

DECISION-MAKER:	CABINET		
SUBJECT:	CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SETPEMBER 2018		
DATE OF DECISION:	20 NOVEMBER 2018		
REPORT OF:	CABINET MEMBER FOR FINANCE & CUSTOMER EXPERIENCE		
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STATEMENT OF CONFIDENTIALITY
N/A
BRIEF SUMMARY
This report summarises the General Revenue Fund and Housing Revenue Account (HRA) financial position for the Authority as at the end of September 2018, and highlights any key issues by portfolio which need to be brought to the attention of Cabinet.

RECOMMENDATIONS:

<u>General Revenue Fund</u>	
It is recommended that Cabinet:	
i)	Note the forecast outturn position is an overspend of £2.91M, as outlined in paragraph 3.
ii)	Note that the forecast overspend for portfolios is £6.91M as outlined in paragraph 4 to 14.
iii)	Note the delivery to date of the agreed savings proposals approved for 2018/19 as detailed in paragraphs 15 to 18.
iv)	Note the Key Financial Risk Register as detailed in paragraph 25 and appendix 1.
v)	Note the performance against the financial health indicators detailed in paragraphs 29 and 30 and appendix 2.
vi)	Note the performance of treasury management, and financial outlook in paragraphs 31 to 38 and appendix 3.
vii)	Note the performance outlined in the Quarterly Collection Fund Statement attached at appendix 4 and detailed in paragraphs 42 to 43.

Housing Revenue Account

It is recommended that Cabinet:

- viii Note the forecast outturn position is an overspend of £0.95M as outlined in paragraphs 39 to 41.

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 below sets out the financial position of the General Revenue Fund.

Table 1 – General Revenue Fund Forecast Outturn Position for 2018/19

	Budget £M	Forecast £M	Variance £M
Adults	67.05	69.92	2.87 A
Aspiration, Schools & Lifelong Learning	3.76	5.20	1.44 A
Children's & Families	36.15	38.79	2.64 A
Community Wellbeing	(4.76)	(4.86)	0.10 F
Finance & Customer Experience	20.36	20.26	0.10 F
Green City	0.44	0.43	0.01 F
Homes & Culture	7.06	6.81	0.24 F
Leader and Clean Growth & Development	13.39	12.34	1.05 F
Transformation	0.00	1.68	1.68 A
Transport & Public Realm	23.74	23.52	0.22 F
Total Portfolios	167.20	174.11	6.91 A
Levies & Contributions	0.63	0.63	0.00
Capital Asset Management	10.95	10.95	0.00
Other Expenditure & Income	5.32	1.32	4.00 F
Net Revenue Expenditure	184.10	187.01	2.91 A
Council Tax	(95.94)	(95.94)	0.00
Business Rates	(99.21)	(99.21)	0.00
(Top Up)/Tariff	28.29	28.29	0.00
Non-Specific Government Grants	(17.26)	(17.26)	0.00
Total Financing	(184.10)	(184.10)	0.00
(SURPLUS)/DEFICIT	0.00	2.91	2.91 A

This financial summary details the budget against forecast expenditure and the subsequent variance. The current net revenue expenditure budget is £184.10M, no

change from the previous quarter. The current forecast net expenditure against this budget is £187.01M giving a forecast overspend of £2.91M, a reduction of £3.41M compared to the previous quarter. An explanation of these variances is found in paragraphs 4 to 14.

Explanation of Variances

4. There is a forecast overspend on portfolios of £6.91M. The significant issues regarding each portfolio are detailed the following paragraphs.

5. **Adults £2.87M Adverse Variance**

Long Term £2.42M adverse variance

The adverse variance is due to £1.13M of currently unachieved savings targets and client costs per package continuing to increase. Since quarter one, there has also been an increasing number of new higher cost clients which has exacerbated this position. The unachieved savings targets are mainly based on reducing the numbers of client care packages within the Older Persons and Physical Disabilities areas. Savings plans are still being developed in this area to finalise the mechanisms for implementing this reduction. Currently numbers of client packages remain stable, with no significant overall increases or decreases since initial decreases at the start of the financial year. However, there has continued to be an increase in the number of referrals to the service.

The adverse position is split over the following:

- £0.04M on Learning Disability packages, and
- £2.38M on Older Persons & Physical Disability packages.

This overspend is net of £0.80M Integrated Better Care Funding.

Safeguarding Adult Mental Health & Out of Hours £0.49M adverse variance

There has been an increased number of high cost residential Adult Mental Health clients transferring from Health to Adult Social Care during the last 6 months which has increased costs by £0.49M accordingly. The net number of clients has not increased, however the average cost per client has increased due to the increased number of clients with more complex needs. This has increased significantly in months' 5 and 6. This has also led to the un-achievement of the £0.13M savings target in this area.

Provider Services £0.51M adverse variance

There has been a significant increase in the use of temporary staffing at the Glen Lee and Holcroft residential care homes. This is due to Care Quality Commission recommendations being implemented following the recent inspection of Glen Lee and long term sickness and vacancies at Holcroft care home.

Reablement & Hospital Discharge £0.38M favourable variance

There is a £0.18M underspend relating to staffing, the main reason for this is due to staffing vacancies which are in the process of being filled following the phase 3 staffing review. There is additional income of £0.20m forecast to be received from the NHS Southampton City Clinical Commissioning Group and Hampshire County Council to reduce hospital discharge wait times and respite costs.

Adult Services Management £0.04M adverse variance

There is currently an overspend of £0.04M forecast in this area due to temporary staffing costs arising from the phase 3 restructure, which are expected to be resolved by the end of the financial year, amounting to £0.27M. These costs have offset the quarter one favourable forecast for Care Act implementation which will not

	<p>be required.</p> <p><u>ICU Provider Relationships £0.16M favourable variance</u></p> <p>Housing related support contract savings of £0.10M have been achieved. This saving is recurring and has been put forward as part of budget savings for 2019/20 onwards.</p> <p>Further in year contract savings have been identified of £0.05M for transition and decommissioning plus additional supplies and services savings of £0.01M.</p>
6.	<p><u>Aspiration, Schools & Lifelong Learning £1.44M Adverse Variance</u></p> <p><u>Education – Early Years & Asset Management £1.21M adverse</u></p> <p>Legislative change in the Home to School Transport (HTST) provision requiring local authorities to extend this service to early years and post 16 pupils has caused a pressure in this area. This has been added to by an increase in the number of children with high needs requiring transport to school. The HTST pressure is forecast to be £1.3M. Extensive reviews of the provision to find efficiencies have been undertaken which have included parent consultations and reviewing the provision provided by neighbouring Authorities have failed to find savings. The service is working on a number of new proposals to mitigate the pressure including; providing training for independent travel for post 16 age group; introducing charging for Post 16 HTST to generate income and the withdrawal of some parts of the Early Learning Group HTST provision. Savings will need to be found from within the wider portfolio.</p> <p><u>Education – High Needs & Schools £0.17M adverse</u></p> <p>The Jigsaw service is forecasting an overspend of £0.35M. This consists of:</p> <ul style="list-style-type: none"> • An overspend of £0.26M due to an increase in the number of children with High Needs being placed in residential placements, and • £0.09M for an increase in payments to new Direct Payment clients. <p>There is a review being carried out to ensure the provision is appropriate to meet need.</p>
7.	<p><u>Children & Families £2.64M Adverse Variance</u></p> <p><u>Quality Assurance Business Unit £0.36M adverse</u></p> <p>To meet the needs of the service, there has been an additional staffing requirement during this year. An income target of £0.28M was set for the Workforce Development team's traded services for this year. This is not expected to be achieved leading to a forecast adverse variance is £0.20M.</p> <p><u>MASH & CIN (£0.21M adverse, £0.21M adverse movement</u></p> <p>Four social worker posts in the Assessment Teams were due to be removed in 2018/19 as part of the Phase 3 restructure. However, due to the requirement of the service, these posts have been retained at a forecast additional cost of £0.20M.</p> <p><u>Specialist Core Services £0.66M favourable</u></p> <p>There is a favourable forecast due to a countywide shortage in Social Workers and difficulty in recruitment. An ongoing recruitment drive to fill the remaining posts continues and the forecast takes into account agency staff used to cover vacant posts.</p> <p><u>Looked After Children £2.65M adverse</u></p> <p>The forecast for residential, IFA, SCC fostering, adoption allowances and special guardianship orders reflect the current numbers of children in care adjusted for any children that are forecast to leave care or move into the pathways team at staying put rates of care costs. This reflects a forecast adverse variance of £2.59M. The forecast for Residential IFA's and in-house fostering have a favourable movement of</p>

	<p>£0.19M from quarter 1. This is due to a review of cases which have stepped down to less costly options and Supported Housing and staffing savings.</p>
	<p>The budgets for LAC have been amended to reflect the savings required in these areas. Additional LAC budget reductions have been put through of £0.22M to fund the new step down team. The edge of care team, step down team and the new placements team will be reviewed to assess their effectiveness and be amended if necessary to maximise the savings to be made this year.</p>
8.	<p><u>Community Wellbeing £0.10M Favourable Variance</u></p>
	<p><u>Prevention & Inclusion Service £0.10M favourable variance</u> The Youth Offending Service is making savings on supplies and services, together with an underspend due to vacant posts which will be recruited to later in the year. The previously reported overspend on Public Health is being offset by savings from vacant posts.</p>
9.	<p><u>Finance & Customer Experience £0.10M Favourable Variance</u></p>
	<p><u>Business Operations & Digital £0.10M favourable variance</u> Due to significant staff turnover and staff being paid at a lower spinal column point than budgeted, there is forecast to be a favourable variance in this area.</p>
10.	<p><u>Green City £0.01M Favourable Variance</u></p>
	<p>There are no significant variances to report.</p>
11.	<p><u>Homes & Culture £0.24M Favourable Variance</u></p>
	<p><u>Cultural Services £0.20M favourable variance</u> The majority of the spend relating to the Southampton Treasures project to move the Council's heritage collections out of the Collection Management Centre and into the Pavilion space at SeaCity is expected to take place in 2019/20. The £0.20M additional budget allocated in 2018/19 is being reported as a favourable variance and a budget carry forward will be requested at year-end. The previously reported adverse variance due to works at SeaCity and Tudor House will now be met from underspends within the service</p>
12.	<p><u>Leader and Clean Growth & Development £1.05M Favourable Variance</u></p>
	<p><u>Capital Assets £0.58M favourable</u> An unachieved saving of £1.70M related to property rationalisation is creating a pressure in the in-year budget. This is being managed from underspends within the service on staffing, the repairs and maintenance budget, along with increased investment property income following rent reviews and new investments. These elements are now forecast to outweigh the pressure creating a favourable variance in year. The forecast underspend on the planned maintenance budget of £0.93M from a reduced work programme in year in relation to work on civic buildings has been assessed to provide adequate maintenance of the civic building portfolio.</p>
	<p><u>Chief Executive £0.29M favourable</u> Savings have been identified following a line by line review of income and expenditure across the service with majority of the savings due to reductions in agency costs and lower than budgeted costs for interim staff.</p>
13.	<p><u>Transformation £1.68M Adverse Variance</u></p>
	<p>Reflection has been given on the ability of the procurement team to be able to</p>

impact on the overall redesign of Adult Social Care and by default the associated addressable spend linked to the Procurement Guarantee. It is expected that a reduction in the Procurement Guarantee (£1.83M) will be considered to remove Adult Social Care Spend in 2018/19.

Additionally, when setting the 2018/19 budget in February 2017, an assumption was made that additional digital savings of £1.40M could be achieved. These savings are now not expected.

£1.55M of reserves has been released to help meet this pressure.

14. **Transport & public Realm £0.22M Favourable Variance**

City Services – Waste Management £0.37M adverse variance

Damage and repair costs are forecast to be overspent by £0.22m in 2018/19, as a result of an ageing fleet. Approval has been sought to commence procurement of replacement refuse freighters. An adverse variance in Waste of £0.08M arises from the continued security guard presence at the City Depot due to CCTV not providing enough coverage.

The budget for 2018/19 included a target relating to alternative service delivery models, of £0.45m. City Services, along with car parks, went through a Business Academy process late in 2017/18. Following the Council decision to pause the LATCo in July, the forecast has been amended to reflect the proposals put forward as part of this process, generating an adverse variance in 2018/19 of £0.33m. The adverse variances are being partially offset by savings on waste disposal costs arising from the implementation of AWC.

City Services – Open Spaces £0.13M adverse

The tree team have experienced significant staff turnover and a backlog of work on SCC tree stock, generating an adverse variance of £0.16m; this will be offset by additional income through Schools contracts. Fuel, Damage and repair costs relating to plant, fleet and equipment are forecast to be £0.10M over budget, as a result of ageing equipment and the increase in fuel prices since April.

Regulatory Services £0.49M adverse variance

During 2017/18, the adverse impact of the new privately operated Crematorium in Romsey in August 2017 on income was reported. The continuing impact on income within Cemeteries in 2018/19 is estimated to be £0.40M. A marketing plan is being developed and a fee increase was implemented in 2018/19 to mitigate this impact.

A variance on Registration services arises from the introduction by government of an online service for Nationality Checks. The introduction of this service means that applicants are no longer obliged to take this service from the registration office, resulting in a reduction in income forecast to be £0.08M.

Parking Services £0.11M favourable

The forecast for car parking income is showing a favourable variance of £0.11M. This is largely down to increased take-up for season tickets and parking permits, and is partially offset by corresponding adverse variance on metered income.

Transportation £0.66M favourable

The Council has a profit sharing arrangement with Clear Channel for advertising space on SCC transport network. Income of £0.75M is forecast for 2018/19, which includes back dated payments for 2016/17 and 2017/18. The income is higher than in previous years following the introduction of digital advertising, which gives scope for significantly more advertising to be displayed. This favourable variance has been partially offset by staffing pressures of £0.10M within the service.

Supplier Management £0.10M favourable

There are savings in the contract management fee and higher income share from our contract with Balfour Beatty leaving to a favourable variance.

Implementation of Savings Proposals

15. Savings proposals of £24.31M were approved by Council in February 2018. Table 2 is a summary of the progress on achieving these savings.

Table 2 Analysis of Achievement of Savings

	%
Actual reduction in expenditure (GREEN)	64
Forecast reduction in expenditure (AMBER)	22
No forecast reduction in expenditure but plans being put in place to achieve (RED)	7
Saving will not be achieved (PURPLE)	7

16. 22% of savings are amber and forecast to be achieved, whilst 14% (red and purple) are not forecast to be achieved. These represent a risk to the financial position of the council until all management actions required to deliver the savings are complete and the reduction in spend can be evidenced.

17. The chart below shows the achievement of total savings required by portfolio.



18. The overall financial shortfall in the delivery of the 2018/19 savings proposals is currently forecast as £3.29M.

Other Income & Expenditure

19. Following a review of central inflation requirements, £2.0M has been released to help meet the forecast shortfall in both procurement and digital savings.

20. Additionally, £0.3M of contingencies have been released to meet additional incinerator outage costs. A further £1.7M of contingencies have been released to meet demand pressures.

Reserves & Balances

21. At the 31st March 2018, earmarked reserves totalled £82.03M, plus Schools

	Balances totalling £4.01M.																		
22.	The estimated forecast position as at the 31 st March 2019 is £70.90M, with Schools Balances totalling £4.01M subject to the overall Dedicated School Grant deficit.																		
23.	<p>During the period to 30th September 2018 there has been a release of £3.92M from reserves as follows:</p> <ul style="list-style-type: none"> • £0.52M Allocation of 2017/18 portfolio carry forwards; • £0.97M Allocation of 2017/18 grant carry forwards; • £0.75M Released to support the Sage Project; • £0.14M to support the Housing Improvement Board; and • £1.55M to offset the pressure detailed in the transformation section of the report. 																		
24.	The General Fund Balance is currently £11.3M and there are no planned draws on this balance in 2018/19. 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.																		
	<u>Key Financial Risks</u>																		
25.	The council maintains a financial risk register which details the key financial risks that face the council at a given point in time. It is from this register that the level of balances and reserves is determined when the budget is set at the February Council. The register has been reviewed and is attached as Appendix 1.																		
	<u>Schools</u>																		
26.	<p>At 30th September 2018 there were 13 schools reporting a deficit balance as shown in the table below, an additional 3 schools compared to the previous quarter.</p> <p>Table 3 Schools in Deficit</p> <table border="1"> <thead> <tr> <th></th> <th>Deficit £M</th> <th>No. of Schools</th> </tr> </thead> <tbody> <tr> <td>Nursery</td> <td>0.26</td> <td>1</td> </tr> <tr> <td>Primary</td> <td>1.34</td> <td>6</td> </tr> <tr> <td>Secondary</td> <td>2.04</td> <td>4</td> </tr> <tr> <td>Special</td> <td>0.58</td> <td>2</td> </tr> <tr> <td>Total</td> <td>4.22</td> <td>13</td> </tr> </tbody> </table> <p>These schools are working with Children's & Families to agree Deficit Recovery Plans (DRP).</p>		Deficit £M	No. of Schools	Nursery	0.26	1	Primary	1.34	6	Secondary	2.04	4	Special	0.58	2	Total	4.22	13
	Deficit £M	No. of Schools																	
Nursery	0.26	1																	
Primary	1.34	6																	
Secondary	2.04	4																	
Special	0.58	2																	
Total	4.22	13																	
27.	<p>It should also be noted that the previously reported significant pressure within the high needs budget is continuing to impact in 2018/19. The forecast DSG pressure remains at £1.3M, this is after allowing for additional funding received from central reserves.</p> <p>This pressure is being driven by the increased demand from a higher number of children receiving an Education Health and Care Plan (EHCP) many of these are becoming increasingly complex requiring a greater number of support hours to be funded.</p> <p>The service is working with the Schools Forum and with the Special Schools to develop an action plan to address the ongoing pressure.</p>																		

28.	<p><u>Education PFI Contract</u></p> <p>There is a forecast increase in the total cost of the PFI contract equating to £0.25M per year from 2018/19 to the end of the contract in 2031/32 to be met from the Dedicated Schools Grant. This has been reduced from the £0.27M annual increase reported at Quarter 1 through implementation of the reintroduction of a Revenue Contribution chargeable to the schools as detailed in their signed Revenue Agreements.</p> <p>There remains 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.</p> <p>Discussions continue towards agreeing how this pressure can be mitigated. These include the adjustment of contract provisions, including life-cycle elements of renewal and maintenance. Handback condition of buildings at the end of the contract are being reviewed with the Contractor, Interserve, as well as refinancing alternatives.</p>
	<p><u>Financial Health Indicators</u></p>
29.	<p>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 2 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.</p>
30.	<p>At present all indicators are green with the exception of the payment of undisputed invoices within 30 days with a target of 98% and an actual of 96.44%.</p>
	<p><u>Treasury Management</u></p>
31.	<p>The Council approved a number of indicators at its meeting in February 2018. Appendix 3 includes current performance against these indicators along with an update on the financial outlook. The council has operated within the agreed prudential indicators for the second quarter and is forecast to do so for the remainder of the year.</p>
32.	<p>Table 4 shows the years opening balance of borrowing and investments, current levels and those predicted for year-end.</p>

33.	Table 4 Borrowings and Investments	01.04.2018 Balance £M	30.09.2018 Balance £M	Average Yield/Rate %	31.03.2019 Estimated Balance £M
	External Borrowing				
	Public Works Loan Board (PWLB)	208.81	203.08	3.34	197.34
	Market Loans	9.00	9.00	4.86	9.00
	Total Long Term Borrowing	217.81	212.08	3.44	206.34
	Temporary Borrowing	33.35	32.36	0.68	77.94
	Total External Borrowing	251.16	244.44	3.33	284.28
	Investments				
	Cash (Instant access)	(23.48)	(34.04)	(0.68)	(10.00)
	Cash (Notice Account)	(3.00)	(2.00)	(0.70)	(0.00)
	Fixed Term Deposits	(10.00)			
	Short Term Bonds	(3.14)	(1.60)	(1.21)	(1.60)
	Long Term Bonds	(6.80)	(6.02)	(3.20)	(6.02)
	Property Fund	(27.00)	(27.00)	(4.52)	(27.00)
	Total Investments	(73.42)	(70.66)	(3.56)	(44.62)
	Net Borrowing	177.74	173.58		239.66

34. After taking into account maturing and new debt requirements in year, there is an estimated increase in net borrowing of £61.9M. This is mainly as a result of approved new capital borrowing during 2018/19 of £50.4M and an expected reduction in cash flow to support previous capital spend for which borrowing has not been externalised.

35. The interest cost of financing the council's long term and short term loan debt is charged to the general fund revenue account and is detailed below together with a summary of performance to date.

Borrowing

36. The forecast cost of financing the council's loan debt is £14M of which £5.5M relates to the HRA however this will be subject to movement as the need for further borrowing becomes more certain. As short term interest rates have remained low and are likely to do so for the remainder of the year, we do not anticipate taking any long term debt and will finance the 2018/19 capital programme via short term debt. This is the most cost effective way of managing treasury and also reduces risk as investments also fall. We currently have £32M in short term debt and this is expected to increase to £78M to replace maturing long term debt and to fund the current capital programme.

Investment

37. Balances initially increased at the beginning of the year rising from £73M to £99M in mid- April, but have since fallen back to £71M and are expected to fall further throughout the year, to an estimated £45M by the end of the year.

External Managed investments

38. 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 30th September 2018 the sell price of our total investments were valued at £27.18M a notional “gain” of £0.18M against an initial investments of £27M. The estimated yield for the year is £1.14M if yields remain around current levels.

Housing Revenue Account

39. The expenditure budget for the HRA was set at £72.58M and the income budget at £72.58M, with no draw on balances envisaged. This is detailed in the table below.

Table 5 – HRA Summary

	2018/19 Budget	Quarter 2 Forecast	Variance
	£M	£M	£M
Net rent income	(69.63)	(68.73)	0.90 A
Service charges & other income	(2.82)	(2.87)	0.05 F
Misc. Adjustments	0.00	0.00	0.00
RTB admin	(0.13)	(0.13)	0.00
Total income	(72.58)	(71.73)	0.85 A
Management	21.57	22.45	0.88 A
Depreciation	19.53	19.53	0.00
Responsive & Cyclical repairs	14.79	15.66	0.88 A
Other revenue spend	0.10	0.10	0.00
HRA cost of rent rebates	0.00	0.00	0.00
Total service expenses	55.98	57.74	1.76 A
Capital charges	6.17	6.17	0.00
Repayment of loans	5.96	5.50	0.46 F
Revenue contribution to capital	4.47	3.27	1.20 F
Total expenditure	72.58	72.68	0.10 A
(Surplus) / Deficit for the year	0.00	0.95	0.95 A

40. The forecast position for the year end on income and expenditure items shows an overspend of £0.95M. The service are currently reviewing how this adverse position can be mitigated.

41. Supervision & Management £0.90M adverse variance

There has been an increase in rent arrears due to the implementation of Universal credit. This has made it necessary to increase the provision for doubtful debts, resulting in an adverse variance in this area of £1.29M. A review of centrally held budgets which historically have been allocated to specific expenditure items has resulted in a reduction of £0.26M in forecast expenditure. Recruitment delays within

Supported Housing, and increased income from Housing Related Support have contributed to a favourable variance of £0.21M

Responsive repairs £0.94M adverse variance

Repairs expenditure continues to be at the same rate as the previous financial year, leading to an increased risk of overspend in this area. There is a forecast overspend to reflect this risk, with ongoing discussions taking place via the Housing Improvement Board as to actions to mitigate this risk.

Interest & Principal re-payments £0.46M favourable variance

Principal repayments as calculated in the HRA Business Plan assumptions at budget setting have overstated the re-payments profile timing in year due to assumptions relating to repayment timing. The forecast has been amended to reflect current Treasury Management figure.

Dwelling Rents £0.23M favourable variance

Right-to-buy sales have been less than forecast since the Business Plan assumptions were set in the previous financial year. This has led to a higher rental income figure forecast than budgeted due to the higher number of properties in the Housing Revenue Account.

Tenants Service Charges £0.02M favourable variance

Right-to-buy sales have been less than forecast since the Business Plan assumptions were set in the previous financial year. This has led to a service charge income figure forecast than budgeted due to the higher number of properties in the Housing Revenue Account.

Leaseholder Service Charges £0.18M favourable variance

Further work has been carried out to increase applicable charges for works allowable under section 20 of the Commonhold and Leasehold Reform Act 2002.

Collection Fund

42. Appendix 4 shows the forecast outturn position for the Collection Fund, with the position being a surplus on both council tax and business rates. Table 6 shows the forecast change in position for the Collection Fund.

Table 6 – Collection Fund Forecast 2018/19

	Council Tax £M	NDR £M	Total £M
Change in 2018/19 (Deficit) Surplus	0.77	1.53	2.30
(Reduction)/Increase in year-end Surplus brought forward from 2017/18	2.39	2.11	4.50
Overall 2018/19 Surplus	3.16	3.64	6.80
SCC Share of Surplus	2.72	1.83	4.55

43. The Council's share of the surplus for council tax is £2.72M and its share of the business rates surplus is £1.83M, giving a net surplus of £4.55M. These will be taken into account in setting the 2019/20 Council Tax and General Revenue Fund Budget.

RESOURCE IMPLICATIONS

Capital/Revenue

44.	The revenue implications are contained in the report. There are no capital implications.
<u>Property/Other</u>	
45.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
46.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
<u>Other Legal Implications:</u>	
47.	None.
RISK MANAGEMENT IMPLICATIONS	
48.	See comments within report.
POLICY FRAMEWORK IMPLICATIONS	
49.	None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Key Financial Risk Register
2.	Health Indicators
3.	Treasury Management Quarterly Benchmarking and Financial Outlook Qtr. 2
4.	Collection Fund Qtr. 2

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
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
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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)
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1.	General Fund Revenue Budget Report 2018/19 to 2021/22 (Approved by Council February 2018)	