

<b>DECISION-MAKER:</b>	CABINET
<b>SUBJECT:</b>	CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JUNE 2019
<b>DATE OF DECISION:</b>	20 AUGUST 2019
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES

**CONTACT DETAILS**

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**STATEMENT OF CONFIDENTIALITY**

N/A

**BRIEF SUMMARY**

This report summarises the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund financial position for the Council as at the end of June 2019, and highlights any key issues which need to be brought to the attention of Cabinet.

**RECOMMENDATIONS:**

	<b><u>General Revenue Fund</u></b> It is recommended that Cabinet:
i)	Note the forecast outturn position is a net underspend of £0.63M, as outlined in paragraph 3.
ii)	Note the performance of treasury management, and financial outlook in paragraphs 4 and 5 and appendix 2.
iii)	Note the Key Financial Risk Register as detailed in paragraph 7 and appendix 3.
iv)	Note the performance against the financial health indicators detailed in paragraphs 10 and 11 and appendix 4.
v)	Note the performance outlined in the Collection Fund Statement attached at appendix 6 and detailed in paragraphs 13 to 15.
	<b><u>Housing Revenue Account</u></b> It is recommended that Cabinet:
vi)	Note the forecast outturn position is an underspend of £0.30M as outlined in paragraph 12 and Appendix 5.

**REASONS FOR REPORT RECOMMENDATIONS**

1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.
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<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	Not Applicable.
<b>DETAIL (including consultation carried out)</b>	
<b><u>FINANCIAL POSITION</u></b>	
3.	The current forecast spending against the council's net budget for the year is projected as a favourable position overall at £0.63M (underspending). More detail, including explanations of significant variances (in excess of £0.2M), are provided in Appendix 1.
<b><u>Treasury Management</u></b>	
4.	Treasury Management borrowing and investment balances as at 30 June 2019 and forecasts for the year-end are set out in Appendix 2. After taking into account maturing and new debt requirements in year and a reduction in investment balances, there is an estimated increase in net borrowing of £41.3M for 2019/20.
5.	The Council approved a number of indicators at its meeting in February 2019. Appendix 4 includes current performance against these indicators, whilst an update on the financial outlook is within Appendix 2. The Council has operated within the agreed prudential indicators for the first quarter and is forecast to do so for the remainder of the year.
<b><u>Reserves &amp; Balances</u></b>	
6.	The General Fund Balance is currently £10.07M with no planned drawdown during the year. The use of reserves is being monitored and there use is in line with the Financial Strategy.
<b><u>Key Financial Risks</u></b>	
7.	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 meeting. The register has been reviewed and is attached as Appendix 3.
<b><u>Schools</u></b>	
8.	As at 30 June 2019 there were 14 schools reporting a deficit balance of £4.69M. This is an increase of 2 council schools and £1.04M compared with the position at 31 March 2019. These schools are working with Children's & Families to agree Deficit Recovery Plans (DRP). Additional resources have been made available from earmarked reserves to fund a school improvement officer and additional finance support. This team is working closely with these schools to develop deficit recovery plans and to monitor achievement against these during 2019/20.
9.	As previously reported there is a significant pressure within the High Needs Budget which overspent by £4M in 2018/19. That overspend was partially offset from a number of sources: £2M from General Fund Reserves as a one-off contribution, £0.53M additional High Need funding from central government in recognition of High Needs pressures nationally and the transfer of 0.5% Schools Block funding to the High Needs Block £0.7M. These contributions total to £3.23M leaving a net outturn overspend of £0.77M.  The forecast for 2019/20 is for the pressure to continue at £4M however the only additional funding to offset this is a further central government contribution of

£0.53M. The Schools Forum elected not to transfer 0.5% to High Needs and the forecast is therefore for a £3.47M overspend in High Needs.

A review is being undertaken of the entire Education Service provided by the Council to identify options to meet the remaining funding gap.

It has been assumed that the above noted pressures will need to be accommodated within the Dedicated Schools Grant (DSG).

**Financial Health Indicators**

10. 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 4 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.

11. At present all indicators are green with the exception of undisputed invoices paid within terms, which is 92.3% compared with a target of 98%. This is an improving trend over the last 2 quarters following an anticipated dip in performance due to enforcement of the processing of goods received notes.

**Housing Revenue Account**

12. The overall forecast position for the year end on income and expenditure items indicates an underspending of £0.30M. This arises from a reduction in the forecast recharge from the Capital Assets Team, based on a review of the work undertaken for the Housing Revenue Account due to vacancies within the team. For further details see Appendix 5.

**Collection Fund**

13. Appendix 6 shows the forecast outturn position for the Collection Fund, with the position summarised in Table 1.

**Table 1 – Collection Fund Forecast 2019/20**

	<b>Council Tax £M</b>	<b>NDR £M</b>	<b>Total £M</b>
Distribution of previous years' estimated surplus	2.39	3.10	5.49
Other income and expenditure	(0.41)	5.21	4.80
<b>Deficit/(Surplus) for the year</b>	<b>1.98</b>	<b>8.30</b>	<b>10.28</b>
Deficit/(Surplus) brought forward from 2018/19	(1.48)	(5.36)	(6.84)
<b>Overall Deficit/(Surplus) Carried Forward</b>	<b>0.50</b>	<b>2.94</b>	<b>3.44</b>
<b>SCC Share of Deficit/(Surplus)</b>	<b>0.42</b>	<b>1.89</b>	<b>2.31</b>

14. The adverse forecast for Non Domestic Rates (NDR) income and expenditure is primarily due the forecasts for gross rates payable being £5.6M lower than estimated and empty property relief being £3.2M higher. This is partly offset by a lower forecast for write-offs (£1.7M) and release of the appeals provision to meet

	refunds (£2.0M).
15.	Any deficit or surplus on the Collection Fund will need to be taken into account at the time of setting the 2020/21 General Revenue Fund Budget.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
16.	The revenue implications are contained in the report. There are no capital implications.
<b><u>Property/Other</u></b>	
17.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
18.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
<b><u>Other Legal Implications:</u></b>	
19.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
20.	See comments within report.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
21.	None.

**KEY DECISION?** No

**WARDS/COMMUNITIES AFFECTED:** All

### **SUPPORTING DOCUMENTATION**

#### **Appendices**

1.	Explanation of Variances Qtr 1
2.	Treasury Management Qtr 1
3.	Key Financial Risk Register Qtr 1
4.	Health Indicators Qtr 1
5.	HRA 2019/20 budget versus forecast Qtr 1
6.	Collection Fund Qtr 1

#### **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
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
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 2019/20 to 2022/23 (Approved by Council February 2019)	