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|---------------------------------|---|--|---------------------------|
| DECISION-MAKER: | CABINET | | |
| SUBJECT: | CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2017 | | |
| DATE OF DECISION: | 13 FEBRUARY 2018 | | |
| REPORT OF: | CABINET MEMBER FOR FINANCE | | |
| <u>CONTACT DETAILS</u> | | | |
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|-------------------------------------|
| STATEMENT OF CONFIDENTIALITY |
| N/A |

BRIEF SUMMARY

This report summarises the General Fund and Housing Revenue Account (HRA) revenue financial position for the Authority for the nine months to the end of December 2017, and highlights any key issues by Portfolio which need to be brought to the attention of Cabinet.

RECOMMENDATIONS:

General Fund

It is recommended that Cabinet:

- i) Note the current General Fund revenue position for 2017/18 as at December 2017, which is a forecast overspend at year end of £2.02M against the working budget, as outlined in paragraph 3.
- ii) Note that the forecast overspend for portfolios is £4.33M as outlined in paragraph 4 and further in Appendix 1.
- iii) Note the actions and assumptions being put in place to address the overspend position as described in paragraphs 5 to 12.
- iv) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2017/18 as detailed in paragraphs 13 to 20.
- v) Note the Key Financial Risk Register as detailed in Appendix 2.
- vi) Note the performance against the financial health indicators detailed in Appendix 3.
- vii) Note the performance outlined in the Treasury Management update on benchmarking, prudential indicators and financial outlook in paragraphs 37 to 45 and attached as Appendix 4.
- viii) Note the performance outlined in the Quarterly Collection Fund Statement attached as Appendix 5 and detailed in paragraphs 49 to 52.

Housing Revenue Account

It is recommended that Cabinet:

- ix) Note the current HRA budget monitoring position for 2017/18, as at December 2017. There is a forecast overspend at year end of £0.86M against the working budget as outlined in paragraphs 46 to 48.

REASONS FOR REPORT RECOMMENDATIONS

1. To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not Applicable.

DETAIL (including consultation carried out)

FINANCIAL POSITION

3. Table 1 sets out the financial summary for the General Fund. This financial summary details the current budget against forecast expenditure and the subsequent variance. The current forecast outturn position shows a £2.02M overspend which is an improvement of £2.99M compared to quarter 2. An explanation of these variances is found in paragraphs 5 to 12.

Table 1 – General Fund Position

| | Current Budget 2017/18 £M | Forecast 2017/18 £M | Forecast Variance £M | Movement Qtr 2 £M |
|------------------------------------|--|------------------------------------|-------------------------------------|----------------------------------|
| Portfolios | | | | |
| Communities, Culture & Leisure | 4.92 | 4.88 | 0.04 F | 0.03 F |
| Education & Children's Social Care | 42.30 | 42.11 | 0.19 F | 0.89 A |
| Environment & Transport | 21.02 | 20.70 | 0.32 F | 0.16 F |
| Finance Portfolio | 24.32 | 24.75 | 0.43 A | 0.05 A |
| Health & Community Safety | (4.46) | (4.48) | 0.02 F | 0.06 F |
| Housing & Adult Care | 66.26 | 70.66 | 4.40 A | 1.45 F |
| Leader's Portfolio | 11.43 | 11.31 | 0.12 F | 0.51 F |
| Sustainable Living | 0.16 | 0.35 | 0.19 A | 0.23 A |
| Total Portfolios | 165.95 | 170.28 | 4.33 A | 1.04 F |
| Levies & Contributions | 0.63 | 0.63 | 0.00 | 0.00 |
| Capital Asset Management | 29.70 | 27.97 | 1.73 F | 1.73 F |
| Other Expenditure & Income | (17.39) | (17.57) | 0.18 F | 0.18 F |
| Net Revenue Expenditure | 178.89 | 181.31 | 2.42 A | 2.95 F |

| | Current Budget 2017/18 £M | Forecast 2017/18 £M | Forecast Variance £M | Movement Qtr 2 £M |
|---|--|------------------------------------|-------------------------------------|----------------------------------|
| Council Tax | (88.48) | (88.48) | 0.00 | 0.00 |
| Business Rates | (47.91) | (47.91) | 0.00 | 0.00 |
| Collection Fund Surplus | (4.10) | (4.10) | 0.00 | 0.00 |
| Non-Specific Government Grants & Other Funding | (38.40) | (38.80) | 0.40 F | 0.04 F |
| Total Funding | (178.89) | (179.29) | 0.40 F | 0.04 F |
| (SURPLUS)/DEFICIT | 0.00 | 2.02 | 2.02 A | 2.99 F |

Explanation of Variances

4. There is a forecast overspend on Portfolios of £4.33M. The significant issues regarding each portfolio are detailed the following paragraphs and further in Appendix 1.
5. Communities, Culture and Leisure £0.04M Favourable
There is a minor underspend within Leisure and Heritage as a result of vacant posts.
6. Education & Children's Social Care £0.19M Favourable

Children's Social Care

The cost of Looked After Children (LAC) is showing a favourable variance against budget due to the reduction in numbers of children looked after. More children than budget, are achieving permanency causing pressure on the adoption budget but offset by a favourable variance for Looked after Children, leading to a forecast net favourable variance. The budget for residential care is underspend due to lower than budgeted numbers this has moved adversely since quarter 2.

Due to the reduced LAC numbers and management actions the service is forecasting a favourable net forecast position against the agency budget of £0.16M. This has also enabled a number of posts to be left vacant giving a further favourable variance of £0.62M across Children's Social Care. However, these posts may be required to be filled following the phase 3 restructure.

Home to school transport and education psychology

The home to school transport service is currently experiencing an increase in numbers of children requiring transport to and from school. The impact of this is an adverse variance of £0.61M. Additional budget was approved to address this pressure but due to additional demand the initial pressure was more than originally understood.

The service is working on an action plan and timeline as part of the strategic transport review.

7. Environment & Transport £0.32M Favourable

Waste Collections

Due to the ongoing unavailability of a required incinerator, commercial waste is being taken to a transfer station increasing the cost of disposal causing a £0.12M forecast adverse variance.

Transportation

Favourable variance of £0.44M. This is due to the successful award of an Access grant which will fund the City Ride scheme and some underspends on staffing budgets, together with less than anticipated use of concessionary fares.

8. Finance Portfolio £0.43M Adverse

There is a £0.60M adverse variance for IT Services mainly from slippage in achievement of savings, due to a need for further analysis of current IT provision along with a change in the implementation date for the rationalisation of IT licenses. Savings are to be delivered via the Application Consolidation Project which has now commenced and ongoing savings are expected to be achieved in 2018/19. In addition, a non-recurrent pressure of £0.15M has been incurred due to the urgent need for additional network (SAN) storage for back-up capacity. The adverse movement from quarter 2 is due to a £0.18M saving from a planned reduction in development days now not being realised.

Vacancies and other savings on staffing costs within Business Support has given rise to a £0.10M favourable variance.

9. Health & Community Safety £0.02M Favourable

There are no significant variances.

10. Housing and Adult Care £4.40M Adverse

Mental Health

There is an adverse variance of £0.49M for Mental Health client package costs. This is due to an increase in the number of clients. The budget was based on 238 clients but there are currently 241 clients being charged to this service. Additional income has been received from the Clinical Commissioning Group (CCG) which has contributed to the reduction in the adverse variance reported at quarter 2.

The Phase 3 staffing restructure will provide additional review capacity to ensure the care being provided is appropriate to each client's needs and ensuring care is provided in the most cost effective way. In addition, it is unlikely that the Mental Health employee saving will be achieved in full. Due Section 75 Partnership agreement slippage, a shortfall of £0.07M in the savings target is contributing to the adverse variance.

Provider Services

The decision to close Kentish Road was made with the assurance to families and individuals that closure would not happen until there were suitable alternatives identified for each client. There was therefore a delay in the closure of Kentish Road respite centre, which was originally planned for April 2017 and finally closed in November 2017, leading to an £0.29M adverse variance.

Long Term Care

As a result of additional demand and cost reduction savings not being achieved there is an overall adverse variance for Long Term client packages of £3.46M.

Since the reported position at quarter 2, an additional £0.85M of Improved Better Care Fund monies has been allocated to this area. This funding is being used to meet the cost of increased demand and complexity of care. The remaining £0.56M movement in the variance since quarter 2 is due to lower client numbers compared to the previous forecast although there remains an overall adverse variance for Long Term Care.

The forecast for Older Persons & Physical Disability client packages is showing an adverse variance of £2.83M and a forecast adverse variance of £0.63M on Learning Disability packages. Savings are monitored weekly and reported to Adult Social Care Improvement Board. The forecast level of unachieved savings for Long Term clients is now at £2.53M with the balance of the forecast overspend £0.93M being attributed to an increase in demand and complexity. The assumption for all currently unachieved savings is that they will not be achieved in the 2017/18 financial year, however this is under constant review through the weekly Improvement Board, as well as alternative savings plans being developed.

Reablement & Hospital Discharge

A £0.18M adverse variance is due to a need for agency staff for the Single Point of Access team to cover staff vacancies which are expected to be filled as part of the stage 3 review.

11. Leaders Portfolio £0.12M Favourable

Property Services

Property Services and the Major Project team are overspent by £0.66M, which is a favourable movement from quarter 2 of £0.05M. This is due to lower recharge income from the non-charging of overheads to capital projects, exclusion of mark-up on staffing recharges and lower staff number charged to projects. Pressures have arisen due to delays in the Capital Assets restructure, fewer investment properties and lower rental income. The net pressure is forecast to be £0.62M. These pressures have been mitigated by an under-spend of £1.35M in Central Repairs and Maintenance budget. This is caused by slippage and delays in the programme due to reduced number of staff to undertake the work in advance of the phase 3 restructure.

HR Services

The element of the Hays contract relating to permanent recruitment was terminated with effect from July 2017, further to the establishment of the new permanent recruitment team within the Council. The forecast overspend of £0.16M reflects the in-year one-off impact of the contract termination fee to be charged for 12 months from July 2017, together with additional charges for the volume of recruitment cases over and above that built into the Hays core fee.

12. Sustainable Living £0.19M Adverse

This is due mainly to a £0.23M adverse variance for income from Houses in Multiple Occupation (HMO) licencing. A detailed review of licenses due for renewal in 2018/19 is being undertaken to ensure that all properties that should be are licensed.

Implementation of Savings Proposals

13. Savings proposals of £19.67M were approved by Council in February 2017 as part of the overall budget package for 2017/18. Additionally at the end of 2016/17 there were unachieved savings, the ongoing impact of these savings, including the 2017/18 ramped up savings requirement, totals £4.26M giving a total of £23.93M savings to be achieved in 2017/18. The delivery of the savings is crucial

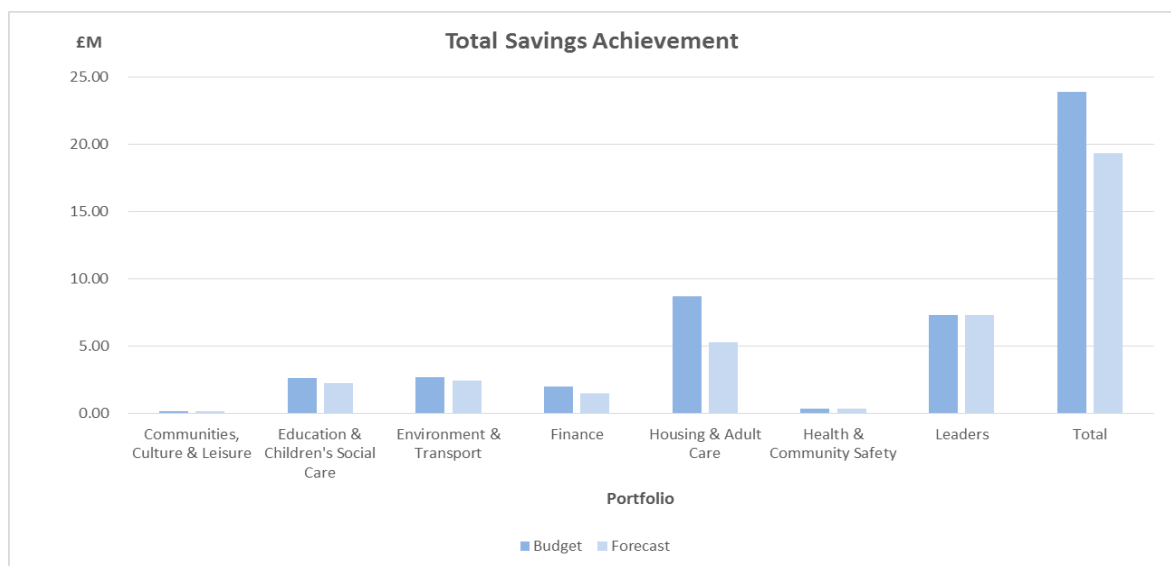
to the financial position of the authority. Below is a summary of the progress as at the end of the third quarter to highlight the level of risk associated with delivery.

14. It should be noted that unachieved savings of £5.88M were reported as part of the outturn position for 2016/17. A number of these savings have been addressed as part of reviewing and setting the budget for 2017/18. Any residual impact has been included in the forecast achievement of savings for 2017/18 noted above.

Table 2 Analysis of Achievement of Savings

| | % |
|--|----|
| Actual reduction in expenditure | 50 |
| Forecast reduction in expenditure | 31 |
| No forecast reduction in expenditure but plans being put in place to achieve | 4 |
| Saving will not be achieved | 15 |

15. Savings that are currently forecast to be achieved represent a risk to the overall monitoring position until all management actions required to deliver the savings are complete and the reduction in spend can be evidenced.
16. The chart below shows the achievement of total savings required by Portfolio.



17. Savings that are unachieved and have a high level of risk associated with delivery, can be categorised into those which are due to non-implementation and in some cases due to the impact of factors such as rising demand for services which have meant that despite being implemented the estimated level of financial savings have not materialised.
18. The overall financial shortfall in the delivery of the savings proposals is currently forecast as £4.55M (£3.97M 2017/18 and £0.58M prior years) or 19.01% of the total to be delivered.
19. It should be noted that non-achievement of transformation savings were addressed as part of setting the approved budget 2017/18 by Council in February 2017.
20. The financial implications of the delivery of these proposals are reflected in the current forecast position, areas of ongoing concern have been fully reviewed, and

appropriate action plans are being put into place. In addition, any implications for the budget for 2018/19 and future years has been addressed as part of reviewing and setting the budget for those years.

21. Government Grants £0.40M Favourable

The spring budget 2017 announced an additional Integrated Better Care Fund (IBCF) allocation of £9.71M for Southampton for the period 2017/18 to 2019/20 to meet adult social care needs, reduce pressures on the NHS and stabilise the social care provider market. A report detailing how this is to be spent was approved by Council in July 2017. The financial implications of this have now been reflected in the overall financial position. The additional funding for 2017/18 is £4.98M.

22. The Children and Families Act 2014 introduced a new duty on local authorities to support young people to continue to live with their former foster carers once they turn 18 (the 'Staying Put' duty). This duty came into force on 13 May 2014. The expenditure related to this is built into the forecast position. A grant to help meet this cost has now been notified for 2017/18 £0.14M.

23. When setting the estimates for 2017/18 an assumption was made with regards to reductions expected in grants that were notified after the budget setting process. Now that these grants have been formally notified, there is a forecast favourable variance of £0.26M.

Capital Asset Management £1.73M Favourable

24. Review and release of Treasury Management budgets of £1.73M. This is due to continued short term borrowing which attracts lower borrowing rates which reduces anticipated borrowing costs in year; slippage in the capital programme has reduced the borrowing requirement; and there has been higher than anticipated returns on investments.

Reserves & Balances

25. At the 31st March 2017, earmarked reserves totalled £68.55M, plus Schools Balances totalling £5.01M.

26. The estimated forecast position as at the 31st March 2018 is £60.89M with Schools Balances (currently under review) totalling £5.01M.

27. During the period 30th September 2017 to 31st December 2017 there have been no allocations from reserves.

28. It should be noted that a one off sum of £1.4M has been earmarked from the MTFs Reserve to support the high needs pressure within the Dedicated Schools Grant.

29. The General Fund Balance is currently £11.3M and there are no planned draws on this balance in 2017/18. However if the forecast position remains the same the council will need to either allocate monies from earmarked reserves or utilise the General Fund Balance.

Financial Risk Register

30. The council maintains a financial risk register which details the key financial risks that face the council at a given point in time. This is attached as Appendix 2.

31. Alongside the risks identified when setting the budget for 2017/18 a number of items have arisen since this time that may need to be addressed outside of those assumptions. Currently those main issues are:

- Additional costs are being incurred to install sprinkler systems in all tower blocks on the advice of Hampshire Fire & Rescue and specialist fire safety consultants following the Grenfell Tower Block Fire. These costs are being met by the HRA;
- Southampton's joint bid with Portsmouth and the Isle of Wight to become a pool pilot in 2018/19 for 100% retention of business rates has been accepted by the Department of Communities and Local Government. As a result Southampton will benefit more from business rates growth in the pool area, although there is an increased risk of an overall reduction in funding if business rates fall. Arrangements have been put in place as part of the pool agreement to mitigate this risk. Further details are provided in the Revised Medium Term Financial Strategy and Budget 2018/19 to 2021/22 report elsewhere on the agenda;
- Potential risk of savings proposals not being achieved and insufficient mitigations found to deal with in year – this is covered by the MTFs reserve;
- High Needs Funding – due to increasing pupil numbers within special schools and the associated cost of Home to School transport, there is a £3.3M pressure that will need to be resolved by 2018/19. The forecast deficit on the DSG of £1.0M will be rolled forward to 2018/19; review of the top-up funding; and an injection from general fund reserves to enable the schools and the service to plan and implement savings.
- There is still a risk from the economic climate due to Brexit and current levels of inflation. These are covered both by the MTFs reserve and by the contingencies (previously known as the risk fund).

Schools

32. Currently there are 8 schools reporting a deficit balance in 2017/18. The 4 schools with the largest deficits have been working with Children's & Families to agree Deficit Recovery Plans (DRP) and work is also continuing with the remaining schools to develop and have approved Deficit Recovery Plans in place.

33. As previously reported there is a significant pressure within the High Needs Budget, and a number of options have been previously approved, including a one off contribution from General Fund Reserves, to facilitate a workable solution. Further pressures identified as a result of ongoing increased demand will see the original pressure of £2.9M increase to around £3.3M in 2017/18 and a further review of budgets is continuing to mitigate the further pressures in the current year. However it is expected the High Needs block will be in deficit by £1M by the end of the 2017/18 financial year. Going forward a detailed review of the costs, processes and procedures will be undertaken to rationalise the High Needs offer within the funding available within the Dedicated Schools Grant.

34. Education PFI Contract

There is a forecast increase in the total cost of the PFI contract equating to £0.29M per year from 2017/18 to the end of the contract 2031/32 to be met from the Dedicated Schools Grant.

This increase has taken into consideration the increased contributions from the three PFI schools for their FM Services. There is a potential pressure due to one of the three PFI schools having not yet signed the deed of variation to the revenue agreement that was agreed in principle in 2014.

Further discussions are taking place to agree how any resultant pressure can be mitigated.

Financial Health Indicators

35. In order to make an overall assessment of the financial performance of the authority it is necessary to look beyond pure financial monitoring and take account of the progress against defined indicators of financial health. Appendix 3 outlines the performance to date, and in some cases the forecast, against a range of financial indicators which will help to highlight any potential areas of concern where further action may be required.
36. As Service Business Plans are further developed, it is intended to report significant key performance indicators within services that help assess the overall achievement of the Council's outcomes and priorities.

Treasury Management

37. The Council approved a number of indicators at its meeting in February 2017. Appendix 3 includes current performance against these indicators along with an update on the financial outlook in Appendix 4. The council has operated within the agreed prudential indicators for the first half year and is forecast to do so for the remainder of the year.
38. CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The Authority is currently considering the changes from the 2011 Code for incorporation into future Treasury Management Strategies and monitoring reports.
39. The table below shows the current levels of borrowings and investment as at the 31st December 2017 together with the balances at the beginning of the year and those predicted for year end based on the current approved capital programme:

Table 5 Borrowing and Investment

| | 01.04.2017 Balance £M | 30.12.2017 Balance £M | Average Yield/Rate % | 31.03.2018 Estimated Balance £M |
|----------------------------------|-----------------------------|-----------------------------|----------------------------|--|
| External Borrowing | | | | |
| Public Works Loan Board (PWLB) | 220.30 | 211.80 | 3.32 | 208.81 |
| Market Loans | 9.00 | 9.00 | 4.86 | 9.00 |
| Total Long Term Borrowing | 229.30 | 220.80 | 3.43 | 217.81 |
| Temporary Borrowing | 30.35 | 23.35 | 0.56 | 48.54 |
| Total External Borrowing | 259.65 | 244.15 | 3.30 | 266.35 |
| Investments | | | | |
| Cash (Instant access) | (17.90) | (24.40) | (0.37) | (10.00) |
| Cash (Notice Account) | (5.00) | (4.00) | (0.55) | (3.00) |
| Short Term Bonds | (4.66) | (6.08) | (1.30) | (3.00) |
| Long Term Bonds | (14.72) | (7.62) | (2.54) | (7.62) |
| Property Fund | (17.00) | (27.00) | (4.64) | (27.00) |
| Total Investments | (59.28) | (69.10) | (3.69) | (50.62) |
| Net Borrowing | 200.37 | 175.05 | | 215.74 |

40. After taking into account maturing and new debt requirements in year, there is an estimated increase in net borrowing of £40.69M. This is mainly as a result of approved new capital borrowing during 2017/18 of £28.61M and an expected reduction in cash flow to support previous capital spend for which borrowing has not been externalised.
41. The interest cost of financing the Authority's long term and short term loan debt is charged to the Income and Expenditure account and is detailed below together with a summary of performance to date.

Borrowing

42. The forecast cost of financing the Authority's loan debt is £13.9M of which £5.4M relates to the HRA however this will be subject to movement as the need for further borrowing becomes more certain.

Current cash flow forecast indicate that balances will fall further, so in order to maintain our minimum working cash flow of £10M, we will need a further injection of temporary borrowing, currently estimated at £22M to replace maturing debt long term debt and predictive fall in balances.

43. Investment

Balances initially increased at the beginning of the year rising from £58M to £101M in mid- June, but have since fallen back to £69M and are supported by the £23M temporary borrowing taken in October to cover expected cash flows for the remainder of the year.

44. External Managed investments

The Council has invested £27M in property funds as an alternative to buying property directly. As previously reported these funds offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term and are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. As at the 31st December 2017 the sell price of our total investments were valued at £26.78M a notional “loss” of £0.22M against initial investments of £27M.

Our advisers Arlingclose remain comfortable with this level of investment and have met with the CCLA, they expect capital values to fall over the next two years but annual income should hold up around current levels. Arlingclose believe the negatives do not outweigh the potential for income generation and also advise that investment in the CCLA fund is less risky than buying individual properties. It should be noted that investment in the CCLA does not constitute capital expenditure and is seen as a treasury management tool. Further details are included in The General Fund & Housing Revenue Account Capital Strategy & Programme 2017/18 to 2021/22 report which will go to Council in February 2018. The estimated yield for the year is £1.14M if yields remain around current levels.

45. As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities will be treated as retail clients but can “opt up” to professional client status, providing that they meet certain criteria which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies must assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved. The Authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice

Housing Revenue Account

46. The expenditure budget for the HRA was set at £75.99M and the income budget at £74.99M, resulting in a net draw from the HRA balances of £1.00M. This is detailed in table below.

Table 6 – HRA Summary

| | 2017/18 Budget | Quarter 3 Forecast | Variance |
|---|---------------------------|-------------------------------|-----------------|
| | £M | £M | £M |
| Net rent income | (72.59) | (72.59) | 0.00 |
| Service charges & other income | (2.27) | (2.39) | (0.12) |
| Misc. Adjustments | 0.00 | 0.00 | 0.00 |
| RTB admin | (0.13) | (0.13) | 0.00 |
| Total income | (74.99) | (75.11) | (0.12) |
| Management | 21.95 | 22.13 | 0.18 |
| Depreciation | 19.26 | 19.26 | 0.00 |
| Responsive & Cyclical repairs | 13.91 | 14.71 | 0.80 |
| Other revenue spend | 0.10 | 0.10 | 0.00 |
| HRA cost of rent rebates | 0.00 | 0.00 | 0.00 |
| Total service expenses | 55.22 | 56.20 | 0.98 |
| Capital charges | 5.98 | 5.98 | 0.00 |
| Repayment of loans | 5.59 | 5.59 | 0.00 |
| Revenue contribution to capital | 9.19 | 9.19 | 0.00 |
| Total expenditure | 75.99 | 76.97 | 0.98 |
| (Surplus) / Deficit for the year | 1.00 | 1.86 | 0.86 |

47. The forecast position for the year end on income and expenditure items shows an adverse forecast variance of £0.86M compared to this budget.
48. The variance is mainly due to a delay in the implementation of the new materials contract, initially due to systems and stock replenishment issues, together with an increase in the provision for tenant rent arrears. This has been mitigated in part, by retendering on Housing Investment expenditure and increased income from leasehold properties due to major works.

Collection Fund

49. Each billing authority is required to estimate the level of surplus or deficit on the Council Tax and Business Rate Element of the Collection Fund at the end of each financial year in order that these amounts can be included in the budget calculations for the coming financial year.
50. A forecast position for the Collection Fund as at the end of December 2017 has been made. The following table details the overall forecast changes.

Table 7 – Collection Fund Forecast 2017/18

| | Council Tax £M | NDR £M | Total £M |
|---|---------------------------|-------------------|---------------------|
| Change in 2017/18 (Deficit) Surplus | 0.00 | 0.00 | 0.00 |
| (Reduction)/Increase in year-end Surplus brought forward from 2016/17 | 1.77 | 1.44 | 3.21 |
| Overall 2017/18 Surplus | 1.77 | 1.44 | 3.21 |
| SCC Share of Surplus | 1.52 | 0.71 | 2.23 |

51. The Council's share of the surplus for council tax is £1.52M and its share of the business rates surplus is £0.71M, giving a net surplus of £2.23M. These will be taken into account in setting the 2018/19 Council Tax and General Fund Budget. Appendix 4 details the Collection Fund Account for 2017/18.

RESOURCE IMPLICATIONS

Capital/Revenue

52. The revenue implications are contained in the report. There are no capital implications.

Property/Other

53. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

54. Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council.

Other Legal Implications:

55. None.

RISK MANAGEMENT IMPLICATIONS

56. See comments within report.

POLICY FRAMEWORK IMPLICATIONS

57. None.

KEY DECISION? No

| | |
|------------------------------------|-----|
| WARDS/COMMUNITIES AFFECTED: | All |
|------------------------------------|-----|

SUPPORTING DOCUMENTATION

Appendices

| | |
|----|--|
| 1. | Portfolio Variance Explanations |
| 2. | Key Financial Risk Register |
| 3. | Health Indicators. |
| 4. | Treasury Management Quarterly Benchmarking, Prudential Indicators and Financial Outlook Qtr. 3 |
| 5. | Collection Fund Qtr. 3 |

Documents In Members' Rooms

| | |
|--|--|
| 1. | None |
| 2. | |
| Equality Impact Assessment | |
| Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out. | No |
| Privacy Impact Assessment | |
| Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out. | No |
| Other Background Documents | |
| Equality Impact Assessment and Other Background documents available for inspection at: | |
| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |

| | | |
|----|---|--|
| 1. | General Fund Revenue Budget Report 2017/18 to 2020/21 (Approved by Council February 2017) | |
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