

## **Committee: Cabinet**

**Date: 26<sup>th</sup> February 2007**

**Agenda item: 15**

**Wards:** All

**Subject:** "Putting You First" - The Budget and Business Planning

Process 2007/08 to 2009/10

**Lead officer:** Chris Johnson, Interim Director of Corporate Services

**Lead member:** Councillor Samantha George, Cabinet Member for Corporate Resources

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

### **Urgent report:**

The legal requirements for Access to Information have not been met. The chair has approved the urgent submission of this item for the following reason:

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This report provides the latest available information on the Budget 2007/08 and requires consideration of issues relating to the Budget process 2007-2010. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 7<sup>th</sup> March 2007 and set a Council Tax as appropriate for 2007/8.

### **Recommendations:**

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1. That the Cabinet resolves that, having considered all of the latest information and the comments from the scrutiny process, the General Fund Budget and Council Tax Strategy for 2007/08, and the Medium Term Financial Strategy for 2007-2010 as submitted and reported upon be approved and recommended to Council for approval and Council be recommended to approve the resolutions set out in Appendix 1 of the report.
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#### **1. Purpose of report and Executive Summary**

- 1.1 At its meeting on 19<sup>th</sup> February, Cabinet considered and agreed in principle the proposals for setting a balanced budget and Council Tax for 2007/08.
- 1.2 The six week consultation period for scrutiny ended on 23<sup>rd</sup> February and no further representations have been received. The report as previously considered by Cabinet is therefore represented for Cabinet to formally recommend to Council.

- 1.3 This report summarises the work that has been undertaken since April 2006 towards formulating the Business Plan and Budget for 2007-2008. It describes the steps taken to ensure that business planning is integrated with financial planning. It sets out details of how the budget has been structured to ensure that a balanced budget is set.
- 1.4 The report elsewhere on this agenda also sets out the draft Capital Programme 2007-2010. It details the work that has been undertaken to produce a programme that is aligned with business planning requirements and also integrated with the revenue budget.
- 1.5 Finally, the Medium Term Financial Strategy (MTFS) is updated to reflect the Council's anticipated financial outlook over the period 2007-2010.
- 1.6 Cabinet on 19<sup>th</sup> February considered the various responses from scrutiny bodies to the draft budget and proposed Council tax level. The constitution requires that the budget cannot be approved until six weeks after the initial approval has passed and therefore the decision to approve and recommend to Council the budget and Council Tax for 2007/08 need to be taken at this Cabinet meeting.
- 1.7 The decisions taken by Cabinet on 19<sup>th</sup> February in respect of the recommendations of the Overview and Scrutiny Commission were:-
- ER13 – it was agreed to continue with this saving within the assurances given in the response;
  - ER16 – it was agreed to remove this saving and to compensate by adjusting ER1 accordingly;
  - EN55 – it was agreed that a wider review of free parking arrangements would be considered as part of the service delivery plan for Street Management in 2007/08 and that it would be inappropriate to remove this facility at this time;
  - Crown House Car Park – it was agreed not to proceed with this proposal;
  - Adult Social Care – monitoring of elderly and vulnerable clients – it was noted that monitoring of the impact of charges was part of the normal processes within adult social care.
- 1.8 The financial implications of these decisions are reflected in the report and appendices.

## 2. **Introduction**

- 2.1 At this Cabinet meeting, Members are presented with reports that provide a comprehensive presentation of all issues relevant to the formulation of the Council's medium term financial strategy for the period 2007-2010.

2.2 The Council's budget for 2007/08 and Medium Term Financial Strategy for 2007-2010 consists of four key elements:-

- The General Fund Revenue Budget and Council Tax strategy;
- The Housing Revenue Account and housing rents strategy (previously considered by Cabinet on 19<sup>th</sup> February 2007);
- The Capital Programme, including the Housing Revenue Account capital (There is a separate report on the Capital Programme elsewhere on the agenda);
- The MTFS, the overarching strategy, which brings together individual elements of the budget and reviews the strategic aims and key issues and assumptions.

2.3 This report provides details about the General Fund revenue budget and explains how this information has been used to produce a draft budget and Council Tax levy.

2.4 The Schools' budget will be considered by the Schools' Forum on the 1<sup>st</sup> March by which time pupils numbers will be confirmed (on 14<sup>th</sup> February via the Pupil Levels Annual Schools Census(PLASC)).

## 2.5 The Scrutiny Function

2.5.1 During the January cycles of meetings the available details relating to the MTFS, revenue and capital budgets and the Business Plan have been considered by the Scrutiny Panels on the following dates:-

The Way We Work Scrutiny Panel	16 <sup>th</sup> January 2007
Life Chances Scrutiny Panel	17 <sup>th</sup> January 2007
Regeneration and the Public Realm Scrutiny Panel	18 <sup>th</sup> January 2007
Health & Community Care Scrutiny Panel	23 <sup>rd</sup> January 2007
Overview and Scrutiny Commission	5 <sup>th</sup> February 2007

2.5.2 This report incorporates the outcome of the final Local Government Finance Settlement. Draft resolutions to Council in respect of the Council Tax for 2007/08 are set out in Appendix 1.

### 2.5.3 Feedback from Scrutiny Process

The minutes of the Overview and Scrutiny Commission are summarised in Appendix 2(i). Appendix 2(ii) contains the comments of the Overview and Scrutiny Commission and responses to the issues raised. The consultation period ended on the 23<sup>rd</sup> February and no further comments by the Overview and Scrutiny Commission have been received.

- 2.6 The meeting of the Council, to set the Council Tax and housing rents for 2007/08, will be on 7<sup>th</sup> March.
  - 2.7 Delivery of the budget and service plans will be monitored throughout the year in line with the corporate Performance Management Framework.
  - 2.8 Business Plan  
The business planning process for 2007/08 is well underway, with officers considering potential changes to the existing Business Plan. This will culminate in a Business Plan for 2007-10 being put before Council on 7 March, alongside the budget. The process is undertaken using a series of proformas to encourage officers to consider the factors - both local and national - that may influence or affect the work of their departments over the next three years.
3. **Business Planning**
    - 3.1 A separate report on the Business Plan is elsewhere on the agenda. The financial implications arising from the proposals included in the Business Plan have been integrated into the draft revenue budget and capital programme for 2007-10.
4. **Background to Financial Planning**
    - 4.1 Building on the approach adopted for previous years the Council made an early start to the budget process for 2007/08 in April 2006. It was recognised that the Council would be reviewing its business plan and that there would be Council elections in May 2006 which could have implications for both business and financial planning.
    - 4.2 The starting point for the 2007/08 budget was the MTFs agreed by Council on 1<sup>st</sup> March 2006. Since then, a considerable amount of work has been undertaken in order to bring forward proposals to meet next year's budget targets, as formulated by Corporate Management Team (CMT) , agreed by Cabinet and scrutinised by the Overview and Scrutiny Commission.
    - 4.3 Resource projections have been continually updated throughout the year and budget savings and growth proposals have been formulated within the overall constraints of the resource projections for 2007-2010. The proposals have been approved in principle by the Cabinet and then considered by Overview and Scrutiny Panels as part of the scrutiny process. Scrutiny Panels have met again during January and their feedback on the Council's spending proposals is set out in Appendix 2.
    - 4.4 The Medium Term Financial Strategy (MTFS) for the Council supports the achievement of the business plan and any financial implications arising from

the agreed plan are included in financial planning for 2007/08 and beyond. The MTFS is attached at Appendix 3.

- 4.5 The MTFS is a financial plan which sets out the financial framework incorporating the key assumptions that are expected to impact on the Council over the three-year period 2007/08 to 2009/10. The initial stage was to re-price and update the current year's budget to incorporate an assessment of inflation, full year effects and other technical changes over the period. The MTFS brings together all of the key elements relating to the Council's financial position which are reflected in the General Fund, the Housing Revenue Account and the Capital Programme.
- 4.6 A three-year forward plan is presented, but it is still a legal requirement that a balanced (i.e. fully funded budget) is achieved. There are a number of ways in which a balanced budget is achieved:
- Reducing expenditure/costs;
  - Increasing savings/reductions or income;
  - Adjusting the level of Council Tax increase;
  - Using unallocated reserves.

## **5. Local Government Finance Settlement 2007/08**

- 5.1 The financial projections in the last report to Cabinet were based on the provisional settlement which was announced on 28<sup>th</sup> November 2006. This confirmed that the Council's level of central government funding in 2007/08 via Formula Grant will be £61.244m. This had not changed from the amount notified last year as part of the Government's two year announcement. The consultation period for the provisional Settlement ended on 5<sup>th</sup> January 2007 and the final Settlement was announced on 18<sup>th</sup> January 2007 which again confirmed Merton's Formula Grant for 2007/08 will be £61.244m. Further details on the Final Settlement for 2007/08 are provided in Appendix 4.

## **6. Formulating a Medium Term Financial Strategy for 2007-2010**

- 6.1 The budget process began soon after the setting of the Council Tax and Budget for 2006/07 and an initial review modified some of the assumptions used for the MTFS. These were:-
- A zero rate of increase for services funded by Council Tax;
  - Inflation based on a pay award of 2.5% and price increases of 1.5%, with additional provision for transport, care homes and concessionary fares where the inflation level is higher;

- Formula Grant and Dedicated Schools Grant in 2007/08 at the level advised in the Local Government Finance Settlement with 2% increases in Formula Grant and 5% in Dedicated Schools Grant in future years;
- No adjustment made for the possibility of budget overspends, particularly in Adult Social Care;
- The estimated financial implications of Single Status have been incorporated.

6.2 Regular reports have been made on progress on the MTFs and Budget to Cabinet on 30<sup>th</sup> October 2006, 18<sup>th</sup> December 2006 and 11<sup>th</sup> January 2007/08. The MTFs was reported to Cabinet on 30<sup>th</sup> October as follows:-

	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>	<b>Forecast 2009/10</b>
	£m	£m	£m
Revenue Budget b/f from previous year	132.973	134.161	135.386
Technical and Corporate adjustments	9.764	8.172	7.818
<b>Forecast Budget Requirement (exc. Growth and Budget pressures)</b>	<b>142.737</b>	<b>142.333</b>	<b>143.204</b>
Formula Grant (RSG and Business Rates)	61.244	62.469	63.718
Council Tax	72.917	72.917	72.917
Total Resources	134.161	135.386	136.635
<b>GAP</b>	<b>8.576</b>	<b>6.947</b>	<b>6.569</b>

6.3 In order to address the gap of £8.576m each department was given a target level of savings to achieve, and Cabinet on 30<sup>th</sup> October agreed savings totalling £9.072m and additional growth proposals of £0.496m to achieve a balanced budget.

#### 6.4 Growth

6.4.1 Cabinet on 30<sup>th</sup> October agreed growth of £0.496m. This mostly arises from service/legislative demands within Environment and Regeneration department which has been provided for the full year effects of environmental enhancements agreed by Cabinet on 17<sup>th</sup> July and other matters. The growth is set out in detail in Appendix 5.

6.4.2 Additional Growth arising from Business Plan/ "Putting You First"  
The report on 11<sup>th</sup> January provided details of the impact of changes to the Business Plan and any necessary funding which may be required to implement "Putting You First". Officers undertook a further review of the Business Plan and in consultation with Members assessed the financial implications of implementing additional growth initiatives as summarised in the table below and set out in more detail in Appendix 5.

	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>	<b>Forecast 2009/10</b>
	£m	£m	£m
Chief Executive's	0	0	0
Corporate services	0	0	0
Children, Schools & Families	1.091	0.566	0.181
Environment & Regeneration	0.304	0.104	0.055
Community and Housing	0.606	0.456	0.397
<b>Additional Growth</b>	<b>2.001</b>	<b>1.126</b>	<b>0.633</b>

#### 6.4.3. Additional Provision for Adult Social Care

The report to Cabinet on 18<sup>th</sup> December set out in more detail the work that has been undertaken to understand and quantify the need for additional budget in Adult Social Care. The result is a requirement of £5.5m and is based on the following analysis:-

Placements Budget 2005/06 £m	Actual Expenditure 2005/06 £m	Service Area (Budget Team)	Placements Budget 2006/07 £m	Budget Requirement 2007/08 £m
2.3	2.6	Mental Health	2.2	2.4
2.5	2.8	Physical & Sensory	2.7	2.8
6.5	6.8	Learning Disabilities	6.0	8.7
13.4	17.3	Older People	14.0	18.0
0.2	0.2	Other Services	0.7	0.2
<b>24.9</b>	<b>29.7</b>	<b>Sub-total</b>	<b>25.6</b>	<b>32.1</b>
(10.1)	(10.7)	Less: Client Income	(10.7)	(10.9)
<b>14.8</b>	<b>19.0</b>	<b>Net Budget Required</b>	<b>14.9</b>	<b>21.2</b>
		Less Base Budget		(15.7)
		<b>Additional Budget</b>		<b>5.5</b>

#### 6.4.4 Summary of growth for 2007/08

The total growth required for 2007/08 is set out in the following table:-

	<b>2007/08 £m</b>
Growth agreed by Cabinet (30/10/06)	0.496
Business Plan/"Putting You First"	2.001
Adult Social Care	5.500
<b>Total Growth 2007/08</b>	<b>7.997</b>

#### 6.5 Savings

- 6.5.1 Savings totalling £9.072m were considered by Cabinet on 30<sup>th</sup> October 2006 and have been scrutinised by the Panels and Overview and Scrutiny Commission.

6.5.2 Alternative Departmental Savings: (£0.171m)

In addition, as reported to Cabinet on 11<sup>th</sup> January, a further review by service departments yielded additional savings of £0.171m:-

	<b>2007/08 £m</b>
Environment and Regeneration	0.077
Community and Housing	0.094
<b>Total: Alternative Savings</b>	<b>0.171</b>

These additional savings have also been scrutinised by the Panels and Overview and Scrutiny Commission.

6.5.3 The savings have been analysed over service reductions, efficiencies and income as follows:-

	<b>2007/08 Savings £m</b>
Efficiencies	
• Doing the same, or more, for less	2.984
Income	
• Alternative funding	0.442
• Additional income	2.704
Service reductions	
• Stopping services	0.039
• Doing less	2.162
Technical	0.912
<b>Total</b>	<b>9.243</b>

6.5.4 The savings are set out in detail in Appendix 6.

6.5.5 A risk analysis of the savings proposals has been undertaken with respect to deliverability and political impact. This uses the same risk matrix used for 2005/06 which assesses the risk as low, medium, or high. The approach taken to assessing risk is covered in greater detail in Section 8 of this report.

6.5.6 In addition to the identification of savings, the intention is that, where feasible, savings should be implemented early to enable some money to be set aside to assist in the shortfall for 2007/8. These savings total £0.274m to carry forward from 2006/07 and these are analysed by department in the following table, along with the £9.243m savings identified above:-



	<b>Saving to meet target 2007/08 £m</b>	<b>Saving b/f from 2006/07 to 2007/08 £m</b>
Chief Executive's	0.075	0.004
Corporate Services	1.735	0.165
Children, Schools & Families	1.882	-
Environment & Regeneration	2.286	0.105
Community & Housing	3.265	-
<b>Total</b>	<b>9.243</b>	<b>0.274</b>

Details of the brought forward savings are set out in Appendix 7.

#### 6.5.7 Income Review

The budget incorporates £2.704m as part of meeting departmental savings targets. A review has been undertaken but it is not considered prudent to include any additional amounts at this stage. Members and officers are undertaking a review of income generation potential which will be reported later in the year.

6.6 The growth and savings proposals have been subject to scrutiny by the Panels and the Overview and Scrutiny Commission.

### 7. **General and Corporate Provisions**

7.1 These are the assumptions made in respect of key financial factors that underpin the budget. The latest advice and proposals on each of these is set out below.

#### 7.2 Technical Adjustments

There are a number of technical changes for which the financial implications have been incorporated into the budget :-

- Cost of new borrowing to fund capital programme
- Waste Landfill Tax Escalator
- PFI contribution
- Animal Welfare Act
- Single Status
- Increase in energy costs related to unmetered supply
- Planning Inspectorate Local Development Framework

7.3 In addition the following assumptions have been made in respect of corporate provisions:-

7.3.1 Pay and Price increases: Provision has been made to cover price increases and pay awards based on an increase of 2.5% for employee costs and an increase of 1.5% for prices in respect of non-education services. Pay and

price increases for Schools are included in the Direct Schools provision. Additional inflation in excess of 1.5% is included for:-

	£m	£m
Care homes	0.412	
Transport	0.346	
Concessionary Fares	0.310	
Total		1.068

- 7.3.2 Treasury Management: Treasury costs include the cost of borrowing (i.e. interest and other expenses related to debt) and investment income from capital receipts not yet applied to resourcing capital expenditure. A provision of £0.750m has been included in 2007/08 for new borrowing.
- 7.3.3 Contingency: The Council faces a number of pressures on key services that arise from the fluctuation in demand led services and circumstances. There are also issues which are known but which cannot be quantified with certainty. A contingency sum in anticipation of these issues has been provided in 2007/08 at the same level as 2006/7.
- 7.3.4 Bad Debt Provision: It is appropriate to continue both the good practice commenced in 2004/05 and continued in 2005/06 and 2006/07, where Bad Debt provision is reviewed early. The objective is to provide 100% for all debts over two years. Currently the view is that there is no need for any additional contribution in 2006/07.
- 7.3.5 Local Public Service Agreements  
 PSA 1: This is to provide up to £4m of reward grant dependent on the achievement of a suite of 50 performance indicators, covering a variety of services under 12 main themes. The Council has submitted a claim for £3.6m in respect of PSA1. This is subject to audit by the Audit Commission on behalf of the Government Office for London. The grant when audited is payable in two equal instalments in 2007/08 and 2008/09. This sum has been applied as follows. In 2006/07, £0.8m to offset current expenditure, in 2007/08, £0.8m contribution to General Fund reserves and in 2008/09, the remaining £1.6m contribution to General Fund Reserves. This is a prudent assumption based on the level of the claim.

PSA 2: The LAA is a three year agreement between central government and a local area, represented by the lead local authority (Merton Council) and other key partners through the Local Strategic Partnership. It sets out a number of key outcomes to be achieved locally over its three year period, based on a combination of national and local priorities. Essentially, for Merton, it is the first action plan for the Community Plan. Thematic partnerships have been established by the Merton Partnership, tasked with co-ordinating delivery of the Partnership and LAA priorities relevant to them. A nominated Cabinet member has been involved on each thematic

partnership since the summer. Pump priming grant of £944,700 will be available to support the delivery of the stretch targets. This is a one off grant and available only for the three years of the LAA. It is for the Partnership to decide how that grant will be allocated for that purpose. If the grant is divided equally between 12 targets then there would be £26,000 per annum available to support each stretch target. In return for delivering the stretched performance, Performance Reward Grant (PRG) can be secured for reinvestment in the Merton area. It is calculated at 2.5% of the Council's net budget requirement, and has been confirmed by Government Office for London (GOL) as £5.5m maximum for Merton. PRG is secured by the delivery of each stretch target, and on achievement of at least 60% of each stretch target. At this stage no assumptions have been made about the allocation of any Performance Reward Grant.

#### 7.3.6 Collection Fund

The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax on behalf of those bodies for which the income has been raised. These bodies are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA). The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept. The Collection Fund also accounts for National Non-Domestic Rates which it receives from business and pays into a national pool that is administered by the Government. These transactions have no overall effect on the balance on the Collection Fund. Any surplus or deficit on the Collection Fund is shared between, or charged to, the Council and its preceptors in proportion to their demands upon the Collection Fund. The balance on the Collection Fund as at 31/03/06 was £2.035m. In 2006/07 it was decided to contribute £0.5m towards the budget and part of the balance is payable to the GLA:-

	£m
Balance on Collection Fund b/f 31/3/06	2.035
Less: Payable to GLA	(0.370)
Less: Allocated to 2006/07 budget	(0.500)
Balance available for future years	1.165

The Council Tax calculation is set out in detail in Appendix 8 and details of the Collection Fund are set out in Appendix 9.

#### 7.3.7 Review of Accounting Principles (£1.5m)

Current practice has been reviewed to examine whether pressure can be reduced on the General Fund through technical, legitimate, measures which require a change of accounting principles. One such area relates to funding through leasing arrangements. These were popular and effective when limitations on borrowing allowed leasing, whether operational and/or

finance, to be used to fund such assets as the transport fleet, and ICT hardware. Such arrangements however were relatively expensive and consequently an ongoing saving of £1.5m per annum is anticipated by refinancing at much lower rates of interest.

#### 7.3.8 Debt Management Strategy: (£1.0m)

The current and forecast level of market interest rates offers an unusual opportunity to undertake a systematic, concerted, programme of debt management to produce significant revenue savings and minimise debt outstanding. The timeliness of this is reinforced by the conclusions of a review undertaken by Price Waterhouse in September/October 2006, which reported that, the Council should:-

- Seek to accelerate its repayment policy;
- Consider borrowing to repay debt (where economic);
- Include market LOBO debt and Stock in the repayment policy;

The Debt Management Strategy was approved at a meeting of the Cabinet on 19<sup>th</sup> February 2007.

#### 7.3.9 Other Provisions

A review of general provisions has identified that there is up to £0.232m which is included in the base budget to meet potential liabilities which could be applied in 2007/8 as a one off saving.

#### 7.3.10 Local Authority Business Growth Incentive Scheme (LABGI) (£0.6m)

Merton received £415,760 in 2005/06 from LABGI and £200,000 of this was released for further investment. The balance has been retained in reserves. The estimated amount for 2006/07 is in the region of £600,000 and this will be utilised in 2006/07. The Department for Communities and Local Government will notify how much grant authorities will receive for 2006/07 in February 2007.

### **8. Reserves Strategy and Risk Analysis and Assessment**

- 8.1 The General Fund balances as at 31st March 2006 were £5.7m. This is £0.6m more than was forecast when the 2006/07 budget was approved by Council in March 2006. It is intended to contribute £1.8m in 2007/08 including £0.8m relating to PSA Reward Grant. Based on expected contributions over the MTFs period, the Reserves Strategy is set out below:-

	General Fund Balances
	£m
Balances b/f 1/04/2006 (audited)	5.7
Forecast Contribution 2006/07	0.9
Balances c/f 31/3/2007	6.6
Forecast Contribution 2007/08	1.0
Addition of PSA1 Grant	0.8
Estimated balances c/f 31/3/08	8.4
Forecast Contribution 2008/09	1.0
Addition of PSA1 Grant	1.6
Estimated balances c/f 31/3/2009	11.0

## 8.2 Risk Analysis and Assessment

- 8.2.1 An assessment of General Fund reserves (excluding school balances), earmarked reserves and un-provided liabilities is a fundamental part of the Comprehensive Performance Assessment (CPA) judgement.
- 8.2.2 There has been a robust budget process for 2007/08 with all budgets being reviewed in depth. This includes an analysis of overspending in 2005/06, identifying current budget pressures in 2006/07, and consideration of proposed legislative changes.
- 8.2.3 There is a projected overspend in 2006/07. Further work is continuing to ensure that the forecast overspend is managed and does not impact on the Council's reserves. This is detailed in Section 9 of this report.
- 8.2.4 Schools are responsible for managing their own budgets and are now funded directly by Dedicated Schools Budget. They retain school reserves which are earmarked for their own use.
- 8.2.5 Work has been undertaken on calculating a level of General Fund reserves that is prudent in the overall context of the level of risk associated with maintaining expenditure within the limits that the Council sets itself when setting its budget. It is considered that a level of £5m offers adequate cover. Further details of the methodology adopted for calculating a prudent level of reserves are included within the Council's MTFS.
- 8.2.6 The Council has gradually increased the level of reserves to a more prudent level since 1998 when they stood at £76,000. This steady increase in reserves has been as the result of effective budget setting and budget management processes, which have been demonstrated to be effective.

## 9. **Budgetary Control**

- 9.1 It is important that budgets are revised annually to take account of the consequences of the previous year's outturn.

9.2 The revenue budgetary control information contained in the table below summarises the corporate position using the latest available information as at 31<sup>st</sup> December 2006, i.e. for the first nine months of the financial year. As at December, the forecast overspend is £4.147m, with management action of £0.367m proposed to date, giving a forecast overspend at the year-end of £3.78m.

<b>Department</b>	<b>Forecast Over/(under) spend 2006/2007 Based on December 2006</b>	<b>Management Action Proposals To date</b>	<b>Forecast Over/(under) spend 2006/2007 (After Mgt. Action)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive's	0	0	0
Corporate Services	100	(100)	0
Children, Schools and Families	(400)	0	(400)
Community and Housing	4,536	(267)	4,269
Environment and Regeneration	(89)	0	(89)
<b>Total General Fund</b>	<b>4,147</b>	<b>(367)</b>	<b>3,780</b>
Housing Revenue Account	0	0	0

9.3 It is essential that the Council does not overspend its approved budget and where there are signs that this will be the case, positive and meaningful action must be put in place to avoid such overspends. Chief Officers, together with Departmental Financial Controllers and budget managers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, that these underspends are retained until year end.

9.4 Corporate Management Team has an established policy that each department contains its net expenditure within its approved budget. Where a department identifies that it is going to overspend its budget, the policy requires the Chief Officer to take immediate action across the department to control expenditure and identify alternative or compensating expenditure reductions to ensure that the budget is not exceeded overall at year-end.

9.5 Further work has been undertaken to ensure that the forecast overspend is managed with limited impact on the Council's reserves. The following adjustments are proposed to deal with this:-

- the budget for 2006/07 includes a contingency and general provisions to provide cover, as it was recognised when setting the budget that the Council may face a number of pressures on key services that arise from the fluctuation in demand led services and unforeseen circumstances. A review of these has identified that there is up to £2.3m which could be applied in

2006/7 as a one off saving and it is proposed to apply this to reduce the potential overspend at year end;

- A review of the anticipated outturn in debt management in the light of current and forecast level of market interest rates for the remainder of 2006/07 has identified a potential underspend of £0.500m which it is proposed to apply to reduce the potential overspend at year end;
- The review of accounting principles will be applied to 2006/07 expenditure and it is anticipated that this may lead to underspends against budget of up to £1.4m.

9.6 The total financial impact of the initiatives outlined in paragraph 9.5 is as follows:-

	<b>Contribution to 2006/07 overspend £m</b>
Application of contingency budgets	2.300
Debt management	0.500
Review of accounting principles	1.400
<b>Total</b>	<b>4.200</b>

9.7 Therefore, it is anticipated that the proposed management action set out will enable the Council to keep its outturn within the budget set with no adverse impact on service delivery.

## 10. **Summary of Current Position and Council Tax Strategy**

10.1 The financial implications of the additional growth proposals and options to fund them in order to set a balanced budget are set out in the following table :-

	£m	£m
Gap (MTFS Cabinet 30 <sup>th</sup> October)		<b>8.576</b>
<u>Stage 1:</u>		
Growth – agreed by Cabinet 30/10/06	0.496	
Savings – agreed by Cabinet 30/10/06	(9.072)	(8.576)
<b>Balanced Budget at Stage 1</b>		<b>0.000</b>
Growth – Business Plan/”Putting You First”		2.001
<u>Additional Resources:</u>		
Review of Accounting Principles	(1.500)	
Debt Management Strategy	(1.000)	
Alternative departmental savings	(0.171)	(2.671)
<b>Sub-total:</b>		<b>(0.670)</b>
<b>Additional Budget for Adult Social Care</b>		<b>5.500</b>
Bringing forward savings to 1st January 2007	(0.274)	
Use of Collection Fund Balance	(1.100)	
Other provisions	(0.232)	
LABGI	(0.600)	(2.206)
<b>Revised Gap</b>		<b>2.624</b>

10.2 The MTFS and budget proposals presented so far have been based on the assumption that there will no increase in services funded by Council Tax over the plan period.

10.3 Reserve Capping Powers

Legislation covering the limitation of council tax and precepts is contained in the Local Government Act 1999 (Chapter 27 – Schedule 1). Section 52 B (1) states that “if in the Secretary of State’s opinion the amount calculated by an authority as its budget requirement for a financial year is excessive, he may exercise his power to designate or nominate the authority under Section 52D”.

10.4 When making his Statement on the Provisional Settlement on 28<sup>th</sup> November, the Minister for Local Government, Rt. Hon. Phil Woolas, MP, made the following comments in relation to capping:-

*“We have provided a stable and predictable funding basis for local services. We expect local Government to respond positively as far as council tax is concerned. Therefore we expect to see an average council tax increase in England in 2007/08 of less than 5%. We will not allow excessive council tax increases. We have used our reserve capping powers in previous years to deal with excessive increases and won’t hesitate to do so again if that proves necessary.”*



- 10.5 A ready reckoner is provided at Appendix 10 which sets out the additional resources provided by a range of council tax increases up to 5%.
- 10.6 The overall position is that the council had to meet an original budget gap of £8.5m. Savings of £9m have been identified during the year to meet the base budget gap. Growth arising from the Business Plan has been identified of £2m for which specific savings have been identified. During 2006/07 it has become apparent that significant budgetary pressures in Community and Housing will continue and it is necessary to provide additional growth to fund this budget gap. Further measures have been introduced to fund this budget shortfall and it is also necessary to levy a Council tax increase of 3.6% in order to produce a balanced budget. A 3.6% increase would be below the headline rate of inflation (which as at January 2007 (RPI) was 4.2%) and is also the proposed level of increase in the state pension from 1<sup>st</sup> April 2007.
- 10.7 The proposals set out in this report therefore will enable the Council to set a balanced budget in 2007/08. There are still some remaining issues to solve in the remaining two years of the MTFs period and also some of the savings proposals are for one year (2007/08 only).
- 10.8 These issues have been assessed and the MTFs revised as follows:-

	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>	<b>Forecast 2009/10</b>
	£m	£m	£m
Revenue Budget brought forward from previous year	132.973	136.785	138.010
Technical and Corporate adjustments	5.332	10.308	11.226
Savings (including b/f to 01/01/07)	(9.517)	0.294	-
Growth	7.997	1.126	0.633
<b>Forecast Budget Requirement (inc. Growth and Savings)</b>	<b>136.785</b>	<b>148.513</b>	<b>149.869</b>
Formula Grant (RSG and Business Rates)	61.244	62.469	63.718
Council Tax (3.6% increase 07/08, 0% thereafter)	75.541	75.541	75.541
Total Resources	136.785	138.010	139.259
<b>GAP</b>	<b>0.000</b>	<b>10.503</b>	<b>10.610</b>

- 10.9 It is considered that the assumptions made within the report are prudent and achieve a comprehensive and balanced budget for 2007/08.

## 11. Positive Assurance Statement

- 11.1 Chief officers have reviewed their budgets in line with departmental finance officers and are confident that the budgets set for their services are robust and will meet the strategic objectives and performance targets set out in the Business Plan.

11.2 In accordance with the requirements of Section 25 of the Local Government Act 2003 to give a positive assurance statement, it should be noted that after considering all of the factors set out above, it is the view of the Interim Director of Corporate Services that the budget for 2007/08 is robust and incorporates a strategy to ensure that proposed financial reserves are adequate.

## 12. Greater London Authority Precept and Other Levies

12.1 The 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.

12.2 The council tax required by the Greater London Authority (GLA) is raised by issuing a precept on the City of London and each London borough. This is added to Merton's council tax requirements to give the overall council tax bill for individual households.

12.3 The Mayor of London published a consultation paper on 15th December 2006 on the GLA's draft Consolidated Budget for 2007/08 and this consultation period lasted until 16th January 2007. The final draft consolidated budget was presented to the London Assembly on 14 February 2007.

12.4 The GLA agreed to set a Band D Council Tax of £303.88, an increase of £15.27 (5.3%) on the 2006/07 amount of £288.61. This includes £20 for the Olympic and Paralympic Games financial contribution.

12.5 At this level the overall increase for Merton Council Taxpayers, coupled with Merton's proposed 3.6% increase is 4%.

## 12.6 Other Levies

12.6.1 The Council is required by statute to pay certain levies to the organisations listed below. The levies for 2007/08 have now been confirmed and are set out in the following table:-

	2006/07 £	2007/08 £	2007/08 Increase %
London Pension Fund Authority	196,040	216,012	10%
Lee Valley Regional Park	214,890	219,455	2%
Environment Agency	83,899	132,668	58%

These increases are provided for within the overall budget target.

### 12.6.2 Wimbledon and Putney Commons Conservators (WPCC)

A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons. The Wimbledon and Putney Commons Conservators Tax Base for the year is 10,583.4, compared with 10,485.9 in 2006/07. The amount is calculated on the basis of the amount levied by the Commons Conservators and is shown below. The Band D Council Tax in respect of the WPCC precept will be £22.40, an increase of 1.7%.

	2006/07 £000	2007/08 £000
Wimbledon & Putney Commons Conservators	233	237

## 13. CONCLUSIONS

- 13.1 The Medium Term Financial Strategy assumes that all of the corporate provisions, proposals for growth and proposals for savings, in 2007/08 are agreed and if this is the case, the following financial position is achieved:-

<b>Council Tax Calculation</b>	£m
Budget requirement (non –Schools)	138.285
Formula Grant	(61.244)
Collection Fund Surplus	(1.100)
Balance to be met from Council Tax	75.941
Implied Council Tax 2007/08 (Band D)	1,050.52
Actual Council Tax 2006/07 (Band D)	1,014.02
Implied Net Increase 2006/07 to 2007/08	36.50
Implied Increase 2006/07 to 2007/08	3.6%

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

<b>Council Tax at Band D</b>	£	<b>% increase over 2005/06</b>
Merton	1,050.52	3.6%
GLA Precept (Provisional)	303.88	5.3%
<b>Implied Council Tax at Band D</b>	<b>1,354.40</b>	<b>4.0%</b>

## 14. Schools Budget

- 14.1 The Children Act 2004 provides the legislative foundation for a whole system reform to significantly improve the quality, accessibility and coherence of services so that every child and young person is able to fulfil their potential and those facing particular obstacles are supported to overcome them. Each relevant authority has been required to re-organise its services to start to meet this agenda.
- 14.2 Children and young people make up 25% of the Merton Population. The number of children and young people between 0-19 years is currently 47,000 and is set to rise to 51,000 by 2015. Embodied with Merton's first Children and Young People Plan the Children, Schools and Families Department has nine strategic aims:
1. Improving the health and well being of all children and young people by promoting healthy lifestyles and choices;
  2. Building resilience and respect for others amongst children and young people;
  3. Enabling children and young people to feel safe at home, at school and in the community;
  4. Promoting the safeguarding of children and young people;
  5. Raising attainment and reducing educational inequalities;
  6. Developing better places to go and things to do that children and young people enjoy;
  7. Engaging and involving children and young people in decision making and participation within the community;
  8. Preparing our children and young people for the transition to independence and economic productivity and promoting the economic well being of families;
  9. For service providers – embracing and shared vision with shared values and co-ordinated actions to improve outcomes for children, young people, parents and carers.
- 14.3 The bulk of the Children, Schools and Families Department Budget falls within the Direct Schools Grant.
- 14.4 The Education Act 2005 paved the way for the introduction of the Dedicated Schools Grant (DSG), which now funds the items that were in the Schools

Block (schools, early years grants, special educational needs and specialist support/teaching). Under the DSG the sum of money received by the Authority is governed wholly by pupil census data, as detailed below:-

<b>Financial Year</b>	<b>Per Pupil Funding £</b>	<b>Pupil Numbers</b>	<b>Total Grant £million</b>
2006/2007	4,004.28	21,748	87,087
2007/2008*	4,270.05	21,151	90,316
Total Increase			3,229

\* Assumes no change in pupil numbers will be updated for 2007 census data.

- 14.5 The reason for the reduction in pupil numbers and the lower increase in the DSG is the transfer of Mitcham Vale and Tamworth Manor to Academy Status.
- 14.6 Within the DSG the Local Authority is required to consult at two levels during the budget process:
- 14.6.1 Schools – Section 47 of the School Standards and Framework Act governs the way in which LEAs’ formulae for calculating school budget shares may be drawn up. The Fair Funding Formula is the method by which Merton distributes the School’s delegated budget. The formula currently has over 30 factors that try to ensure the total budget is distributed to Merton Schools on an equitable basis. These factors govern the allocation of the Schools’ delegated budget. When a decision is made to increase the funding available through one factor, then another factor will usually have to be reduced to compensate.
- 14.6.2 The LEA is required to consult schools in the autumn term on the proposed changes to the formula used for allocating the Individual Schools budget amongst schools as any change to the formulae will result in some schools losing funding and some schools gaining funding. As part of this consultation the LEA must highlight the financial pressures on the Schools Block.
- 14.6.3 Schools Forum - The Local Authority is required to consult the schools forum and take into account its views before the formula is finalised and school budget shares determined for 2007/2008. The regulations require that the consultation with the forum, unlike consultation with schools, must include the financial effect of changes to the formula as part of the budget planning process. In addition the LEA must seek the forums approval to any relaxation on the limit of centrally retained expenditure within the DSG.

- 14.7 The DfES has specified a minimum 3.7% per pupil growth for secondary, primary and special schools for 2007-08 under its Minimum Funding Guarantee. Local Authorities are provided with a detailed formula to calculate this funding. Since 2006-07 it has been possible for the authority to vary the formula, with the approval of the Schools Forum in advance over the multi-year budget. On the 23<sup>rd</sup> February 2006 the London Borough of Merton Schools Forum agreed to remove the fixed funding from the MFG calculation in 2006.
- 14.8 As part of the 2006/2007 Budget process a 2 year budget was produced with an indicative 2007-08 budget issued to schools in March 2006. This was calculated on the basis of 2006-07 data and will be updated with the January 2007 PLASC data for the 2007-08 final budget.
- 14.9 Each school is invited to submit their feedback regarding the factors under consultation via the attached questionnaire. This feedback is then collated and fed back to schools and the Schools Forum.
- 14.10 Future Year Projections of the Direct Schools Grant  
The estimated Direct Schools Grant levels are set out in the table below. Forward projections for the Direct Schools Grant to 2009/2010 have been made. The forward projection assumes no change in pupil numbers and that growth in the Learning Skills Council Grant, the Schools Standards Grant and the Standards Fund Grants will be offset by additional expenditure. It has also been assumed that additional central government funding will cover items such as the education entitlement extension, children's centres, and extended schools.

	£m
2006/07 Pre-Academies transfer	90.220
2006/07 Post Academies transfer	87.087
2007/08 DfES estimate of pupil numbers	90.552
2007/08 Merton estimate of pupil numbers	90.316
2008/09 Merton estimate	94.832
2009/10 Merton estimate	98.625

- 14.11 A timetable for the Schools budget process is attached as Appendix 11.

## 15. **VFM and Efficiency Savings**

- 15.1 The Authority, in common with all other public sector bodies in England, was set a target of achieving efficiency gains of 2.5% per annum from 2005/06 until 2007/08 (i.e. 7.5% over a three year period). This figure is calculated on the expenditure of the Authority. It does not, however, include expenditure on education because the Government is assessing efficiency in schools on a national rather than a local basis. For Merton this 7.5%

equates to approximately £10 million in total, or just over £3.3m in each of the three years.

15.2 For the period up until March 2007, the Authority has identified cumulative efficiency gains worth over £9.4m (7%), against a target for the two years of 5%, so progress is very positive in relation to the above targets. Charts analysing Merton's efficiency savings are included in Appendix 12.

15.3 The Pre-Budget report indicated that the forthcoming Comprehensive Spending Review in 2007 will include the requirement for local authorities to make cashable efficiency savings of 3% p.a. This is an indication that the assumptions on which the next three year Local Government Finance Settlement will be based are likely to be challenging.

## 16. **Capital Programme**

16.1 A detailed report on the draft Capital Investment Programme, including the Treasury Management Strategy and revised Capital Strategy for 2007-10 is included elsewhere on the agenda.

16.2 The revenue implications of the draft Capital Programme are incorporated into the draft revenue budget and MTFs for 2007-10.

## 17. **Housing Revenue Account**

17.1 A separate report on the draft revenue and capital budget for the Housing Revenue Account was considered by Cabinet on the 19<sup>th</sup> February 2007.

## 18. **Future Years**

18.1 As indicated in the updated MTFs there is a gap between the forecast level of resources and budget requirements for 2008/09 and 2009/10 which will need to be addressed if a balanced budget is to be set. The updated MTFs is set out in paragraph 10.8.

18.2 The budget process for 2008/09 will commence in March as soon as the 2007/08 budget and Council Tax have been set.

18.3 Some of the options available to the Council to eliminate the budget gaps include:-

- The identification of efficiency savings (3% cashable savings equates to approximately £4m p.a.);
- Additional income arising from a review of existing income from fees and charges and identification of new sources of income. On the

basis of current levels it is anticipated that around £2.5m could be generated;

- A specific programme of value for money reviews will be brought forward to Cabinet at the start of the new financial year.

## **19 Financial, resource and property implications**

19.1 Financial implications are included in the report and appendices

## **20. Legal and statutory implications**

20.1 The law on the setting of the budget for the Council and the determination of Council tax levels is contained in the Local Government Finance Act 1992.

20.2 The legal and statutory implications are contained within the report. The Council's processes for the development and adoption of its budget are set out in the Budget and Policy Framework Procedure Rules contained in Part 4C of the Constitution.

## **21. Human Rights, Equalities and Community Cohesion Implications**

21.1 In identifying spending reductions, services where at all feasible, have sought to minimise the impact of the reductions on traditionally disadvantaged groups. The proposed budget reflects the Council's spending priorities for the year and the Council's core commitment to equal opportunities in employment and service delivery. The Council has a corporate policy of endeavouring to redeploy staff affected by reorganisation and other staffing changes. Every effort is therefore made to redeploy any staff affected by spending reductions.

21.2 A number of meetings with Staff Side have taken place and they have been advised of the Council's savings proposals and consultation is ongoing.

21.3 It is anticipated that the Budget will be set at a level which enables the Council to continue to be Human Rights compliant.

## **22. Risk Management and Health and Safety Implications**

22.1 Each savings proposal has been assessed in terms of service risk and political risk and these have been included in reports to the Scrutiny Panels. In addition a risk analysis has been carried out on the budget in total to



produce an assessment of the level of General Fund reserves needed to provide cover for unforeseen events.

**23. Consultation undertaken or proposed**

23.1 As listed below

- All members were invited to attend a business planning/budget seminar on 10 October;
- Scrutiny Panels and the Commission have had two rounds of scrutiny on the proposed budget and Business Plan;

23.2 An opportunity was offered at Council at its meeting in January for members of the public to put forward questions on the budget and a number of questions were received.

23.3 In accordance with statute, consultation is taking place with business ratepayers.

**24. Appendices – the following documents are to be published with this report and form part of the report**

Appendix 1: Framework of draft Resolutions to Council  
Appendix 2: Minutes of Overview & Scrutiny Commission and feedback  
Appendix 3: Draft Medium Term Financial Strategy 2007-2010  
Appendix 4: Local Government Finance Settlement 2007/08  
Appendix 5: Schedule of Growth  
Appendix 6: Schedule of Savings  
Appendix 7: Savings brought forward to 1<sup>st</sup> January 2007  
Appendix 8: Council Tax calculation  
Appendix 9: Collection Fund  
Appendix 10: Council Tax Ready Reckoner 2007/08  
Appendix 11: Schools Budget Timetable  
Appendix 12: Annual Efficiency Charts

**25. Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report**

Reports to Cabinet, 30<sup>th</sup> October, 18<sup>th</sup> December, 11<sup>th</sup> January , *Budget and Business planning 2007/08*  
Budget files in Corporate Services department

## 26. **Contacts**

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## 27. **Useful links**

- 27.1 Merton Council's Web site: <http://www.merton.gov.uk>
- 27.2 Readers should note the terms of the legal information (disclaimer) regarding information on Merton Council's and third party linked websites.
- 27.3 <http://www.merton.gov.uk/legal.htm>
- 27.4 This disclaimer also applies to any links provided here.

**DRAFT RESOLUTIONS**Revenue Report:

1. Members consider the views of the Overview and Scrutiny Commission set out in Appendix 2 to the revenue report, and approve the proposed budget for 2007/08 set out in Appendix 8 of the revenue report, together with the proposed Council Tax levy in 2007/08.
2. That it be noted that at its meeting on 11<sup>th</sup> January 2007 the Council calculated its **Council Tax Base for the year as 72,288.7** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators Tax Base for the year as 10,583.4** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 32 to 36 of the Local Government and Finance Act 1992:
  - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act

	£m
Gross Revenue Expenditure of Service Committees	271.978
Corporate Provisions	20.898
Amounts Payable to the Levying Bodies	0.805
Contribution to Financial Reserves	1.800
<b>Gross Expenditure</b>	<b>295.481</b>

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act

	£m
Fees, charges and other income of services	131.204
Corporate investment income and technical adjustments	25.755
<b>Total Income</b>	<b>156.959</b>

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year

	£m
<b>Total Net General Fund Expenditure</b>	<b>138.522</b>

## APPENDIX 1

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant and redistributed non-domestic rates

	£m
Revenue Support Grant	8.801
NNDR	52.443
<b>Total</b>	<b>61.244</b>

- e) being the amount at 4(c) above, less the amount at 4(d) above calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year

	£m
<b>Required yield from Merton's element of the Council Tax</b>	<b>77.278</b>

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£m
<b>Wimbledon and Putney Commons Conservators Levy</b>	<b>0.237</b>

- g) being the amount at 4(e) above, less the amount at 4(f) above with the result divided by the amount at 2 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates, subject to (i)-(ii) below.

- i) being reduced by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the directions under section 98(4) of the Local Government Finance Act 1988 made on 2 February 1995 - **£1,100,000** or
- ii) increased by the amount of any sum which the Council estimates will be transferred from its General Fund to its Collection Fund pursuant to the directions under section 98(5) of the Local Government Finance Act 1988 made on 2 February 1995 - **NIL**

	£
<b>Merton's General Band D Council Tax Levy</b>	<b>1,050.52</b>

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above,

## APPENDIX 1

calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	<b>£</b>
<b>Wimbledon and Putney Commons Conservators Band D Levy</b>	<b>1,072.92</b>

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Part of the Councils Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	700.35	817.07	933.80	1,050.52	1,283.97	1,517.42	1,750.87	2,101.04
Parts inc. WPCC	715.28	834.49	953.71	1,072.92	1,311.35	1,549.77	1,788.20	2,145.84

5. That the Council agrees the Council Tax levy for 2007/2008 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	202.59	236.35	270.12	303.88	371.41	438.94	506.47	607.76

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	902.94	1,053.42	1,203.92	1,354.40	1,655.38	1,956.36	2,257.34	2,708.80
Parts inc. WPCC	917.87	1,070.84	1,223.83	1,376.80	1,682.76	1,988.71	2,294.67	2,753.60

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## APPENDIX 2(i)

### Recommendations made by the Overview and Scrutiny Commission

#### Recommendations relating to the draft Budget 2007-10

Item	Recommendation
Saving ER13: Removal of bedding plants and replacement with permanent bedding (£60K saving in 2007/08)	<p>The commission noted that £30K of this saving has already been made through deletion of post for the E&amp;R restructure.</p> <p>Members were keen for the additional £30K saving should not be made before consulting with 'Friends of...' groups, particularly as this would suggest that the Council does not plan to consider any points made by these groups during the planned consultation. Therefore the commission recommended that the saving should not be made until all friends groups have been consulted and commented</p> <p>Furthermore, the commission wished that the £30K saving be assessed to see how planting could be made more sustainable whilst also retaining the impact of the flowerbeds.</p> <p>(NB the commission welcomed reassurance from the Director of Environment and Regeneration that she would look into this last point)</p>
Saving ER16: Reduction in grant to Wandle Industrial Museum (£5K saving in 2007/08)	<p>Concern was expressed that this grant is proposed to be cut and a recommendation was made that this saving should not be realised.</p> <p>(NB: The CM for Environment and Traffic Management indicated his support to look into how this could be avoided at the Regeneration and the Public Realm Scrutiny Panel meeting)</p>
Rejected saving EN55: Remove 20 minutes free parking in Wimbledon Village (£10K saving in 2007/08)	<p>The Commission flagged up concerns that there seems to be an anomaly when it comes to the provision of 20 minutes free parking opportunities across the Borough. The commission noted that the cost of consultation would be likely to make this saving unachievable.</p>
Potential savings to be made in Crown House car park	<p>The commission recommended the introduction of a charging policy for senior officers using the civic centre car park and that further consideration is given in 08/09 to the feasibility of generating income from evening and weekend parking.</p> <p>(Carried 3;2;4)</p>
Draft Budget 2007-10	<p>That close monitoring measures are set up to protect the elderly and vulnerable, in terms of charging for transportation and other sensitive areas.</p>

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## APPENDIX 2(ii)

### Recommendations made by the Overview and Scrutiny Commission Recommendations relating to the draft Budget 2007-10

Item	Officers response
<p>Saving ER13: Removal of annual bedding plants and replacement with permanent bedding (£60K saving in 2007/08)</p>	<p>This proposal involves a reduction in annual bedding plants which are particularly vulnerable to drought conditions and replacement with permanent plantings which are more resistant. Previous experience is that annual bedding plantings have been badly affected by drought and with climate change this is likely to be a continuing trend.</p> <p>Consultation re the proposal is currently ongoing. Letters have been sent to all 24 Chairs of Friends Groups. The consultation results will be fully considered and, if it is decided not to proceed with the proposal, alternative savings will be identified by the Property and Leisure Division and actioned in the new financial year via the Authority's revenue virement process.</p> <p><b>Cabinet agreed on 19<sup>th</sup> February to continue with this saving within the assurances given in the response.</b></p>
<p>Saving ER16: Reduction in grant to Wandle Industrial Museum (£5K saving in 2007/08)</p>	<p>The agreed saving ER1 "Rationalisation of various supplies budgets and other savings across central support teams" has been reviewed and it is now considered that an additional £5k can now be achieved. This can replace saving ER16.</p> <p><b>Cabinet on 19<sup>th</sup> February agreed to remove this saving and adjust ER1 accordingly.</b></p>
<p>Rejected saving EN55: Remove 20 minutes free parking in Wimbledon Village (£10K saving in 2007/08)</p>	<p>Consideration of this issue will form part of a wider review of free parking arrangements across the Borough and will result in a report to Scrutiny in due course. In these circumstances it would not be appropriate to remove the free parking arrangements before the outcome of the wider review is known.</p> <p><b>Cabinet on 19<sup>th</sup> February agreed that a wider review of free parking arrangements would be considered as part of the service delivery plan for Street Management in 2007/08 and that it would be inappropriate to remove this facility at this time.</b></p>

## APPENDIX 2(ii)

<p>Potential savings to be made in Crown House car park</p>	<p>An investigation has been carried out into this proposal.</p> <p>The Civic Centre is used by a wide range of users which include; Visitors to the Council, Councillors, Metropolitan Police, Citizens Advice Bureau Staff, LBM staff with disabilities, delivery vehicles, contractors vehicles who are working onsite, LBM vehicles including Parking Unit and LBM officers most of whom are essential to the smooth running of the Council. After 4pm on weekdays and weekends the Council Car Park is available for use by members of the public which is part of a lease agreement.</p> <p>There are a considerable number of difficulties with charging for the car park which essentially a practical operational car park which services the Civic Centre building, in the same way that other operational buildings such as Worsfold House, Gifford House and Russell Road are served by similar parking.</p> <p>There would be a detrimental effect on the normal weekday operational working of the Council's business. It would discourage attendance of Council and Committee meetings by members of the public. It would also make it difficult for LBM officers who had to attend after hours Council meetings and would discourage after hours or late night and weekend working by staff.</p> <p>As most of the users listed above would not be required to pay, there would not be a large number of potential users to pay the car parking charges.</p> <p>Consequently the cost of equipment and laying out of the car park to enable charging for a small number of non operational or essential vehicles would not justify the outlay.</p> <p><b>Cabinet on 19<sup>th</sup> February agreed not to proceed with this proposal.</b></p>
<p>Draft Budget 2007-10</p>	<p>As part of normal processes within Adult Social Care officers regularly monitor the impact of its charges upon elderly and vulnerable clients. The financial assessment process means that only those who are able to pay are required to meet charges for their care either in full or part. Consequently only those people who are above the threshold will be required to meet the increase in charges.</p> <p><b>Cabinet on 19<sup>th</sup> February noted that monitoring of the impact of charges is part of the normal processes within adult social care.</b></p>

**MEDIUM TERM FINANCIAL STRATEGY 2007-2010****1. Background**

- 1.1 Merton's Medium Term Financial Strategy (MTFS) has been developed to support financial planning over a three year planning horizon. It forms the financial framework within which the Council will develop its Business and Service Plans.
- 1.2 This strategy represents a 3 year financial plan which incorporates Revenue and Capital expenditure plans and illustrates the implications of the budget proposals over a three year period.
- 1.3 This financial plan is based on the business and financial planning that have taken place over the period from April 2006 to February 2007 and reflects the decisions taken as part of setting the Council Tax and housing rent levels for 2007/08.

**2 Strategic Aims**

The strategic financial aims that form the foundation for the period to 31<sup>st</sup> March 2010 are as follows:

- 2.1 To ensure that balanced budgets are set for both the General Fund and Housing Revenue Account for each of the years 2007/08, 2008/09 and 2009/10 and that each spending department is responsible for maintaining expenditure within approved limits;
- 2.2 To ensure that spending plans are closely aligned to the Council's strategic aims and objectives as set out in the Business Plan;
- 2.3 To ensure that revenue and capital budgets are fully integrated;
- 2.4 To ensure that there is an agreed strategy to maintain levels of reserves which are prudent and consistent with achieving an improved CPA Use of Resources rating. In addition, that the level of reserves incorporates an analysis and assessment of the risks associated with the budgets proposed;
- 2.5 To achieve the targets set in relation to the General Fund Reserves of £8.4m by 31/03/08, and £11m by 31/03/09 and maintain reserves at this prevailing level subject to annual review based on the levels of prevailing risk. At this stage no assumptions have been made in respect of contributions to and/or from general reserves. This will be reviewed as part of the budget process for 2008/09.
- 2.6 To ensure that effective procedures are in place to make certain that budgets are continually monitored and reviewed to ensure that resources continue to be targeted towards meeting key objectives;

- 2.7 To produce a rolling 3 year affordable capital programme which is fully resourced and targeted towards meeting the Council's strategic objectives;
- 2.8 To provide the budget planning framework to facilitate Council Tax setting over a three year planning horizon.
- 2.9 To achieve minimum cashable efficiency savings of 3% per year for the next three years;
- 2.10 To meet the National Procurement Strategy targets;
- 2.11 To ensure that deficits do not arise on the Collection Fund;
- 2.12. To increase the level of funding of liabilities in the Pension Fund from 75% to 78% by the time of the next actuarial review in 2007;
- 2.13. To assess the key financial risks within the Council's budget and make provision for those risks within a contingency fund;
- 2.14 To ensure that the Council complies with the requirements of the Prudential Code of Borrowing;

3. **Key Elements of the Financial Strategy**

3.1 Growth

The Business and Service plans of the authority will result in growth in departmental revenue expenditure of:

	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>	<b>Forecast 2009/10</b>
Departmental Growth	£m 7.997	£m 1.126	£m 0.633

3.2 Service Pressures

There are cost pressures in all areas but significant ones are:

- Adult Social Care
- Children with Disabilities
- Social Worker agency staff
- Children with Special Educational Needs
- Parking income

### 3.3 Formula Grant

Merton's Formula Grant increased by 2.7% in 2007/08 as part of the Local Government Finance Settlement, which is at the floor. Funding for 2008/09 to 2009/10 will be largely determined by the outcome of the Government's 2007 Spending Review which is expected around July-October 2007. It is anticipated that the next Local Government Settlement (provisionally announced around December 2007) will be for the period 2008/09 to 2010/11. In this MTFs, the actual Formula Grant for 2007/08 has been used. For 2008/09 and 2009/10 a prudent estimated increase of 2% has been used. If the actual increase for the latter years is less than that estimated, compensating budget adjustments will need to be made.

### 3.4 Specific Grants

Estimated Dedicated Schools Grant is as follows:

	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>	<b>Forecast 2009/10</b>
	£m	£m	£m
Dedicated Schools Grant	90.316	94.832	98.625

Although the increase in this grant was over 6% in 2007/08, the indications are that this level of increase will gradually reduce. The assumed increases are therefore 5% in 2008/09 and 4% in 2009-2010. Schools are responsible for managing their own budgets and are now funded directly by this Dedicated Schools Grant. They retain school reserves which are earmarked for their own use. Schools reserves in total stood at £3.281m at 31<sup>st</sup> March 2006.

### 3.5 Income

Investment income projections are based on interest rates around Bank of England base rates of 4.5- 5.5%

### 3.6 Available Revenue Reserves

General Fund - The Council's General Fund reserve at the 31<sup>st</sup> March 2006 stands at £5.690m. The Council has a strategy to increase the level of reserves to approximately £11m by 31<sup>st</sup> March 2009. The extent of any further increase in 2009-10 will be considered in the next budget process.

Housing Revenue Account (HRA) – The HRA reserve at the 31<sup>st</sup> March 2006 stands at £0.930m. The Council's target level for the reserves for the HRA, for the period to 31<sup>st</sup> March 2010 is between £0.7m and £1m.

3.7 Assessment of Risk and Contingency to mitigate risk

Council - The Council's budget has been analysed to identify key areas of risk. Costs which are regarded as fixed have been disregarded along with Schools' budgets. The key areas of risk have been identified as:-

	£m
Demand-led budgets	35.3
Salaries	79.6
Supplies	26.1
Income	30.9

A range of levels of risk has been assessed for each area as follows:-

	Min %	Mid %	Max %
Demand-led budgets	0	7.5	15
Salaries	0	2.5	5
Supplies	0	2.5	5
Income	0	2.5	5

<b>Assessed Risk</b>	Min £m	Mid £m	Max £m
Demand-led budgets	0	2.6	5.2
Salaries	0	2.0	4.0
Supplies	0	0.7	1.4
Income	0	0.7	1.4
<b>Total Risk</b>	0	6.0	12.0

The Council has robust arrangements for monthly budget monitoring which is reported to Departmental Management Teams, Corporate Management Team, Leader's Policy Group, Cabinet and Scrutiny Panels. Action is taken in year to rectify overspendings and reduce calls on the reserves. It is regarded that the opening level of General Fund reserves of £5.7m at 1<sup>st</sup> April 2006 will be adequate provision to cover the Mid level risk. The proposed progression to £11m at 31<sup>st</sup> March 2009 will then give substantive cover near the maximum risk level. Independent external consultants who have reviewed the levels of reserves at other boroughs have indicated based on current levels of risk, that a reserves target of £10m would be adequate.

3.8 Assessment of Financial Standing including Funds, Provisions and Reserves

As at 31<sup>st</sup> March 2006, the Council had £17.1m of fund balances (excluding Pension Fund) and revenue reserves and £2.4m of capital reserves. This level of fund balances and reserves is considered adequate, but will be enhanced over the period to 31<sup>st</sup> March 2010 by the planned progressive increase in the General Reserve described in paragraph 3.6 above.

Pension Fund – The last valuation (31/3/04) found the funding level of the pension fund was 75%. The adjusted contribution rates have been certified as meeting the deficiency in the Fund over the next 15 years.

Collection Fund – The balance on the Collection Fund at 31<sup>st</sup> March 2006 was £2.035m (included in the £17.1m fund balances above). The budget for 2007/08 incorporates the use of £1.1m of this surplus.

Insurance Fund – At 31<sup>st</sup> March 2006 the Insurance Fund stood at £2.518m. On current information it is not considered that additional provision is required over the period to 31<sup>st</sup> March 2010

### 3.9 Financial Control Process

In order to ensure that budgets are robust, Merton undertakes an equalities impact assessment and also a risk assessment, in relation to its budget proposals and sets aside an appropriate contingency reserve to mitigate against any risks. A key element of maintaining and increasing the level of the Council's reserves, is to ensure that potential overspending is identified and controlled. Merton has a robust financial control process, in which expenditure is monitored monthly by budget managers, considered by Departmental Management teams, Corporate Management Team, Cabinet and scrutinised by the Way We Work Scrutiny Panel. A key element of this regular process, is the identification of management action by officers who are responsible for the management of budgets. This budget management process has been key to the Council's development of its financial reserves.

## 4. Forecast Financial Position

The forecast financial position of Merton over the next 3 years is based on the detailed projections below:

### 4.1 Revenue – General Fund

Assumptions are:

- Pay increases of 2.5% in each year of the plan period
- Price increases at 1.5% for each year of the plan period
- Increases in Formula Grant (i.e. Revenue Support Grant and Business Rates income) for 2007/08 as announced in the final Local Government Finance Settlement on 18<sup>th</sup> January and thereafter @ 2% in line with the expected floor
- Increases in Dedicated Schools Grant for 2007/08 as announced by the Minister of State for Schools and 14-19 Learning and @ 5% for 2008/09 and 4% for 2009/10.

Key inclusions are:

- The setting of a Council Tax increase of 3.6% for 2007/08 and no increase in the level for services covered by Council Tax for the next 2 years
- The incorporation in the forecast of the full year effects of savings and growth

Caveats are:

- Negotiations are continuing with the Trade Unions in respect of the pay award @ 1 April 2007
- Negotiations are continuing with the Trade Unions in respect of “Single Status” (the harmonisation of terms and conditions for all Merton staff)

3 Year Forecast:

	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>	<b>Forecast 2009/10</b>
	£m	£m	£m
Revenue Budget brought forward from previous year	132.973	136.785	138.010
Technical and Corporate adjustments	5.332	10.308	11.226
Savings (including b/f to 01/01/07)	(9.517)	0.294	-
Growth	7.997	1.126	0.633
<b>Forecast Budget Requirement (inc. Growth and Savings)</b>	<b>136.785</b>	<b>148.513</b>	<b>149.869</b>
Formula Grant (RSG and Business Rates)	61.244	62.469	63.718
Council Tax (3.6% increase 07/08, 0% thereafter)	75.541	75.541	75.541
Total Resources	136.785	138.010	139.259
<b>Savings to be identified</b>	<b>0.000</b>	<b>10.503</b>	<b>10.610</b>

A number of options available to the Council to identify the savings required in future years are being considered including:-

- the identification of efficiency savings (3% cashable savings equates to approximately £4m p.a.)
- additional income arising from a review of existing income from fees and charges and identification of new sources of income. On the basis of current levels it is anticipated that around £2.5m could be generated;
- value for money reviews. A specific programme of value for money reviews will be brought forward to Cabinet at the start of the new financial year.



The savings have been analysed over service reductions, efficiencies and income as follows:-

	<b>2007/08 Savings £m</b>
Efficiencies	
• Doing the same, or more, for less	2.984
Income	
• Alternative funding	0.442
• Additional income	2.704
Service reductions	
• Stopping services	0.039
• Doing less	2.162
Technical	0.912
<b>Total</b>	<b>9.243</b>

The growth has been analysed as follows:-

	<b>2007/08 Growth £m</b>
Chief Executive's	0.015
Corporate Services	0.105
Children's Schools & Families	1.091
Environment & Regeneration	0.680
Community & Housing – Adult Social Care	5.500
Community & Housing - Other	0.606
<b>Total</b>	<b>7.997</b>

4.2 Revenue – HRAAssumptions:

- Council housing stock of 6,612 at 31/03/06, reducing to 6,572 at 31/03/07 and 6,532 at 31/03/08 (this includes Tadworth stock)
- Housing Subsidy to be paid by Merton to the CLG - £6.1m in 2006/07, increasing to £7.2m in 2007/08
- Average increase in housing rents of 5% (£3.74pw) in 2007/08 in accordance with the Government's rent restructuring guidance.
- Charges for all other services to tenants to be increased by an average £0.79 per week for services that were depooled from the main account from 2003/04 and £2.31 per week for communal heating.
- Supporting People Charges to be increased at the same percentage as the increase in the Supporting People Grant for 2007/08.
- Major Repairs Allowance (MRA) of £4.442m in 2006/07 and £4.508m in 2007/08 available to spend on the capital programme
- Capital Investment bids submitted for Decent Homes of £540k per annum for the next 3 years and Door Entry bid of £0.861m – included in the proposed capital strategy set out elsewhere on the agenda
- In 2007/08 the HRA is proposing to draw down its full Supported Capital Expenditure (SCE) borrowing allocation of £2.1m in order to alleviate budget pressures on the HRA.
- HRA reserves are £930k at 31/3/06 and an estimated £743k at 31/3/08

<b>Housing Revenue Account</b>	<b>Forecast 2007/08 £m</b>
Proposed Savings & Income Generation	2.638
Budget Pressures	2.638
Capital Programme (excluding Decent Homes & Door Entry bids as these are awaiting approval as part of the Council's overall capital programme)	6.598

#### 4.4 Local Public Service Agreements

PSA 1: This is to provide up to £4m of reward grant dependent on the achievement of a suite of 50 performance indicators, covering a variety of services under 12 main themes. The latest estimate of how much the Council will achieve is £3,622,954.10 payable 50% (£1,811,477.05) each in 2007/08 and 2008/09

PSA 2: The LAA is a three year agreement between central government and a local area, represented by the lead local authority (Merton Council) and other key partners through the Local Strategic Partnership. It sets out a number of key outcomes to be achieved locally over its three year period, based on a combination of national and local priorities. Essentially, for Merton, it is the first action plan for the Community Plan. Thematic partnerships have been established by the Merton Partnership, tasked with co-ordinating delivery of the Partnership and LAA priorities relevant to them. A nominated Cabinet member has been involved on each thematic partnership since the summer. Pump priming grant of £944,700 will be available to support the delivery of the stretch targets. This is a one off grant and available only for the three years of the LAA. It is for the Partnership to decide how that grant will be allocated for that purpose. If the grant is divided equally between 12 targets then there would be £26,000 per annum available to support each stretch target. In return for delivering the stretched performance, Performance Reward Grant (PRG) can be secured for reinvestment in the Merton area. It is calculated at 2.5% of the Council's net budget requirement, and has been confirmed by Government Office for London (GOL) as £5.5m maximum for Merton. PRG is secured by the delivery of each stretch target, and on achievement of at least 60% of each stretch target,

### 5. **Merton Council Plans and Strategies**

#### 5.1 Community Plan

5.1.1 A key driver to Merton's progress is the Community Plan. Merton's new Community Plan 2006-2015 has been realigned around the Corporate Assessment themes. It is a 10 year Plan that aims to improve the quality of life in the area for 2015. Central to the Plan is the overall vision and a framework of principles that underpin the way in which the specific outcomes will be achieved. These principles celebrate and build on the diverse social, economic and environmental characteristics of the borough and are aimed at securing a sustainable future for those who live, work or study here.

5.1.2 The Plan directs the future actions of all the partners which sign up to it, and the outcomes to be achieved will be reflected in the shorter term plans which are prepared by all these agencies over the next few years. Thus the Community Plan is the "Plan of Plans" for the local area. It is one of the best ways of ensuring that communities become safer, stronger, prosperous and more sustainable.

5.1.3 The Merton Partnership is responsible for overseeing and developing the plan. The Partnership is a multi-agency partnership of local stakeholders.

5.2 Business Plan

5.2.1 The Business Plan consists of a series of priorities, planned outcomes, performance measures and annual targets for the period 2007-10. These are structured around 'strategic themes', derived from the national shared priorities for Government, and an additional Corporate Capacity theme.

5.2.2 The proposals have been arrived at through consultation within departments, between directors and Cabinet Members, and through the scrutiny process. It is essentially an improvement plan reflecting both local and national priorities for improvement.

5.2.3 The business planning process has taken place in tandem with the budget planning process to ensure we have a set of affordable and achievable targets. Targets are therefore identified as being either achievable within the current budget or, if additional funding is required, where this is to come from, i.e. from a capital bid or from an external funding source.

5.3 Service Plans 2007-2010

5.3.1 The Service Plans itemise the budgets for each Council department. The revenue budgets include growth and savings which have been fully scrutinised during the budget process. Budget growth and savings are part of an integrated service planning process which starts early in each year in order to avoid last minute problems and are part of an ongoing process.

5.4 Capital Strategy and Programme for 2007-2010

5.4.1 Merton's strategy for its capital investment and capital funding is set out in full in the Capital Strategy for 2007-2010. It is aligned and integrated with the new Business Plan for the period 2007-2010 which has been structured around the Audit Commission's Corporate Assessment themes:-

- Sustainable Communities;
- Safer and Stronger Communities;
- Healthier Communities;
- Older People; and Children and Young People.

5.4.2 The revenue effects of the Capital Programme are incorporated into the revenue budget.

	2007/08	2008/09	2009/10
	£m	£m	£m
Revenue effects of 2007/10 Capital Programme	0.750	0.795	2.817

5.4.3 These themes are derived from the shared priorities agreed between central and local government and have been shaped to drive improvement in local government and partnership working.

5.4.4 The Business Plan and the financial plans, such as the revenue budget and capital strategy are properly co-ordinated and fully integrated.

5.4.5 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 work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy 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. In the Capital Strategy, clear linkages are identified with the Business Plan and 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 Housing Strategy, Borough Spending Plan (Transport), and Asset Management Plans. Priorities for the Corporate Services and Chief Executive's departments are based around how the Council manages its resources effectively and how it carries out its wider community leadership role.

5.4.6 Priorities and Objectives for Capital Investment in Key Areas

Service Strategies

Each service within the Council has a key role to play in supporting the overall vision. Within each of the strategic objectives key priorities are identified and these link into departmental service plans. Central Government arrangements for resource bidding and allocation (e.g. Housing Strategy, Transport Strategy and Schools Asset Management Plan) have influenced capital investment strategies within those services. The Council's Capital Strategy brings together the departmental approach to bidding and supports its holistic approach to investment and provides the framework for resource allocation. The Council's strategy for bidding for additional resources is that the schemes must be consistent with our strategic objectives. The service strategies that have the greatest need for capital investment are

Housing, Social Services, Transport, Education, and Environment and these are clearly founded in the Council's overall corporate plans.

All Capital Expenditure bids are assessed using prioritisation criteria.

5.4.7 An allocation of capital resources totalling £31.466m has been agreed for 2007/08. This includes a programme of projects which are funded by resources which have been earmarked for specific work programmes. There are a host of other projects which require funding and these will be prioritised and funded as capital resources are identified and generated from the Asset Management Review.

5.4.8 Key Features of the funding of the capital programme are:

- Funding of the programme from supported capital borrowing, unsupported borrowing (under the Prudential Code) capital receipts, grants and other contributions;
- Earmarked funding from the government towards specific projects to be maximised as far as possible and wherever it is consistent with Council priorities;
- supported borrowing via the Prudential Code to be utilised to enable capital receipts to support the debt management strategy;
- The use of asset disposals identified via the ongoing Asset Management Review to continue to be used to finance new capital projects and debt redemption where financially prudent.

3 Year Forecast:

-----Capital Resources-----			
	2007/08	2008/09	2009/10
	£m	£m	£m
Earmarked Funding	14.151	4.360	4.300
Section 106	0.845	0	0
HRA Capital Receipts	3.078	2.073	2.003
Borrowing	13.392	11.854	10.350
<b>Total Capital Resources</b>	<b>31.466</b>	<b>18.287</b>	<b>16.653</b>

## 5.5 Treasury Management Strategy

5.5.1 Merton's strategy for its borrowing and investment is set out in full in the ***Treasury Management Strategy for 2007-2010***. The Treasury Strategy describes how it is planned to finance the Authority's expenditure at least cost, by appropriate usage of borrowing, leasing and invested balances.

5.5.2 It is expected that in 2007/08 the cost of both new borrowing and the return available from investment will be significantly below that of particular existing loans, and it may be feasible to reduce cost by redeeming such loans. In certain cases the better economic effect may be obtained by replacing that debt at a lower interest rate.

5.5.3 Redemption of higher rate debt will involve payment of a premium to the lender to compensate for loss of future interest, (and premiums can be significant amounts). There are a number of ways that these could be financed in 2007/08, the option chosen being selected according to prevailing circumstances:

5.5.4 Further information on the Prudential Indicators for Merton is set out in Appendix 1.

## 5.5.5 Asset Management Strategy

5.6.1 The Council has recognised that historically it has not always optimised its capacity to make decisions on asset management. It has accordingly, with the support of expert consultants, developed and adopted an Asset Management strategy. Assets are managed as part of the Council's Asset Management Strategy, which not only keeps under constant review the adequacy and fitness for purpose of the Council's property portfolio for the delivery of effective services, but also acts as a principal funding resource for investment in the Business Plan. Merton has an external funding strategy and this is closely aligned with the Council's Business Plan priorities. To support this, Merton sets aside a central funding pot within the Capital Programme to meet the cost of any match funding contributions which are deemed appropriate to pursue.

5.6.2 All service departments report on their property needs to the Property Management Review Manager annually. This informs the Asset Management Review Programme which reviews 20% of properties per annum on a rolling programme and challenges their need. Surplus or under utilised assets are released for financing future debt repayment and the Capital Programme. The projected income from the sale of assets is included in the Total Resources in paragraph 5.4.10 above.

5.6.3 The Council 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 and whole life costing. In recent years the level of capital receipts generated by the sale of under utilised assets has substantially financed the authority's capital programme. The capital programme gives priority to potential capital projects based on a formal, objective approval process.

5.6.4 Merton's strategy for its asset management is set out in full in the ***Asset Management Plan for 2006-2009***

#### 5.7 Procurement Strategy

5.7.1 The Council has developed a new procurement strategy which directs its procurement activity and sets out its aspirations for use of procurements as a policy tool and has signed the small business friendly concordat which is a statement of principles to encourage effective trade between Merton and small businesses. The activities of officers in entering into contracts are regulated by the Council's contracts standing orders, which form part of the constitution and which have recently been reviewed and adopted as revised, with the support of the cabinet and the approval of the Standards Committee which has considered their ethical implications. Both the contract standing orders and the Financial Regulations, which also form part of the constitution, have been revised to reflect the transfer of day to day management responsibility in the implementation of the Council's strategies, and exercise of its functions, from elected members to officers. The Procurement Toolkit is soon to be published, to assist officers, especially those involved in procurement, to follow good practice in relation to procurement. The Performance Management Framework is being utilised to drive and embed the procurement agenda within Service Planning. The Council's procurement regime reflects the Council's established use of the CRE's Equality in Procurement Standard which has been broadened to reflect the Equalities Standard for Local Government.

5.7.2 Implementation of an E procurement system, Proactis - purchase to pay, took place in November 2006 and the Council's eTendering system Alito went live in December 2006 and is currently being tested for proof of concept. The roll out across the Council will begin in new financial year with a schedule of training sessions booked for March 2007. Both of these systems will enhance control and improve procurement across the authority. The Council has also promoted and is actively using Purchasing Cards to ease and reduce the costs of standard purchases.

5.7.3 In accordance with the national procurement strategy and its own local policy, the Council has explored collaboration as a procurement method. The council is working in partnership with three neighbouring boroughs on a joint waste initiative to plan its long term waste disposal contract. Collaborative procurement is also being explored with partner agencies



such as the Police, PCT, Merton College, schools and other local authorities with the aim of delivering substantial efficiency savings and the Council is accessing contracts for goods and services which have been procured on behalf of many local authorities (e.g. Office Supplies via the London Contracts and Supplies Group).

5.7.4 The Council has a strengthening relationship with the voluntary and community sector in Merton and local SMEs, with firm proposals to develop this further, including funding a specific post to increase the Council's capacity in working with the voluntary sector. There is also a specific Business Plan target to measure the percentage of contracts let to the voluntary sector and a Local Area Agreement. The Council's Procurement Strategy provides opportunities to increase the extent to which both sectors supply to the Council. The principles of the Compact with the voluntary sector and other partners, are embedded in the governance document of the Merton Partnership, and the Merton Compact is recognised nationally as good practice.

#### 5.8 Human Resource Strategy - Workforce Development

5.8.1 Achieving the Business Plan priorities is a challenging task and in order to achieve them it is necessary to have a workforce that:-

- is well-led, well-motivated, diverse, flexible, and focused on the services to be provided; and
- is equipped with the right skills to meet the Council's targets/objectives.

5.8.2 Merton's people strategy, 'Achieving Excellence Through People' is focused on making the best use of the skills of staff to deliver the services residents demand and deserve. It provides the strategic framework within which the people elements of the Business Plan will be developed. There are three key people themes, all of which mainstream the need for a positive approach to diversity within the workforce.

- Developing knowledge and skills;
- Rewarding, organising and motivating people;
- Managing performance

5.8.3 In 2005 the Council published its first Corporate Workforce Plan, updated and republished in 2006. The executive summary outlines workforce developments in 2005/6 and planned developments in 2006/7. There will be a step change in the level of information provided to managers during 2006 and in 2007 there will be formal integration of

workforce planning with the Business Plan and the Medium Term Financial Strategy (MTFS).

In 2006, significant improvements in the delivery of workforce data to divisions/sections was implemented, as the basis for embedding more effective workforce planning at all levels. Supported by training and a managers toolkit; newly established Departmental and Corporate IIP/Workforce Planning Steering Groups; and integration of workforce and service planning. Planning for the development of the workforce's current and anticipated future needs has been established as a priority.

5.8.4 The plan sets out its costed initiatives, which are made up of both cost reductions in efficiency savings (e.g. online services) and new developments (e.g. additional training). The net cost increase each year is as follows:

	2007/08 £m	2008/09 £m	2009/10 £m
Net increase	0.365	0.265	0.255

Budget provision has been made for the above increases in Human Resources and other departments.

5.8.5 Examples of significant benefits to users obtained from the above investment are:

- increased training in e-learning to utilise the benefit and efficiencies of electronic transactions for users.
- improving effective systems around Social Care by CareFirst training programme.
- increased number of Occupational Therapists and Social Workers by decreasing vacancies through trainee schemes.

5.8.6 Challenges for 2007-2010

To meet the Business Plan priority "we will have the right people, in the right job, doing the right things at the right time", a programme of improvements will be taken forward including:

- The Learning Organisation - Merton's 'Corporate Learning and Development Plan' is based on ensuring that available training resources are tailored to business needs so staff can meet those changing needs. In particular, there will be a focus on customer service and on building on the recognised success of our first comprehensive Management Development Programme delivered in 2005. These developments will be incorporated in a commitment to meeting the Investors in People standard across the council, emphasising the recognition of people as key deliverers of excellence;
- Rewarding and Motivating Staff and Managing Performance - Streamlined performance appraisal processes and new best practice

people management procedures introduced in 2005 will form the basis of embedding a performance culture within the council. A Review of Reward is being undertaken and implemented to allow Merton to have the best pay and benefit package possible to recruit and retain the right staff. Proposals will take into account the workforce structures and reward mechanisms needed to focus staff on delivering the continuous improvement of services to residents;

- Diversity - Our action plan to achieve level 3 of the Employer's Organisational Equality Standard in 2006, and level 4 in 2007, achieving the specific BVPI indicators for race, gender and disabled people in Merton, will ensure that we foster a respectful workforce that reflects the community we serve, helping us to focus more closely on the changing needs of that community.
  - Single Status - Merton is on target to deliver its Single Status / Review of Reward arrangements in 2007, following a productive period of engagement with trade unions. Proposals include not only addressing Single Status / harmonisation issues, but also encouraging improved performance through pay structures. Active consultation with trade unions is widespread and an employee relations framework has been proposed and is being discussed.
- 5.8.7 Core funding for a significant proportion of the Workforce Strategy is contained within departmental budgets and within Human Resource budgets.
- 5.9 Information Technology (IT) Strategy
- 5.9.1 The IT strategy is linked to the council's forward business and service plans through key objectives. The strategy is made up of three parts:-
- E-government exploitation strategy;
  - Business Systems Roadmap;
  - IT Technology Roadmap.
- 5.9.2 These together define the direction of IT in the council for the next three years. These roadmaps are influenced by:-
- Customer access strategy;
  - Value for Money strategy.
- 5.9.3 The strategy is built up from input from the business, IT, Value For Money Team and the customer services division. Thus the forward direction of the IT strategy is closely linked to our forward business plans. The strategy is delivered as part of an Effective Merton project.
- 5.9.4 A capital budget plan is in development to match the projects that are identified in the strategy. It will be necessary to prepare a VFM and a

business case for each project before starting work. Each project will need an approval from the departmental director to confirm:-

- that the project should go ahead;
- there is revenue to support ongoing expenditure; and
- that we will get the benefits.

5.9.5 The Capital Programme 2007-2010 includes investment in IT of:

	2007/8 £m	2008/9 £m	2009/10 £m
Information Technology	1.500	1.500	1.500

5.9.6 An important aspect of the IT strategy is the efficiency gains which are targeted from enabling projects e.g. e-bookings, e-recruitment etc. the targets for these efficiency gains are as follows:

	2007/8 £m	2008/9 £m	2009/10 £m
Efficiency Gains - Gross	1.100	1.630	1.000

5.9.7 Examples of significant benefits obtained from the above IT investment are:

- the introduction of systems that support a customer centric approach
- supporting social inclusion by maximising access to IT resources
- supporting the HR strategy that optimises our staff resources for our customers
- supporting the accommodation strategy through mobile and home working thereby optimising accommodation value for money for Council tax payers and users

#### 5.10 Performance management

5.10.1 A key element of the performance management framework is the 'golden thread' which links the various plans that the Council produce. It shows how budgetary and workforce planning feed into the business planning process. It also shows how each member of staff contributes to their team and departmental service plans and ultimately to the council's overall priorities for improvement as laid out in this Business Plan. It also shows how the work of the council feeds into the Community Plan, which has been developed by the Merton Partnership. The priorities in the Business Plan are the key ways in which the council will be making our contribution to achieving the priorities laid out in the Community Plan.

5.10.2 The priorities and targets set in this Business Plan were agreed after considering the expected budget and staffing resources of each department. This ensures that the targets, whilst challenging, can

realistically be met. The targets will be reviewed in 2007-08 and 2008-09, alongside the Medium Term Financial Strategy and workforce development plan, as part of the budget setting process. This will ensure that any changes in resources are reflected in the Plan and that it continues to reflect our priorities as they change over time.

5.11 Efficiency Targets and Gershon Review

5.11.1 The Gershon Review had a range of implications for local authorities. It proposed efficiency savings of 2.5% a year in local government which it assumed would deliver £6.45 billion of savings by 2007/08.

5.11.2 Three of the six work streams identified in the Gershon Review of Public Sector Efficiency will be directed through the Regional Centres of Excellence (RCE). They are:-

- a) Back office – e.g. finance, HR, ICT support, procurement and legal services, facilities management, travel services, marketing and communications;
- b) Procurement – e.g. commodities, utilities, ICT systems, professional services, temporary labour, construction, social housing, social care and environmental services.
- c) Transactional services – e.g. payment of benefits, collection of taxes, collection and exchange of information including registration of births and deaths.

5.11.3 The Council is continuing to maintain its clear and sustained focus on Value for Money (VfM) and efficiency via the formation of a Business Excellence Support Team (BEST). Its objectives are to continue to develop, promote and embed VfM and efficiency within the organisation. The formation of the BEST team was an outcome from the Effective Merton Project on Core Systems and Processes and has amalgamated the formerly separate Procurement, VfM and Customer Access and Development teams, in order to drive the VfM agenda forward. The new VfM approach and framework was defined in March 2006.

For many years the Council has sought cashable efficiencies in order to sustain a balanced budget at an affordable level. The Council has already identified significant savings and for the period up to March 2007 has identified cumulative efficiency gains of £9.4M which significantly exceeds the Government's 2.5% annual targets for the same period, which for Merton equate to £6.68M. The authority is, therefore, well placed amongst London authorities in terms of efficiency savings. A number of case studies demonstrate that services across the Council are offering improved VfM and efficiency.

The drive to secure continued efficiency is to be accelerated by the BEST team, with both members and officers ensuring that VfM is an integral part of their daily job. Two Cabinet members (one of whom is the Deputy Leader) have VfM and efficiency within their portfolios. The

Performance Management Framework is being utilised to drive and embed the VfM and efficiency agenda with inclusion of these areas within the Business Plan and within Service Planning Guidance for 2007/8 and via the inclusion of VfM objectives within appraisals; The efficiency programme is being promoted across the organisation via a dedicated area on the intranet and in the form of a roadshow, involving presentations to managers which has already passed through departmental management teams and is now progressing through senior management teams.

A VfM Toolkit has been developed in collaboration with Price Waterhouse Coopers (PWC) which is designed to assist managers to undertake VfM reviews of services and ultimately implement service improvement and deliver efficiency savings. The Council has sought to identify areas of good practice and to assess the value for money of services and procurement. A number of service reviews, for example Leisure Services, the Cash Office and Translation Services, have already identified options for efficiency savings. Benefits realisation, within services which have already been e-enabled, will release resources to front line prioritised areas (need to document a good example). BEST will continue to ensure that identified efficiency savings are delivered via the introduction of a quarterly monitoring process. A practical example of a VfM initiative has been the promotion and purchase of corporate Oyster cards to allow the Council to benefit from the available reduced fares for officer travel.

**LOCAL GOVERNMENT FINANCE SETTLEMENT 2007/08**

The provisional Local Government Finance Settlement for 2007/08 was announced on 28<sup>th</sup> November by the Minister for Local Government, Phil Woolas MP. The final Settlement was announced on 18<sup>th</sup> January 2007 and this confirmed the figures in the provisional Settlement.

2007/08 is the second year of a multi-year settlement announced in December 2005 and the Government's policy is not to change the settlement from that previously announced

Merton's Formula Grant for 2007/08 was confirmed at £61.244m, an increase of 2.7% over the adjusted 2006/07 figure;

A summary of average formula grant increases is:-

	Year on Year increase %
England	3.8
Metropolitan areas	3.5
Shire areas	4.0
London	3.4
Inner London (including City)	3.6
Outer London	3.2
Merton	2.7

A grant floor of 2.7% has been set. 20 London boroughs receive the minimum (floor) increase in grant;

Where authorities receive more than the floor, damping has been applied to scale back grant increases.

**Phil Woolas MP**  
**Minister for Local Government and Community Cohesion**  
**Department for Communities and Local Government**  
**26 Whitehall**  
**London**  
**SW1A 2WH**

**Date: 5<sup>th</sup> January 2007**

Dear Minister,

LONDON BOROUGH OF MERTON -RESPONSE TO LOCAL GOVERNMENT  
 FINANCE SETTLEMENT 2007/08

In response to the Local Government Finance Settlement 2007/08, I would like to make representation on behalf of the London Borough of Merton.

**1. Merton's Settlement in context**

**1.1 In relation to Other Local Authorities:**

Merton's Formula Grant for 2007/08 was confirmed at £61.244m, an increase of 2.7% over the adjusted 2006/07 figure;

A summary of average formula grant increases is:-

	Year on Year increase %
England	3.8
Metropolitan areas	3.5
Shire areas	4.0
London	3.4
Inner London (including City)	3.6
Outer London	3.2
Merton	2.7

**1.2 In relation to rising costs:**

Merton's 2.7% increase should be compared against rising costs and the upward trend of these as measured by the Retail Price Index (RPI) and Consumer Price Index (CPI).

RPI inflation rose to 3.9% in November, up from 3.7% in October and CPI, the Government's target measure was 2.7% the highest on record, and up from 2.4% in October.

**1.3** In the context of both of these measures, Merton's level of funding must be seen as inadequate given the major spending pressures which are outlined in the rest of this response to the Settlement.



2. **Merton's Spending Pressures**
- 2.1 The Leader of Merton Council has previously drawn the Minister's attention to the considerable pressures faced by the Council:-
- Children with disabilities;
  - Recruitment of Social Workers;
  - Children with Special Educational Needs;
  - Asylum Seeker costs not covered by grant income;
  - Adult Social Care and Community Care;
  - Single Status;
  - Waste Management;
- 2.2 Merton's affluent image disguises significant areas in the east of the borough which suffer multiple deprivation. In fact, Merton shares many characteristics with neighbouring inner London boroughs and there is a strong, often unrecognised, interdependency between the economy of inner and outer London.
- 2.3 The scoring formulas for deprivation bring a number of wards up to, but not into, the most deprived categories. Essentially Merton has the range of deprivation – just not the geographical concentration. Thus Merton's most deprived communities experience social, economic and environmental disadvantages without benefiting from external resources that are targeted at particular problems and/or areas. Even so, Merton has a Neighbourhood Renewal Strategy which identifies eight wards that will be the focus of the Council's objective of reducing inequalities in the borough.
- 2.4 There are also concerns that Government underfunding in other areas such as the NHS is also adding to local authorities spending pressures. For example, there is evidence, cited by the Local Government Association and British Association of Social Workers, that "40% of the authorities in areas hit by NHS deficits were experiencing covert attempts to redefine the boundaries between "health" and "social care" – in the shape of increased referrals to their services of patients who would have previously been cared for by the NHS." (Source: Public Finance, 4<sup>th</sup> August, Page 7);
- 2.5 Merton's level of external funding has traditionally been amongst the worst in London, being 31<sup>st</sup> out of 33 London boroughs in 2006/07. The data provided in 2006/07 included a summary of Special and Specific Grant allocations for all London boroughs. This was not done for 2007/08 and we would request that it is provided as soon as possible. What was the reason for not providing this useful summary this year? ;
- 2.6 The funding pressures that Merton faces are set out in more detail in the attached Appendix.

### 3. Issues for Merton and its South West London Neighbours

3.1 Merton has had discussions with its South West London neighbours, Kingston, Richmond and Sutton since there are areas of commonality which appear to be reflected in significantly lower financial settlements than the average for London. The statistics speak for themselves:-

- The amount of revenue support grant received by the four SW London Authorities is significantly lower than that of others. For example, only 35% of the Authorities' expenditure is funded by grant, whereas the London average is 58%. The amount of grant that the SW London local authorities will receive next year averages around £229 per resident. This compares to an average of about £500 across all of London, and £506 nationally;
- This means that a much higher proportion of expenditure needs to be funded by Council Tax in SW London. An average of 66% of expenditure is funded through Council Tax, whereas the London Average is 42%;
- As a consequence of Government grant distribution and property values, Council Tax is higher in SW London. Based on 2006/07 figures the average Council Tax paid by each household is £1,377 compared with £1,128 for all London and £1,055 nationally. The average Band D equivalent Council Tax in SW London is £1,371 compared with £1,214 for all London and £1,268 nationally;
- Although Council Tax is higher in SW London, the amount each Authority spends is much less than the average. Based on 2006/07 budgets the average spend per head of population for the four SW London Authorities is £682 compared with an all London average of £852;
- If SW London Authorities were allowed to keep all the Business Rates they collected, then Council Taxes would be much lower. In 2006/07 the four Authorities collected over £100 million more in Business Rates than is received back from Government. The surplus goes to other Local Authorities as part of their grant allocations;
- The position will not improve for 2007/08. Each of the four SW London Authorities received the minimum increase in grant from Government. This increase is 2.7% compared with a London average of 3.4% and national average of 3.8%. However, this does not take account of adjustments that the Government have made to the grant calculations, which results in an actual average increase in grant of only 1.9% for SW London compared to an average increase of 3.1% across London and 3.3% nationally;

- The SW London Authorities do not do well from the way central government grants and the proceeds of business rates are distributed to Local Authorities by Central Government. This is because these Authorities have been assessed as relatively low needs combined with the wealth that arises from relatively high property values. However, the very nature of SW London is putting extra pressure on the “need” to increase spending on essential services. For example, the elderly population is rising and people are living longer. This has put extra pressure on the costs of caring for older people in both residential care and in their own homes. There are increasing numbers of children and young adults with severe learning and behavioural difficulties being looked after by the Local Authority. Increasing population means more waste to be recycled and disposed of at significantly increased costs. The high cost of living in SW London means that price increases that impact on local authority services often increase at a greater rate than inflation, and prices elsewhere in the country. However, this is presently not sufficiently addressed in the Government’s grant calculations resulting in inequitable grant distributions.

**4. Support for Position set out by London Councils in its Response**

- 4.1 Merton also concurs with London Councils that it is apparent that the new formula grant presentation has significantly reduced transparency and understanding of the system. Therefore, the DCLG need to consider whether alternative structures may be more suitable and transparent.
- 4.2 Merton is concerned that London Councils has previously outlined serious technical shortcomings with specific elements of the system to the DCLG but that these do not appear to have been adequately addressed. London Councils Association believes that *“both the Childrens’ and Younger Adults Personal Social Services formulae are fundamentally flawed and completely fail to reflect the complex array of factors that lead to high levels of need for these services in London.”* London’s share of the resources does not reflect its needs and London Councils point out that *“excluding the effect of the Area Cost Adjustment (ACA) London’s share of the Younger Adults Relative Needs Formula is 15.6% before damping. This compares to London’s share of the relevant population of 16.0%, and despite London having a large proportion of adults with mental health problems, and the highest rate of clients in residential care.”*
- 4.3 Merton also finds it unacceptable that it has to fund services to certain groups for which no funding is received. This includes international in-migrants who intend to stay in the country for less than a year, use local authority services but are not funded;

- 4.4 Merton requests that the DCLG undertakes urgent work, as part of the review of the system for 2008/09 to 2010/11, to produce robust formulae which fully reflect the unique pressures which London boroughs face.

### 5. **Support for Position set out by Local Government Association**

- 5.1 In his response to the Local Government Finance Settlement 2007/08, the Chairman of the Local Government Association, made some valid points which Merton is in total agreement with:-

- a) "A two year deal is helpful but council taxpayers cannot pay any more. With rising demand for services, such as care of the elderly, not covered by central government grant, councils face some hard choices.
- b) "For services other than schools, and other specific grant funded government priorities, government funding has increased by just 14 per cent in real terms. This is in stark contrast to the 90 per cent provided to the NHS. It is the council tax payer that has funded the 'unprecedented increase in spending', as government grant has not kept pace with the demands on local government.
- c) "The reform of the local government finance system is long overdue and it is not acceptable for the burden of funding national challenges to continue to be placed on the council tax payer. We look to the Lyons Inquiry to provide a funding system that is fair to the council tax payer and capable of meeting the increasing demands for our services and emerging national challenges.
- d) "According to the Treasury, Councils are leading the public sector on making efficiency savings, and the Council taxpayer can not continue to pick up the bill for Government under funding.

"Government must be honest and decide if it is serious about meeting the demographic, social, environmental and economic costs of the future. If it is, investing in local services is crucial and local government is ready to play its part. If not, local councils and local taxpayers need to know, so they can prepare for the consequences."

### 6. **Future Settlements**

- 6.1 Whilst Merton recognises that the 2007/08 Settlement was the second and final year of the first multi-year Local Government Finance Settlement we would like to use this opportunity for consultation to make some important points.

## APPENDIX 4

- The forthcoming Spending Review 2007 will have an important bearing on local government's ability to deliver effective and efficient services to Council Taxpayers. It would be a mistake to reduce or restrict the level of funding to this sector and the government is already placing more and more on local authorities as indicated in the new requirement to make annual efficiency savings of at least 3%. In particular, the need to address the major underfunding of social services is urgent;
- The Council Tax system is in need of reform and council taxpayers have carried too big a share of the tax-raising burden for too long;
- The further delay in the publication of the Lyons Report is to be regretted and suggests that the government may not be prepared to make the bold decisions over local government funding which Lyons feels are necessary;
- Council Taxpayers would be £250 better off per household if contributions from business to local services had kept pace with inflation. We request that control of the Business Rate should be returned to local councils;
- The government needs to listen to the views of local authorities and local government associations and recognise the increasing pressures that are faced, particularly arising from demographic factors such as an ageing population and the social needs that inevitably result.

Yours faithfully ,

Mike Parsons,

Director of Corporate Services  
London Borough of Merton

- Tel. 020 8545 3450

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**ANNEX TO  
LETTER**

**SPENDING PRESSURES ON MERTON'S BUDGET 2007-2010**

**1. Introduction**

- 1.1 Merton, in common with a number of neighbouring authorities, is often portrayed as an affluent suburban area with among the highest house prices in the country and substantial areas of open space providing a high quality environment.
- 1.2 This affluent image disguises significant areas in the east of the borough which suffer multiple deprivation. In fact, Merton shares many characteristics with neighbouring inner London boroughs and there is a strong, often unrecognised, interdependency between the economy of inner and outer London.
- 1.3 The scoring formulas for deprivation bring a number of wards up to, but not into, the most deprived categories. Essentially Merton has the range of deprivation – just not the geographical concentration. Thus Merton's most deprived communities experience social, economic and environmental disadvantages without benefiting from external resources that are targeted at particular problems and/or areas.

**2. Merton's Medium Term Financial Outlook**

- 2.1 Merton is currently preparing its draft Medium Term Financial Strategy (MTFS) and budget for the next three years, 2007-2010. As part of the move to three year Local Government Finance Settlements, the Government provided details for both 2006/07 and 2007/08 last year and currently Merton's MTFS incorporates this information. We anticipate that more accurate information about 2008/09 and beyond will not be made available until the 2008/09 Settlement is announced, given the need to tie this in with the Comprehensive Spending Review 2007.
- 2.2 As a starting point, therefore, using the information provided by the Government for Local Government Finance Settlement 2007/08, and projecting this for a further two years, an MTFS has been prepared.
- 2.3 The MTFS reflects the Council's intention to keep Council Tax increases as low as possible, which is in accordance with the wishes of local Council Taxpayers.
- 2.4 Setting aside the provision for schools which is now funded by Dedicated Schools Grant, the funding pressures on the other services which we provide are considerable. In order to set a balanced budget, assuming no enhancements to service, it is estimated that savings in

the order of £9m, £10m and £10m will be required over the three year period.

### 3. **Merton's Funding Pressures**

3.1 Merton experiences a range of pressures on its front-line services, many of which are demand-led:-

#### a) Education and Children's Services

- For many years Merton has been required to pay its teachers Inner London Weighting allowance, whereas its Area Cost Adjustment has been at a lower rate than that paid to Inner London boroughs. This has penalised Merton by as much as £0.800m to £1.000m per year;
- SEN - The number of statements maintained has been rising over the years 2004, 2005 and 2006 and noticeably so in the categories of PMLD, SLD and BESD. When allowance is made for pupils who attend special schools outside Merton (151 in 2006) and SEN bases at schools maintained by other authorities (12 in 2006), about 4.35% of the Merton school population now has a statement of SEN. However, Merton was already at the median for London boroughs in the number of statements maintained as percentage of unit population in 2004, the last year that comparative figures involving Merton were available. Generally, the median level of statements maintained has been declining in recent years. It is to be expected that Merton is now well above the median. Although from a respectable base level in Merton at January 2004, over recent years there has been a steady yet inexorable rise in the number of statutory referrals resulting in a statement. The rise has been contrary to trends in many other Local Authorities;
- The quality of local education provision is compromised by difficulties in recruiting and retaining high quality teachers, in spite of the schemes which are available to help key workers onto the property ladder;
- The most significant budget pressures within the department come from:-
  - Children with disabilities;
  - Social Worker Agency Staff;
  - Children with Special Educational Needs;
  - Revenue costs associated with the setting up of two new academies;
  - Asylum seeker costs that may not be covered by grant income.

Education is a top priority for central Government and yet resources are continually diverted to fund pressures such as SEN.

b) Adult Social Services and Community Care

- Merton's expenditure on demand-led social services continually exceeds its budget by significant amounts. In 2005/06 the overspend in social services was £3.9m with the main pressure being in Older People's services;
- In the current financial year, Older People's Services are already overspending, with additional pressure in Learning Disabilities;
- There are also concerns that Government underfunding in other areas such as the NHS is also adding to local authorities spending pressures. For example, there is evidence, cited by the Local Government Association and British Association of Social Workers, that "40% of the authorities in areas hit by NHS deficits were experiencing covert attempts to redefine the boundaries between "health" and "social care" – in the shape of increased referrals to their services of patients who would have previously been cared for by the NHS." (Source: Public Finance, 4<sup>th</sup> August, Page 7);
- The ageing of the population (especially numbers over 85) will require us to meet the needs of a higher absolute number of older people. However the current service models are unsustainable at higher levels in resource terms;
- The higher level of "survival with disability" will continue to generate demand for additional services for people with both physical and learning disabilities. This is particularly clear in Learning Disability where the number of people with severe disability is expected to increase, nationally, by 11% between now and 2015. Numbers are increasing of LD clients coming up through children's services with profound disabilities;
- There will continue to be a struggle to manage cost inflation in all services but particularly in learning disability residential costs. In this field the market is not working to deliver benefits for all parties. There are different problems in other markets, notably that for Home Care where low prices come at the expense of high staff turnover and weak management oversight;
- Merton has a low spend on community care in all areas relative to the rest of London. This will compromise the ability to sustain required performance levels in some services where performance measurement is based on service volume. We need to ensure that we don't do things which jeopardise PAF and CPA ratings. In other services the level of provision is judged by CSCI to be too low or



the range too narrow. CSCI etc add cost pressures into system which ultimately purchasers have to fund This is most acute in Mental Health Services where the current level of investment needs to be increased to provide a balanced service;

- There are pressures around national frameworks which constrain our ability to change some things. For example, TUPE if we want to externalise a service, fair access to care services and eligibility criteria, fairer charging policies. Also, there has been a reduction in real terms in Supporting People grant monies;
- The Adult Education service is facing budget pressures because of subsidising crèche facilities, income targets not being met and finding it difficult to maintain their salary budgets. There is a medium to longer term cost issue around Learning Skills Council only going to fund courses which give Level 2 qualifications.
- Services are inter-dependent. For example, reducing the level of residential placements looks attractive because of the high unit cost, but it requires investment in Home Care to achieve. Also, pressures on NHS spend especially with PCT in turnaround will impact on us however much we work closely with them;
- There are continuing pressures on the HRA. This is mainly due to the Housing Subsidy system, whereby Merton (along with other Local Authorities) is paying millions to the Department of Communities and Local Government. For 2006/07 Merton is expected to pay £6.4m to the DCLG. There are pressures on the expenditure side (e.g. repairs, and due to the price increases in utilities such as electricity and gas).

### c) Waste and Environment

- Merton Council, along with every other local authority, has to meet the serious challenge of waste. The production of waste continues to increase while available landfill space is diminishing. In order to reduce these impacts, targets have been set to reduce the waste going to landfill. Merton has achieved a provisional recycling and composting rate of 22.7% in 2005/06, which compares favourably compared to other London boroughs. However, the recycling rate for required for 2005/06 was 27%, indicating the size of the task ahead in continuing to improve the recycling rate;
- In September 2003, the Mayor of London published his Municipal Waste Management Strategy. This set out a wide range of policies and proposed actions. It informed many areas of relevance to Merton and is an important strategy in both the wider context of managing Merton's waste and, in some instances, in the local actions it takes. The Landfill Allowance Trading Scheme (LATS) is a key driver for the Strategy;

- In 2004/05 Merton collected a total of 100,233 tonnes of municipal solid waste, of which 83,536 tonnes were sent to landfill. The Landfill Tax element equates to £1.25million. However, the Landfill Tax is set to increase by £3 per tonne each year until it reaches £35 per tonne in 2011/12. Based on the national rate of growth, estimated to be approximately 3%, the landfill tax costs could reach £4 million per annum by 2020.

d) Other Demographic factors

There are long-standing issues of multiple deprivation and socio-economic exclusion in Merton's eastern wards, especially in the Mitcham area. These were identified in the 1991 Census and subsequently corroborated by the 1997 Poverty Profile of Merton. Under the Indices of Deprivation (IoD) 2000 Merton was given a ranking of 23rd most deprived out of 33 boroughs but this average borough statistic has masked widespread disadvantage. Four wards were in the top 25% nationally for multiple deprivation – Lavender, Pollards Hill, Phipps Bridge (now Cricket Green) and Ravensbury – including Lavender in the top 20% nationally (1,571 out of 8,414 wards in the UK). The situation described above has been confirmed and defined by the 2001 Census and the 2004 Indices of Deprivation.

The effect of this can be illustrated by the following facts:-

- Average household income in east Merton is 23% lower than the borough average;
- All of the eastern wards have higher proportions of people without any qualifications than the average for England;
- Higher rates of unemployment are recorded in the Mitcham wards – Cricket Green had the highest unemployment rate (5.4%) and Village ward in Wimbledon recorded the lowest (2%);
- Female life expectancy at birth in the Cricket Green area of Mitcham (77 years) is more than eight years shorter than in the Hillside area of Wimbledon (85.3 years);
- There are greater concentrations of people with long-term limiting illnesses in the eastern wards. In St Helier ward, 37% of households have one or more people with a long-term limiting illness. The incidence of early deaths from lung cancer and heart disease is higher in the east of the borough.

Merton's Neighbourhood Renewal Strategy identifies eight wards that will be the focus of the council's objective of reducing inequalities in the borough. It sets out the deprivation issues in greater depth and a copy is available on request.

e) Other financial pressures

- Merton's level of external funding has traditionally been amongst the worst in London, being 31<sup>st</sup> out of 33 London boroughs in 2006/07;

## APPENDIX 4

- Although there are areas of deprivation in Merton they do not attract any financial support via the Neighbourhood Renewal Fund;
- The costs of Single Status will also place pressure on the budget;
- The level of bureaucracy and regulation places a heavy burden on authorities which is both costly and often without clear purpose

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**CHIEF EXECUTIVE'S DEPARTMENT: GROWTH PROPOSAL 2007-2010**

Comm	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	2007/08 £000	2008/09 £000	2009/10 £000
www	CEG1	<p><b>Description</b></p> <p><b>Policy, Partnerships &amp; Performance Division</b> - Scrutiny Fund - the Prof Leach review recommended that Scrutiny have a budget of £30k available to help them conduct their work. £6k was made available for part of 2006/07.</p> <p><b>Service Implication</b></p> <p>This will assist scrutiny members to deliver the services required from them.</p> <p><b>Staffing Implications</b></p> <p>No implication for this growth.</p> <p><b>Equalities Implications</b></p> <p>No implication for this growth.</p>	15	5	0
<b>TOTAL : Growth identified</b>			<b>15</b>	<b>5</b>	<b>0</b>

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**CORPORATE SERVICES DEPARTMENT: GROWTH PROPOSAL 2007-2010**

Comm	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	2007/08 £000	2008/09 £000	2009/10 £000
WWW	CSG1	<b>Description</b> <b>Service Implication</b> <b>Staffing Implications</b> <b>Equalities Implications</b>	75	0	0
		<b>Customer Services:</b> Growth/funding required for running costs of the Business Excellence Team.			
		Any appointment will adhere to the Council's recruitment and selection procedures. No implication for this saving.			
WWW	CSG2	<b>Description</b> <b>Service Implication</b> <b>Staffing Implications</b> <b>Equalities Implications</b>	30	0	0
		<b>Civic &amp; Legal Services</b> - Create new Cabinet Secretary post.			
		The appointment will adhere to the Council's recruitment and selection procedures. No implication for this growth.			
<b>TOTAL : Growth identified</b>			<b>105</b>	<b>-</b>	<b>-</b>

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PANEL	REF	Description	2007/8 £'000	2008/9 £'000	2009/10 £'000
R&PR	ENV4	Description	30	30	30
		Service Implication			
		Staffing Implications			
		Equalities Implications			
147 R&PR	ENV5	Description	50	30	
		Service Implication			
		Staffing Implications			
		Equalities Implications			
R&PR	ENV6	Description	5	-5	
		Service Implication			
		Staffing Implications			
		Equalities Implications			
<b>Total Planning and Public Protection</b>			<b>85</b>	<b>55</b>	<b>30</b>

PANEL	REF	Description	2007/8 £'000	2008/9 £'000	2009/10 £'000
R&PR	ENV7	Description	25	25	25
		Service Implication			
		Staffing Implications			
		Equalities Implications			
		NONE			
<b>Total Property and Leisure</b>			<b>25</b>	<b>25</b>	<b>25</b>
R&PR	ENV8	Description	30		
		Service Implication			
		Staffing Implications			
		Equalities Implications			
		NONE			
R&PR	ENV9	Description	20		
		Service Implication			
		Staffing Implications			
		Equalities Implications			
		NONE			

PANEL	REF	Description	2007/8 £'000	2008/9 £'000	2009/10 £'000
R&PR	ENV10	Description	35	40	
		Service Implication			
		Staffing Implications Equalities Implications			
R&PR	ENV11	Description	38		
		Service Implication			
		Staffing Implications Equalities Implications			
R&PR	ENV12	Description	25	30	
		Service Implication			
		Staffing Implications Equalities Implications			
		<b>Total Regeneration</b>	<b>148</b>	<b>70</b>	<b>0</b>

PANEL	REF	Description	2007/8 £'000	2008/9 £'000	2009/10 £'000	
R&PR	ENV13	Description	46	-46		
		Service Implication				Dependent upon outcome of the study
		Staffing Implications				None
		Equalities Implications				If decision is to remove bus lane then there may be an impact for bus users and those particularly dependent on these services including older people and children.
<b>Total Street Management</b>			46	-46	0	
<b>Total Environment and Regeneration Department</b>			304	104	55	
150						

		2007/08	2008/09	2009/10
		£000	£000	£000
Ref	Description			
	<b>Environment and Regeneration:</b>			
	Saturday litter picking after Friday refuse rounds: Full year cost of environmental enhancement project agreed by Cabinet on 17th July	30		
	Night time response cleaning up to 3am in Mitcham, Morden and Wimbledon town centres: Full year cost of environmental enhancement project agreed by Cabinet on 17th July	83		
	Increase in deep cleaning crews, including thorough sweep on same day as refuse rounds: Full year cost of environmental enhancement project agreed by Cabinet on 17th July	263		
	<b>Total: Environment and Regeneration:</b>	<b>376</b>	<b>0</b>	<b>0</b>

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## Community &amp; Housing Department

Panel	Ref	Description of growth, including Service Implications, Staffing Implications and Equalities	2007/08 £000	2008/09 £000	2009/10 £000
LC	CH1 & CH2	<p><b>Description -</b> Libraries - Make Merton's libraries more welcoming . and ensure library services are accessible to all.</p> <p><b>Service Implication -</b> 1. Library refurbishments. 2. Stock Fund - increases already requested - commitment in capital programme must be agreed. 3. Community Outreach. 4. Training.</p> <p><b>Proposals to date re 1 to 4 above:</b> Refurbishments £100k, Reaching our community £54k, Training £30k</p> <p><b>Staffing Implications -</b> No new permanent posts envisaged</p> <p><b>Equalities Implications -</b> Promotes access to libraries to those who currently under-use service</p>	61	61	62
LC	CH3	<p><b>Description -</b> To improve the scope of Adult Education opportunities</p> <p><b>Service Implications -</b> There are a number of areas that could improve opportunities including the hire of premises</p> <p><b>Staffing Implications -</b> No new permanent posts envisaged</p> <p><b>Equalities Implications -</b> Will promote access to learning for those in priority need for it</p>	50		
H&CC	CH4	<p><b>Description -</b> To improve the quality of help for the frail and elderly to live in their own homes</p> <p><b>Service Implication -</b> Spring cleaning service - much needed to promote independence and improve quality of life at home for clients.</p> <p><b>Staffing Implications -</b> No new permanent posts envisaged</p> <p><b>Equalities Implications -</b> Enhanced quality of life for older people</p>	50	50	
H&CC	CH5	<p><b>Description -</b> To give more assistance to home carers</p> <p><b>Service Implication -</b> Targetted service to promote assessments for carers which lead to service provision for carers in their own right</p> <p><b>Staffing Implications -</b> No new permanent posts envisaged</p> <p><b>Equalities Implications -</b> Positive impact for carers who may be more likely to be female and older</p>	55		

## Community &amp; Housing Department

Panel	Ref	Description of growth, including Service Implications, Staffing Implications and Equalities Implications	2007/08 £000	2008/09 £000	2009/10 £000
H&CC	CH6	<p><b>Description -</b> To protect day care for the elderly</p> <p><b>Service Implication -</b> Enhanced exercise opportunities for day centre attenders. Toe nail cutting service to be co-commissioned with PCT</p> <p><b>Staffing Implications -</b> No new permanent posts envisaged</p> <p><b>Equalities Implications -</b> Enhanced quality of life for older people, maintenance of independence</p>	20	20	10
H&CC	CH7	<p><b>Description -</b> Help those with extreme learning difficulties to attend day centres that will enable them to lead healthy and productive lives</p> <p><b>Service Implication -</b> More ability to support people into employment or vocational services. Improved staffing ratio in centres will enable more ability to use person centred planning.</p> <p><b>Staffing Implications -</b> Staff to support people into employment and vocational activities, flexibly employed to be able to meet changing demands of customers</p> <p><b>Equalities Implications -</b> Enhanced community participation for people with learning disabilities, reducing social exclusion</p>	50	25	25
H&CC	CH8	<p><b>Description -</b> Widen the range of accommodation with special needs</p> <p><b>Service Implication -</b> Housing specialist function to enable people with special needs to access accommodation mainly in the private sector</p> <p><b>Staffing Implications -</b> May be commissioned rather than directly employed: to be determined</p> <p><b>Equalities Implications -</b> Enhanced opportunities for those with disabilities to have ordinary accommodation rather than being forced into group living</p>	40		
H&CC	CH9	<p><b>Description -</b> Ensure there is no duplication of costly administration between Social Services and the Primary Care Trust</p> <p><b>Service Implication -</b> Nil cost</p> <p><b>Staffing Implications -</b> Nil</p> <p><b>Equalities Implications -</b></p>	0		



## Community &amp; Housing Department

Panel	Ref	Description of growth, including Service Implications, Staffing Implications and Equalities	2007/08 £000	2008/09 £000	2009/10 £000
H&CC	CH10	<p><b>Description - Service Implication -</b></p> <p>Improve access to Mental Health Services Mental Health Inspection - recommendation that Merton should spend more on Mental Health Services</p> <p><b>Proposals to date:</b> Care packages including Supported Housing Schemes - £450k Modernisation targets - First priority is Crisis/ home treatment 2 x additional SW posts £120K and early intervention programme 1 x additional SW post £60K - Second priority is Support workers - Target is 10 - assume 5 from HST - need 5 additional £200K Improving Access - Direct Payments - £50K</p> <p><b>Staffing Implications -</b> Social workers will be directly employed. Support workers may be commissioned or employed; to be determined</p> <p><b>Equalities Implications -</b> Enhanced ability to support vulnerable people with mental health needs</p>	280	300	300
			<b>606</b>	<b>456</b>	<b>397</b>

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GROWTH\_2007/2008 - 2009/2010

Scrutiny Committee	Ref	Description of Implications	2007/08 £000	2008/09 £000	2009/10 £000
Life Chances	CSF 1	<p><b>Description - Childrens Trusts</b></p> <p><b>Service Implication -</b></p> <p>The growth would be for:                      *Partnership Development Manager (P04) £46,500                      *Advocacy/User Engagement contract £28,500</p> <p>Through the establishment of the Children's Trust Board, the Children and Young People Strategic Partnership and a number of 'feeder' groups, Merton has put in place the architecture for joint planning, commissioning and accountability required to deliver the strategic aims of the Children and Young People Plan. To ensure the work of this complex framework of groups is both effective and robust, A Children's Partnership Development Manager post is required and an Advocacy/User Engagement contract will ensure that children and young people are closely involved in the Children's Trust.</p> <p>The post will:-</p> <ul style="list-style-type: none"> <li>a) ensure the establishment of clear work programmes across partnership groups, in particular the post-holder will work closely with the voluntary sector and PCT to build capacity.</li> <li>b) support the delivery of the Children's Trust work programmes</li> <li>c) develop and implement performance management procedures</li> <li>d) contribute to the refreshing and renewing of the Childrens &amp; Young Peoples Plan</li> <li>e) research and communicate best practice in the development of the Childrens Trust Model</li> <li>g) lead on the implementation of strategy to engage young people/carers in service planning and development</li> </ul> <p>An advocacy contract will be established to ensure service user involvement is both comprehensive and challenging in line with policy drivers</p> <p><b>Staffing Implications -</b></p> <p>A new post of Partnership Development Manager will be created at a total cost of £46,500, including oncosts. A contract for advocacy will be created, almost certainly involving the local voluntary sector in its delivery.</p> <p><b>Equalities Implications -</b></p> <p>The Children's Trust and partnership working in particular, brings with it new opportunities for promoting inclusion, community cohesion and equality. Children and young people will be closely involved in these developments, including those from BME and disabled children. Work in partnership with the voluntary sector will be an important development and will allow services to be more closely focussed on meeting the needs of Merton's diverse community.</p>	75		

## GROWTH\_2007/2008 - 2009/2010

Scrutiny Committee	Ref	Description of Implications	2007/08 £000	2008/09 £000	2009/10 £000
Life Chances	CSF 2	<p><b>Description -</b></p> <p><b>Service Implication -</b></p> <p><b>Staffing Implications -</b></p> <p><b>Equalities Implications -</b></p>	125		
Life Chances	CSF 3	<p><b>Description -</b></p> <p><b>Service Implication -</b></p> <p><b>Staffing Implications -</b></p> <p><b>Equalities Implications -</b></p>	125		
Life Chances	CSF 4	<p><b>Description -</b></p> <p><b>Service Implication -</b></p> <p><b>Staffing Implications -</b></p> <p><b>Equalities Implications -</b></p>	80		

## GROWTH\_2007/2008 - 2009/2010

Scrutiny Committee	Ref	Description of Implications	2007/08 £000	2008/09 £000	2009/10 £000
Life Chances	CSF 5	<b>Description -</b> <b>Service Implication -</b> Merton has established a strong track record in providing good preventative work in children's social care. This growth item would allow for seven day provision and would fundamentally improve the service by ensuring that we could work with children and families more flexibly outside of normal office hours.	120		
		<b>Staffing Implications -</b> Additional staffing will be created to offer an extended support and monitoring services outside of normal office hours.			
		<b>Equalities Implications -</b> The most vulnerable children and their families will be able to receive support, advice and monitoring during the evenings and at weekends.			
Life Chances	CSF 6	<b>Description -</b> <b>Service Implication -</b> <b>Reduce the Number of Agency Social Workers</b> Currently agency usage runs at 35% in children's social care. Merton pays children's social workers significantly less than neighbouring boroughs and almost all other London boroughs. Whilst in other ways Merton is an attractive place to work (managed caseloads, good training and support etc.) the current wage differential between Merton staff and other local authority staff is around £4,500 per social worker and £4 - 6,000 for junior managers. This growth item addresses this issue with a view to reaching 100% permanent staffing.	300	300	100
		<b>Staffing Implications -</b> Discussions on the best way of offering additional pay to attract and retain staff will be considered and implemented in April 2007.			
		<b>Equalities Implications -</b> Staff will be paid in line with staff in other London boroughs, allowing Merton to attract a permanent and diverse children's social care workforce.			
Life Chances	CSF 7	<b>Improving Standards in Schools</b> There is now an increasingly sharp focus on schools within the new relationship arrangements. This additional funding will allow for the 'step change' in improvement that is required in Merton's performance. A range of targeted intervention and support measures are needed for focused, discrete, work to raise standards of teaching and learning, improving learning and management and reduce inequalities and build internal capacity of school to work collaboratively on Every Child Matters.	125	125	
		<b>Staffing Implications -</b> Additional resources will be used flexibly to improve school standards more rapidly. A five borough consortium is being developed between, Kingston, Richmond, Sutton, Wandsworth and Merton and this additional funding will allow Merton to draw upon expertise from this consortium group.			
		<b>Equalities Implications -</b> The Merton approach to school improvement, is to target those schools doing least well. This will ensure that all children enjoy increased life chances through better outcomes.			

**DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES**

**APPENDIX 5**

**GROWTH\_2007/2008 - 2009/2010**

Scrutiny Committee	Ref	Description of Implications	2007/08 £000	2008/09 £000	2009/10 £000
Life Chances	CSF 8	<p><b>Expand the Pupil Referral Unit</b> An increased behaviour service could be set up to provide immediate preliminary support for primary schools needing to manage very challenging behaviour. The service would also be 'bought back' and provide training and development to teachers and support staff.</p> <p><b>Staffing Implications -</b> Additional staffing will be created to set up extra support to primary aged children with very challenging behaviour.</p> <p><b>Equalities Implications -</b> The most vulnerable children will be targeted and as a result life chances and outcomes will be improved.</p>	60	60	
Life Chances	CSF 9	<p><b>Youth Service</b> There have been rapid improvements in the youth service since the critical ofsted inspection in 2005. Part of the medium term plan is to increase spending to the national average of £100 per young person. This growth will allow for the excellent forward momentum to be maintained and enhanced.</p> <p><b>Staffing Implications -</b> Additional staffing of two posts will be created to continue improvements in the youth service.</p> <p><b>Equalities Implications -</b> The youth service targets vulnerable young people and works with a diverse group of young people, this growth will allow for the expansion of that work.</p>	81	81	81
<b>Total: Business Plan Growth</b>			<b>1,091</b>	<b>566</b>	<b>181</b>

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	Risk Analysis - Political Impact	low/ medium/ high	stop/ do less/ efficiencies/ additional income
The Way We Work (WWW)	CE1	<b>Description</b> Policy, Partnerships & Performance Division - efficiency savings arising from reduction in printing and publication costs for the performance management framework, BVPI campaigns, plus a reduction in support costs associated with the LAA and BVPI Survey (MOR) consultation. These are full year effect savings in 2007/08 as work was completed in 2006/07. <b>Service Implication Staffing Implications Equalities Implications</b> No implication for this saving. No implication for this saving. No implication for this saving.	80	48	0	0	low	Risk Analysis - Political Impact low	low	Do less
www	CE2	<b>Description</b> Policy, Partnerships & Performance Division - review and reduction in general subscription costs. <b>Service Implication Staffing Implications Equalities Implications</b> No implication for this saving. No implication for this saving. No implication for this saving.	208	5	0	0	low	Risk Analysis - Political Impact low	low	Efficiencies
www	CE3	<b>Description</b> Chief Executive's office- efficiency savings - further review of supplies and services and support budgets and cash limiting of all variable items including stationery, conferences, subscriptions, and travel costs. Maximisation of corporate debit cards to reduce administration. <b>Service Implication Staffing Implications Equalities Implications</b> No implication for this saving. No implication for this saving. No implication for this saving.	336	14	0	0	low	Risk Analysis - Political Impact low	low	Efficiencies
www	CE4	<b>Description</b> Chief Executive's office- further review of all support budgets for consultation and preparation of Council plans following the 2005/06 injection of Capacity Building Funding from GOL and subsequent programme of joint CMT sponsorship of corporate priorities and initiatives. <b>Service Implication Staffing Implications Equalities Implications</b> No implication for this saving. No implication for this saving. No implication for this saving.	336	8	0	0	low	Risk Analysis - Political Impact low	low	Efficiencies

TOTAL : Savings identified

75

0

0

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Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	Risk Analysis - Deliverability	Risk Analysis - Political Impact	low/ medium/ high	stop/ do less/ efficiencies/ additional income
Health & Community Care (H&CC)	CC1	<p><b>Description -</b></p> <p>1. Tighten application of eligibility criteria - for the last three months we have been reviewing all low and moderate cases in Older People's Services and Learning Disability. The Panels have also tightened up their eligibility criteria</p> <p>2. Tighten standard care packages - still need to do more work on reviewing existing care packages under Substantial and Critical</p> <p>3. Move to frozen meals service - we now have agreement to move towards a frozen meals service and are formulating an implementation plan</p> <p>4. Restructure Home Care service - an option appraisal document was produced with regard to restructuring and we are currently exploring these options</p> <p><b>Service Implication -</b> reconfiguring existing services  <b>Staffing Implications -</b> restructure/ externalise  <b>Equalities Implications -</b> Older People most affected</p>	2,705	250			High	High	Risk Analysis - Political Impact	do less/ efficiencies	
H&CC	CC2	<p><b>Description -</b></p> <p>Reduce Eitandia respite beds by 2 @ £426.55 per week - Further contract variation may be difficult as we have already withdrawn maximum number of beds highlighted in the contract up to 2007</p> <p><b>Service Implication -</b> none  <b>Staffing Implications -</b> none  <b>Equalities Implications -</b> none</p>		44			Low	Low		efficiencies	
H&CC	CC3	<p><b>Description -</b></p> <p>Day Care - Voluntary Sector Transport</p> <p><b>Service Implication -</b> Stop funding part of voluntary sector transport - monies received from service users</p> <p><b>Staffing Implications -</b> none  <b>Equalities Implications -</b> none</p>		39			Low	High		stop	
H&CC	CC4	<p><b>Description -</b></p> <p>LD Services General/ LD Day Opportunities - unit cost reductions/ Individual budgets "In Control" pilot</p> <p><b>Service Implication -</b> Reduce staffing costs in management &amp; day services  <b>Staffing Implications -</b> none  <b>Equalities Implications -</b> none</p>		100			Low	Low		do less	

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	Risk Analysis - Deliverability	Risk Analysis - Political Impact	low/ medium/ high	stop/ do less/ efficiencies/ additional income
H&CC	CC5	<p><b>Description -</b> All Saints DC - Income</p> <p><b>Service Implication -</b> none</p> <p><b>Staffing Implications -</b> none</p> <p><b>Equalities Implications -</b> none</p>		10			Low	Low		Low	additional income
H&CC	CC6	<p><b>Description -</b> Transport SLA (£100k)/ Concessionary Fares (£74k) reconfiguring existing transport arrangements for day care services - different care groups will be required to share transport</p> <p><b>Service Implication -</b> reduction/ fewer staff</p> <p><b>Staffing Implications -</b> none</p> <p><b>Equalities Implications -</b> none</p>	1,482	174			High	High		High	efficiencies
H&CC	CC7	<p><b>Description -</b> Income Generation - reduction in non payers - benefits take up. At time of reassessment in April, Financial Assessments had approx 1,400 clients that were assessed as being free. By visiting these clients and encouraging welfare benefit take up there is the potential of getting more clients to contribute towards their care with clients keeping a proportion of their increased benefits</p> <p><b>Service Implication -</b> none</p> <p><b>Staffing Implications -</b> none</p> <p><b>Equalities Implications -</b> promotes equalities - positive impact</p>		500			High	Low		Low	additional income
H&CC	CC8	<p><b>Description -</b> Direct Payments - reduce management costs/ Streamline process</p> <p><b>Service Implication -</b> none</p> <p><b>Staffing Implications -</b> post deletion</p> <p><b>Equalities Implications -</b> none</p>		44			Low	Low		Low	efficiencies
H&CC	CC9	<p><b>Description -</b> Charging Policy - income generation</p> <ul style="list-style-type: none"> <li>· Home Care – end ceiling (currently £350 per week)</li> <li>· Transport</li> <li>· Day Care – in house/ vol orgs</li> </ul> <p><b>Service Implication -</b> bring charges in line with other Boroughs</p> <p><b>Staffing Implications -</b> none</p> <p><b>Equalities Implications -</b> none</p>		500			Low	High		High	additional income
H&CC	CC10	<p><b>Description -</b> Use of Grants - the Council receives specific grants from the DoH for a variety of social care activities. Some of these were held in 2005/06 &amp; 2006/07 to achieve required savings. This will be repeated in 2007/08.</p> <p><b>Service Implication -</b> some grant supports care services - restriction</p> <p><b>Staffing Implications -</b> none</p>		400			High	Low		Low	do less

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	Risk Analysis - Deliverability	low/ medium/ high	stop/ do less/ efficiencies/ additional income
H&CC	CC11	<p><b>Equalities Implications -</b></p> <p><b>Description -</b> Review Voluntary Sector grants - significant core services. This saving relates to 2008/09 so further work needs to be carried out.</p> <p><b>Service Implication -</b></p> <p><b>Staffing Implications -</b></p> <p><b>Equalities Implications -</b></p>		0	100		Medium	Risk Analysis - Political Impact	High	Analysis of saving
Life Chances (LC)	CC15	<p><b>Description -</b> Libraries - Income generation, savings on running costs &amp; holding staff vacancies</p> <p><b>Service Implication -</b> none</p> <p><b>Staffing Implications -</b> none</p> <p><b>Equalities Implications -</b> none</p>		120			Medium	Low	Low	additional income, efficiencies
LC	CC16	<p><b>Description -</b> Libraries - Media Fund - reduce spending or capitalise all NB This saving of £284.4k can only be made if CAPITAL was given for the same amount and promised for future years</p> <p><b>Service Implication -</b> none</p> <p><b>Staffing Implications -</b> none</p> <p><b>Equalities Implications -</b> none</p>		284			Medium	Low	Low	alternative funding
LC	CC17	<p><b>Description -</b> Adult Education - Council to cease to be a net contributor - self fund within govt grant - creche/ nurseries/ caretaking/ eliminate overspend</p> <p><b>Service Implication -</b> Savings will be found by extra fee increases to learners, reduction in staff and may be some reduction in range of courses offered</p> <p><b>Staffing Implications -</b></p> <p><b>Equalities Implications -</b></p>		43			High	Medium	Medium	efficiencies

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income
Regeneration & Public Realm (R&PR)	CC18	<p><b>Description -</b> Housing GF Savings - staffing 8% vacancy would be £44k</p> <p><b>Service Implication -</b> risk higher spend on temporary accommodation</p> <p><b>Staffing Implications -</b> reduction of 1 post</p> <p><b>Equalities Implications -</b></p>		44			Low	Low	do less
H&CC	CC19	<p><b>Description -</b> Strategy &amp; Business - Restructure</p> <p><b>Service Implication -</b> higher burden on front line managers</p> <p><b>Staffing Implications -</b> yes - details to be quantified but few posts</p> <p><b>Equalities Implications -</b></p>		289			Medium	Low	do less
H&CC, R&PR, LC	C20	<p><b>Description -</b> Investigate the withdrawal of Essential Car User Allowance for employees claiming for less than 8,500 miles per year, eg switch to Casual Up to 8,500 miles per year costs the borough less when claimed as Casual Car User. (Removal of regular monthly payment £58.50 or £66.00) High risk due to Staffside approval - C&amp;H dept spends £150k approx a year (£110k GF, £40k HRA)</p> <p><b>Service Implication -</b> none</p> <p><b>Staffing Implications -</b> terms &amp; conditions/ single status</p> <p><b>Equalities Implications -</b></p>		20			Medium	Low	efficiencies
H&CC, R&PR, LC	C21	<p><b>Description -</b> Investigate the purchasing of more annual leave by staff - may assist with staff retention, work life balance, etc</p> <p><b>Service Implication -</b> none</p> <p><b>Staffing Implications -</b> none</p> <p><b>Equalities Implications -</b> none</p>		10			Low	Low	efficiencies
H&CC, R&PR, LC	C22	<p><b>Description -</b> C&amp;H salary savings across the Department</p> <p><b>Service Implication -</b> Currently, C&amp;H are under spending on employee costs through vacancies so this can be carried forward to next year by reducing the budget accordingly</p> <p><b>Staffing Implications -</b> post reductions</p> <p><b>Equalities Implications -</b> none</p>		300			High	Low	do less



Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income
WWW	CS3	<p><b>Description</b>  <b>Customer Services:</b> The new Bailiff Service commenced operation in 2005 and has been highly successful. The rates of recovery have been very good and have contributed to the Council's high collection rates of Council Tax and Business Rates. This saving represents the full year effect of the introduction of the service in 2005. It will also be possible to utilise the Bailiff Service to collect other forms of debt.  <b>Service Implication</b>            No implication for this saving.  <b>Staffing Implications</b>            No implication for this saving.  <b>Equalities Implications</b>            No implication for this saving.</p>	200	5	0	0	Low	Medium	Additional income
WWW	CS4	<p><b>Description</b>  <b>Finance:</b> Improved recovery arrangements for Social Services Debt recovery and subsequent reduction in the bad debt provision.  <b>Service Implication</b>            This is an efficiency saving resulting from the merging of Social Services debts within Debt Recovery Section. This will lead to an improved collection rate and reduction in outstanding debt.  <b>Staffing Implications</b>            No implication for this saving.  <b>Equalities Implications</b>            No implication for this saving.</p>	N/A	215	30	0	Low	Medium	Efficiencies
WWW	CS5	<p><b>Description</b>  <b>Finance-</b> Reduction in bank charges by way of re-tendering and revision of BACS and Giro arrangements.            This is an efficiency saving resulting from the use of the All Pay system. This will mean reduced transaction costs over use of Girobank.  <b>Service Implication</b>            No implication for this saving.  <b>Staffing Implications</b>            No implication for this saving.</p>	520	70	0	0	Low	Low	Efficiencies
WWW	CS6	<p><b>Description</b>  <b>Finance-</b> Restructuring of cash collection contracts by re-routing methods of physical collection and re-tendering the 3 year contract with full year effect savings being realised in 2007/08.  <b>Service Implication</b>            Cash collection from remote sites will be delivered directly to the bank rather than being received at the Cash Office.  <b>Staffing Implications</b>            Savings will be made by reducing temporary staff.</p>	180	30	5	0	Low	Low	Efficiencies



Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income	
WWW	CS9	<p><b>Description</b>  <b>Corporate Services Department all divisions</b> - The department has a mixture of contractual overtime and scheduled overtime worked to cover seasonal peak times e.g. issue of Council Tax bills. This proposal would seek to reduce the current overtime cost significantly by reviewing work patterns and restructuring establishment selected timetables and programmes.</p> <p><b>Service Implication</b>  It is anticipated that this can be accommodated without any impact on service as a result of better controls and work planning.</p> <p><b>Staffing Implications</b>  No implication for this saving.  No implication for this saving.</p>	120	20	0	0	Low	Risk Analysis - Deliverability Low	Risk Analysis - Political Impact Low	Efficiencies
1	CS10	<p><b>Description</b>  <b>Corporate Services Department all divisions</b> - Reduce staffing across the department to reflect better sickness absence, resulting in reduced agency staff usage. This equates to five agency staff.</p> <p><b>Service Implication</b>  There would be a saving on agency staff.</p> <p><b>Staffing Implications</b>  No implication for this saving.  No implication for this saving.</p>		150	0	0	Medium	Medium	Efficiencies	
WWW	CS11	<p><b>Description</b>  <b>Corporate Services Department all divisions</b> - Freezing/deletion of 8 vacant posts across the department.</p> <p><b>Service Implication</b>  No significant impact because staff to pick up additional work and reviewing lower priority tasks.</p> <p><b>Staffing Implications</b>  Reducing promotional and diversity opportunities by deleting vacancies.</p> <p><b>Equalities Implications</b>  No implication for this saving.</p>		265	0	0	Medium	Low	Efficiencies	
WWW	CS12	<p><b>Description</b>  <b>IT Services</b> - cessation of VME licences to coincide with the introduction of IBS housing benefits and council tax systems.</p> <p><b>Service Implication</b>  No implication for this saving.</p> <p><b>Staffing Implications</b>  No implication for this saving (Two staff will be re-trained for other technologies).</p> <p><b>Equalities Implications</b>  No implication for this saving.</p>	620	112	0	0	Low	Low	Technical	



Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income
WWW	CS13	<b>Description</b>	620	92	0	0	Medium	Risk Analysis - Deliverability	Analysis
		<b>Service Implication</b>	IT Services - Sweat PC replacement programme by one year 200 PCs at £420 each and effective e-procurement. Around 10% increase in service desk calls due to age of technology (Around 2200 extra calls per year). Some PCs may not be able to take new systems, so some forced replacement may need to happen that may cut into the savings).				Low	Risk Analysis - Political Impact	Efficiencies
		<b>Staffing Implications Equalities Implications</b>	No implication for this saving. No implication for this saving. The PCs are spread randomly across the authority – so no particular group is affected more than others.						
WWW	CS14	<b>Description</b>	190	13	0		Low		Efficiencies
		<b>Service Implication</b>	<b>Audit, Fraud and support</b> - Performance and development Team - Delete vacant post as a result of proposed re-structure with generic job descriptions. Review of internal processes and exploiting IT has eliminated some admin. tasks. Remaining workload equal to current structure of 1 FTE.						
		<b>Staffing Implications Equalities Implications</b>	Vacant post, so no staffing implications as unnecessary admin. tasks have either been eliminated or subsumed in to generic posts. Vacant post so no equalities implications. By having generic job description for all SO1/SO2 posts this builds capacity for cover.						
WWW	CS15	<b>Description</b>	580	50	5	0	Low		Additional Income
		<b>Service Implication</b>	<b>Audit Fraud and Support</b> - CHAS (Contractors Health and Safety Scheme) Additional income generation. Additional income from increased assessments generation, Raise assessment fees. Raise accreditation fee to a single fee level. There is no impact on service delivery as this income generation.						
		<b>Staffing Implications Equalities Implications</b>	Any increases in posts arising from additional assessments as CHAS grows are self-financing. No implication for this saving.						

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income
WWW	CS16	<p><b>Description</b>  <b>Audit Fraud and Support</b> - Insurance Division - review of claims handling processes and procedures and an outsourced arrangement to be developed and implemented.</p> <p><b>Service Implication</b>            (a) At present we are engaged with a firm of loss adjusters, insurance lawyers and our current insurance provider to evaluate the way that claims are handled and the cost to us as an authority. This exercise is very complex as different claims are handled in different ways depending on the type of claim, the value and the nature of the liability etc. We have to know what all of these things mean to us in order to consider the best way forward. Depending on the outcome of this evaluation we will know what options are open to us in terms of best value and savings. (b) We are also going to be looking at this aspect as part of the re-tender for the insurance contract which is closing on the 18th September and as part of the tender we intend to negotiate on elements of the contract to make service improvements.</p> <p><b>Staffing Implications</b>            (a) This will potentially impact on staffing but should also improve service delivery. (b) This may impact on staff but until we have negotiated on the contracts we cannot say how.</p> <p><b>Equalities Implications</b>            No implication for this saving.</p>	210	40	0	0	Risk Analysis - Deliverability Medium	Risk Analysis - Political Impact Medium	Do less
WWW	CS17	<p><b>Description</b>  <b>Audit Fraud and Support</b> - Post Room - restructure of section and efficiency review and rotas. Opening, collation and drop off sequences and volumes to be re-aligned.</p> <p><b>Service Implication</b>            Reduction in the number of postal delivery/collection rounds from three down to one. (i.e.) the two morning rounds will cease and post will only be collected and delivered in the afternoon. Implementation of the new Document Imaging &amp; Processing System, which in the short term will necessitate the Post Room having to run two systems in parallel for a period of approximately 12 months whilst the new DIP's system is rolled out across all departments, will need to be carefully managed.</p>	220	40	0	0	Low	Low	Do less

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income
		<b>Staffing Implications</b> Reduce the Post Room establishment by two ftes through turnover and freezing vacancies. <b>Equalities Implications</b> No implication for this saving.							
WWW	CS18	<b>Description</b> <b>Service Implication</b> <b>Staffing Implications</b> Increased income from external sources. There will be a need for additional marketing. Manager's time will be divided between office working, and out of office appointments and presentations to potential clients. It could be worth considering employing a marketing person on a part time contract or admin staff to cover design and print estimates and routine enquiries, if volumes of new income warrant additional expense. No implication for this saving.	740	75	0	0	Low	Low	Additional Income
173	WWW	<b>Equalities Implications</b> <b>Description</b> <b>Service Implication</b> <b>Staffing Implications</b> Job evaluation results have not yet been received. Some initial fall off subject to recruitment success. No additional Implications. These positions will be advertised in job news and in local newspaper. The only equalities issue is the location of the design studio which is currently not wheelchair accessible. Additions will be necessary subject to recruitment.	320	12	0	0	Low	Low	Efficiencies
WWW	CS20	<b>Description</b> <b>Service Implication</b> <b>Staffing Implications</b> <b>Equalities Implications</b> <b>Human Resources</b> - Increase income from charges to schools and partner organisations (e.g. Merton College) for provision of Payroll Services on basis that our charging structure is very competitive at current time. <b>N.B</b> Increased charges to be "red-circled" to achieve HR Division reductions. No implication for this saving. No implication for this saving. No implication for this saving.	80	10	0	0	Medium	Medium	Additional Income

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income
WWW	CS21	<p><b>Description</b>  <b>Human Resources</b> - reduce staffing costs (vacancy freeze/redundancy) 3 FTE with variety of service reductions to include (a) replacing paper payslips with e-mail notification; (b) full centralisation of HR support to Departmental HR Teams/one number response to general queries to managers; (c) improved intranet information on procedures to managers to reduce queries; (d) recruitment pack distribution and handling to be administered via Merton Link and procedures.</p> <p><b>Service Implication</b>  Reduced/amended levels of service for (c) managers to refer to intranet for straight-forward advice (d) transfer of responsibility from HR to CS. Merton Link is currently distributing application packs on a pilot basis and to date there have been no staffing or service delivery issues noted. The situation will be kept under review in the near future and some element (of a package of measures to achieve streamlining within HR) would only be confirmed if review of the pilot position is maintained.  Two redundancies under (c) and Merton Link to absorb duties for (d).</p> <p><b>Staffing Implications</b>  Any post deletions will be subject to the Councils policy of redundancy and re-deployment.</p>	2,130	60	0	0	Low	Risk Analysis - Political Impact Medium	Do less/ Efficiencies
WWW	CS22	<p><b>Description</b>  <b>Civic &amp; Legal Services</b> - Freeze vacant post. It is considered that this saving can be achieved but service turn around times may not continue to improve.  The saving will reduce the staff of the unit by one part-time post (0.57 FTE)  No equalities implications.</p> <p><b>Service Implication</b>  <b>Civic &amp; Legal Services</b> - Democratic Services - freeze vacant post.  Freezing the vacant post will limit the options available to the unit in addressing additional demand arising from new responsibilities e.g. servicing new scrutiny panels, area forums and the Merton Partnership.</p>	680	15	0	0	Low	Risk Analysis - Deliverability Low	Efficiencies
WWW	CS23	<p><b>Description</b>  <b>Civic &amp; Legal Services</b> - Democratic Services - freeze vacant post.  Freezing the vacant post will limit the options available to the unit in addressing additional demand arising from new responsibilities e.g. servicing new scrutiny panels, area forums and the Merton Partnership.</p>	180	26	0	0	Low	Risk Analysis - Political Impact Low	Efficiencies

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 06/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	low/ medium/ high	low/ medium/ high	stop/ do less/ efficiencies/ additional income
		<b>Staffing Implications</b> Freezing a vacant post will have no direct impact on present staff.							
WWW	CS24	<b>Equalities Implications Description</b> There are no direct equalities implications. <b>Civic &amp; Legal Services</b> - Registrars - additional income generation from additional weddings following power introduced within the Civil Partnerships Act. <b>Service Implication</b> No direct service impacts are foreseen. <b>Staffing Implications</b> No direct staff impacts are foreseen. <b>Equalities Implications</b> No equalities impacts are foreseen. Additional income is planned from citizenship ceremonies and nationality checking. The expansion of both services is a benefit to local BME communities.	260	20	0	0	Low	Low	Additional Income
		<b>TOTAL</b>	12,670	1,735	100	-			

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**CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**  
**SAVINGS 2007/08 - 2009/10**

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Low/Medium/High	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Stop/Do Less/ Efficiencies/ Additional Income
Life Chances	CSF 1	<p><b>Description - Revamp of SLAs with Schools</b></p> <p><b>Service Implication -</b> The CSF Department offers a number of services on SLA's to schools. It is proposed to tighten the management of the SLA's to ensure that the Council receives the full income for services provided. The move to a 3 year DSG budget cycle will allow much better forward planning for schools budgets and this in turn will allow the Council to plan it's SLA services accordingly</p> <p><b>Staffing Implications -</b> None at present, however if schools fail to buy back then staffing levels will need to be cut</p> <p><b>Equalities Implications -</b> None</p>	(316)		51			Medium to High	Medium	Additional Income - Fees and Charges Income	
	CSF 2	<p><b>Description - Deployment of Childrens centres Grant Money</b></p> <p>The Council has made some provision already for the development of Children's Centres. There is now a specific grant for both revenue and capital to develop the 8 new children's centres. It is therefore proposed to make a saving by offsetting 100k of existing base budgets against the new grant. The capacity to deliver the new children's centres will still be available and officers are confident that the available capital and revenue grants will be sufficient to develop this significant new programme.</p> <p><b>Staffing Implications -</b> None</p> <p><b>Equalities Implications -</b> None</p>	938	100	100	(100)	Medium to High	Medium	Additional Income		
Life Chances	CSF 3	<p><b>Description - Absorption of increase to early Years and Childcare Grant</b></p> <p>This saving proposes to use 100k of early years and childcare grant to offset current revenue expenditure and will require a refocus of current revenue spend against the early years and childcare grant</p> <p><b>Service Implication -</b> None</p> <p><b>Staffing Implications -</b> None</p> <p><b>Equalities Implications -</b> None</p>	1,265		100	(100)	High	Medium to High	Medium to High	Additional Income - New Income	

**CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**  
**SAVINGS 2007/08 - 2009/10**

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Low/Medium/High	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Stop/Do Less/ Efficiencies/ Additional Income
Life Chances  178	CSF 4	<p><b>Description - SEN Staffing and Income Savings</b>                      The following amendments will be made to the Special Educational Needs area within the department                      SEN monitoring officer 1 FTE 68k                      Full Year Effect of P Previous Post Saving 24K                      Educational Psychology Income 53k                      Creation of Senior Ed. Psychology Posts (10k)                      Total 135k</p> <p><b>Service Implication</b> - The SEN review alongside other actions will lead to a major reduction in SEN statements. Resources of SEN staff, psychologists and others will be much more focused on working directly with schools and individual children and young people. This approach will reduce the need for statements, currently Merton produces twice as many statements as other comparable local authorities.  <b>Staffing Implications</b> - Reduction of 3.9 fte posts  <b>Equalities Implications</b> - None</p>	349		135			Low	Low	Doing Less - Service Reductions	
	CSF 5	<p><b>Description - Savings on Contract Management</b>  <b>Service Implication</b> - The retendering of the school meals contract, will bring an opportunity to reduce and rationalise the officer contract monitoring arrangements  <b>Staffing Implications</b> - 1 post  <b>Equalities Implications</b> - None</p>	40		15					Doing Less - Service Reductions	



**CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**

**SAVINGS 2007/08 - 2009/10**

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Low/Medium/High	Risk Analysis - Deliverability	Low/Medium/High	Stop/Do Less/ Efficiencies/ Additional Income
Life Chances and Way We Work  179 Life Chances	CSF 6	<p><b>Description - Advancing Mainstream Budget to Schools in accordance with the Scheme for Financing Schools</b></p> <p><b>Service Implication -</b> Rescheduling advances to schools in accordance with the scheme for financing schools will provide additional interest to the Authority</p> <p><b>Staffing Implications - None</b></p> <p><b>Equalities Implications - None</b></p>	73,371		80			Low/Medium/High	Risk Analysis - Political Impact		Efficiencies - Doing the Same, or More for Less
	CSF 7	<p><b>Description - Re-provision of Bond Road</b></p> <p><b>Service Implication -</b> This saving option is divided in to two parts</p> <p>1. The majority of the saving is through the re-provision of a reduced level of day care placements for children currently at the bond road day care either thorough use of Children Centre Places/Sure Day Nursery/ Child Minders. Day care provision at Bond Road would cease (The re-provisioning budget of £40,000 would purchase approx 9/10 part day places per week)</p> <p>2. The outreach service currently provided from Bond Road would remain and continue to operate on this basis. The effect is that the venue for the current bond road day care would be changed to one or more of the new Children's Centres. Staff would be re-deployed to the new centres. It is unlikely that the staff compliment of 11.08 FTE would be re-deployed en block. The highly valued family support and outreach and intervention services would continue.</p> <p><b>Staffing Implications -</b> A total of 11.08 posts would be deleted from the establishment</p> <p><b>Equalities Implications - None</b></p>	532		241			Low/Medium/High	Risk Analysis - Deliverability		Efficiencies - Doing the Same, or More for Less

**CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**  
**SAVINGS 2007/08 - 2009/10**

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Low/Medium/High	Risk Analysis - Deliverability	Low/Medium/High	Risk Analysis - Political Impact	Stop/Do Less/ Efficiencies/ Additional Income
Life Chances  <b>180</b>	CSF 8	<p><b>Description - Carefirst and Related IT Support</b></p> <p><b>Service Implication -</b>                      This proposal leads to a saving in both Children's Schools and Families and Community and Housing (estimated at 50k for each department). Carefirst is the computer software used by the Council for social care purposes. Therefore both Departments are users of the system. It is proposed to amalgamate the officer and support infrastructure for Carefirst into one Department (CSF), who will lead on the development and upkeep of Carefirst on behalf of both Departments. The savings will be accrued through the economies of scale that this would achieve.</p> <p><b>Staffing Implications -</b> The reduction in staff posts needs to be quantified  <b>Equalities Implications -</b> None</p>			50				Risk Analysis - Deliverability		Risk Analysis - Political Impact	Efficiencies - Doing the Same, or More for Less
	CSF 9	<p><b>Description -</b>  <b>Reduction in SEN external placements – Children Looked After/Placement costs charged to SEN budget</b></p> <p><b>Service Implication -</b>                      The SEN review recommendations are for a major focus on local SEN provision, both the 'bases' in main stream schools and investment for outreach in the special schools (and the development of centres of excellence). Alongside this there will be a much stronger focus by SEN staff, psychologists and others on supporting inclusion by working closely with schools and with individual children and young people at an earlier stage, broadly this approach is described as early intervention, family support and prevention. It is envisaged that savings can therefore be made on external placements over several years. It is proposed that 400k is saved in 2007/8 and that costs associated with Children Looked After with SEN needs are met from within the SEN budget. The overall affect is that a saving of 400k will accrue to the placement budget for Children Looked After (although the level of budget and service to CLA will remain unchanged).                      The 'whole system' change in SEN to early intervention, family support and prevention, will result in reduced external placement costs. The saving achieved from this approach will be offset by costs of the SEN component of CLA costs. This is part of the emerging outcomes if the SEN review.</p>	1,500	300	400	(300)						Technical Adjustment

**CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**  
**SAVINGS 2007/08 - 2009/10**

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Low/Medium/High	Risk Analysis - Deliverability	Low/Medium/High	Stop/Do Less/ Efficiencies/ Additional Income
Life Chances	CSF 11	<p>Staffing Implications - None</p> <p>Equalities Implications - None</p> <p><b>Description - Saving or Income in the SMISS Team</b></p> <p><b>Service Implication</b> - The SMISS team provides IT and information support to schools. The team has marketed itself successfully and it is envisaged that existing staff capacity will lead to external demand for the service from Kingston schools (who will effectively buy the service. If this strategy does not prove successful then 0.5 FTE post will be deleted from the team.</p> <p><b>Staffing Implications</b> - None</p> <p><b>Equalities Implications</b> - None or 0.5 fte if the marketing strategy does not workre is no service provision to Kingston</p>	7		20				Risk Analysis - Political Impact		Additional Income - Fees and Charges Income
	CSF 12	<p><b>Description - Maximisation of new specific childrens grant</b></p> <p><b>Service Implication</b> - Additional requirements of Grant already covered</p> <p><b>Staffing Implications</b> - None</p> <p><b>Equalities Implications</b> - Capacity issue and delay in development of some aspects may occur particularly around new developments around the 2004 Children's Act</p>			105			Medium	Medium		Additional Income - Fees and Charges Income

**CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**  
**SAVINGS 2007/08 - 2009/10**

Panel	Ref	Description of saving, including Service Implications, Staffing Implications and Equalities Implications	Baseline Budget 2006/07 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Low/Medium/High	Risk Analysis - Political Impact	Stop/Do Less/ Efficiencies/ Additional Income
Life Chances	CSF 13	<p><b>Description - Maximisation of IT grant</b>  <b>Service Implication</b> - This is a one year saving from what is effectively a one year only windfall grant for children's IT. Existing costs will be offset against the windfall grant.</p> <p><b>Staffing Implications</b> - None  <b>Equalities Implications</b> - None</p>			20	(20)		Risk Analysis - Deliverability		Additional Income - New Income
Life Chances	CSF 14	<p><b>Description - Additional Income at the PDC/Chaucer Centre</b>  <b>Service Implication</b> - Additional meeting space is to be freed up on the first floor of the PDC, this will allow for additional income for rental to be realised in 2007/8</p> <p><b>Staffing Implications</b> - None  <b>Equalities Implications</b> - None</p>			10					Additional Income - Fees and Charges Income
Life Chances	CSF 15	<p><b>Description - Transfer special costs of CLA education to the DSG</b>  <b>Service Implication</b> - The special and additional costs of education for Children Looked After are not currently met from the Direct Schools Grant, this includes all the direct tuition for CLA, that has led to 10% of young people undertaking a university education this year. It is therefore proposed to charge these costs to the DSG. (W1DF00 and W1BF01)</p> <p><b>Staffing Implications</b> - None  <b>Equalities Implications</b> - None</p>			100			Low	Low	Technical Adjustment
Life Chances	CSF 16	<p><b>Description - Saving of one early years advisor post</b>  <b>Service Implication</b> - Deletion of one early years post. The early years service can absorb a saving of one post and continue to deliver all of the services targets and outcomes. Reduction in post may require some re-prioritisation, but all responsibilities can still be met</p> <p><b>Staffing Implications</b> - None  <b>Equalities Implications</b> - None</p>			55					Doing Less - Service Reductions
		<b>TOTAL</b>	<b>77,686</b>	<b>400</b>	<b>1,482</b>	<b>(520)</b>	<b>-</b>			

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type
ER1	Description	206	72			LOW	LOW	Efficiency
	Service Implication							
	Staffing Implications							
	Equalities Implications							
<b>Total Support &amp; Development</b>		<b>72</b>						
ER2	Description	(170)	25			LOW	LOW	Additional Income
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER3	Description	367	23			MEDIUM	LOW	Efficiency
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER4	Description	511	30			MEDIUM	LOW	Alternative Funding
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER5	Description	(564)	25			MEDIUM	LOW	Additional Income
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER6	Description	(564)	20			LOW	HIGH	Additional Income
	Service Implication							
	Staffing Implications							
	Equalities Implications							
	Description							
	Environmental Health - reduction in staffing levels							

1083

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type	
ER7	Service Implication	652	20			LOW	MEDIUM	Do Less	
	Staffing Implications								Reduction in follow-up of environmental nuisance
	Equalities Implications								Loss of half a post NONE
		<b>Total Planning &amp; Public Protection</b>		<b>143</b>					
ER8	Description	Leisure Operations - introduce crazy golf at Sir Joseph Hood. <b>Dependent upon capital spend of £30k</b>							
	Service Implication	(10)	10			LOW	LOW	Additional Income	
	Staffing Implications	Positive - Increased service provision to the public Increased resource requirement on existing staff							
ER9	Equalities Implications	NONE							
	Description	Leisure Operations - generate income from a car park to be opened in Morden Park, for the Wimbledon tennis season							
	Service Implication	(154)	20			LOW	LOW	Additional Income	
ER10	Staffing Implications	Minor							
	Equalities Implications	NONE							
	Description	Geographic and Business Systems - minor reorganisation & reduction in consultancy expenditure							
ER11	Service Implication	180	30			LOW	LOW	Efficiency	
	Staffing Implications	Minor							
	Equalities Implications	NONE							
ER12	Description	Property Management - complete Right to Buy valuations in-house.							
	Service Implication	(2,945)	8			LOW	LOW	Additional Income	
	Staffing Implications	Need to fill vacant post							
ER12	Equalities Implications	NONE							
	Description	Property Management - Relocation of Leisure from Apollo House. Termination of lease in July 2006.							
	Service Implication	(1,496)	45			MEDIUM	LOW	Efficiency	
ER12	Staffing Implications	NONE							
	Equalities Implications	NONE							
	Description	Leisure Operations - Reduction in annual bedding plants and replacement with permanent bedding. <b>Requires £10k capital</b>							

1004

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type	
ER13	Service Implication	1,252	30			LOW	MEDIUM	Do Less	
	Staffing Implications								NONE
	Equalities Implications								NONE
ER13a	Description	2,689	30			LOW	LOW	Efficiency	
	Service Implication								An improvement in service is expected as a result of the restructure
	Staffing Implications								Reduction of one FTE
ER14	Equalities Implications	(1,496)	30			MEDIUM	MEDIUM	Additional Income	
	Description								Leisure - increasing charges through overall review of income generating activities
	Service Implication								Potential customer resistance
ER15	Staffing Implications	(2,945)	79			MEDIUM	MEDIUM	Additional Income	
	Equalities Implications								Need to avoid disproportionately affecting disadvantaged groups
	Description								Property Management - increase rental income from properties following rationalisation and staff relocation. May lead to increases in charges for existing tenants
ER17	Staffing Implications	27	5			LOW	HIGH	Do Less	
	Service Implication								Some reduction in arts activity within the Borough
	Equalities Implications								Greater demand for delivery of partnership working from existing staff
ER18	Staffing Implications	904	40			MEDIUM	MEDIUM	Efficiency	
	Description								Dependent upon groups affected Leisure - re-alignment of staffing structures.
	Service Implication								Aim to improve/retain overall service levels
	Staffing Implications							Reduction of one post - specific proposals to be developed	

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type
	Equalities Implications	NONE						
		<b>Total Property &amp; Leisure</b>		<b>327</b>				
	Description	Reduce council contribution to Wimbledon Town Centre Management						
ER19	Service Implication	11	5			LOW	MEDIUM	Alternative Funding
	Staffing Implications	NONE						
	Equalities Implications	NONE						
	Description	Transport Planning - materials budget reduction						
ER20	Service Implication	19	5			LOW	MEDIUM	Do Less
	Staffing Implications							
	Equalities Implications							
	Description	Partnerships - reduction in the innovation, project implementation, consultancy, business promotion and service/supplies budgets						
ER20	Service Implication	91	25			LOW	MEDIUM	Do Less
	Staffing Implications							
	Equalities Implications							
	Description	Economic Planning - rationalise economic planning (currently being managed within two teams)						
ER22	Service Implication	710	35			LOW	MEDIUM	Efficiency
	Staffing Implications							
	Equalities Implications							
	Description	Plans and Projects - capitalise project activity to Regeneration Capital Programme. (Dependent upon £35k call on Regeneration Capital)						
ER23	Service Implication	379	35			HIGH	LOW	Alternative Funding
	Staffing Implications							
	Equalities Implications							
	Description	Community Safety - income generation from wardens; Athena House space letting etc.						
ER24	Service Implication	157	20			HIGH	LOW	Additional Income/ Efficiency



REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type
ER25	Staffing Implications							Efficiency
	Equalities Implications							
	Description							
	Service Implication	267	30			MEDIUM	LOW	Do Less
ER26	Staffing Implications							
	Equalities Implications							
	Description							
	Service Implication	379	35			LOW	MEDIUM	Do Less
ER27	Staffing Implications							
	Equalities Implications							
	Description							
	Service Implication	1,047	10			LOW	HIGH	Do Less
ER28	Staffing Implications							
	Equalities Implications							
	Description							
	Service Implication	490	10			LOW	LOW	Additional Income/ Efficiency
		<b>Total Regeneration</b>		<b>210</b>				
ER29	Staffing Implications							
	Equalities Implications							
	Description							
	Service Implication	(131)	20			LOW	LOW	Additional Income
ER30	Staffing Implications							
	Equalities Implications							
	Description							
	Service Implication	370	15			MEDIUM	LOW	Efficiency

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type	
ER31	Description	25	10			LOW	LOW	Efficiency	
	Service Implication								Precept - No direct service effects
	Staffing Implications								NONE
	Equalities Implications								NONE
ER32	Description	707	40			MEDIUM	MEDIUM	Efficiency	
	Service Implication								Parking - reduce administrative posts within Parking Control
	Staffing Implications								Some reduction in quality of service to public
	Equalities Implications								Loss of two administrative posts
ER33	Description	2,307	200			HIGH	LOW	Efficiency	
	Service Implication								Waste Disposal - efficiency savings within service. It is envisaged that efficiency savings could be found that would minimise detrimental effects
	Staffing Implications								NONE - efficiencies are planned in non -staffing areas
	Equalities Implications								NONE
ER34	Description	153	10			MEDIUM	LOW	Efficiency	
	Service Implication								Civic Amenity Site - introduce swipe cards on weighbridge / reduce administration. <b>Requires capital investment of £30k + IT system</b>
	Staffing Implications								No loss of service if IT system is successful
	Equalities Implications								0.5 post
ER35	Description	2,180	115			MEDIUM	MEDIUM	Efficiency/ Do Less	
	Service Implication								Waste Operations - reduce spend on vehicles including hired vehicles, and through reduced accidental damage
	Staffing Implications								Improved driver training, performance and supervision. Also depends upon efficiencies within the Transport Section. Will constrain the ability to develop service areas including scheduled collections of green waste.
	Equalities Implications								NONE
ER36	Description	1,158	20			MEDIUM	LOW	Efficiency	
	Service Implication								Waste Operations - reduce staffing level through reduced sickness absence
	Staffing Implications								Loss of one post
	Equalities Implications								NONE
	Description								

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type
ER37	Service Implication	(50)	65			HIGH	MEDIUM	Additional Income
	Staffing Implications							
	Equalities Implications							
ER38	Description	(56)	50			HIGH	MEDIUM	Additional Income
	Service Implication							
	Staffing Implications							
ER39	Description	(617)	28			LOW	HIGH	Additional Income
	Service Implication							
	Staffing Implications							
ER40	Description	(1,574)	65			MEDIUM	MEDIUM	Additional Income
	Service Implication							
	Staffing Implications							
ER41	Description	(2,804)	150			MEDIUM	HIGH	Additional Income
	Service Implication							
	Staffing Implications							
ER42	Description	(2,804)	30			MEDIUM	MEDIUM	Additional Income
	Service Implication							
	Staffing Implications							
ER43	Description	(2,804)	100			HIGH	MEDIUM	Additional Income
	Service Implication							
	Staffing Implications							

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type
ER44	Equalities Implications	Improved compliance would improve street environment including for pedestrians and people with disabilities						
	Description	Parking - possible removal of VAT for off-street parking						
	Service Implication	Currently VAT is paid to Inland Revenue for income in off-street car parks; legal challenge underway; may be clawed back through other mechanisms if challenge successful	200			HIGH	LOW	Additional Income
ER45	Staffing Implications	NONE						
	Equalities Implications	NONE						
	Description	Refuse Collection - removal of VAT from bulky waste collection	(1,924)					
ER46	Service Implication	Clarification of VAT rules has led to removal from bulky waste collection charges; proposed to leave fee unchanged	11			LOW	LOW	Additional Income
	Staffing Implications	NONE						
	Equalities Implications	NONE						
ER47	Description	Pest Control - introduction of a trading account. Business plan to extend discretionary services for which Merton has good reputation and where current demand exceeds our capacity to supply	(80)					Additional Income
	Staffing Implications	NONE						
	Equalities Implications	NONE						
ER48	Description	Highways - reduce planned footway maintenance by 10% - substitute with capital provision	(20)					Additional Income
	Service Implication	Potential to improve quality of the street scene through reduced litter, abandoned vehicles, dog fouling						
	Staffing Implications	NONE						
ER49	Equalities Implications	NONE						
	Description	Highways - reduce street furniture maintenance by 10%	88					Capital
	Service Implication	Deterioration in standards of footways, possible increased long term costs (if capital not provided)						
ER49	Staffing Implications	NONE						
	Equalities Implications	NONE						
	Description	Increased trip hazards; including frail, elderly (if capital not provided)	21					Do Less
ER49	Service Implication	Highways - reduce street furniture maintenance by 10%	304					
	Staffing Implications	Deterioration in standards of furniture, limits ability to adopt a whole street approach						
	Equalities Implications	NONE						

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type
ER50	Description	23	5			MEDIUM	MEDIUM	Do Less
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER51	Description	40	5			LOW	MEDIUM	Do Less
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER52	Description	65	25			MEDIUM	MEDIUM	Do Less
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER53	Description	10	10			LOW	MEDIUM	Do Less
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER54	Description	409	30			LOW	HIGH	Do Less
	Service Implication							
	Staffing Implications							
	Equalities Implications							
ER55	Description	492	25			LOW	MEDIUM	Do Less
	Service Implication							
	Staffing Implications							
	Equalities Implications							

REF	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Risk Analysis - Deliverability	Risk Analysis - Political Impact	Saving Type	
ER56	Description	492	80			LOW	LOW	Efficiency	
	Service Implication								Enforcement - Reduction in direct enforcement costs relating to anti-social environment behaviour arising from successful partnership working and pro-active initiatives.
	Staffing Implications								It is envisaged that the saving can be made without adverse environmental effects
	Equalities Implications	NONE							
ER57	Description	251	86			LOW	HIGH	Do Less	
	Service Implication								Enforcement - reduce work on untaxed vehicles (DVLA to assume responsibility)
	Staffing Implications								Street scene will be affected if DVLA are not able to match LBM's resources.
	Equalities Implications								NONE
		NONE							
<b>Total Street Management</b>		<b>1,534</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Total Departmental Savings</b>		<b>2,286</b>	<b>0</b>	<b>0</b>	<b>0</b>				

## SUMMARY OF SAVINGS WHICH IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007

REF	Department	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Feasibility of Q4 Savings 2006/07 £'000	Comment
<b>THE WAY WE WORK OVERVIEW AND SCRUTINY PANEL</b>								
CE3	Chief Executive's	<b>Chief Executive's office-</b> efficiency savings - further review of supplies and services and support expenditure and cash limiting of all variable items including stationery, conferences, subscriptions, and travel costs. Maximisation of corporate debit cards to reduce administration. <b>Staffing and equalities implications - there are no direct implications relative to this proposal.</b>	180	14	0	0	4	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
<b>TOTAL: The Way We Work (Chief Executive's Department)</b>								
CS1	Corporate Services	<b>Description</b> <b>Customer Services:</b> Exploit changes implemented at a national level for student support services. A number of authorities have been piloting a centralised national service operated by the loans company ( Sutton has been one of the pilot authorities). The pilots were to some extent imposed on poor performing authorities, Merton is not a poor performing service but there is an opportunity to cease back office delivery of the services w.e.f. January 2007 in advance of this being "imposed" in 2008. <b>Service Implication</b> May have an impact on service provision during peak times, but re-distributing and reviewing work processes will enable the reduction in a half a post <b>Staffing Implications</b> Reduction in 0.5FTE - currently vacant post so no staffing implications <b>Equalities Implications</b> Any recruitment will be accordance with Council policy.	100	15	10	0	4	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
CS2	Corporate Services	<b>Description</b> <b>Customer Services:</b> Reduce establishment in Revenues and Benefits back office functions as a result of the merging of the 2 sections into a single business unit on a voluntary redundancy basis. A combination of new technology, an expanded front office service & changed processes has released capacity in the back office functions within revenues and benefits. <b>Service Implication</b> Due to improved processes and the implementation of new technology, there will be minimal impact on service to public. <b>Staffing Implications</b> Will result in staffing reductions through deletion of vacant posts, possible voluntary redundancy or compulsory redundancy. <b>Equalities Implications</b> Any re-structuring will be done in accordance with Council policy.	610	150	50	0	38	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.

## SUMMARY OF SAVINGS WHICH IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007

REF	Department	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Feasibility of Q4 Savings 2006/07 £'000	Comment
CS3	Corporate Services	<p><b>Description</b></p> <p><b>Customer Services:</b> The new Bailiff Service commenced operation in 2005 and has been highly successful. The rates of recovery have been very good and have contributed to the Council's high collection rates of Council Tax and Business Rates. This saving represents the full year effect of the introduction of the service in 2005. It will also be possible to utilise the Bailiff Service to collect other forms of debt.</p> <p><b>Service Implication</b> No implication for this saving.</p> <p><b>Staffing Implications</b> No implication for this saving.</p> <p><b>Equalities Implications</b> No implication for this saving.</p>	200	5	0	0	2	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
CS4	Corporate Services	<p><b>Description</b></p> <p><b>Finance:</b> Improved recovery arrangements for Social Services Debt recovery and subsequent reduction in the bad debt provision.</p> <p><b>Service Implication</b> This is an efficiency saving resulting from the merging of Social Services debts within Debt Recovery Section. This will lead to an improved collection rate and reduction in outstanding debt.</p> <p><b>Staffing Implications</b> No implication for this saving.</p> <p><b>Equalities Implications</b> No implication for this saving.</p>	N/A	215	30	0	54	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
CS7	Corporate Services	<p><b>Description</b></p> <p><b>Finance-</b> Restructuring and creation of a centralised, single floor accounts maintenance team. This will streamline accounting and reporting and improve turn around financial reporting. Savings will be mainly in the area of staffing.</p> <p><b>Service Implication</b> The same level of service will be provided at reduced cost due to streamlining service delivery and automating manual processes.</p> <p><b>Staffing Implications</b> This saving will result in the deletion of 4 posts. Vacant and agency covered posts do exist in the current structure. and any post deletions will be subject to the Councils policy of redundancy and re-deployment.</p> <p><b>Equalities Implications</b> Any post deletions will be subject to the Councils policy of redundancy and re-deployment.</p>	1,230	120	0	0	30	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.



## SUMMARY OF SAVINGS WHICH IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007

REF	Department	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Feasibility of Q4 Savings 2006/07 £'000	Comment
CS9	Corporate Services	<p><b>Description</b></p> <p><b>Corporate Services Department all divisions</b> - The department has a mixture of contractual overtime and scheduled overtime worked to cover seasonal peak times e.g. issue of Council Tax bills. This proposal would seek to reduce the current overtime cost significantly by reviewing work patterns and restructuring establishment selected timetables and programmes.</p> <p><b>Service Implication</b></p> <p>It is anticipated that this can be accommodated without any impact on service as a result of better controls and work planning.</p> <p><b>Staffing Implications</b></p> <p>No implication for this saving.</p> <p><b>Equalities Implications</b></p> <p>No implication for this saving.</p>	120	20	0	0	5	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
CS14	Corporate Services	<p><b>Description</b></p> <p><b>Audit, Fraud and support</b> - Performance and development Team - Proposed re-structure with generic job descriptions.</p> <p><b>Service Implication</b></p> <p>Review of internal processes and exploiting IT has eliminated some admin. tasks. Remaining workload equal to current structure of 1 FTE.</p> <p><b>Staffing Implications</b></p> <p>Vacant post, so no staffing implications as unnecessary admin. tasks have either been eliminated or subsumed in to generic posts.</p> <p><b>Equalities Implications</b></p> <p>Vacant post so no equalities implications. By having generic job description for all SO1/SO2 posts this builds capacity for cover.</p>	190	13	0	0	3	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
CS18	Corporate Services	<p><b>Description</b></p> <p><b>Audit Fraud and Support</b> - Merton Print and Graphic Design - Increased income from external sources.</p> <p><b>Service Implication</b></p> <p>There will be a need for additional marketing.</p> <p><b>Staffing Implications</b></p> <p>Manager's time will be divided between office working, and out of office appointments and presentations to potential clients. It could be worth considering employing a marketing person on a part time contract or admin staff to cover design and print estimates and routine enquiries, if volumes of new income warrant additional expense.</p> <p><b>Equalities Implications</b></p> <p>No implication for this saving.</p>	740	75	0	0	19	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
CS23	Corporate Services	<p><b>Description</b></p> <p><b>Civic &amp; Legal Services</b> - Democratic Services - freeze vacant post.</p> <p><b>Service Implication</b></p> <p>Freezing the vacant post will limit the options available to the unit in addressing additional demand arising from new responsibilities e.g. servicing new scrutiny panels, area forums and the Merton Partnership.</p> <p><b>Staffing Implications</b></p> <p>Freezing a vacant post will have no direct impact on present staff.</p> <p><b>Equalities Implications</b></p> <p>There are no direct equalities implications.</p>	180	26	0	0	6	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.

## SUMMARY OF SAVINGS WHICH IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007

REF	Department	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Feasibility of Q4 Savings 2006/07 £'000	Comment
CS24	Corporate Services	<b>Description</b> Civic & Legal Services - Registrars - additional income generation from additional weddings following power introduced within the Civil Partnerships Act.	260	20	0	0	4	Agreed that this is feasible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
		<b>Service Implication</b> No direct service impacts are foreseen.						
		<b>Staffing Implications</b> No direct staff impacts are foreseen.						
		<b>Equalities Implications</b> No equalities impacts are foreseen. Additional income is planned from citizenship ceremonies and nationality checking. The expansion of both services is a benefit to local BME communities.						
<b>TOTAL: The Way We Work (Corporate Services Department)</b>				659	90	0	165	
<b>TOTAL: The Way We Work Overview &amp; Scrutiny Panel</b>				673	90	0	169	
<b>REGENERATION AND THE PUBLIC REALM OVERVIEW AND SCRUTINY PANEL</b>								
ER1	Environment & Regeneration	<b>Description</b> Business Support - rationalisation of various supplies budgets and other savings across central support teams. <b>Service Implication</b> Reduction in the services provided to front line teams. <b>Staffing Implications</b> NONE <b>Equalities Implications</b> NONE	206	67			10	Partially Agreed. Unlikely to achieve full 25% due to existing commitments. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER3	Environment & Regeneration	<b>Description</b> Building Control - identify changes to administration & customer contacts Some reduction in service accessibility <b>Service Implication</b> NONE <b>Staffing Implications</b> NONE <b>Equalities Implications</b> NONE	367	23			6	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER5	Environment & Regeneration	<b>Description</b> Development Control - Increased income from statutory fees (change in the nature of applications) <b>Service Implication</b> NONE <b>Staffing Implications</b> NONE <b>Equalities Implications</b> NONE	(564)	25			8	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.

## SUMMARY OF SAVINGS WHICH IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007

REF	Department	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Feasibility of Q4 Savings 2006/07 £'000	Comment
ER7	Environment & Regeneration	<p><b>Description</b></p> <p>Environmental Health - reduction in staffing levels</p> <p><b>Service Implication</b></p> <p>Reduction in follow-up of environmental nuisance</p> <p><b>Staffing Implications</b></p> <p>Loss of half a post</p> <p><b>Equalities Implications</b></p> <p>NONE</p>	652	20			5	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER10	Environment & Regeneration	<p><b>Description</b></p> <p>Geographic and Business Systems - minor reorganisation &amp; reduction in consultancy expenditure</p> <p><b>Service Implication</b></p> <p>Minor impact on the delivery of community cohesion project</p> <p><b>Staffing Implications</b></p> <p>Minor</p> <p><b>Equalities Implications</b></p> <p>NONE</p>	180	30			7	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER11	Environment & Regeneration	<p><b>Description</b></p> <p>Property Management - complete Right to Buy valuations in-house.</p> <p><b>Service Implication</b></p> <p>None</p> <p><b>Staffing Implications</b></p> <p>Need to fill vacant post</p> <p><b>Equalities Implications</b></p> <p>NONE</p>	(2,945)	8			2	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER12	Environment & Regeneration	<p><b>Description</b></p> <p>Property Management - Relocation of Leisure from Apollo House. Termination of lease in July 2006.</p> <p><b>Service Implication</b></p> <p>Could improve access for the public</p> <p><b>Staffing Implications</b></p> <p>NONE</p> <p><b>Equalities Implications</b></p> <p>NONE</p>	(1,496)	45			7	Partially Agreed. Depends upon the wider staff relocation plans which have not yet been finalised - two months savings may be possible. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER14	Environment & Regeneration	<p><b>Description</b></p> <p>Leisure - increasing charges through overall review of income generating activities</p> <p><b>Service Implication</b></p> <p>Potential customer resistance - Consideration will be given to appropriate concessions</p> <p><b>Staffing Implications</b></p> <p>NONE</p> <p><b>Equalities Implications</b></p> <p>Need to avoid disproportionately affecting disadvantaged groups</p>	(1,496)	30			5	Partially Agreed - Significant amounts of income is generated during the summer months. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.

## SUMMARY OF SAVINGS WHICH IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007

REF	Department	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Feasibility of Q4 Savings 2006/07 £'000	Comment
ER18	Environment & Regeneration	<p><b>Description</b> Leisure - re-alignment of staffing structures.</p> <p><b>Service Implication</b> Aim to improve/retain overall service levels</p> <p><b>Staffing Implications</b> Reduction of one post - specific proposals to be developed</p> <p><b>Equalities Implications</b> NONE</p>	904	40			10	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER20	Environment & Regeneration	<p><b>Description</b> Transport Planning - materials budget reduction</p> <p><b>Service Implication</b> Publicity material relating to school travel and safety plans will be reduced</p> <p><b>Staffing Implications</b> NONE</p> <p><b>Equalities Implications</b> NONE</p>	19	5			1	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER21	Environment & Regeneration	<p><b>Description</b> Partnerships - reduction in the innovation, project implementation, consultancy, business promotion and service/supplies budgets</p> <p><b>Service Implication</b> 50% reduction in research and project development</p> <p><b>Staffing Implications</b> NONE</p> <p><b>Equalities Implications</b> May impact on disadvantaged groups</p>	91	25			6	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER28	Environment & Regeneration	<p><b>Description</b> Regeneration - additional savings across all supplies and services within the Regeneration Division.</p> <p><b>Service Implication</b> NONE</p> <p><b>Staffing Implications</b> NONE</p> <p><b>Equalities Implications</b> Need to minimise impact on disadvantaged groups</p>	490	10			5	Agreed. Savings of 50% of the 2007-8 reduction should be achievable. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER35	Environment & Regeneration	<p><b>Description</b> Waste Operations - reduce spend on vehicles including hired vehicles, and through reduced accidental damage</p> <p><b>Service Implication</b> Improved driver training, performance and supervision also depends upon efficiencies within the Transport Section.</p> <p><b>Staffing Implications</b> NONE</p> <p><b>Equalities Implications</b> NONE</p>	2,180	85			20	Partially Agreed. A saving of £20k is possible for Jan- Mar but this will constrain flexibility when vehicles are off road e.g. due to accidents. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.

## SUMMARY OF SAVINGS WHICH IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007

REF	Department	Description	Baseline Budget 2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Feasibility of Q4 Savings 2006/07 £'000	Comment
ER45	Environment & Regeneration	<p>Description</p> <p>Refuse Collection - removal of VAT from bulky waste collection</p> <p>Service Implication</p> <p>Clarification of VAT rules has led to removal from bulky waste collection charges; proposed to leave fee unchanged</p> <p>Staffing Implications</p> <p>NONE NONE</p>	(75)	11			3	Agreed. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
ER57	Environment & Regeneration	<p>Description</p> <p>Enforcement - cease work on untaxed vehicles (DVLA to assume responsibility)</p> <p>Service Implication</p> <p>Street scene will be affected if DVLA are not able to match LBM's resources.</p> <p>Staffing Implications</p> <p>NONE NONE</p>	251	86			10	Partially Agreed. An anticipated fall in activity will allow a saving to be made in 2006-7. This is not a key decision as defined by Article 13 of the constitution. This represents proposed management action to be taken in 2006/07 to reduce expenditure/increase income to generate a saving which will provide a one-off contribution to funding the 2007/08 budget shortfall.
<b>TOTAL: Regeneration &amp; the Public Realm (Environment and Regeneration Department)</b>				510	0	0	105	
<b>TOTAL SAVINGS IT IS FEASIBLE TO BRING FORWARD TO 1st JANUARY 2007 (ALL PANELS)</b>				1,183	90	0	274	

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## GENERAL FUND: COUNCIL TAX STRATEGY 2007/08 (EXCLUDING SCHOOLS)

2006/07	Tax Bases	2007/08
Budget		Budget
71909.1	Merton's Tax Base	72288.7
10,485.9	WPCC Tax Base	10,583.4

2006/07 £m	COUNCIL TAX STRATEGY	2007/08 £m
133.206	General Fund Services	138.522
133.206	Merton's Spend	138.522
	Less: Wimbledon & Putney Commons	
0.233	Conservators Levy	0.237
132.973		138.285
9.683	Revenue Support Grant	8.801
50.160	National Non Domestic Rates	52.443
-0.287	Amending reports 2004/05 and 2005/06	
59.555	Aggregate External Funding	61.244
73.417	Merton Precept on Collection Fund	77.041
0.500	Collection Fund Surplus/(Deficit)	1.100
<b>72.917</b>	<b>Required Council Tax Income</b>	<b>75.941</b>

2006/07 £m	Provisional Council Tax (Band D)	2007/08 £m	Percentage change %
1014.02	Merton Precept	1050.52	3.6%
288.61	GLA Precept	303.88	5.3%
<b>1302.63</b>	<b>Total Council Tax Band D</b>	<b>1354.40</b>	<b>4.0%</b>
22.24	WPCC Band D Charge	22.40	0.7%
<b>1324.87</b>	<b>Total Charge in WPCC area</b>	<b>1376.80</b>	<b>3.9%</b>

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## THE COLLECTION FUND

### 1. Introduction

- 1.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax on behalf of those bodies for which the income has been raised. These bodies are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA).
- 1.2 The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
- 1.3 Any surplus or deficit on the Collection Fund is shared between, or charged to, the Council and its preceptors in proportion to their demands upon the Collection Fund.
- 1.4 The Collection Fund also accounts for National Non-Domestic Rates which it receives from businesses and pays into a national pool that is administered by the Government. These transactions have no overall effect on the balance on the Collection Fund.

### 2. The Council Tax Base

- 2.1 The basic data used to compile the Council Tax base is provided by the District Valuer, which is part of the Inland Revenue service. The data for 2007/2008 is collected and presented to this Authority as at 27<sup>th</sup> October 2006. This raw data is adjusted to reflect -
  - a) Properties which are exempt from Council Tax;
  - b) Properties where there is a reduction by virtue of relief for persons with disabilities;
  - c) Dwellings entitled to the single persons discount;
  - d) An estimate of net additional new properties likely to be added to the Valuation List during 2007/2008
  - e) A reduction to reflect anticipated losses on collection
- 2.2 The adjusted property list is converted to the equivalent of Band D properties by applying a factor which expresses the relationship between Band D and all other bands (for example if Band D is equal to 1, properties in Band A represent six-ninths of Band D and properties in Band H are reflected as 2 x Band D).
- 2.3 In 2006/2007 the total properties before adjustment amounted to 78,045 which converted to a tax base of 71,909.1. In 2007/08, the total number of dwellings on the Valuation List before adjustment amounts to 78,582 which converts to a tax base of 72,288.7.

- 2.4 The table below shows the tax base for 2007/08 and its comparison with 2006/2007 analysed over Bands A - H.

Bands	Council Tax Base 2006/07	Council Tax Base 2007/08
Band A	588.2	580.8
Band B	4,898.7	4,909.9
Band C	14,916.3	15,050.4
Band D	23,302.0	23,367.9
Band E	13,945.7	13,981.4
Band F	5,996.5	6,095.8
Band G	5,699.3	5,710.3
Band H	2,562.4	2,592.2
Total	71,909.1	72,288.7

### 3. Non-Domestic Ratepayers (Uniform Business Rate - NNDR)

- 3.1 Merton, as a Charging Authority, is required to collect and pay into its Collection Fund the non-domestic rates raised from the uniform business rate. These non-domestic rates are then paid from the Collection Fund into a national central pool, which is administered by the Government. From the national pool an amount is paid into Merton's General Fund on the basis of a standard amount per head of population.
- 3.2 Merton Council has no responsibility for setting the Business Rate poundage or the valuations attributed to business properties. Its role is merely to collect and account for business rates.
- 3.3 The estimated gross amount due from non-domestic ratepayers in 2007/08 is £65.673m. This figure is then reduced by discretionary rate relief and allowances for losses on, and costs of collection.

The Council decides the total amount of approved discretionary rate relief in each financial year. A proportion of that relief is used to reduce the Council's contribution to the national pool and the rest is charged to the General Fund. The respective shares are set by Government Regulation.

In 2007/08, the estimated amount of discretionary rate relief used to reduce the contribution to the Business Rates pool is £0.146m.

- 3.6 The allowances for expected losses on collection of £0.655m and for the costs of collection, £0.298m are both calculated in accordance with Government Regulations.
- 3.7 The effect of the discretionary rate relief (£0.146m) and the allowances for losses and costs of collection (£0.953m) is to reduce the net

amount payable to the national pool to £64.574m. The sum to be received from the National Pool will be £52.443m.

The uniform business rate poundage for 2007/08 has been set by the Government at 44.1 pence in the pound for small properties (defined as those with a rateable value under £21,500 in London or under £15,000 outside London). For properties with a rateable value of £21,500 or over in London or £15,000 outside London, the rate poundage has been set at 44.4 pence in the pound.

As part of the Council's commitment to maintaining and developing links with local businesses, a consultation meeting will take place on 26<sup>th</sup> February 2006, via local business representative organisations. The aim of this meeting is to explain the changes that are taking place in non-domestic rating, budgetary pressures that are being faced, and the Council's Budget proposals for 2007/2008.

#### 4. Collection Fund Surplus/Deficit

4.1 The Collection Fund provides the mechanism by which the collection of local taxes is controlled. Previous Poll Tax levies and Council Tax levies are set so as to recover the precepts (net of Government Funding) charged to the account. However, during the course of any particular year, variations occur as follows:

- a) variations in the initial debt, i.e. the number of accounts actually raised;
- b) variations in the number of liable persons in the year, i.e. new residents and movers;
- c) variations to the provision for non-collection of outstanding Poll Tax, depending on the actual collection rate;
- d) variations in the timing of tax receipts, precepts payments and Government grants which affect interest payable and receivable.

4.2 After taking account of the variations that occur as a result of reviewing the above, any estimated accrued surpluses or deficits in the Collection Fund are required to be applied in determining the level of the Council Tax.

4.3 To ensure that proper provisions are made within the Collection Fund calculations, the Audit Commission lays down specific guidelines as to the way in which debts for non-payment should be treated. Officers are required to make a technical judgement in these matters, and can recommend an approach that protects the Council so:-

- that adequate provision is made for possible bad debts (tax never collected)

- that future taxpayers are protected;
- that current taxpayers receive the benefit of any surplus.

Members will wish to consider these three aspects.

- 4.4 As explained above, the Audit Commission lays down guideline ranges for write-off provisions. These vary from 5% for new and comparatively easy to collect debts, to over 80% for very old poll tax debts, possibly over four years old, still subject to legal proceedings or court action. Clearly, the likelihood of receiving all such sums is low.
- 4.5 The provision required for write-off is not an absolute calculation as is shown by the Audit Commission issuing guideline ranges, and not specific targets. A middle of the range approach has been taken in respect of the guidelines set down; this is considered to be prudent, and neither excessive nor minimal. Failure to make adequate provision now could result in increased Council Tax in subsequent years.
- 4.6 Having regard to all the above considerations it is considered that the current provision for bad debts is adequate.

5. Precepts

The Greater London Assembly agreed the final budget proposals outlining the 2007/08 budgets for the Greater London Authority and the four functional bodies on 14<sup>th</sup> February 2007. The precepts are based on this information.

**COUNCIL TAX READY RECKONER 2007/08**Increase in Council Tax:

The following ready reckoner indicates the additional amount of resources that will be generated over a range of percentage increases:-

Council Tax Band D 2006/07: £1,014.02

Band D Increase %	Band D £	Additional Revenue Raised £
0.5	1019.09	366,500
1.0	1024.16	733,000
1.5	1029.23	1,099,500
2.0	1034.30	1,466,000
2.5	1039.37	1,832,500
3.0	1044.44	2,199,000
3.5	1049.51	2,565,500
3.6	1050.52	2,638,500
4.0	1054.58	2,932,000
4.5	1059.65	3,298,500
5.0	1064.72	3,665,000

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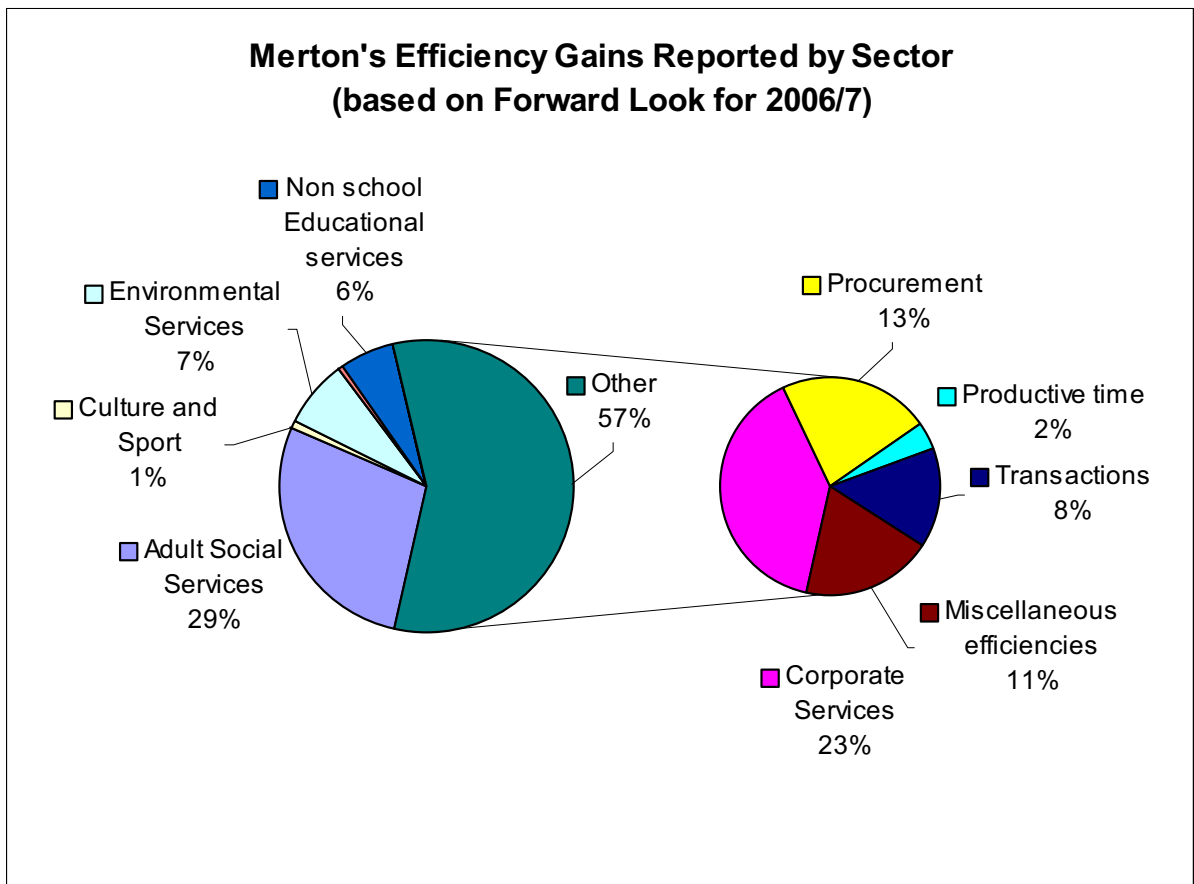
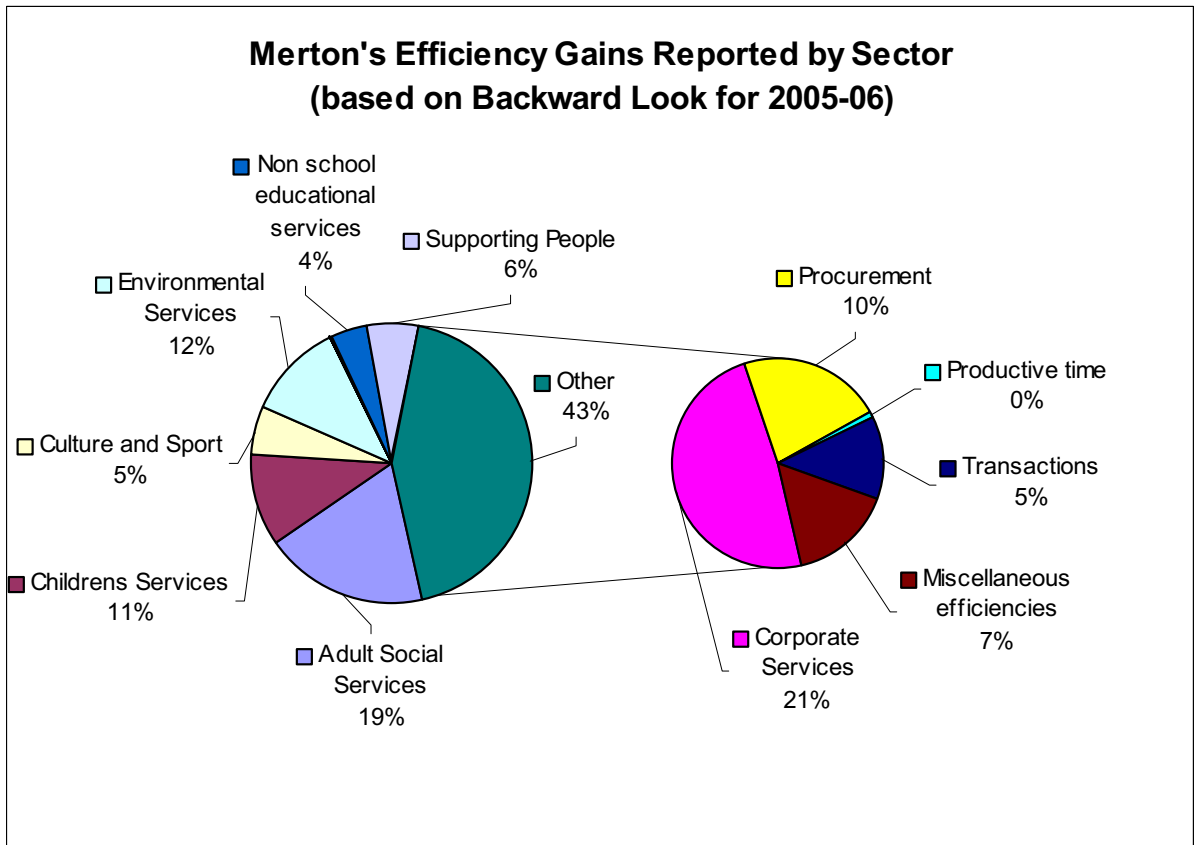
**Schools: Budget Timetable for 2007/2008**

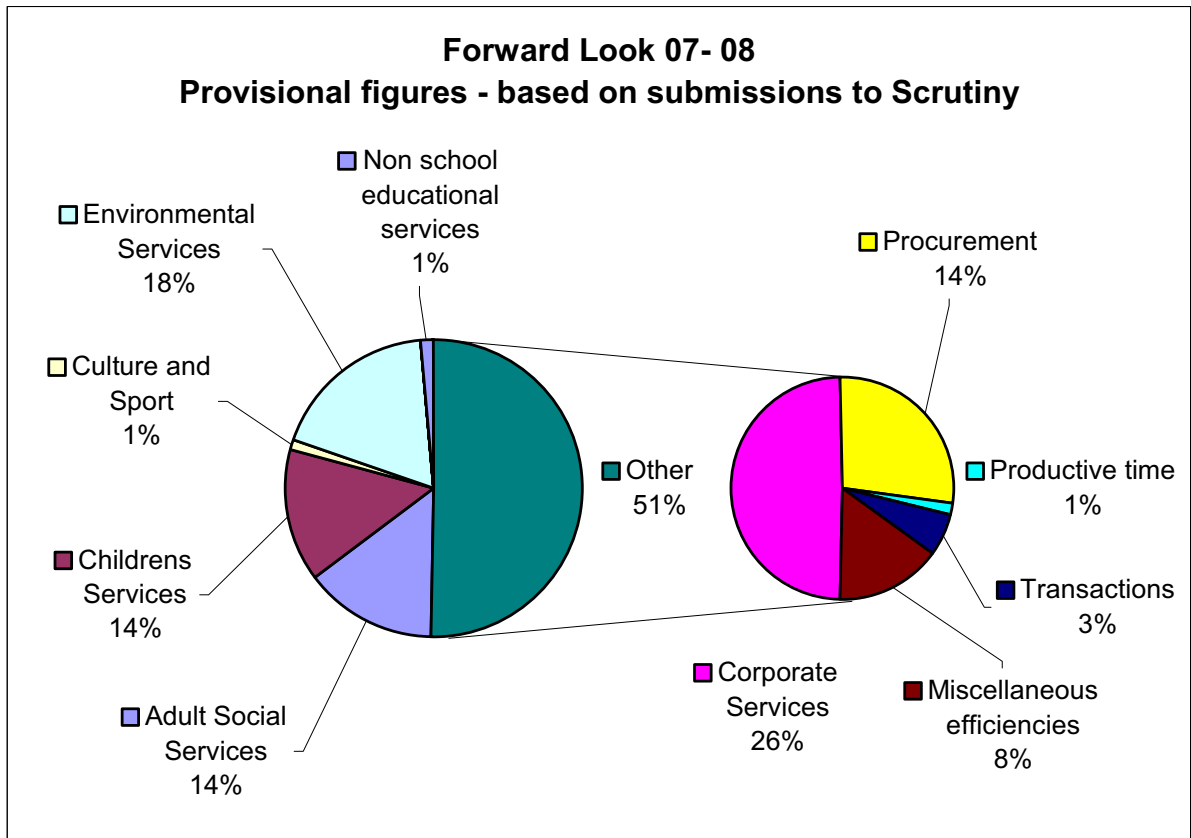
This timetable shows the consultation process and the key dates that must be met to ensure the 2007/2008 Budget can be completed.

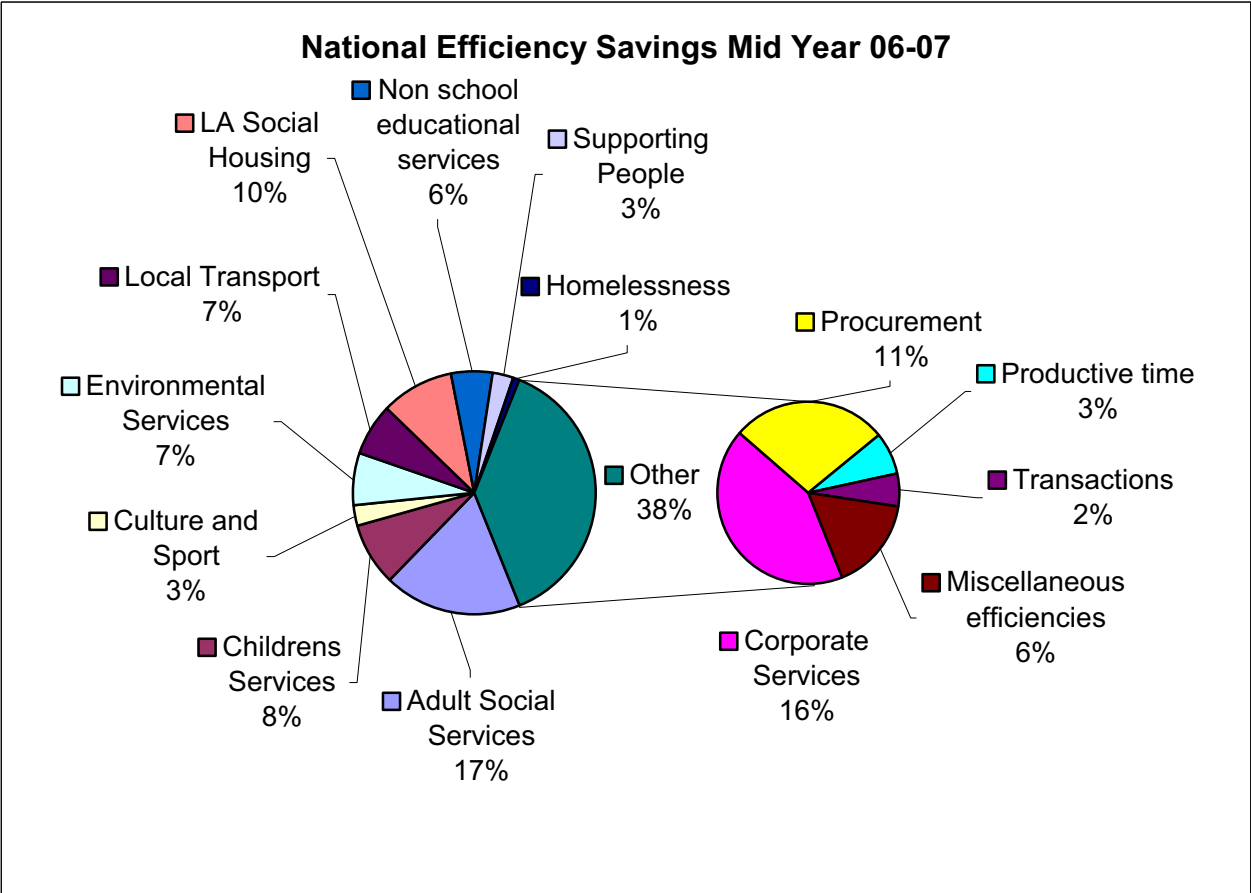
Date		Action
September	21	Schools Forum meets to receive first draft of consultation document
October	24	Despatch of Consultation Documentation
October	30/31	First meeting is held for LEA to answer any questions from School Forum about the Consultation document
December	5	All feedback from the Consultation document must be submitted to the Schools Finance Manager.
December	Mid	Schools Forum discuss the feedback from the Consultation
January 2007	Early	Feedback from the consultation sent out to schools
January	11	Schools Forum
February	Mid	PLASC data is finalised and schools have the ability to comment on forecast pupil numbers in the budget
March	1	Schools Forum
March	Early	Forum Review Indicative Budgets
March	Early/ Mid	Indicative budgets despatched to schools
March 07	End	2006/2007 Final Budgets are distributed to schools
End March/April		DfES PLASC national duplicate pupils received. Revised Final Estimates (including adjustments to Standards Funds) go to <b>Schools with adjusted PLASC figures. The Authority will endeavour to provide final adjusted budgets by 31<sup>st</sup> March 2006.</b>
May/June		Final Direct Schools Grant confirmed by DfES

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DECLARATION OF INTEREST

NAME : \_\_\_\_\_

DATE : \_\_\_\_\_

MEETING : \_\_\_\_\_

EXISTENCE OF INTEREST : PERSONAL / PREJUDICIAL

NATURE OF INTEREST : I have declared a \_\_\_\_\_ interest in

agenda item no. \_\_\_\_\_ because \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SIGNED : \_\_\_\_\_

**NOTE:** Please hand this form signed and completed to the Democratic Services Officer present who will pass the original to the Head of Civic & Legal Services

## **ADVICE TO MEMBERS ON DECLARATIONS OF INTEREST**

### **1. Do you have a *personal interest* in any matter on the agenda?**

You will have a personal interest if (for example) :-

- (a) The report relates to something, which you have already registered on the Register of Interests. The Register of Interests will include your employment; business; corporate bodies (companies) in which you have shares (with a nominal value of over £25k or 1:100 of the share capital); contracts with the Council; paid directorships; land or property in which you have an interest (includes freehold, leasehold, tenancy or licence over 28 days) or any partnership or company in which you are involved, or
- (b) A decision on the matter may be regarded as affecting your well being or that of a friend or relative of yours to a greater extent than it will affect the well-being of others living/working in the Borough.

Note :           A decision on the matter may be regarded as affecting the well being of one of the following; you; or your relative or your partner, or any employment / business / partnership / Directorship / company in which you or they have a share (exceeding £5k), bodies where you represent the Council, other public bodies, charity, bodies whose purpose is to influence the Council or Trade Unions or professional association.

### **2. If you have a *personal interest***

You should state this at the beginning of the meeting (or as soon as you realise you have one during the meeting). You need to state the item the interest relates to, the nature of the interest (i.e. that it is personal) and why you have a personal interest (i.e. the facts which give rise to the interest).

You may stay throughout the meeting, take part in the debate and vote unless the interest is also prejudicial.

### **3. When will a Member's *personal interest* also be *prejudicial*?**

A personal interest will be prejudicial when the interest is such that it may reasonably be regarded by the public as significant enough that it is likely to prejudice judgement of the public interest.

However, it may not be prejudicial if it arises because of your involvement in another public authority, or any body to which you have been appointed by the Council, or the housing functions of the Council where you are a tenant/leaseholder (provided you are not in arrears of rent/service charge and the decision does not relate directly to your property); or the decision relates to school meals, travel, etc and you are a parent/governor at a school (unless your child attends that school); or the matter relates to Member's allowances. In these cases Members should consider whether there are any other facts which would still warrant declaring the interest as prejudicial.

### **4. If your *personal interest* is also *prejudicial***

**The Member must state that as well as personal the interest is prejudicial and at the point the item is discussed should leave the room. The Member may return once that agenda item (or items) is concluded.**