Item No.	Classification:	Date:	Meeting Name:
10.	Open	5 February 2019	Cabinet
Report title:		Policy and Resources Strategy: Revenue Monitoring Report, including Treasury Management 2018-19 (Month 8)	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT

This is the second budget monitoring report of 2018-19 showing our position at the end of month 8 of the financial year (November 2018). It is welcome that, with the exception of Dedicated Schools Grant, it is anticipated that in year revenue spending will be within approved budget with an overall favourable variance of £0.354m.

The monitor shows that children's and adults' social care services continue to build on the stronger budget oversight achieved in 2017-18, with improved practices now embedded. This, together with the increase in budgets and efficiency savings for both adults and children's in 2018-19, indicate the department is now on a sustainable financial footing. This is reflected in the latest forecast which indicates a combined favourable variance of £36k anticipated at year-end.

The Dedicated Schools Grant position was a £4m deficit at 31 March 2018. In year pressures on the high needs block are expected to be around £7m and therefore the forecast position at 31 March 2019 is an £11m deficit. The deficit position is common across London and elsewhere and reflects increasing need and demand for Special Educational Needs and Disabilities (SEND) provision, the inadequacy of supply of special school places (this is being addressed within the capital programme) and also the inadequacy of funding for the high needs block.

Other significant areas of ongoing budget pressure include Temporary Accommodation, where projections indicate a £3.5m overspend and, to a lesser extent, No Recourse to Public Funds. Notwithstanding Southwark's success in homeless prevention, temporary accommodation remains particularly challenging from rising demand, restricted housing supply and statutory and policy obligations.

These budget pressures will be considered in our budget commitments for 2019-20, again seeking to ensure that we have sustainable budgets for these services.

RECOMMENDATIONS

1. That the cabinet notes:
   - the general fund outturn forecast for 2018-19 of £0.354m under spend, before application of the DSG deficit (Table 1)
   - the continuing pressures on the Dedicated Schools Grant (DSG), £7.0m in

2018-19 (paragraphs 21 to 22);
- cost pressures in Housing and Modernisation, largely relating to Temporary Accommodation (£3.5m) and No Recourse to Public Funds (£0.6m) (paragraph 25 to 32);
- the £4m contingency is utilised in full to mitigate the impact of cost pressures within Temporary Accommodation and No Recourse to Public Funds (paragraph 40);
- the general fund outturn forecast indicates a net increase in reserves of £7.0m (paragraphs 51 to 55 and table 3), excluding DSG reserve (paragraph 21 to 22), arising principally as a result of the creation of the London Devolution Deal Reserve (paragraphs 56 – 57);
- the housing revenue account forecast set out in Table 2 (paragraph 42 to 50);
- the treasury management activity to date in 2018-19 (paragraph 58 to 60).

2. That cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.

3. That cabinet notes that allocations from the London Devolution Deal Reserve were presented within the Policy and Resources Budget Report 2019-20, considered by cabinet on 22 January 2019.

BACKGROUND INFORMATION

4. The purpose of this report is to provide a forecast for the end of the financial year 2018-19, using predictions based on the experience to date, and to use this to inform the policy and resources strategy for future years' budgets. Work continues throughout the council to ensure that a balanced position is achieved by the end of the year.

5. The council agreed a balanced general fund budget of £294.269m on 21 February 2018 based on a 2.99% council tax increase (with 3% precept for adult social care). The Policy and Resources Strategy for 2018-19 assumes no use of reserves to underwrite the budget.

6. In 2017-18, after the utilisation of £5.361m of DSG reserve, the council was able to contribute £10.799m to general fund reserves to mitigate future risks, fulfil commitments already made and to provide resources to support service transformation. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one-off contributions to the budget are appropriate and affordable.

7. The council also approved budget decisions including reductions of £18.2m within the general fund for 2018-19. Performance on achieving these savings is closely monitored and significant variances will be included in departmental narratives.

8. The cabinet agreed a balanced housing revenue account (HRA) budget on 23 January 2018.

9. As reported to cabinet on 18 September 2018, the month 4 general fund outturn forecast 2018-19 a small net overspend of £0.042m. The key drivers were cost pressures in Housing and Modernisation within Temporary Accommodation and No Recourse to Public Funds with largely forecast under

spends in Strategic Finance being utilised to mitigate the impact of these cost pressures.

KEY ISSUES FOR CONSIDERATION

General fund overall position

10. Table 1 below shows the current forecast outturn position by department. All strategic directors will continue to take action to ensure that they deliver their services within budget. Progress for each department is shown in the narrative below.

Table 1: General fund outturn position for 2018-19

General fund	Original budget	Budget change	Revised budget	Forecast spend	Variance before use of reserves	From (-) / to reserves	Total use of resources	Variance after use of reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults' (excluding DSG)	195,160	-11,409	183,751	186,269	2,518	-2,554	183,715	-36
Environment and Leisure	65,818	-2,507	63,311	63,249	-62	0	63,249	-62
Housing and Modernise	64,454	637	65,091	70,407	5,316	-1,383	69,024	3,933
Chief Executive's	3,202	194	3,396	3,401	5	0	3,401	5
Place and Wellbeing	6,144	101	6,245	6,240	-5	211	6,451	206
Finance and Governance	21,135	237	21,372	20,272	-1,100	191	20,463	-400
Strategic Finance	-28,369	16,223	-12,146	-12,146	0	0	-12,146	0
Support cost recharges	-37,264	-3,476	-40,740	-40,740	0	0	-40,740	0
Contingency	4,000	0	4,000	0	-4,000	0	0	-4,000
Total General fund Services	**294,280**	**0**	**294,280**	**296,952**	**2,672**	**-3,535**	**293,417**	**-354**
Dedicated School Grant (DSG)	-11	0	-11	6,989	7,000	0	6,989	7,000
Net revenue budget	**294,269**	**0**	**294,269**	**303,941**	**9,672**	**-3,535**	**300,406**	**6,646**

11. As shown in Table 1, within General fund services there is a forecast favourable variance of £0.354m; this is after the utilisation of £3.535m of general fund reserves. Over spending on the DSG is forecast at £7m which will result in an increase in the deficit on the DSG reserve of £11m at the year end.

Children’s and Adults’ Services

12. Children’s and Adults’ social care services are forecasting a small favourable variance of £36k on a gross expenditure budget of £200m. As has been previously reported, there are growing pressures on the Dedicated Schools Grant (DSG), which is ring-fenced, and council officers are working with Southwark Schools Forum to agree a budget recovery plan for them to address this directly.

Social Care

13. The Children's, Adults', Education and Commissioning divisions continue to build on the momentum achieved in 2017-18, with culture and practices now embedded, and this is reflected in the latest forecast. A combined favourable variance of £35k is anticipated at year-end.

14. The current forecast is a welcome improvement following a number of difficult years and is the result of a sustained effort by senior leadership to transform our approach to managing the service and budgets in close partnership with finance, HR, legal and procurement teams. This achievement is a considerable feat, both in contrast with many of our neighbours and despite ongoing austerity and a disjointed approach to health and social care by central government.

15. Adult Social Care teams have streamlined and adapted their approach to deliver high quality services, with good outcomes, within budget. This is the result of a wide-ranging collection of initiatives, from smarter commissioning and tighter brokerage controls to the re-alignment of care pathways and closer working with NHS and voluntary sector partners. With effect from 1st April, the Children with Disabilities, Transitions and Family Link teams transferred to Adult Social care as part of the newly formed All Age Disabilities pathway. The service is currently undergoing a reorganisation and we continue to monitor financial performance closely, however at this stage we anticipate that spend will remain within budget.

16. Children's Services are under growing pressure from increased demand and new duties, inadequately funded by Government and whilst we welcome the new duties it is very problematic that they present a significant burden to local authorities due to Government's failure to fund them sufficiently. We are experiencing increased demand for supporting unaccompanied asylum seeking children (UASC), with 47 children and young people now in our care (from a baseline of 7 in 2014), representing 10% of our children in care and 20% or our care leaver populations. This exceeds the Government threshold for UASCs and the gap between expenditure and grant funding grew to £1.3m during 2017/8. Numbers of care leavers have risen with the increased statutory duties but minimal increase in funding.

17. The division has introduced an Access to Resources Team (ART) that has coordinated all our resources around getting the right placements for children in care, resulting in us now having half the number of children in residential care in comparison to this time last year – currently 23 children. This is right for the children, and with each residential placement typically costing between £150-200k per annum (some costing much more dependent on need) is a significant part of our plans to deliver safe, effective and value for money services. Looked After Children (LAC) placements, whilst currently stable, can fluctuate with demand and individual high-cost cases have the potential to adversely affect budget forecasts.

18. There continue to be pressures in retention and recruitment of social workers for Children's Services and there is more to be done to support our intentions, such as key-worker housing for social workers

19. The department continues to monitor risk as we move into the second half of the year and develop our planning for 2019-20. There is significant uncertainty

surrounding the future of social care funding and despite central government announcing a series of financial 'sticking-plasters' in recent months we still have scant information regarding our settlement for 2019-20 and beyond. The long-awaited social care green paper is still awaited. It is increasingly frustrating that government are expecting, at times with thinly-veiled threats, for social care to undertake transformative change and closer integration with health whilst failing to fund the existing system, let alone provide a stable platform of investment from which meaningful change could be sustainably realised.

20. Thanks to the relatively stable budget in 2018-19 the department is in a strong position to find the necessary efficiencies for 2019-20 via a small number of focussed initiatives. Officers are working closely with members to identify potential areas and will leverage expertise from across the council to ensure we maximise outcomes for residents within our limited resources.

Dedicated Schools Grant (DSG)

21. The DSG position was a £4.11m deficit at 31 March 2018. In year pressures on the high needs block are expected to be around £7m and therefore the forecast position at 31 March 2019 is a £11m deficit. The deficit position is common across London and also nationally across many LAs and reflects increasing need and demand for SEND provision, the inadequacy of supply of special school places (this is being addressed within the capital programme) and also the inadequacy of funding for the high needs block. By the end of 2017-18, two-thirds of London authorities were overspent on DSG and 13 of those carried a combined deficit of £48m into 2018-19.

22. A strong lobbying stance has been taken with the Government with regard to the inadequacy of funding (including for 16-25yr olds) and also the need for flexibility on DSG block transfers, however even this will become challenging, noting the worsening position of schools from National Funding Formula (NFF) and falling rolls. The council is working with Southwark Schools Forum to develop a DSG budget recovery plan for the medium to long term and within the council the Budget Recovery Board will bring oversight, challenge and support to this process, given the potential risk overall.

Environment and Leisure

23. The department is forecasting a favourable variance of £62k at month 8. There are some costs pressures impacting on departmental budgets in some areas but these are being monitored very closely and mitigated mainly by robust management of departmental income and expenditure budgets to forecast a small underspend.

24. In addition to this, the department is also implementing various proposals as agreed by the council's 2018-19 budget setting process to ensure the 2018-19 total savings target of more than £4.7m are achieved by year end.

Housing and Modernisation (H&M)

25. The outturn forecast as at the end of November 2018 shows an adverse variance of £3.9m (net) against budget following the drawdown of £1.4m of earmarked reserves to support temporary accommodation. The forecast includes a provisional one-off sum of £1.1m for severance and redundancy

arising from proposed restructuring across the department. Additionally, there is a potential liability arising from ill-health retirement cases which may come to fruition before year-end; this is currently excluded from the forecast pending confirmation. The key headlines are outlined below.

No Recourse to Public Funds (NRPF)

26. The current spend forecast is around £0.6m over budget and will require further budget commitment in 2019-20, rather than savings originally predicated in early budget planning. The strategic project board continues to review and monitor performance in this area.

Temporary Accommodation (TA) /Housing Solutions

27. Southwark is recognised nationally as a leading authority in homeless prevention, but this remains a particularly challenging area as a result of rising demand, restricted housing supply, statutory and policy obligations and the impact of Universal Credit (UC). The requirement to avert family placements in nightly paid accommodation is more expensive and requires the payment of upfront incentives to landlords, which can distort budget profiling. However, restarting direct lettings following the Ledbury suspension and the use of HRA estate voids helps to mitigate the impact to some extent, but as regeneration progresses the number and incidence of properties will fluctuate and decline.

28. Restructuring is expected to deliver some relatively modest operational efficiencies, but changes in policy and procedures currently under review would provide the greatest opportunity to make cost reductions and bring spending closer to budget. The latest cost projections based on current trend analysis to year-end indicate a net budget shortfall of £3.5m following the drawdown of £1.4m of earmarked reserves. This pressure will increase during 2019-20 should the status-quo prevail and activity continues to rise at the same or a similar rate necessitating further budget commitment going forward.

Information Technology and Digital Services (ITDS)

29. Following the move in to the ICT shared service in November 2017, the service continues to review operations and applications across the board, with a view to securing either improved value as contracts come up for renewal or alternative delivery models to drive greater efficiency and deliver cashable savings. A degree of flexibility has been built into the ITDS budget in the form of a contingency to accommodate the evolving nature of the service and address potential cost pressures that emerge. Activities previously identified as business as usual are currently forecast to remain within the financial cost model developed for the shared service.

Corporate Facilities Management (CFM)

30. CFM is responsible for ensuring the council's operational estate is both compliant with health and safety regulations and fit for purpose for staff and service users. In setting the budget for 2018-19, cabinet approved a commitment to address a number of long-standing cost pressures and stabilise the position going forward. Notwithstanding new pressure emerging from the impending re-procurement of FM contracts in 2020, the forecast remains broadly on target at this point. Restructuring within the team is currently in

progress with potential one-off severance and redundancy costs arising in 2019.

Human Resources (HR)

31. Temporary staff usage across the council is subject to fluctuation to meet changing circumstances and capacity shortfalls and volumes remain higher than expected with consequent higher service costs offset by greater management fee income. A key strand of the council's strategic workforce plan is to reduce the reliance on agency cover, which will, over time, deliver lower net costs for the authority.

Customer Services

32. One of the key areas of responsibility within Customer Services is the administration of concessionary travel. The budget was set at a similar level as the previous year; however the cost of provision by TFL is expected to be £0.4m less than budget. Other activities within the division are currently expected to be broadly on track.

Chief Executive's department

33. The Chief Executive Department is forecasting a small adverse variance of £5k at this stage. The budgets are being monitored closely and any changes to this projected outturn position will be reported at the next revenue monitor report to cabinet.

Place and Wellbeing

34. The Place and Wellbeing department is forecasting a small favourable variance of £5k before the movement of reserves. The £5k favourable variance incorporates the projected underspend of £211k in the ring-fenced public health grant and therefore the departmental position excluding public health is an unfavourable variance of £206k.

35. The unfavourable variance of £206k is mainly due to cost pressures from unbudgeted business rates for various vacant/surplus properties and additional costs on Queen's Road block. The budgets are being monitored very closely in an effort to contain these cost pressures as much as possible within the departmental budgets.

36. The projected savings of £211k in the ring fenced public health grant budgets will contribute towards the negative reserve of £1.7m in public health as reflected in the previous revenue monitors report to cabinet.

Finance and Governance

37. Overall the Finance and Governance Department is expected to report an underspend of £400k after reserve movements. This forecast underspend is a consequence of a reduction in contract costs associated with risk, insurance and banking in addition to below budget staffing expenditure arising from vacancies across the department, with a number deliberately held vacant as part of the planning and preparation for potential savings as required for the 2019-20 financial year.

38. During the financial year the council received further reimbursement from the Cabinet Office for costs associated with the administration of the 2016 EU Referendum, which followed an appeal. This reimbursement, a full recovery of costs for effective management of this election, had not been expected and as such has contributed to the overall underspend within Finance and Governance. It is forecast that this will be utilised to bolster the Election Reserve to support any election costs that may arise as a result of continuing uncertainty regarding the UK exit from the European Union.

Strategic Finance

39. Strategic Finance is currently forecast on budget and will continue to be monitored and reviewed over the remainder of the financial year.

Contingency

40. It is anticipated that the £4m contingency budget will be fully utilised to meet the Temporary Accommodation, No Recourse to Public Funds and other pressures within the 2018-19 general fund budget.

Progress in Delivering Efficiencies and Improved Use of Resources and Income Generation

41. As part of the budget setting process for 2018-19, £18.2m savings and income generation proposals were agreed. At this point, it is anticipated that in the majority of cases where savings are at risk of not being fully implemented in year, substitute savings have been identified, as reflected in the forecast outturn position reported for each department.

Housing Revenue Account (HRA)

Table 2: Housing Revenue Account outturn position for 2018-19

Division/Activity	**Full Year Budget £'000**	**Outturn £'000**	**Variance £'000**
Asset Management	50,029	53,783	3,754
Communities	9,028	9,066	38
Resident Services	38,938	39,038	100
Customer Services	8,421	9,216	795
Central Services	115,764	112,410	-3,354
Exchequer Services	13,244	12,450	-794
Homeowner Service Charges	-30,984	-28,102	2,882
Tenant's Rents & Service Charges	-225,185	-225,993	-808
Revenue Contribution to Capital	20,745	20,745	0
Appropriations to /(from) Reserves	0	-2,613	-2,613
Total HRA	**0**	**0**	**0**

42. The headline outturn forecast shows a variance of £2.6m, which includes a number of known and potential budget pressures/commitments yet to be fully determined. In the event the position cannot be mitigated any further by year-end, it will be necessary to meet the gap from reserves or a reduction in the

revenue contribution or a combination thereof to ensure a balanced budget position.

43. The maintenance, repair and renewal of the housing stock consumes the greatest proportion of operating resources and control of high volume, high value contracts is critical to delivering greater value for money. The operational impact of the mid-year contract switch from Mears to SBS for responsive repairs and maintenance should not be underestimated and will take time for the operation to fully embed and start to realise the operational and financial efficiencies envisaged.

44. The financial model prepared at the time indicated there would be higher operating costs and one-off transition/mobilisation costs accruing in 2018-19. However, the protracted run-out of the old works contract, the delay in implementing new terms and conditions for SBS staff and move to a new pricing model (price per property) are all factors that carry greater risk and additional cost which are reflected in this outturn forecast (£3.8m). The on-going budget commitment required has been addressed as part of HRA setting for 2019-20.

45. Under self-financing, rents and service charges and other income streams assumed paramount importance for the sustainability of the HRA business plan. However, there have been a succession of changes in government policy subsequently, culminating in the imposition of the 1% rent reduction policy (2016-17 to 2019-20), which has severely limited the financial flexibility within the HRA to maintain and invest in the housing stock and build new council homes.

46. A key indicator for the HRA is the rent debit, which is currently tracking above target, principally due to lower RTB sales, increased garage lettings and greater availability of estate voids for temporary accommodation use (which helps to mitigate the cost of TA in the general fund). Assuming the trend continues to year-end, additional income of £0.8m will be generated to help off-set cost pressures elsewhere in HRA. Rent collection performance continues to show resilience, despite the impact of welfare benefit changes and the implementation of direct payment and universal credit. The HRA continues to maintain adequate revenue provisions to meet potential losses of this nature.

47. Homeowner service charges are fully recoverable under the terms of the lease in order to prevent cross-subsidy by tenants and represent the second largest income stream to the HRA. Revenue service charge income remains broadly consistent year on year, subject to RTB activity and inflationary pressures and is forecast to be on budget. However, the level of rechargeable major works fluctuates in line with the capital programme and is dependent on the type and extent of works being undertaken. The scale of investment in the housing stock over recent years is unprecedented and is reflected in budget windfalls, which have been recycled back into the investment programme.

48. However, with the Quality Housing Investment Programme (QHIP) replacing Warm, Dry and Safe (WDS), the works programme going forward is not of the same magnitude and is more focused towards internal rather than external works. As a result the proportion and value of rechargeable works has fallen and budgeted income targets have been reduced to reflect this trend in recent budget rounds. For 2018-19, billing remains below target and is further impacted by a high level of prior-year account adjustments (reflecting the

actualization of estimated accounts), requiring the income forecast to be downgraded by £2.9m (net). Going forward, the position is expected to stabilize and no further budget adjustment is proposed at this stage.

49. The downturn in RTB sales and associated homeowner activity has had a pronounced impact on the budgeted level of fee income within the MSHO of £0.6m. There is no expectation of any significant increase in activity in the short-term, thereby necessitating the downward revision of the budget for 2019-20. Other one-off budget pressures across the Customer Experience division contribute to the overall outturn variance of £0.8m. Conversely, there is an expectation of a lower budget requirement in non-service specific departmental budgets held within central services comprising: corporate and departmental overheads, debt financing, depreciation, major projects and provisions (predominantly rent arrears/debt write-offs and water refunds) totaling £3.3m. Additionally, employee and associated operational savings within Exchequer Services of £0.8m help to mitigate the position overall.

50. The ring-fenced nature of the HRA requires that surpluses/deficits are carried forward between years and the outturn for 2017-18 enabled reserves to be increased to £19.9m, which are largely earmarked for specific purposes. Every effort is made to maintain reserves at an appropriate level to mitigate risks, fulfil future commitments and enable the transformation and modernisation of services. However, reserves remain below the optimal level required for an authority with an HRA and HIP the size of Southwark's, which presents a moderate risk. This will be managed over the medium-term with a view to building a more sustainable level of balances when circumstances permit.

Reserves

51. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to fund:
    - invest to save opportunities, which form part of the modernisation agenda and are expected to deliver future ongoing revenue savings
    - investment in regeneration and development where spend may be subject to unpredictable market and other factors
    - exceptional items or pressures which are difficult to predict and which are not included in revenue budgets or within the capital programme

52. Where a department identifies a need for additional funding there is a robust process for seeking support from reserves. The department must demonstrate that it is unable to contain the identified additional pressure within its existing budget, or provide evidence of prior agreement that the expenditure will be met from reserves. Further, opportunities will be sought to reduce the call on reserves through capitalisation of costs as appropriate.

53. The budget approved by council for 2018-19 included no planned release of reserves. As the year progresses, departments will continue to take management actions to reduce the cost pressures identified, and any plans to draw down further from reserves to support the budget for 2018-19 will be monitored.

54. The level of reserves will need to be kept under close review. In 2017-18, after the utilisation of £5.361m of DSG reserve, the council was prudently able to

contribute £10.799m to reserves resulting in revenue reserves opening balances of £44.039m for 2018-19. As the period of austerity and funding reductions for local government continues, the council will wish to ensure that reserves are retained at appropriate and adequate levels to safeguard service provision as well as to support modernisation of the organisation.

55. The forecast level of closing revenue reserves are set out below, indicating a net increase of £7.005m.

Table 3: Forecast Revenue Reserves 2018-19

	2018-19 opening balance £000	From(-) /to reserves £000	Forecast Budget variance £000	Total Movement £000	Forecast closing balance £000
Corporate Projects and Priorities	5,500	-1,630	10,186	8,556	**14,056**
Capital Programme and Other Capital Investment	22,502	-770		-770	**21,732**
Service Reviews and Improvement	11,166	-1537		-1,537	**9,629**
Strategic financing, technical liabilities and financial risk	33,231	191	354	545	**33,776**
Total	**72,399**	**-3,746**	**10,540**	**6,799**	**79,193**
Public Health Grant	-1,747	211		211	**-1,536**
Total	**70,652**	**-3,535**	**10,540**	**7,005**	**77,657**

NB the above table excludes the DSG reserve (paragraph 20)

London Business Rates Pool

56. As agreed by Council in December 2017, the council is part of the London wide business rate pool for 2018-19. The London Business Rates pilot agreement set out the principles and method for distributing any net financial benefits generated by the pool.

57. As set out in the February 2018 Budget Report, although the first year of the pilot relates to business rates generated during 2018-19, the available distribution will not be finalised until September 2019. Latest figures from London Councils indicate that the pool is on track to deliver the forecast (one-off) growth. Southwark's share of the total net benefits distributed in 2018-19 is £10.186m. These receipts will be ring-fenced in a London Devolution Reserve.

Treasury management

58. The council holds its cash in money market instruments diversified across major banks, building societies, and bonds issued by the UK government and supranational entities. The investment priorities for treasury resources are capital preservation and liquidity. These investments are managed by an in-house operation and two investment firms: Aberdeen Standard and Alliance Bernstein.

59. For the period 1 April 2018 to 30 November 2018 the average available cash balances for the council were £127m (£126m during the same period last year) and the balance at 30 November 2018 was £128m (£124m at 30 November

2017). The annualised rate return for council treasury management assets for the first six months of the financial year was 0.74%.

60. During the financial year to 30 November 2018, £12.7m in long term debt from the Public Works Loan Board (PWLB) as part of HM Treasury matured and was paid off.

Community impact statement

61. This report monitors expenditure on council services, compared to the planned general fund budget agreed in February 2018, and HRA budget agreed in January 2018. Although as a monitoring report this report has been judged to have no direct impact on local people and communities, the expenditure it is reporting reflects plans designed to have an impact on local people and communities. Community impact was considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources Strategy 2018-19 to 2020-21: Cabinet 06/02/2018	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 0207 525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s73878/Report%20Policy%20and%20Resources%20Strategy%202018-19.pdf		
Housing Revenue Account: Final Rent-Setting and Budget report 2017-18: Cabinet 24/01/2017	160 Tooley Street PO Box 64529 London SE1P 5LX	Ian Young 020 7525 7849
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s66095/Report%20Housing%20Revenue%20Account%20-%20Final%20Rent-Setting%20and%20Budget%20Report%202017-18.pdf		
Treasury Management Strategy 2018-19 including: Annual Investment Strategy, Prudential Indicators, and Minimum Revenue Provision Statement	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 0207 525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s74017/Report%20Treasury%20Strategy%202018-19.pdf		

APPENDICES

No.	Title
Appendix A	Interdepartmental Budget Movements months 5 to 8

AUDIT TRAIL

Cabinet member	Councillor Victoria Mills, Finance, Performance and Brexit	
Lead officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report author	Rob Woollatt, Departmental Finance Manager	
Version	Final	
Dated	24 January 2019	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments included**
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	N/a	N/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		24 January 2019

Appendix A - Interdepartmental Budget Movements months 5 to 8

Interdepartmental movements to be approved for months 5 to 8

Department From	Amount £	Department to	Amount £	Description of the budget movement
Environment and Leisure	(3,725,458)	Strategic Finance	3,725,458	Transfer of budget for Minimum Revenue Provision
Strategic Finance	(253,500)	Housing and Modernisation	253,500	Transfer of Engineering and Breakdown Insurance budget
Support Cost Recharges	(3,475,766)	Children and Adults' Services	639,033	Support Cost Reallocations
		Housing and Modernisation	502,323	
		Environment and Leisure	1,458,080	
		Chief Executive's	194,432	
		Places and Wellbeing	100,953	
		Finance and Governance	415,148	
		Strategic Finance	165,797	