . The Pensions service is now managed by LB Wandsworth. The costs for the directorate function are included within Resources.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
73.2	68.2

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	4,030	0	(209)	3,821
Premises	103	2	0	105
Transport	4	0	0	4
Supplies and Services	4,198	61	(425)	3,834
Third Party Payments	14	0	154	169
Transfer Payments	9	0	0	9
Support Services	823	0	(105)	718
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	9,181	63	(585)	8,660
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(789)	(15)	0	(804)
Interest	0	0	0	0
Recharges	(6,905)	0	991	(5,914)
Reserves	0	0	0	0
GROSS INCOME	(7,694)	(15)	991	(6,718)
NET EXPENDITURE	1,487	48	407	1,942

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(480)	(1.0)
Technical adjustments	0	(4.0)
Overheads adjustments	886	
TOTAL	407	(5.0)

HR

The HR division consists of: Strategic HR, Business Partnerships, Corporate Learning & Development, Diversity, iTrent Client team, Recruitment & Resourcing, Central Operations Team. The function also interfaces with Staff Side. The HR service is shared with the LB of Sutton. The payroll service is shared with LB of Sutton, LB of Kingston and Richmond.

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE Sutton TUPE staff

2013/14	2014/15
4.8	4.8
41.6	40.6
46.4	45.4

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees	2,220	6	(40)	2,185
Premises	17	0	(3)	15
Transport	7	0	(2)	5
Supplies and Services	210	3	5	218
Third Party Payments	255	4	0	259
Transfer Payments	0	0	0	0
Support Services	533	0	(82)	451
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	3,241	13	(122)	3,132
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(533)	(6)	(30)	(569)
Interest	0	0	0	0
Recharges	(2,568)	0	9	(2,559)
Reserves	0	0	0	0
GROSS INCOME	(3,101)	(6)	(21)	(3,128)
NET EXPENDITURE	140	7	(143)	4

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(90)	(1.0)
Technical adjustments	20	
Overheads adjustments	(73)	
Transfer from departments	0	
TOTAL	(143)	(1.0)

CORPORATE ITEMS

Corporate Management is composed of Housing Benefit subsidy payments and entitlements, Agency contract, Coroners Court and Severance payments.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
0	0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
Expenditure				
Employees*	657	16	(1)	672
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	403	4	(98)	308
Third Party Payments	212	7	19	238
Transfer Payments	85,556	0	12,256	97,812
Support Services	3,958	0	(34)	3,924
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	90,786	26	12,142	102,954
Income				
Government Grants	(85,502)	0	(12,256)	(97,758)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(85,502)	0	(12,256)	(97,758)
NET EXPENDITURE	5,284	26	(114)	5,196

Other Variations are analysed as follows:

Major Items	£000	fte
Savings		
Technical adjustments	(80)	
Overheads adjustments	(34)	
Shared legal services devolved budgets		
TOTAL	(114)	0.0

* The employee budgets shown here relate to employee redundancy payments. There are no FTE's in Corporate Items

Environment and Regeneration Department

ENVIRONMENT AND REGENERATION DEPARTMENT

Departmental Summary

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
655	637

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
Expenditure				
Employees	22,313	107	(524)	21,896
Premises	3,329	30	47	3,406
Transport	5,881	36	2,223	8,140
Supplies and Services	3,812	49	464	4,325
Third Party Payments	13,384	169	(4,049)	9,504
Transfer Payments	21	0	(5)	16
Support Services	10,297	0	(1,662)	8,635
Depreciation and Impairment Losses	6,588	0	745	7,333
GROSS EXPENDITURE	65,625	391	(2,761)	63,255
Income				
Government Grants	(424)	0	14	(410)
Other Reimbursements and Contributions	(2,587)	0	174	(2,413)
Customer and Client Receipts	(30,758)	0	(2,860)	(33,618)
Interest	0	0	0	0
Recharges	(5,015)	0	2,005	(3,010)
Reserves	(1,063)	0	113	(950)
GROSS INCOME	(39,848)	0	(554)	(40,402)
NET EXPENDITURE	25,777	391	(3,315)	22,853

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(3,673)	(11.5)
Depreciation adjustments	716	
Overheads adjustments	343	
Transfer between departments	(271)	(6.0)
Technical adjustments	(430)	1.0
TOTAL	(3,315)	(16.5)

SUMMARY: ENVIRONMENT & REGENERATION

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
655	637

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS

	2013/2014	Inflation £000	Other	2014/2015
	Original Estimate £000		Variations £000	Estimate £000
Street Scene and Waste	27,310	322	(2,071)	25,561
Public Protection and Development	(4,794)	20	(967)	(5,741)
Sustainable Communities	1,945	41	(201)	1,785
Safer Merton	1,316	5	(73)	1,248
Senior Management and Support	0	3	(3)	0
TOTAL EXPENDITURE	25,778	391	(3,315)	22,853

ENVIRONMENT AND REGENERATION DEPARTMENT

Street Scene and Waste: Traffic and Highway Services, Transport Services, Waste Management and Operations.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
361	351

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
Expenditure				
Employees	10,917	105	(154)	10,868
Premises	1,532	18	(113)	1,437
Transport	5,386	30	2,211	7,627
Supplies and Services	1,183	13	336	1,532
Third Party Payments	10,491	156	(2,377)	8,270
Transfer Payments	2	0	0	2
Support Services	5,470	0	(1,397)	4,073
Depreciation and Impairment Losses	5,818	0	618	6,436
GROSS EXPENDITURE	40,799	322	(876)	40,245
Income				
Government Grants	0	0	(288)	(288)
Other Reimbursements and Contributions	(625)	0	(1,269)	(1,894)
Customer and Client Receipts	(10,553)	0	(1,452)	(12,005)
Recharges	(2,311)	0	1,814	(497)
Reserves	0	0	0	0
GROSS INCOME	(13,489)	0	(1,195)	(14,684)
NET EXPENDITURE	27,310	322	(2,071)	25,561

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(2,793)	(6.3)
Depreciation adjustments	618	
Overheads adjustments	417	
Transfer between departments	(1)	
Technical Adjustments	(312)	1.0
TOTAL	(2,071)	(5.3)

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Protection & Development: Consumer and Business Protection, Environmental Health, Development Control, Building Control, Parking Control.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
146	136

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
Expenditure				
Employees	5,559	0	(333)	5,226
Premises	676	2	13	691
Transport	229	3	(6)	226
Supplies and Services	589	10	71	670
Third Party Payments	323	5	(2)	326
Transfer Payments	2	0	0	2
Support Services	1,743	0	(108)	1,635
Depreciation and Impairment Losses	56	0	20	76
GROSS EXPENDITURE	9,177	20	(345)	8,852
Income				
Government Grants	(48)	0	48	(0)
Other Reimbursements and Contributions	(199)	0	100	(99)
Customer and Client Receipts	(13,619)	0	(768)	(14,387)
Recharges	0	0	0	0
Reserves	(104)	0	(2)	(106)
GROSS INCOME	(13,970)	0	(622)	(14,592)
NET EXPENDITURE	(4,794)	20	(967)	(5,741)

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(518)	(4.0)
Depreciation adjustments	21	
Overheads adjustments	(108)	
Transfer between departments	(270)	(6.0)
Technical Adjustments	(92)	
TOTAL	(967)	(10.0)

ENVIRONMENT AND REGENERATION DEPARTMENT

Sustainable Communities: Physical Regeneration, Spatial Planning and Policy, Regeneration Partnerships, Property Management, Greenspaces, Leisure and Culture Development, Transport Planning & Safety Education, Business Performance.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
113	117

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
Expenditure				
Employees	4,051	2	150	4,203
Premises	1,116	10	150	1,276
Transport	239	3	18	260
Supplies and Services	1,500	20	225	1,745
Third Party Payments	1,003	6	(229)	780
Transfer Payments	17	0	(5)	12
Support Services	2,620	0	(68)	2,552
Depreciation and Impairment Losses	611	0	72	683
GROSS EXPENDITURE	11,157	41	313	11,511
Income				
Government Grants	(59)	0	7	(52)
Other Reimbursements and Contributions	(223)	0	5	(218)
Customer and Client Receipts	(6,580)	0	(640)	(7,220)
Recharges	(1,416)	0	25	(1,391)
Reserves	(933)	0	89	(844)
GROSS INCOME	(9,212)	0	(514)	(9,726)
NET EXPENDITURE	1,945	41	(201)	1,785

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(336)	(1.2)
Depreciation adjustments	43	
Overheads adjustments	(43)	
Technical Adjustments	135	
TOTAL	(201)	(1.2)

ENVIRONMENT AND REGENERATION DEPARTMENT

Safer Merton: Management of the Community Safety Partnership and related legislation.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
25	22

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees
Premises
Transport
Supplies and Services
Third Party Payments
Transfer Payments
Support Services
Depreciation and Impairment Losses

GROSS EXPENDITURE

Income

Government Grants
Other Reimbursements and Contributions
Customer and Client Receipts
Recharges
Reserves

GROSS INCOME

NET EXPENDITURE

Other variations are analysed as follows:

2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
1,012	0	(171)	841
5	0	(3)	2
7	0	0	7
179	3	(3)	179
1,568	2	(1,441)	129
0	0	0	0
331	0	(101)	230
104	0	35	139
3,204	5	(1,684)	1,525
(317)	0	247	(70)
(1,539)	0	1,338	(201)
(6)	0	0	(6)
0	0	0	0
(26)	0	26	0
(1,888)	0	1,611	(277)
1,316	5	(73)	1,248

Major Items	£000	fte
Saving	(3)	
Depreciation adjustments	35	
Overheads adjustments	(101)	
TOTAL	(69)	0.0

ENVIRONMENT AND REGENERATION DEPARTMENT

Senior Management and Support: The Department's senior management and secretarial support.

FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
10	11

SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
Expenditure				
Employees	774	0	(16)	758
Premises	0	0	0	0
Transport	20	0	0	20
Supplies and Services	360	3	(165)	198
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	134	0	12	146
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	1,288	3	(169)	1,122
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,288)	0	166	(1,122)
Reserves	0	0	0	0
GROSS INCOME	(1,288)	0	166	(1,122)
NET EXPENDITURE	0	3	(3)	0

Other variations are analysed as follows:

Major Items	£000	fte
Saving	(23)	
Overheads adjustments	178	
Technical adjustments	(155)	
TOTAL	0	0

Glossary of Terms & List of Acronyms

BUSINESS PLAN - GLOSSARY OF TERMS
<p>ANNUAL MINIMUM REVENUE PROVISION</p> <p>The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.</p>
<p>ASSET MANAGEMENT PLAN / REVIEW</p> <p>An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. This information is reviewed annually.</p>
<p>BALANCES</p> <p>Balances are maintained to meet expenditure pending the receipt of income and to provide a cushion against expenditure being higher or income lower than expected. Contributions to balances can be either a planned contribution from the revenue budget or a transfer of any revenue surplus at the year end. The maintenance of an appropriate level of balances is a fundamental part of prudent financial management.</p>
<p>BORROWING STRATEGY</p> <p>A borrowing strategy set up the parameters within which money may be borrowed by the Authority. These parameters are designed to manage the risk taken by the authority within best practice.</p>
<p>BUDGET</p> <p>Statement of the spending plans for the year.</p>
<p>CAPITAL EXPENDITURE</p> <p>Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.</p>
<p>CAPITAL FINANCING REQUIREMENT (CFR)</p> <p>Is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the underlying borrowing need.</p>
<p>CAPITAL PROGRAMME</p> <p>Is documentation which summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / Cabinet.</p>
<p>CAPITAL PROGRAMME BOARD</p> <p>The Capital Programme Board ensures:</p> <ul style="list-style-type: none"> • that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy, examining potential funding options. • that bids are submitted in accordance with set framework and guidelines (including business cases, value for money and options appraisal) and prioritised in accordance of agreed criteria • compiles and manages a multi-year capital programme for consideration by CMT and approval by Cabinet • oversees the Council's Accommodation and disposals strategy.
<p>CAPITAL PROJECTS / SCHEMES</p> <p>Capital Projects / Schemes is the level at which Member approval is obtained.</p>
<p>CAPITAL RECEIPTS</p> <p>Proceeds from the sale of fixed assets and repayments of capital grants and loans. These are divided into reserved and usable parts.</p>

BUSINESS PLAN - GLOSSARY OF TERMS Continued...**CAPITAL MONITORING**

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

CAPITAL STRATEGY

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

CASH FLOW MANAGEMENT

Cash flow is the movement of money into or out of a business. Cash flow management optimises activity and investment around these cash flows.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The Institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.

CODE OF PRACTICE LOCAL AUTHORITY ACCOUNTING

These are designed to support consistent standards of financial accounting in local authorities. There are two accounting codes :-

The Code of Practice on Local Authority Accounting in the United Kingdom. Its stated objective is to specify the principles and practices of accounting required to give a "true and fair" view of the financial position and transactions of a local authority. Its focus is consistent financial reporting at the level of the formal statements of accounts for which purpose it requires each local authority to provide four core statements, certain supplementary statements and a range of specific disclosures.

The Service Reporting Code of Practice (SerCOP) supports consistent financial reporting between local authorities below the level of the formal statement of accounts. In particular the SerCOP is designed to support consistency and comparability in reporting the cost of individual services and activities. The Code of Practice on Local Authority Accounting requires that the analysis of services in the Consolidated Revenue Account, one of the four core statements, should follow that prescribed by the SerCOP.

COLLECTION FUND

This is a statutory 'ring fenced' account. It records income and expenditure on Council Tax, Non Domestic Rates, payments to the precepting authorities and transfer to the Council's General Fund.

COMMUNITY ORGANISATION

An organisation with benevolent or philanthropic purposes.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...**COMPACT**

Compacts are partnership agreements between statutory bodies and the voluntary and community sector to improve their relationships and provide a framework within which the sectors can understand what to expect from each other. Compacts offer the means of supporting the development of the voluntary and community sector's capacity so that groups can do more to meet both their aims and those of their statutory partners, thereby enhancing their contribution to the local community. The national compact (between central government and the voluntary and community sector) was launched in 1998 and it is now a requirement for all local authorities and PCTs to develop a compact with the voluntary and community sector. They are not legally binding documents but the Compact is approved and signed policy and affects the conduct of all partners.

COMPREHENSIVE SPENDING REVIEW (CSR)

The CSR is a governmental process carried out by HM Treasury which sets out fixed three-year departmental expenditure limits and, through public sector service agreements, defines key service improvements.

CONTINGENCY

A contingency is the setting aside of a finite sum to offset the cost of a future event or circumstance which may or may not occur.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. It has two elements - corporate management and democratic representation and management. The activities within the corporate and democratic core are in addition to those which would be carried out by a series of independent, single purpose bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

CORPORATE GOVERNANCE

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

COUNCIL TAX

This is the main source of local taxation to local authorities. It is levied on households within the authority's area and the proceeds are paid into the Collection Fund for distribution to precepting authorities and to the authority's own General Fund.

COUNTRY LIMITS

The current economic climate has not only affected companies and financial institutions; it has affected sovereigns as well. This will be incorporated into counterparty selection.

CREDIT APPROVAL

The permission to borrow given to each local authority annually by the Secretary of State. Local authorities can obtain supplementary credit approvals during the year for particular projects.

CREDITORS

The individual or organisation to whom the Authority owes money. Accordingly, it does not include money on taxation to the Council.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

COUNCIL'S BORROWING REQUIREMENT

Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.

COUNTERPARTIES

The organisation in respect of which the Authority borrows from or invests money with.

COUNTERPARTIES DOWNGRADES

A counterparty will be removed, suspended or kept on close watch from the council's approved list if it fails to meet the Council's criteria.

CORPORATE BONDS

Is a bond that a corporation issues to raise money in order to expand its business.

COUPON

Is the interest rate stated on a bond at the time it is issued.

CREDITWORTHINESS

An assessment of the likelihood that a borrower will default on their debt obligations. It is based upon factors, such as their history of repayment and their credit score. Lending institutions also consider the availability of assets and extent of liabilities to determine the probability of default.

DEBTORS

A debtor is an organisation or individual that owes the Authority money.

DEBT RESCHEDULING

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

DEPRECIATION

Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset. The reduction in the value of a fixed asset in the balance sheets is in line with the expected useful life.

COUNTERPARTY DOWNGRADES

This is a reduction in the credit rating of an organisation during a periodic review.

earmarked capital resources / grants

Money received by the Authority which has certain conditions / restrictions over its use limiting the type of expenditure that it may be applied against.

FINANCIAL INSTRUMENT

A real or virtual document representing a legal agreement involving some sort of monetary value. In today's financial marketplace, financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset.

FINANCIAL YEAR

The financial year runs from 1 April to the following 31 March.

FIXED ASSETS

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

FTSE 100

This is the index of the top 100 UK listed companies by market capitalisation.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...**GENERAL FUND**

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

GOVERNMENT GRANTS

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

GROSS EXPENDITURE

The total expenditure of a fund or account.

GROUP LIMITS

This is a limit on the amount of money that may be invested with or borrowed from a particular conglomerate.

HOUSING REVENUE ACCOUNT (HRA)

This is a statutory account that shows all income and expenditure relating to the provision, management and maintenance of the Council's housing stock. The government defines the items of income and expenditure that must be included in the account. This account is ring-fenced under the Local Government and Housing Act 1989.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

International Financial Reporting Standards are the standards that both the SORP and the UK GAAP are converging towards and local authorities have had to fully comply with since 2010/11 financial year

INVESTMENT POLICY

The London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The council's investment priorities will be security first, liquidity second, then return.

INVESTMENT STRATEGY

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

INVESTMENT TREASURY INDICATOR AND LIMIT

This is a prudential indicator for funds invested for more than 364 days, designed to measure the need for early investment redemption against the Authority's liquidity requirement.

LENDERS OPTION BORROWERS OPTION (LOBO)

When borrowing or lending money, certain time related limits may be established when the arrangement is made e.g. at a certain point in time the interest rate of a loan will increase; at this point both parties have the opportunity to opt in / out of the arrangement.

LEVY

An amount levied by a local authority or other statutory body which is paid by the Council.

LIABILITIES

An entity's obligations to transfer economic benefits as a result of past transactions or events.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

LOCALISM ACT 2011

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

MERTON 2015 BOARD

Merton 2015 Board oversees the management and monitoring of the Merton 2015 programme and the promotion of best practices within the Council. Its work falls into four main areas:

- manage and monitor the Merton 2015 programme including giving the go ahead for new projects and project closure;
- steer the implementation and future development of the Merton 2015 programme;
- lead on developing and maintaining cross-cutting initiatives; and
- manage, co-ordinate and monitor business improvement activity across the council.

MINIMUM REVENUE PROVISION

The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.

NON-DOMESTIC RATE (NDR)

A levy on businesses based on national 'rateable value' of the premises occupied. NDR is collected by the Council in line with national criteria, paid into a national pool and then redistributed to all local and police authorities on the basis of population.

NON-SPECIFIED INVESTMENTS

A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes.

OPERATIONAL BOUNDARY

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

PENSION FUND

The Local Government Pension Scheme (LGPS) is a scheme established by statute to provide death and retirement benefits for all eligible employees. The scheme's benefits are defined in the LGPS Regulations, and are geared to a scheme member's final salary and length of service (this current scheme is currently under review).

The scheme is financed by a combination of employee and employer contributions, together with income from a fund of investments. The employee contribution rate is set at 6% of pensionable pay, whilst the employer's rate varies according to an assessment of the funds current and forecast pension/benefit costs, (the fund's liabilities), relative to its income. This assessment is undertaken, in accordance with LGPS Regulations, every three years by the Fund's appointed actuary, who sets the necessary level of employer contribution into the fund so that the fund's liabilities can be paid.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...**PERFORMANCE MANAGEMENT FRAMEWORK**

Performance management is about how an organisation consistently plans and manages to ensure continuous improvement. Sustainable improvements in services are unlikely to happen without it. A performance framework is designed to help individuals, teams, divisions etc. understand :

- what the organisation is trying to achieve (golden thread),
- the planning, monitoring and review cycle
- their responsibilities.

PRECEPTS

An amount collected by the Council as part of the Council Tax on behalf of another statutory body.

PRIVATE FINANCE INITIATIVE (PFI)

PFI contracts are agreements with private sector organisations to refurbish, maintain and operate fixed assets on behalf of public sector organisations such as local authorities.

PROCUREMENT BOARD

The Procurement Board provides a corporate focus for procurement issues and oversees the procurement development in Merton. The Board also provides both strategic direction for, and effective governance of, the procurement arrangements across the Authority, ensuring they are effective, efficient and utilised.

PROFILE

Refers to budget management, where an allocated annual budget is split over the months in which it is estimated that expenditure will be incurred. For example, utility bills may well be split into four and entered into the months in which quarterly payments are due.

PROVISIONS

Amounts set aside for any liabilities or losses which are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.

PRUDENTIAL CODE OF BORROWING

The Local Government Finance Act (NI) 2011 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.

RESCHEDULING OF DEBT

The switching of debt between the short term and the longer term and vice versa to obtain favourable borrowing rates.

RESERVES

These are amounts set aside for specific purposes. The Council has discretion in whether it wishes to set aside these amounts as distinct from sums set aside in provisions.

REVENUE EXPENDITURE

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

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

REVENUE MONITORING

The monthly comparison of actual expenditure and income spend against the anticipated spend (profiled budget). A budget manager will then allow for known income/expenditure to project the year end position

RISK MANAGEMENT

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

SECTION 151 OFFICER

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget.

SECURITISATION

'Securitisation' as used in this context means the disposal of future revenues. For example, someone receiving rents from properties might transfer the entitlement to that income to a bank for (e.g.) 20 years, in exchange for an immediate lump-sum payment.

SPECIFIED INVESTMENTS

These are to be sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is considered negligible.

SUPER OUTPUT AREA

A Super Output Area (SOA) is a geographical area designed for the collection and publication of small area statistics. It is used on the Neighbourhood Statistics site, and has a wider application throughout national statistics. SOAs give an improved basis for comparison throughout the country because the units are more similar in size of population than, for example, electoral wards

SUPPORT SERVICES

These are services that are not statutory local authority services but which give support to those services.

SUPPORTED CAPITAL EXPENDITURE

This is the term for central government support for local authority capital expenditure with effect from 1 April 2004. Under the new system, central government provides allocations to replace the previous system of credit approvals. The allocations enable services to borrow to finance capital schemes. The services also receive revenue funding through the revenue support grant to pay for the borrowing.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...**TAX INCREMENTAL FINANCING**

The Local Government Finance Bill was passed in December 2011 and introduces a rate retention scheme enabling local authorities to retain a proportion of the business rates generated in their area. The Bill also includes a framework for the localisation of support for council tax in England, which alongside other council tax measures will give councils increased financial autonomy and a greater stake in the economic future of their local area, while providing continuation of council tax support for the most vulnerable in society. In determining the affordability of borrowing for capital purposes, authorities currently take account of their current income streams and forecast future income.

TREASURY MANAGEMENT

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

TREASURY MANAGEMENT PRACTICES / TREASURY MANAGEMENT CODE OF PRACTICE

The Local Government Finance Act (NI) 2011 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.

USEFUL LIFE

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

BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME

Aggregate start-up funding assessment

This is the total amount of funding that has been allocated to the local government sector in 2014-15. It is the adjusted local government spending control total for 2014-15.

Baseline funding level

The amount of a local authority's *start up funding assessment* which is provided through the *local share* of the estimated business rates aggregate at the outset of the scheme. It will form the baseline against which *tariffs* and *top-ups* will be calculated.

Billing authority

A local authority which bills and collects business rates, for example a district council or unitary council.

Billing authority business rates baseline

Determined by dividing the *local share* of the estimated business rates aggregate between billing authorities on the basis of their *proportionate shares*.

Central share

The percentage share of locally collected business rates that will be paid to central government by billing authorities. This will be set at 50 per cent. The *central share* will be re-distributed to local government through grants including the *Revenue Support Grant*.

Efficiency Support Grant

A grant awarded to local authorities who, in 2013-14 and 2014-15, would otherwise see a reduction of more than 8.8 per cent of their revenue spending power.

Estimated Business Rates Aggregate

The total business rates forecast to be collected by all billing authorities in England. This will include two adjustments, one to address volatility in outturn compared to forecast and the other to cover future appeals losses.

Floor damping

A method by which stability in funding is maintained through limiting the effect of reductions in grant. A floor guarantees a lower limit to year-on-year reductions in grant for each authority. The grant changes of authorities whose grants are above the floor are scaled back by a fixed proportion to help pay for the floor.

Formula funding

This refers to the element of the aggregate start-up funding assessment that used to be funded through formula grant and which is distributed according to a mathematical formula to individual local authorities.

BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...

Individual authority business rates baseline

Derived by apportioning the *billing authority business rates baseline* between billing and major precepting authorities on the basis of *major precepting authority shares*.

Individual authority start-up funding assessment

Referred to as start-up funding allocation in the technical consultation paper. A local authority's share of the *local government spending control total* which will comprise its *Revenue Support Grant* for the year in question and its *baseline funding level*.

Levy

A mechanism to limit disproportionate benefit from increase in business rates. The levy is applied proportionally on a 1:1 basis. Thus a 1 per cent increase in business rates income produces a corresponding 1 per cent increase in revenue from the rates retention scheme. There is a limit on the maximum levy rate of 50p in the pound. Levy payments will be used to fund the safety net.

Local government spending control total

The total amount of expenditure in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit allocated to the local government sector by HM Treasury for each year of a Spending Review.

Local share

The percentage share of locally collected business rates that will be retained by local government. This will be set at 50 per cent. At the outset, the *local share* of the estimated business rates aggregate will be divided between billing authorities on the basis of their *proportionate shares*.

Major precepting authority

A local authority that does not collect business rates but is part of the business rates retention scheme. They are county councils in two tier areas, single purpose fire and rescue authorities and the Greater London Authority.

Major precepting authority shares

Used to establish the proportion of the *local share* that is paid by a billing authority to its major precepting authorities. Also applied to *billing authority business rates baselines* to establish *individual authority business rates baselines* for both billing and major precepting authorities.

BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...

Multiplier

The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the retail prices index (although exceptionally a lesser increase may be imposed) and the other multiplier adjusted accordingly. There will be no change to the way in which multipliers are set as a result of the introduction of the business rates retention scheme.

New Burdens

The Government uses the New Burdens Assessment to keep pressure on council tax bills to a minimum. It requires all government departments to justify why new duties, powers, targets and other bureaucratic burdens should be placed on local authorities, as well as how much these policies and initiatives will cost and where the money will come from to pay for them.

National Non-Domestic Rates 1 Form (NDR1)

The form submitted by 31 January by a billing authority to its major precepting authority and central government to provide an estimate of its business rate income for the upcoming financial year.

Proportionate Share

This is the percentage of the national business rates yield which a billing authority has collected - on the basis of the average rates collected by authorities over the two years 2010-11 and 2011-12. This percentage will be applied to the *local share* of the estimated business rates aggregate to determine the *billing authority business rates baseline*.

Rate reliefs

The rating system currently provides mandatory relief to charities and other categories of ratepayer (e.g. certain rural ratepayers) and permits authorities to grant discretionary relief to other rate payers. There will be no changes to the terms of existing mandatory and discretionary reliefs for businesses as a result of the introduction of the business rates retention scheme.

Relative Needs Formulae

These are the first stage in the calculation the Government uses to distribute formula funding.

Reset

New *baseline funding levels*, new *individual authority business rates baselines* (and therefore new *tariffs* or *top-ups*) are set for each authority to take account of changes in relative need and resource.

BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...

Reset period

The years between *resets* in which local authorities are able to retain (after taking into account the *levy* and payments owing to relevant shares) the growth in business rates income. It is the Government's intention that the initial *reset period* will run from 2013 to 2020, and thereafter for ten years.

Revenue Support Grant

All authorities will receive *Revenue Support Grant* from central government in addition to its *baseline funding level*. An authority's *Revenue Support Grant* amount plus its *baseline funding level* will together comprise its *start-up funding assessment*.

Ring-fenced grant

A grant paid to local authorities which has conditions attached to it, which restrict the purposes for which it may be spent.

Safety net

Mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5 per cent below their *baseline funding level*. The baseline funding levels are updated each year by the September Retail Prices Index for the purposes of assessing eligibility for the safety net.

Safety net payment

A payment made by central government to local authorities who are eligible for safety net support. These are payable after the end of the financial year

Safety net payment on account

A safety net payment made to a local authority on the basis of forecast non domestic rating income. This means it will be made in year – in advance of the calculation of actual *safety net payments* - which will be calculated on the basis of audited accounts data following the end of that financial year. Any difference between the two amounts will be reconciled and corrected.

Safety net threshold

This is 92.5 per cent of a local authority's baseline funding level.

Service tiers

There are three service tiers corresponding to the services supplied by the three types of authorities. These are upper-tier services – those services, other than fire, supplied by county councils in two-tier areas; fire and rescue services; and lower-tier services – those services supplied by district councils in two-tier areas. Some authorities may provide more than one tier of service.

Spending Power

The definition of revenue spending power is spending power from council tax, Government revenue grants and National Health Service Funding for social care. The calculation of each local authority's spending power is used to calculate eligibility for Efficiency Support Grant.

BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...

Tariffs and top-ups

Calculated by comparing an *individual authority business rates baseline* against its *baseline funding level*. *Tariffs* and *top-ups* will be self-funding, fixed at the start of the scheme and index linked to the Retail Prices Index in future years.

Tariff authority

An authority with a higher *individual authority business rates baseline* than its *baseline funding level*, and which therefore pays a *tariff*.

Tariff payment

The payment made from tariff authorities to central government over the course of the financial year.

Top-up authority

An authority with a lower *individual authority business rates baseline* than its *baseline funding level*, and which therefore receives a *top-up*.

Top-up payment

The payment made from central government to top-up authorities over the course of the financial year.

Transitional protection payment

An adjustment to ensure that authorities do not experience gains or losses in rates income as a consequence of the transitional arrangements

BUSINESS PLAN – LIST OF ACRONYMS

<u>Acronym</u>	<u>Definition</u>
AD	Assistant Director
ADASS	Association of Directors of Adult Social Services
Apps	Applications
ASB	Anti Social Behaviour
ASC	Adult Social Care
ASH	Our miscellaneous income, invoicing and recovery system
BC	Building Control
BESD	Behavioural Emotional and Social Difficulties
BME	Black Minority Ethnic
C & YP	Children and Young People
CAF	Common Assessment framework
CAMHS	Child and Adolescent Mental Health Services
CC	Children's Centre
CC	Children's Centre
CCTV	Close Circuit Television
CEN	Creative Environmental Networks
CEO	Civil Enforcement Officer
CFR	Capital Financing Requirement
CIPFA	Chartered Institute Public Finance and Accountancy
CMT	Corporate Management Team
CNEA	Clean Neighbourhood and Environment Act
COM	Current Operating Model
CPD	Centre for Professional Development
CPD	Continuing Professional Development
CPZ	Controlled Parking Zone
CRB	Criminal Records Bureau
CRM	Customer Relationship Management
CSC	Children's Social Care
CSF	Children Schools & Families
CYP	Children and Young People
CYPP	Children and Young peoples Plan
DC	Development Control
DEFRA	Department for Environment Food and Rural Affairs
DFG	Disabled Facilities grant

<u>Acronym</u>	<u>Definition</u>
DMT	Departmental Management Team
DSG	Dedicated Schools Grant
E&R	Environment and Regeneration
EA	Equality Analysis
EAL	English as an Additional Language
EH	Environmental Health
EIA	Equalities Impact Assessment
EIG	Early Intervention Grant
ERTG	Enforcement Review Task Group
ESOL	English for Speakers of Other Languages
EU	European Union
EY	Early Years
FACS	Fair Access to Care Services
FM	Facilities Management
FOI	Freedom Of Information
FPN	Fixed Penalty Notice
FTE	Full Time Equivalent
GLA	Greater London Authority
HB	Housing Benefits
HC&OP	Healthier Communities and older People
HCA	Homes and Community Agency
HNES	Housing Needs and Enabling Services
HRRC	Household Reuse and Recycling Centre
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standard
IP	Intellectual Property
IT	Information Technology
iTrent	Our new payroll system
JD	Job Description
K	£ Thousand
L & D	Learning and Development
LA	Local Authority
LAC	Looked After Children
LALO	Local Authority Liaison Officer
LATS	Landfill Allowances and Trading Scheme
LB	London Borough
LBM	London Borough of Merton
LCGS	London Councils Grant Scheme
LDD	Learning Development and Diversity
LGA	Local Government Association
LLC	Local Land Charges
LSC	Learning Skills Council
LSCB	Local Safeguarding Children's Board
LSP	Local Strategic Partnership

<u>Acronym</u>	<u>Definition</u>
LOBO	Lenders Option Borrowers Option
MAE	Merton Adult Education
MARAC/DV	Multi Agency Risk Assessment Case Conference / Domestic Violence
MCIL	Merton Centre for Independent Living
MIS	Management Information System
MP	Member of Parliament
MRP	Minimum Revenue Provision
MSLT1&2	Merton's Senior Leadership Team Levels 1 and 2
MTFS	Medium Term Financial Strategy
MVSC	Merton Voluntary Service Council
NEET	Not in Education Employment or Training
NNDR	National Non Domestic Rate
O&S	Overview and Scrutiny
OJEU	Official Journal of the European Union
OT	Occupational Therapy
PATAS	Parking And Traffic Appeals Service
PC	Police Constable
PCN	Penalty Charge Notice
PCT	Primary Care Trust
PFI	Private Finance Initiative
PM&R	Pavement Maintenance and Repair
PM&R	Pavement Maintenance and Repair
PPD	Public Protection and Development
PPP	Policy Planning and Performance
PRS	Private Rented Sector
PVI	Private Voluntary and Independent
QA	Quality Assurance
SC	Sustainable Communities
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SFA	Skills Funding Agency
SLA	Service Level Agreement(s)
SLWP	South West London Partnership
SME	Subject Matter Expert
SMT	Senior Management team
SOAs	Super Output Areas
SSQ	School Standards and Quality
SW	South West
SWLSG	South West London and St George's Mental Health NHS Trust
TBC	To Be Confirmed
TEC	Transport and Environment Committee
TFL	Transport For London
TOM	Target Operating Model
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations
VAT	Value Added Tax
VLE	Virtual Learning Environment
VS	Voluntary Sector
YOT	Youth Offending Team

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Business Plan 2014 / 2018

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