

Item No. 9.	Classification: Open	Date: 20 September 2011	Meeting Name: Cabinet
Report title:		Quarterly Revenue Monitoring Report Quarter 1, 2011/12, including Treasury Management	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY

This report sets out the council's financial position against its budget for the first quarter of the current financial year, and asks cabinet to approve the budget adjustments set out in Appendix A.

The scope of the report includes the general revenue account, housing revenue account, the use of reserves, treasury management activity and the council tax collection fund. For the general revenue account, there is detail on the pressures on departmental budgets. For the collection fund, it is too early to assess fully the impact of bringing the Revenue and Benefits service in-house, although it is clear that the collection rate is higher than at the same point last year. There have been no changes to the borrowing set out in the treasury management report.

RECOMMENDATIONS

1. That the cabinet notes:
 - the general fund outturn forecast for 2011/12 and the forecast net movement in reserves;
 - the housing revenue account's (HRA) forecast outturn for 2011/12 and resulting forecast movement in reserves;
 - the treasury management activity for the first quarter of 2011/12.
2. That the cabinet notes the forecast performance for the Council Tax and Business Rates collection fund, and that a report will be brought to cabinet and put on the forward plan on the performance of the service since moving it in-house.
3. The cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.

BACKGROUND INFORMATION

General fund

4. The purpose of this report is to provide a forecast for the end of the financial year 2011/12, using predictions based on the experience to date and knowledge as at the end of Quarter 1 (June 2011). 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 budget of £321m on 22 February 2011 based on a nil council tax increase. This budget was set in the context of significant overall cuts in government funding. It required the identification of some 25% savings proposals over the three years from 2011/12 to 2013/14, to mitigate against the reduction in resources and to continue to fund the Council's commitments in terms of services provided.
6. The budget plan recognised a number of key commitments and cost pressures. The budget for children's services included a commitment of £785k over the two years from 2011/12 which is to cover the cost of lost funding for the youth offending services and to support young adults who are in receipt of a special guardianship order. £1.145m was agreed to fund the provision of free healthy school meals for primary aged pupils in maintained schools in Southwark in 2011/12. There will be a phased implementation over the academic years 2011-14.
7. Core budget savings of some £5.8m in 2011/12 were proposed within children's services. This target is significantly challenging whilst also bearing a reduction of nearly £6.0m in previous grant funding supporting core children's services activities.
8. The budget agreed for health and community services in 2011/12 was £114.3m. This budget included a growth proposal of £1.85m to support approximately 45 young people with learning disability care needs in transition to adult social care. For 2012/13 and 2013/14 this pressure is expected to increase by a further £1.96m and £2.17m respectively, and therefore close monitoring and stringent financial control on costs will be required to contain such significant budget pressures.
9. Meeting the 25% savings target within adult social care presented a significant challenge as the vast majority of the budget goes to meet the needs of people who are assessed at 'critical' or 'substantial' risk under Fair Access to Care Services (FACS). The approach proposes a whole systems change in delivery proposed for adult social care focused on transformation, improvement and modernisation. This includes service redesign and reconfiguration. Through this programme, savings of some £7.7m in 2011/12 are planned to be achieved, with further indicative savings of £10.7m in 2012/13 and £8.5m in 2013/14.
10. When setting the Council budget there were a number of budget proposals that would impact across the entire Council and are of cross-organisational significance. These include the cost of pension provision, changes in employer national insurance costs (specifically as a result of the government's emergency budget), and contingency provision to mitigate against future, as yet unknown, budget pressures. In 2011/12 the Council proposed to set aside some £9.4m to cover such costs. The indicative allocations for 2012/13 and 2013/14 are £4.7m and £4.8m respectively.
11. The council approved budget decisions including agreed budget reductions of some £33.8m within general fund and a further £22.4m within the housing revenue account for 2011/12. Performance on achieving these savings is closely monitored and details are provided in paragraphs 45 to 51 below.

Housing revenue account

12. Cabinet agreed a balanced budget on 15 February 2011, having previously set tenants' rents and service charges on 25 January 2011 in line with the government's prescribed formula. Like the general fund, the budget was set in the context of a 25% savings target over three years. The starting point of this process was to listen to residents' concerns about the services they wish to protect, the potential for better value for money and more efficient ways of working.
13. Delivering savings of this scale required a radical approach to structures and working practices, but importantly it also provided an opportunity for transformational change to improve access, harness new technologies to deliver better services and increase efficiency.
14. The restructure of the housing services department was fully implemented on 1 September 2011, on target, with the exception of Southwark Building Services (SBS). Budget savings for 2011/12 in the region of £9.0m will be achieved.
15. The restructure of SBS operatives is ongoing with implementation expected to take place on 1 October 2011. The first stage of the SBS management restructure is complete with staff from the consultancy Just Housing transferring by TUPE on 1 September. The management restructure will be implemented by 1 January 2012. Just Housing Management full year savings equate to £600k for 2012/13 and a further £800k in 2013/14.

KEY ISSUES FOR CONSIDERATION

Current forecast position

General fund budget month 3 monitor

16. Table 1 below shows the current forecast outturn position for quarter 1 (as at 30 June 2011) by department. These estimates are based on three months experience and do not at this stage reflect the impact of stringent management action being implemented by all strategic directors to ensure that they deliver their services within budget as agreed through the policy and resources strategy in February by council assembly. Progress for each department is shown in paragraphs 22 to 39 below.

Table 1: General fund forecast outturn position for 2011/12 as at Q1

General fund	2011/12 Original budget £'000	Budget movements £'000	2011/12 revised budget £'000	2011/12 forecast outturn £'000	Variance - over / (under) ⁽¹⁾ £'000	2010/11 Variance at Q1 2010/11 - over / (under) ⁽²⁾ £'000
Children's services	90,438	0	90,438	91,838	1,400	400
Health and community services	112,913	(4,462)	108,451	108,836	385	2,412
Environment	68,660	1,259	69,919	70,053	134	1,068
Housing (including Customer Service Centre)	42,414	0	42,414	43,987	1,573	0
Regeneration and neighbourhoods	9,803	1,285	11,088	11,163	75	399
Deputy chief executive	9,277	0	9,277	9,277	0	0
Communities, law and governance	11,510	0	11,510	11,510	0	0
Finance and resources & strategic financing	28,703	4,590	33,293	33,343	50	(90)
SCR income	(55,029)	0	(55,029)	(55,029)	0	0
Total general fund before appropriations	318,689	2,672	321,361	324,978	3,617	4,189
Contingency	5,500	0	5,500	0	(5,500)	(4,000)
Direct revenue funding of capital		0		0	0	
Appropriations to/(from) reserves	2,195	(2,672)	(477)	(477)	0	0
Appropriations from reserves – planned use of reserves to underwrite base budget	(3,363)	0	(3,363)	(3,363)	0	0
General fund total	323,021	0	323,021	321,138	(1,883)	189

Note 1: Explanations of budget movements exceeding £250k are provided in Appendix A.

Note 2: The variances at Q1 2010/11 reflect the pre 1 April 2011 departmental structure.

17. The general fund unfavourable variance before appropriations of £3.617m is consistent with unfavourable variances reported at this stage in previous years, but shows a slight improvement. The table above shows an unfavourable variance of £4.189m at this stage in 2010/11. In 2009/10 this figure was £5.878m.
18. The general fund forecast excludes estimates of one off re-organisation and redundancy costs that the Council expects to incur as it continues to put into action plans necessary to deliver the ongoing savings identified within the budget. As reported in the 2010/11 revenue outturn report, the council was able to contribute the £4m contingency budget to the modernisation reserve to meet future costs of reorganisation and redundancy. This will be used to support departmental reorganisation plans and any redundancy costs arising.
19. The forecast does not yet reflect the £100k Emergency Small Business Recovery Fund established to provide immediate, short-term support to small businesses in Southwark physically affected by the public disorder. This fund will be covered from Financial Risk Reserves which is set aside against future financial risks that may arise and so is appropriate for use in this instance. As applications are received, this allocation will be reviewed to ensure the adequacy of this fund.
20. Currently there is an overall favourable variance of £1.883m projected for the general fund by the end of 2011/12 based on the limited information available by the end of June. This assumes the full use of the contingency for the year. No variances are reported in respect of the housing revenue account or the collection fund.

21. The budget movements reported in Table 1 are detailed further in Appendix A.

Children's services

22. For 2011/12, a total overspend of £1.4m is predicted: £900k due to cost pressures arising from pre-existing budget pressures and £500k related to the budget savings, unable to be contained within Children's Services budget.

23. The key areas of unfavourable variance are set out below, largely arising from uncontrollable demand pressures on the service:

- £200k predicted on families with "No Recourse to Public Funds". A robust panel considers each case rigorously; however, expenditure remains a budget pressure.
- £200k predicted on Unaccompanied Asylum Seeking Children (UASC) reflecting the shortfall between the financial support through the Home Office Grant for eligible UASC and the number of cases and level of financial support provided.
- £500k on transport of pupils with Special Educational Needs to school by bus and taxi. This budget has experienced cost pressures for a number of years. A new policy document to reduce expenditure through a revised travel assistance plan has been approved. Work is also underway for the re-tendering of the bus and taxi contracts due to take place in 2012.
- £1.4m unfavourable variance includes £500k of savings that the service will not be able to realise in year due to delays in the implementation of the youth service redesign, £400k; and £100k of unrealisable savings on pupil transport.

Schools

24. From 2011/12, all the grants schools receive have been merged into the Dedicated Schools Grant (DSG), and all schools have been notified of their total budgets for the whole year. A consultation on the future of school funding has been issued by the Department for Education (DfE), proposing a single national school funding formula in future years.

25. The final DSG for 2011/12 is £196.7m (subject to further academy conversions) of which £167m is allocated directly to schools. The DSG budget is predicted to be balanced, at this stage in the year.

Health and community services

26. Health and community services are currently forecasting a small adverse variance. The department has a 3 year saving plan of £27m with a year 1 target of £7.7m, consisting of a number of savings and efficiencies. Some of these targets are extremely challenging and latest projections indicate that approximately £385k may not be achieved within the planned timescales, and this is reflected in the forecast. Senior officers are working to manage the future outturn within available resources. The areas of concern include supporting people, mental health day services and Holmhurst Day centre for older people. More detail is provided in paragraphs 47 and 48 below.

27. The slippage in the savings programme is being mitigated by compensating savings, and these are outlined in paragraph 48.

Environment and leisure

28. The department successfully implemented the vast majority of the savings proposed for this financial year, before the start of the year. It is anticipated that compensatory one off savings can be identified for most of the budget pressures identified within divisions. The cautious forecast for the year is an unfavourable variance of £134k of which the largest item is non-achievement of the film income as a result of ceasing filming on estates and Burgess Park. This forecast excludes redundancy and reorganisation costs (currently estimated at £1.3m) incurred this year as a result of restructuring to achieve savings. This position will be closely monitored through the year, and any favourable variances emerging within the department used in the first instance to contain the pressures identified.

Housing general fund (HGF)

29. Following the creation of the housing services department, a number of activities have been drawn together under the housing general fund (HGF) for 2011/12. Responsibility for client services comprising the customer service centre (CSC), concessionary travel and complaints has transferred from the deputy chief executive to housing services. The Vangent contract for the CSC comprises a fixed and variable cost element dependant on volumes. Comparative activity data is currently being validated to identify and quantify any budgetary impact in 2011/12.
30. As part of the council's three year general fund savings programme, £1.5m was identified on the CSC, £500k from existing contract arrangements and a further £1m predicated on the basis of contract realignment in each of the three years commencing 2011/12. The strategy and options are still being assessed and negotiations with Vangent continue, but it is increasingly unlikely that these savings will be fully realised in year 1. This is considered to be the worst case scenario and will be kept under review, but substitution from other HGF budgets is unlikely and this may ultimately require a call on corporate reserves.
31. Other services within the HGF are currently forecasting relatively minor variances against budget, but the forecast needs to be viewed with some caution at this point, given the cost/ volume variables. The main area of risk exists within community housing services in relation to the provision of temporary accommodation, particularly bed and breakfast.
32. Homeless caseload is demand led and volatile and has a disproportionate financial impact on CHS budgets. This requires stringent monitoring/ control and diversion where possible into alternative and more financially neutral forms of accommodation to minimise the budget risk. Development of the hostels programme and additional estate void properties within the HRA are coming on stream at Bradenham and Chartridge, which should relieve some of the cost pressure on the general fund.

33. Availability of properties within the private rented sector has been problematic with procurement running at a slower rate than planned over the first quarter. It is crucial that the supply side is maximised as it presents the most cost effective alternative to bed and breakfast. It is anticipated that this will be brought back on track during the next quarter. The forecast also includes £135k of redundancy costs accrued to date. If no favourable variances can be achieved in mainstream budgets then the forecast assumes that redundancy costs will be funded from corporate reserves. This position will be monitored through the year
34. The provision of travellers' sites is a general fund activity managed within housing management. Changes in legislation have affected void lettings and whilst they will recommence shortly, the rent debit will be lower than budget as there is no scope to recover the position over the remainder of the year. Expenditure budgets are relatively minor but site running costs have been subject to some volatility in the past and there are on-going utility billing issues to be resolved. Expectation is that additional costs will fall into 2011/12 that cannot be contained within budget.

Regeneration and neighbourhoods

35. The department is showing a £75k unfavourable variance at month 3. This forecast excludes planned expenditure that it is to be funded from earmarked reserves set aside in previous years, such as spend in relation to Southwark schools for the future, housing planning and delivery and regeneration of Canada Water and Bermondsey Spa.
36. The additional revenue pressures that have developed are being addressed as part of the normal budget management process, and mitigating action is being taken to exert control over these variances. At this early stage in the year there is a cautionary approach to determining the final outturn, but as the year develops the outturn will become clearer, with further mitigating actions being taken to curb any emerging pressures.

Communities, law and governance

37. The overall departmental forecast is on budget, however there is a financial risk within the registrars service that could lead to an adverse forecast variance in future monitoring reports.

Deputy chief executive

38. The deputy chief executive's department (DCE) is currently forecasting a nil variance. This year has seen the former client services division disaggregated between the housing services, finance and resources and communities, law and governance departments and is therefore now included in the monitoring reports for those departments.

Finance & resources / Strategic Financing

39. Finance and resources is reporting an unfavourable variance of £50k for the year. This forecast excludes expenditure of £318k in relation to the corporate programming unit, funding for which is set aside within the modernisation reserve. The department is undergoing a fundamental restructure including the re-tender of the SERCO contract and re-organisation of the finance division,

which are both expected to yield significant savings. These savings have been included in the figures and although there is some level of uncertainty at present they are expected to be met.

40. In 2011/12, Southwark established a youth fund of £1m for post 16 education and employment, which involves three elements
 - The Southwark Educational Maintenance Supplement;
 - The Southwark Scholarship Scheme;
 - The Southwark Employment Training Scheme.
41. Use of this fund is currently at the implementation stage, however this report assumes that the fund will be fully utilised by the end of the year.
42. Savings were included in the budget and expected to be achieved within the revenues and benefits service from increased court costs. The service was brought in house with effect from the 1 April, and while the council is no longer seeking to increase court costs this year, alternative savings will be identified to compensate for this loss of income.

Contingency

43. The 2011/12 budget included £5.5m for contingency. This budget is held to meet unforeseen costs that may arise during the year within departments that strategic directors are unable to contain. At present the overall projection assumes that the contingency budget of £5.5m will be used if necessary to address other cost pressures identified.

Housing revenue account

44. There is a neutral position forecast at month 3, as shown in table 3, but underlying spending pressure remains, particularly in relation to the council's landlord responsibilities for the maintenance and improvement of the housing stock. There are a number of potential and known risks which will be monitored and addressed throughout the year with a view to delivering the savings required to achieve a balanced budget.

Table 2: HRA forecast outturn position for 2011/12 as at Q1

	Net Expenditure		
	Full Year Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
<u>Housing Services</u>			
Housing Management	(106,865)	(106,865)	0
Home Ownership & TMI	(34,257)	(34,615)	(358)
Other Housing Services	853	853	0
Community Housing Services	4,536	4,452	-84
<u>Regeneration & Neighbourhoods</u>	1,529	1,529	0
<u>Strategic Services</u>			
Financing, Subsidy & Corporate Support	114,606	114,606	0
Major Projects	7,400	7,400	0
Heating Account	12,198	12,198	0
<u>HRA Carry Forward</u>	0	(303)	(303)
<u>Movement in HRA Reserves</u>		745	745
Housing Total	0	0	0

Implementation of the 2011/12 budget decisions including agreed budget reductions, savings and efficiencies

45. The council had identified £56.2m agreed budget reductions, including savings and efficiencies for the general fund and housing revenue accounts as part of the 2011/12 budgets. At Quarter 1, there is a projected savings shortfall of £2.5m, as shown in Table 3.

Table 3: Forecast projection of savings agreed for 2011/12 as at Quarter 1

	Agreed by Council £'000	Total Forecast Savings £'000	Variance at Month 3 £'000	Compensating Savings identified £'000
Children's Services	(5,763)	(5,246)	517	0
Health and Community Services	(7,745)	(7,360)	385	(385)
Environment and leisure	(7,328)	(7,106)	222	0
Regeneration & Neighbourhoods	(1,644)	(1,644)	0	0
Housing general fund	(2,054)	(654)	1,400	0
Finance and Resources	(5,904)	(5,904)	0	0
Deputy Chief Executive	(2,289)	(2,289)	0	0
Communities, Law and Governance	(1,092)	(1,092)	0	0
Total General Fund	(33,819)	(31,295)	2,524	(385)
Housing Revenue Account	(22,399)	(22,399)	0	0
Total Savings 2011/12	(56,218)	(53,694)	2,524	(385)

Children's services

46. Children's services is currently forecasting a savings shortfall of £517k, this comprises the following;
- A variance of £417k is reported against savings expected from the restructure of youth services. This is due to delays in the implementation of the restructure.
 - The budgeted savings of £100k through joining up transport procurement costs are now forecast to be offset by ongoing budget pressure. Efficiencies created will reduce spend and not generate a budget saving.

Health and community services

47. Health and community services are currently forecasting a savings shortfall of £385k, this comprises the following;
- A reduction in costs is planned around a service redesign of pooled arrangements with South London & Maudsley Trust (SLAM). The savings forecast is now a prudent estimate of £537k, rather than the £650k budgeted (variance £113k), as SLAM are yet to finalise the savings plan.
 - A £230k variance is reported against the target of reducing the supporting people budgets by approximately 30% including efficiencies. There are possible delays in contract call off because of front loading of savings.
 - A variance of £110k on the rationalisation and redesign of Council run day centres. This is due to delays in sign off by members due to extension of consultation.
 - Savings around the reshaping of mental health day services have been delayed as a detailed implementation plan is being prepared (variance £200k). Implementation is now expected late in the financial year.
 - Reducing unit costs of home and residential care through better spot purchasing and procurement arrangements which will be administered through a central brokerage team is proceeding better than planned, and an extra saving of £283k is projected to be achieved.
48. There is a senior management team driven action plan to mitigate the risks and pressures identified above. This is expected to achieve £385k of savings and includes:
- Close review of new payments made to minimize the use of expensive residential care.
 - Better procurement of all purchased care to ensure lowest possible price.
 - Holding staff vacancies and limiting use of agency staff.
 - Re-assessing existing care packages, both in and out of Borough.
 - Maximising all potential income streams.

Environment and leisure

49. Environment are currently forecasting a £222k an overspend directly resulting from the following:
- Reduced costs through procurement of the new parking enforcement contract will not be realised (variance £160k). A contract extension was awarded to bring in line the possible sharing of resources. Although negotiations on shared services with respect to parking are progressing well, savings for 2011/12 and 2012/13 will not be realised until 2013/14 as the current contract does not expire until February 2013.
 - £40k savings from the merger of drugs and alcohol strategy team and commissioning teams into one unit are unlikely to be realised within 2011/12. This is as a result of the complexity of negotiations with the Southwark Business Support Unit (formerly PCT). Actions are being taken to contain this variance within the division, and so far alternative one-off savings of £8k have been identified.
 - £50k savings resulting from rationalisation of school crossing patrol service will not be achieved. This is due to cabinet decision to defer this saving for one year, whilst alternative arrangements are made. This will be funded from reserves and therefore there is no impact on the forecast outturn.
 - There is a £100k variance on savings from the re-targeting of the environment grants programme. This is due to the requirement to taper the grant given to the organisations. £70k of this variance can be contained within the division.

Housing general fund

50. Housing general fund is currently forecasting a £1.4m overspend directly resulting from a variance of £400k against the savings already built into the existing Vangent Contract and a variance of £1m against further Vangent contract savings through realignment. These savings are dependent on realigning the Vangent contract.

Housing revenue account

51. Table 3 above shows total HRA budget movements of £22.4m for 2011/12. This comprises additional income generated through tenant rent and service charge increases (£12.1m), leasehold service charge income (£1.1m) and base budget savings of £9.2m. In terms of the savings element, these remain on track with only minor variations reported at this point. Conversely, garage income will fall short of the budget target due to the higher take-up of the concessionary charge rate introduced from April 2011 than originally anticipated. The variance (£600k) is incorporated in this Q1 monitor but can be contained from a contingency budget within the HRA in 2011/12 and will be addressed as part of rent/ budget setting for 2012/13.

Reserves

52. 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 finance calls for expenditure for items that are difficult to predict and that are not included in revenue budgets or within the capital programme. They relate especially to invest to save opportunities that form part of the modernisation agenda and expected to deliver future ongoing revenue savings. They are also held for investment in regeneration and development where spend may be subject to unpredictable market and other influences.
53. Where a department identifies a need for additional funding, there is a robust process for seeking support from reserves, where the department must demonstrate that they are unable to contain the identified additional pressure within their existing budget. Cabinet will be asked to approve this funding support where the amount is £250k or above.
54. As the year progresses, departments will naturally be in a better position to more accurately forecast their outturn position. This will allow for any unfavourable variances to be offset by favourable ones at departmental level, before the need to call on reserves.
55. The budget approved by Council for 2011/12 included a planned release of reserve of £3.363m. This call on reserve provided some flexibility in terms of budget setting and the profile of savings that the council identified in the Policy and Resources Strategy 2011/14. It is assumed in this quarter 1 report that this call on reserves will have to be made in full. However in the event that the contingency budget is not fully utilised, any unused contingency will be used first to bridge any remaining funding gap.
56. The 2011/12 budget includes a planned contribution to reserves of some £1.3m. This included £300k set aside for the future costs that will arise through changes in the council's management structure as the modernisation agenda is taken forward, and £1m contribution to reserves to support the ongoing regeneration and development agenda within the borough.
57. The tables in Appendix B summarise the projected movements in reserves.

Collection fund / Council Tax and Business Rates Collection

58. As a billing authority the council is required to maintain a collection fund account, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and demonstrate the way in which these have been distributed to preceptors and the general fund.
59. With effect from 1 April 2011, the Council brought in-house its revenue and benefits service, previously provided an external contractor. This will have an impact on performance, the effect of which cannot be quantified with any degree of certainty until later in the year. As at quarter 1, there is no evidence to suggest that the collection fund will not achieve the target break-even position at year-end. However, a number of potential risks have been identified, which are being monitored. In the main, these relate to the level of discounts and exemptions awarded, both of which affect income due from council tax payers and, therefore, the outturn position. A report on the Council Tax and Business

Rate collection service will be brought to cabinet in the future to demonstrate performance since the service was brought in-house.

Treasury management

60. The council's treasury management activity relates to both cash and debt balances. The cash earns interest until it is needed in spending and the debt funds current and past capital spend met through borrowing. Three investment firms manage the council's investments and an in-house team focuses on meeting day to day cash volatility using money market funds, call accounts and short term deposits. The balance currently on deposit with major banks and building societies and in bonds is set out in table 4 below.

Table 4: Investment counterparty exposure

EXPOSURE - JUNE 2011 COUNTERPARTY AND RATINGS						
Counterparty	Exposure £m			Fitch Ratings		Sovereign Rating
	£m	Long	Short	Support	Sovereign	
BARCLAYS BK	18.6	AA-	F1+	1	UK	AAA
BANQUE NATIONAL de PARIS PARIBAS	6.5	AA-	F1+	1	FRANCE	AAA
CREDIT AGRIC CIB	10.9	AA-	F1+	1	FRANCE	AAA
CREDIT INDUST ET COMRCL	5.5	AA-	F1+	1	FRANCE	AAA
DANSKE BK	0.5	A+	F1	1	DENMARK	AAA
DEUTSCHE BK	17.3	AA-	F1+	1	GERMANY	AAA
EUROPEAN INV BK	12.1	AAA	F1+		SUPRANATIONAL	AAA
GLOBAL TREAS FUNDS-MMF	14.1	AAA	F1+		GLOBAL	
HSBC	0.2	AA	F1+	1	UK	AAA
ING BK	24.1	A+	F1+	1	NETHERLANDS	AAA
INT BK RECONST DEVT	4.7	AAA	F1+		SUPRANATIONAL	AAA
LLOYDS TSB/BK SCOTLAND	10.1	AA-	F1+	1	UK	AAA
NATIONAL AUSTRALIA	22.0	AA	F1+	1	AUSTRALIA	AA+
NATIONWIDE BSOC	10.5	AA-	F1+	1	UK	AAA
NORDEA BK FINLAND	5.1	AA-	F1+	1	FINLAND	AAA
RABOBANK	5.3	AA+	F1+	1	NETHERLANDS	AAA
RBS/NATWEST	24.9	AA-	F1+	1	UK	AAA
SANTANDER UK	21.5	AA-	F1+	1	UK	AAA
SOCGEN	22.2	A+	F1+	1	FRANCE	AAA
SVENSKA	4.0	AA-	F1+	1	SWEDEN	AAA
UBS	2.6	A+	F1+	1	SWITZERLAND	AAA
UK TREASURY	37.7	AAA	F1+		UK	AAA
Grand Total	280.4					

61. No borrowing has been taken out so far in 2011/12 and the long term debt has remained at £762m throughout the quarter. Government proposals to move to self funding for housing would see Southwark's housing debt reduce by some £274m as at April 2012, which will reduce debt interest.

Community impact statement

62. This report monitors expenditure on council services, compared to the planned budget agreed in February 2011. Although this report has been judged to have no or a very small impact on local people and communities, the projected expenditure it is reporting reflects plans designed to have an impact on local people and communities, which will have been 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
2011/12 revenue monitoring	160 Tooley Street London SE1 2QH	Vernon Smith 020 7525 57355
2011/12 treasury activity	160 Tooley Street London SE1 2QH	Karsan Varsani 020 7525 54301

APPENDICES

No.	Title
Appendix A	Budget movements to be approved, £50,000 and above and movements to be noted.
Appendix B	Summary of projected movements in reserves in 2011/12

AUDIT TRAIL

Cabinet member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead officer	Duncan Whitfield, Finance director	
Report author	Jennifer Seeley, Deputy finance director	
Version	Final version	
Dated	9 September 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	No	No
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to constitutional team		9 September 2011