

<b>Subject:</b>	2019/20 Draft Out-turn	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	1 <sup>st</sup> July 2020
<b>Report of:</b>	Finance Manager	<b>Portfolio Holder:</b>	Resources
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required: Yes/No	Attached:	Yes/No
<b>Biodiversity Impact Assessment</b>	Required: Yes/No	Attached:	Yes/No
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1.	<b>RECOMMENDATION(S)</b>
1.1	That Members note the contents of the report.
1.2	That Members approve funding the adverse variance out-turn from the Transitional Reserve.

## 2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update Members on the draft out-turn for 2019/20, compared to the original budget set back in February 2019.

## 3. BACKGROUND AND OPTIONS

### 3.1 2019/20 Draft Out-turn Report as at the end of March 2020 (see Appendix 1)

The draft out-turn report of the financial year 2019/20, is showing an adverse variance of £13k, compared to the original budget of £9,931k. Officers recommend that this variance is to be funded from Transitional Reserve for 2019/20.

The most notable changes so far are shown in the table on page 5 of the report. The main changes in Q4 being:

#### 3.1.1 Favourable one-off variances

- Housing Benefits subsidy is showing a favourable variance of £179k a further improvement of £66k in Q4.
- Recovery of overpaid benefits looks to be another £30k favourable in Q4 to bring the total favourable variance up to £88k.
- The CEO and Director of Communities posts being vacant during the year contributed £106k towards an overall predicted staffing cost variance of £376k compared to the target vacancy savings of £150k
- Favourable grant income on the Service Assurance Team is already at £92k but most of this will be used to fund service / systems changes required by central government changes.
- A combination of higher balances and rising interest rates during the year had improved this year's interest income by £24k.
- Executive Contingency not required £43k
- Additional planning fee income of £43k

### 3.1.2 Adverse one-off variances

- At Q4 a provision for housing benefit overpayment for prior years to Department for Work and Pensions has been applied which has created an adverse variance of £163k
- The Empty Homes Recovery Scheme 19/20 costs ended £613.2k. This is £413.2k over and above the £200k included in the original budget
- Court Costs recovered have returned an adverse variance overall of £51k
- Operational vehicles have returned a further £11k adverse variance, to end the year £67k over the original budget.
- Cemeteries net income returned an adverse variance of £12k in Q4 to bring the total outturn an adverse £10k.

### 3.1.3 Favourable recurring variances which will impact upon the MTFS

- Housing overpaid benefits recovered (net of bailiff costs) are showing £107k
- Pension costs are set to reduce by £113k, £5k of which relates to historic pension costs, which will definitely recur, and £108k is the final element of savings on the 3-year pension prepayment, which will recur in some form as the council makes the next 3 year prepayment in 2020.

### 3.1.4 Adverse recurring variances which will impact upon the MTFS

- None

## 3.2 Earmarked Reserves

The total cash-backed Earmarked Reserves brought forward at 1st April 2019 were £7,018k

The opening balance on the Transitional Reserve was £2,320k, to which £485k of New Homes Bonus grant will be added. The original budget included the application of the same £485k from New Homes Bonus and a further £512k as general budgetary support. The draft adverse variance on the General Fund of £13k will be funded from the Transitional Reserve.

The Business Rates Retention Reserve reflects the in-year variances discussed in detail on page 28, including the renewable energy income of £168k and the Business Rates Surplus of £1,635k after the contributions to the LCC and Fire preceptors. Funding for the 2019/20 budget included the application of £1,200k from this reserve.

The Employment and Transport Reserve is planned to be exhausted during 21/22 with the ongoing committed Economic Development projects.

The Earmarked Reserves closing balance at the 31st March 2020 is now predicted to be £6,984k, but planned usage, particularly of the Transitional Reserve through the life of the MTFS, will reduce this to £3,868k by March 2024.

## 3.3 Government Grants

The opening value of Government Grants Unapplied at the 1st April 2019 was £945k, including £882k for Disabled Facilities Grant carried forward into 2019/20. In addition to the £882k of unspent DFG grant brought forward, the 2019/20 allocation is £1,022k, giving total DFG resources of £1,904k. Total expenditure in 2019/20 has been £722k, less than half of the funds available and officers predict a carry forward of £1,182k in DFG resources.

The Homelessness grant of £53k and the Domestic Abuse and Hoarding Grants are due to be spent in 2020/21.

### 3.4 Staff Monitoring

The table on page 20 shows the cash saved on salaries in the year has been £321k. This is made up of around £290k from general staff turnover and vacancies, plus £31k from purchased additional leave.

### 3.5 Treasury and Cash Management

At the end of March the bank balances were £7,846k down from the Q3 balance of £13,892k. Officers continue to keep funds liquid throughout the year in order to manage the cash available for the ongoing capital commitments and the costs in relation to the coronavirus pandemic. These balances include £2m borrowed from the PWLB for 20 years on the 15/08/2019 at a rate of 1.34% to facilitate the construction of Futures Park Plot 5. In early October the PWLB interest rates were all increased by 1% for new loans this has not affected the loan taken out in August but will affect any future loans.

### 3.6 Debt Monitoring

Invoices raised in 2019/20 totalled £2,170k, of which £139k are still outstanding at the end of March. The collection rate during the year has been 93.6%, rising to 97.7% if the invoices issued in March are excluded because they are not yet overdue. The debt outstanding figure for all years at the end of March was £297k, against which the doubtful element was calculated as £149k.

The provision for doubtful debt at the 1st of April was £163k, plus a further £5.4k set aside for licensing debt. Officers have considered both the general impairment rate and some specific older debts which are being pursued through the courts. (see page 23 and 17).

### 3.7 Capital Resources and the Capital Programme

The Usable Capital Receipts brought forward at the 1st April totalled £2,480k.

New projects during the year have added £6,930k, mainly the increase in Whitaker and the DFG's and in Q3 the approval of the Rossendale Leisure Trust Haslingden Gym refurb project, to give a revised capital programme of £13,537k

The total in the Useable Capital Receipts Reserve at the end of 2019/20 is currently expected to be £2,633k, of which £551k is still ring-fenced for housing schemes. Of the remaining £2,082k there is a receipt of £100k, which is ring-fenced for Whitworth projects.

### 3.8 Section 106 Agreements

The tables on page 26 of Appendix 1 show the current S106 agreements in force which are available for Rossendale Council projects, with the balance of funds and any deadline dates.

The Council has received £12.8k from Scout Moor Wind Farm habitat fund. In the same period £1.5k was released for Scout Moor and £32.5k for Orama Mill. The annual £10k from the Douglas Road scheme has been released into the revenue account each year to support grounds maintenance costs. The remaining balance will be fed into revenue over the next 11 years.

There is also £519k for capital projects, including agreements from developments at Cowm Park Way and Oaklands/ Cribden Avenues.

### 3.9 Collection Funds

Collection rates for both Council Tax and Business Rates have ended 2019/20 slightly lower than previous years.

The Council Tax account is showing a predicted surplus of £66k for Rossendale whilst maintaining the expected doubtful debt contribution of £300k.

The Lancashire Pool is now one of the pilots retaining 75% of business rates locally (56% in Rossendale and 19% between Lancashire County Council and the Fire Authority. Business Rates forecast surplus is now expected to be around £1,862k under the new scheme, of which Rossendale will keep £1,517k. Of which £250k is coming from an expected reduction in the requirement for any contribution to the appeals provision.

The S31 Grants from the MHCLG to cover various reliefs have increased by £727k from the entitlement under the original 50% Pool. Therefore, once the Lancashire Pooling levy is taken into account, the net overall gain for RBC is expected to be £1,517k. This means that, after the budgeted withdrawal of £1,200k, the net retained business rate resources at the end of 2019/20 are likely to be £2,477k.

## 4. RISK

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Financial monitoring of General Fund service departments focuses on the key risk areas of employee costs, income, implementation of agreed budget savings, emerging issues and opportunities and in particular service department net expenditure.
- Budget setting for future years is now treated as an integral part of financial monitoring during the current year and the impact of variances being reported here will be considered by officers when preparing the detailed 2021/22 budgets.
- The Council must explore ways of bridging its forecast annual funding gap. Amongst other things this may include becoming more commercially aware, aiming to grow its resources alongside the challenges to its cost base.
- Any continued austerity planning by Central Government resulting in a further reduction of central government resources, the local retention of 75% of the business rates for 2019/20 (reversal to 50% for 2020/21), the Fair Funding review and any potential implications of Brexit and Covid 19. Both the Fair Funding review and a new national scheme for the local retention of business rates have been further postponed until April 2022.

### COMMENTS FROM STATUTORY OFFICERS:

## 6. FINANCE

6.1 Financial matters are noted in the report attached.

## 7. LEGAL

7.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

## 8. POLICY AND EQUALITIES IMPLICATIONS

8.1 Unless specifically commented upon within the report, there are no implications for consideration. Staffing issues have been discussed with colleagues in the People & Policy section.

## 9. CONCLUSION

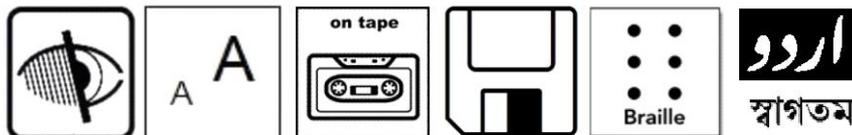
- 9.1 Robust monitoring of the General Fund and MTFS is essential to control risks expressed in section 4 above.
- 9.2 Despite a continued cost reduction programme, the challenge remains for Council to continue its efficiency agenda in order to realise its medium term saving and efficiency targets. Members, collectively, continue to face difficult choices in order to balance expenditure with available resources over the medium term.
- 9.3 Council must remain focused on identifying and delivering further efficiencies following this £13k net adverse variance in 2019/20. The deficit is being funded from the use of the Transitional Reserve however the planned use of this reserve will mean this reserve could be exhausted earlier than planned for future years. We should also, remember the forthcoming significant reductions in external income sources: New Homes Bonus and an as yet any unknown adverse impact on the Council's share of Business Rates.

Background Papers	
Document	Place of Inspection
Service monitoring statements.	Financial Services.
2020/21 Corporate Priorities, Budget, Council Tax and The Medium Term Financial Strategy.	RBC website - Full Council 26/02/2020

# Financial Monitoring Report

## 2019/20 Draft Out-turn

*Including a Glossary of terms on page 29*



## Monthly Financial Monitoring Report 2019/20 Draft Out-turn

### General Fund Revenue Operations – pages 4 to 17

This draft out-turn report on the General Fund for 2019/20 is showing an adverse variance of £13k compared to the original budget of £9,931k, an adverse movement of £238k in Q4. This adverse variance will be funded from the Transitional Reserve at the year-end.

### Earmarked Revenue Reserves – page 18 to 19

The total cash-backed Earmarked Reserves brought forward at 1<sup>st</sup> April 2019 were £7,018k

The opening balance on the Transitional Reserve was £2,320k, to which £485k of New Homes Bonus grant will be added. The original budget included the application of the same £485k from New Homes Bonus and a further £512k as general budgetary support. The draft adverse variance on the General Fund of £13k will be funded from the Transitional Reserve.

The Business Rates Retention Reserve reflects the in-year variances discussed in detail on page 28, including the renewable energy income of £168k and the Business Rates Surplus of £1,635k after the contributions to the LCC and Fire preceptors. Funding for the 2019/20 budget included the application of £1,200k from this reserve.

The Employment and Transport Reserve is planned to be exhausted during 21/22 with the ongoing committed Economic Development projects.

The Earmarked Reserves closing balance at the 31st March 2020 is now predicted to be £6,984k, but planned usage, particularly of the Transitional Reserve through the life of the MTFs, will reduce this to £3,868k by March 2024.

### Government Grants Unapplied – page 20

The opening value of Government Grants Unapplied at the 1<sup>st</sup> April 2019 was £945k, including £882k for Disabled Facilities Grant carried forward into 2019/20. In addition to the £882k of unspent DFG grant brought forward, the 2019/20 allocation is £1,022k, giving total DFG resources of £1,904k. Total expenditure in 2019/20 has been £722k, less than half of the funds available and officers predict a carry forward of £1,182k in DFG resources.

The Homelessness grant of £53k and the Domestic Abuse and Hoarding Grants are due to be spent in 2020/21.

### Staff Monitoring – page 20

The table on page 20 shows the cash saved on salaries in the year has been £321k. This is made up of around £290k from general staff turnover and vacancies, plus £31k from purchased additional leave.

### Treasury & Cash Management - page 21 to 23

At the end of March the bank balances were £7,846k down from the Q3 balance of £13,892k. Officers continue to keep funds liquid throughout the year in order to manage the cash available for the ongoing capital commitments and the costs in relation to the coronavirus pandemic. These balances include £2m borrowed from the PWLB for 20 years on the 15/08/2019 at a rate of 1.34% to facilitate the construction of Futures Park Plot 5. In early October the PWLB interest rates were all increased by 1% for new loans this has not affected the loan taken out in August but will affect any future loans.

Invoices raised in 2019/20 totalled £2,170k, of which £139k are still outstanding at the end of March. The collection rate during the year has been 93.6%, rising to 97.7% if the invoices issued in March are excluded because they are not yet overdue. The debt outstanding figure for all years at the end of March was £297k, against which the doubtful element was calculated

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as £149k. The provision for doubtful debt at the 1<sup>st</sup> of April was £163k, plus a further £5.4k set aside for licensing debt. Officers have considered both the general impairment rate and some specific older debts which are being pursued through the courts.

### Capital Receipts – page 24

The Usable Capital Receipts brought forward at the 1<sup>st</sup> April totalled £2,480k.

Capital grants received during 2019/20 have totalled £3,923k, including £2,879k relating to Spinning Point Phase 1 and £722k for DFGs. Capital Receipts from the sale of assets brought in £731k.

The total in the Useable Capital Receipts Reserve at the end of 2019/20 is currently expected to be £2,633k, of which £551k is still ring-fenced for housing schemes. Of the remaining £2,082k there is a receipt of £100k, which is ring-fenced for Whitworth projects.

### Capital Programme and Funding – page 25 to 26

The original Capital Programme for 2019/20 was £1,304k, including £500k for DFGs and £554k for replacement operational vehicles. The slippage from 2018/19 was £5,303k, the bulk relating to Spinning Point and the DFGs. Additions to the programme have mainly been the £5,22k additional DFGs allowance, the £1,899k Whitaker project, £3,843k approved for Futures Park Plot 5 and the £255k spent on the refurbishment of the Rossendale Leisure Trust Gym Refurb project at Haslingden's Adenaline Centre.

The revised capital programme for 2019/20 at the end of the year was £13,537k against which £8,098k has been spent, and £5,439k is being carried forward to 2020/21 in ongoing projects.

### Collection Fund 2019/20 (Council Tax & NNDR) - page 27 to 28

Collection rates for both Council Tax and Business Rates have ended 2019/20 slightly lower than previous years.

The Council Tax account is showing a predicted surplus of £449k, a £28k adverse movement in Q4. This year RBC's share is 14.61%, around £66k. The changes in band decreases, increases and occupancy changes have returned a net favourable position of £69k at the end of March. There has been a £9k increase in the long-term empty premium since 2018/19 and a £63k decrease in the entitlement to Local Council Tax Support.

For 2019/20 the Lancashire Pool is one of the pilots retaining 75% of business rates locally (56% in Rossendale and 19% between Lancashire County Council and the Fire Authority. Business Rates forecast surplus is now expected to be around £1,862k under the new scheme, of which Rossendale will keep £1,517k. At the time of going to press this surplus still allows for a contribution to the appeals provision of £250k. This is only half of the original estimate, but officers are working to establish whether any further provision is required.

The S31 Grants from the MHCLG to cover various reliefs have increased by £727k from the entitlement under the original 50% Pool. Therefore, once the Lancashire Pooling levy is taken into account, the net overall gain for RBC is expected to be £1,517k. This means that, after the budgeted withdrawal of £1,200k, the net retained business rate resources at the end of 2019/20 are likely to be £2,477k.

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Service Area	2019/20 Org Budget £000	2019/20 Forecast £000	2019/20 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr 4 (Adv)/Fav £000
<b>Communities Directorate</b>					
Customer Services and E-Government	1,459.4	1,400.9	58.5	106.9	(48.4)
Operational Functions	2,178.4	2,246.7	(68.3)	(57.3)	(11.0)
Communities	695.5	623.3	72.2	66.1	6.0
Public Protection Unit	156.7	139.2	17.4	2.2	15.2
Environmental Health	210.8	194.1	16.7	(0.3)	17.0
Licensing & Enforcement	62.5	85.8	(23.3)	(35.1)	11.9
Housing	192.0	171.7	20.3	25.9	(5.7)
<b>Economic Development Directorate</b>					
Planning Services	296.9	248.7	48.1	19.5	28.6
Building Control Services	(10.2)	(5.5)	(4.8)	1.2	(6.0)
Regeneration	349.9	363.7	(13.8)	(25.4)	11.6
Property Services	757.8	729.0	28.9	15.7	13.2
<b>Corporate Management Directorate</b>					
Corporate Management	452.0	309.2	142.8	86.4	56.4
Legal Services	193.6	139.1	54.5	50.6	3.9
Local Land Charges	(22.5)	(15.5)	(7.0)	(8.5)	1.6
Democratic Services	569.4	575.1	(5.7)	4.8	(10.5)
Financial Services	499.2	497.8	1.4	(29.2)	30.6
People and Policy	522.1	446.1	76.0	54.9	21.1
Non Distributed Costs	1,017.3	1,055.2	(37.9)	(94.3)	56.4
Capital Financing and Interest	350.5	739.5	(389.0)	40.6	(429.6)
<b>TOTAL Service Cost</b>	<b>9,931.3</b>	<b>9,944.2</b>	<b>(12.9)</b>	<b>224.8</b>	<b>(237.7)</b>
<b>LESS Use of Earmarked Reserves</b>					
Retained Business Rates Reserve	(1,200.0)	(1,200.0)	-	-	-
Transitional Budgetary Reserve	(512.0)	(524.9)	12.9	(224.8)	237.7
<b>LESS Use of New Homes Bonus Grant</b>	<b>(485.0)</b>	<b>(485.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Service Cost</b>	<b>7,734.3</b>	<b>7,734.3</b>	<b>-</b>	<b>-</b>	<b>-</b>

This Draft Out-turn report for 2019/20 is showing a predicted adverse variance of £13k, an adverse movement of £238k in Q4. In addition to the adverse movements detailed below, in Q4 the Council has started to feel the impacts of Covid 19. The impact has been from both increased expenditure, due to preparing the Council to operate as near to business as usual as possible during lockdown and reduced income, including reductions in NNDR and Council Tax receipts.

The main variances so far are shown in the table opposite and these include: -

### Adverse Movements

- Provision of £162.8k for Housing Benefit Subsidy penalties relating to overpayments for prior year claims. The Council has appealed the penalty and submitted evidence to substantiate the claim. The DWP have not yet made their final decision, therefore we are required to provide for the costs.
- Empty Homes costs of £613.2k, which is £413.2k over and above the £200k included in the original budget

### Favourable Movements

- Around £96k favourable in the Benefits Subsidy for 2019/20 and the recovery of overpaid benefits from claimants
- Over £70k further saving in staff costs

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- Additional planning fee income of £43k
- Additional pension savings of £70k on the last 3-years prepayment arrangement
- Executive Contingency not required £43k

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Annual Variances	Q1	Q2	Q3	Q4	Total	
	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	
<b>Customer Services and e-Government</b>						
Staff costs	3.9	-	-	5.9	9.8	
Housing Benefits subsidy	37.5	80.3	(4.7)	66.0	179.1	
Provision for Prior Yr Housing Benefit repay to DWP	-	-	-	(162.8)	(162.8)	
Overpaid Benefits recovered (net of bailiff costs)	33.0	16.8	26.4	30.4	106.6	
Court costs recovered (net of bad debt provision)	(22.0)	(28.0)	30.0	(30.7)	(50.7)	
Revenue & Benefit Administration Contract - implement	(8.4)	(30.2)	(8.5)	23.4	(23.7)	
Central IT Costs	-	-	(15.4)	15.0	(0.4)	
Other minor variances	(0.9)	(0.2)	(2.7)	4.3	0.5	58.5
<b>Operations</b>						
Staff costs (including agency and overtime)	46.6	(2.8)	14.2	32.6	90.6	
Fuel	2.0	(1.5)	2.0	(28.0)	(25.5)	
Vehicle maintenance incl hire of temporary vehicles	(39.3)	(2.9)	(31.9)	37.3	(36.8)	
MRP Savings on Vehicles	11.9	-	15.0	(20.0)	6.9	
General parks and street sweep running costs	(5.2)	-	(16.7)	0.8	(21.1)	
Garden Waste Income	-	-	13.8	(16.5)	(2.7)	
Markets Income & Running expenses	(26.1)	21.1	3.1	(5.5)	(7.4)	
Trade Waste & Bulks Net income	9.0	-	(1.2)	17.8	25.6	
Cemeteries Net income	(27.5)	4.7	25.0	(11.7)	(9.5)	
Other minor variances	(1.2)	(5.7)	2.4	(11.7)	(16.2)	3.9
<b>Public Protection</b>						
Staff costs	17.2	14.2	2.3	21.8	55.5	
Environmental Health administration expenses	7.1	(6.1)	3.5	12.7	17.2	
Safe Housing running costs	5.3	(0.7)	-	-	4.6	
Animal Licensing income	13.7	4.5	-	(5.0)	13.2	
Hackney income	(34.8)	(10.3)	(2.2)	1.7	(45.6)	
Private hire income	(3.7)	(4.9)	(9.8)	-	(18.4)	
Other Licensing income/costs	-	-	-	4.9	4.9	
Other minor variances	4.9	(4.2)	(3.4)	2.4	(0.3)	31.1
<b>Economic Development</b>						
Staff costs (net of grant & fee income)	36.2	6.2	(19.5)	(7.5)	14.4	
Planning Application Fee Income	(39.2)	57.5	15.6	43.3	77.2	
Building Control Fee Income	(2.6)	0.9	3.5	(6.4)	(4.6)	
Knowsley Industrial Unit NNDR and income shortfall	(43.8)	-	(7.0)	4.0	(46.8)	
Economic Development	(9.1)	(0.3)	7.0	(2.7)	(5.1)	
Rawtenstall Market	-	(24.4)	(3.0)	(10.2)	(37.6)	
Childrens Partnership Board Grant income	15.0	-	-	(7.5)	7.5	
Whittaker Park Museum running costs	10.6	(1.6)	(1.6)	4.1	11.5	
Other Property Running costs	29.9	(13.2)	(16.5)	(25.0)	(24.8)	
Spinning Point bus station	-	-	-	(18.9)	(18.9)	
Estates Income (Excluding Town Hall)	2.0	17.5	0.9	-	20.4	
Town Hall income (Together Homes)	-	-	-	83.8	83.8	
Other minor variances	12.9	(7.2)	(14.7)	(9.5)	(18.5)	58.5
<b>Corporate Management</b>						
Staff costs	112.5	57.6	(13.0)	23.0	180.1	
Professional Fees / Reference Books	5.5	-	-	4.2	9.7	
Land Charges income	(8.1)	-	0.1	1.6	(6.4)	
Internal Audit Costs/ New Burden Grant	-	-	-	29.1	29.1	
Executive Contingency	-	-	-	42.9	42.9	
Other minor variances	6.3	(6.1)	4.2	2.2	6.6	262.0
<b>Non-Distributed Costs &amp; Capital Financing</b>						
Original staff savings target (actuals now above)	(150.0)	-	-	-	(150.0)	
Purchase of additional leave	20.0	-	10.3	1.3	31.6	
Historical pension commitments	18.9	-	-	(13.9)	5.0	
Pensions pre-payment savings	39.1	-	-	69.3	108.4	
Interest	41.7	3.3	-	(21.1)	23.9	
Doubtful Debt Provision	-	(20.0)	-	20.0	-	
MMI Claim	-	-	(12.0)	(3.2)	(15.2)	
Empty Homes Recovery Scheme costs	-	-	-	(413.2)	(413.2)	
Other minor variances	(6.7)	1.7	-	(12.5)	(17.5)	(426.9)
<b>Favourable/(adverse) variance</b>	<b>114.1</b>	<b>116.0</b>	<b>-4.4</b>	<b>-237.6</b>	<b>-12.9</b>	<b>-12.9</b>

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Communities Directorate

Period 12 (March)

Customer Services & ICT	2019/20 Org Budget £000	2019/20 Forecast £000	2019/20 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr4 (Adv)/Fav £000
<b>Customer Services</b>					
Benefits Administration	(258.3)	(270.5)	12.2	11.1	1.1
Benefits Granted	(23.7)	(125.9)	102.2	180.1	(77.9)
Local Tax Collection	(378.6)	(332.6)	(46.0)	(27.8)	(18.2)
Revenues & Benefits Partnership	1,212.9	1,236.6	(23.7)	(47.1)	23.4
<b>Strategic Functions</b>					
Management and Support	72.0	71.5	0.5	0.5	-
Service Assurance Team	134.9	120.3	14.6	14.1	0.5
Central Telephones	5.0	5.6	(0.6)	(0.5)	(0.1)
Central Printing	3.9	3.9	-	(0.1)	0.1
<b>ICT Support</b>	611.0	618.0	(7.0)	(21.0)	14.0
<b>Leisure Services</b>	81.0	74.0	7.0	-	7.0
<b>Pest Control</b>	(0.7)	-	(0.7)	(2.4)	1.7
<b>Total</b>	<b>1,459.4</b>	<b>1,400.9</b>	<b>58.5</b>	<b>106.9</b>	<b>(48.4)</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr Forecast £000	R A G
Staff	3.9	5.9	9.8	
Housing Benefit administration grant	(4.0)	(0.1)	(4.1)	
Housing Benefit Subsidy (net grant position)	113.1	66.0	179.1	
Housing Benefit Local Council Tax support grant	(2.0)	-	(2.0)	
Housing Benefit overpayments recovered	57.9	30.4	88.3	
Housing Benefit bailiff fees	18.3	-	18.3	
Provision for Housing Benefit overpayment for prior years to DWP	-	(162.8)	(162.8)	
Revenues & Benefits administration contract (Implementation Costs)	(47.1)	23.4	(23.7)	
CTax & BRates - court costs (net of bad debt provision)	(20.0)	(30.7)	(50.7)	
Business Rates - net costs of collection	5.1	-	5.1	
Renewable Energy Business Rates income	168.0	-	168.0	
Business Rates S31 Grants	1,478.0	157.0	1,635.0	
Business Rates transfer to Retained Business Rates Reserve	(1,646.0)	(157.0)	(1,803.0)	
SAT Team counter fraud work	0.2	(2.1)	(1.9)	
SAT Team Grants received (incl Universal Credit)	80.6	11.3	91.9	
SAT Team additional costs (incl Universal Credit) funded by grants	(80.6)	(11.3)	(91.9)	
Central IT Costs	(15.4)	15.0	(0.4)	
Pest Control services (net of income)	(2.4)	1.4	(1.0)	
MRP costs of solar panel investments	-	7.0	7.0	
Other minor variances	(0.7)	(1.7)	(2.4)	
<b>TOTAL</b>	<b>106.9</b>	<b>(48.4)</b>	<b>58.5</b>	

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## Customer Service & ICT Highlight Report – Q4 (end March 2020)

### Historic Issues

- The Capita contract negotiations had concluded in October 2019, following a lengthy tender process during 2018/19. There were some initial implementation costs in the region of £23k at the time of the go-live date in December, however going forward officers expect no further additional costs.

### Current Quarter's Issues

At Q4 the favourable variance has reduced from £106.9k to £58.5k favourable, the main changes being: -

- At Q4 a provision for housing benefit overpayment for prior years to Department for Work and Pensions has been created which has resulted in an adverse variance of £162.8k
- A favourable forecast of £179.1k on the benefit subsidy outturn an increase from Q3 of £66k.
- In terms of business rates, the renewable energy income of £168k and expected S31 grants will be transferred into the Retained Business Rates Earmarked Reserve - the S31 grants have risen £1,635k based upon the level of discounts and exemptions which have been allowed. This means that the total being transferred to the Reserve in the year will be £1,803k.
- The Service Assurance Team has received new burdens and Universal Credit introduction grants of over £91.9k so far, but officers are currently assuming that all of these grants will be used to fund additional work of software changes or administration in the beginning of 2020/21, so the net variance being predicted is £nil.
- The Central IT costs have returned breakeven outturn, an improvement of £15k from Q3. This is due to computer software costs coming in on budget.

### Future Issues

- The 75% NNDR Pilot will cease at the end of 2019/20. 2020/21 will see the return of the 50% Pool. Due to the Covid 19 pandemic the Fair Funding review and NNDR reset has been delayed by a further year until 2022/23. Officers will keep members informed as information is released over the coming months.

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Communities Directorate

Period 12 (March)

Operations & Communities	2019/20 Org Budget £000	2019/20 Forecast £000	2019/20 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Operational Functions</b>					
Operations Admin & Vehicle Maintenance	355.9	348.4	7.5	(2.4)	9.9
Refuse & Recycling	1,475.3	1,556.3	(81.0)	(58.5)	(22.5)
Street Sweeping	363.1	353.7	9.4	1.7	7.6
Markets	(15.9)	(11.6)	(4.2)	1.9	(6.1)
<b>Communities</b>					
Parks & Open Spaces	918.1	836.4	81.7	54.2	27.5
Cemeteries	(222.7)	(213.1)	(9.6)	2.2	(11.8)
Dog Warden	0.0	0.0	-	9.6	(9.6)
<b>Total</b>	<b>2,873.9</b>	<b>2,870.0</b>	<b>3.9</b>	<b>8.8</b>	<b>(5.0)</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancies at Operations Admin Offices	5.7	(0.1)	5.6	
Parks Salary Variances (Including temporary gardeners)	82.1	4.7	86.8	
Street Sweeping Salaries	3.8	0.1	3.9	
Refuse Salaries and Agency	(33.0)	29.8	(3.2)	
Fleet Management Vacancy and Agency	(0.5)	0.7	0.2	
Markets Salary Vacancies	14.5	-	14.5	
Overtime Budgets	(14.6)	(2.6)	(17.2)	
Vehicle Maintenance (including tyres/ parts)	(51.5)	6.6	(44.9)	
Vehicle Hire	(22.6)	30.7	8.1	
Actions re variances - MRP Savings on Vehicles	15.0	(20.0)	(5.0)	
Fuel	2.5	(28.0)	(25.5)	
Trade Waste Net income	2.1	21.7	23.8	
Saving on Bags	-	5.2	5.2	
Bulks Net income	5.6	(9.1)	(3.5)	
Garden Waste income	13.8	(16.5)	(2.7)	
General Garden Waste Expenditure	(5.0)	-	(5.0)	
Cemeteries Net income	2.2	(11.8)	(9.6)	
Markets Income & Running expenses	(1.9)	(2.3)	(4.2)	
Dog Warden costs	9.6	(9.6)	(0.0)	
General other Park Running Costs	(21.9)	(4.3)	(26.2)	
Other Variances	2.8	(0.2)	2.6	
<b>TOTAL</b>	<b>8.8</b>	<b>(5.0)</b>	<b>3.9</b>	

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Operations Highlight Report – Q4 (end of March 2020)

### Historic Issues

- Vehicle hire costs at the end of 19-20 have underspent overall by £8.1k. However vehicles maintenance has overspent by £44.9k due to the age of the Fleet. As in previous quarterly reports the main reason for this is that the revised vehicle replacement plan has been delayed, leading to additional maintenance and hire costs in the interim to keep services running. The vehicle replacement plan is in progress with the purchase of two vehicles in Q2 and 6 x 5 Tonne Iveco Daily single Cab Caged Tippers in Q3.

### Current Quarter Issues

At the end of Q4 the Operations and Communities out-turn shows a favourable variance of £3.9k which is a deterioration of £5k from Q3 with the main movements being:

- The Garden Waste service out-turn at Q4 resulted in subscriptions totalling £232.7k for 19-20. This has fallen £16.5k from the Q3 forecast leading to an adverse variance of £2.7k.
- Overall staffing costs including agency and overtime out-turn has underspent by £90.7k. The adverse variance on overtime has an out-turn of £17.2k from £13.7k at Q3 increasing by £3.5k in the final quarter. The bulk of this overspend is attributable to Markets as a result of a policy change in TOIL.
- Vehicle Maintenance out-turn is overspent by £44.9k mainly due to works carried out on older fleet vehicles. There was a predicted saving of £15k on MRP at the end of Q3 but after the impact of 2019/20 purchases was taken into account the out-turn MRP on vehicles is a £5k overspend. The Operations staff are in the process of trying to obtain replacement vehicles so in time maintenance costs should reduce. Fuel at the end of 2019-20 had overspent by £26k across Operations with the main pressure being in Refuse.
- Cemeteries out-turn has resulted in a shortfall of income. The out-turn at year end is £10k under budget due to a slow up take on Ashes Plots and less than anticipated revenue across Rawtenstall, Bacup and Whitworth.

### Futures Issues

- Recycling Arrangements – RBC are currently in the process of creating the facility to transfer recycling material at the main operating depot which will allow these to be passed into the LCC network. This will ensure that the Council eliminates the risk of high disposal costs with these volatile markets. There will be some additional costs once the facility begins operating from June 2020. However, these costs will be mitigated by significant savings with fuel from not having to tip this material outside of the valley. It is also anticipated in the medium term that it will assist with any re-routing exercise to potentially make further savings.
- Agency Costs – The Council will be looking at tendering for the provision of agency workers in 2020/21.
- Commercial Waste – The Council is in the process of recruiting a Commercial Waste Officer, with targets to boost the Council's commercial waste customer base. The increase in the number of customers will lead to the requirement of additional stock of commercial waste/recycling bins, but this should be recovered from additional revenue income.
- Vehicle Replacement Programme – The Council has been advised that there is a lead time of 8 months to replace frontline waste/recycling vehicles, two are scheduled for 2020/21 - a Luton Van and a Parks Vehicle. Any delay in purchasing these will lead to increased vehicle maintenance costs.

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### Communities Directorate

Period 12 (March)

Public Protection & Housing	2019/20 Org Budget £000	2019/20 Forecast £000	2019/20 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Public Protection Unit</b>	156.7	139.2	17.4	2.2	15.2
<b>Environmental Health</b>	210.8	194.1	16.7	(0.3)	17.0
<b>Licensing &amp; Enforcement</b>	62.5	85.8	(23.3)	(35.1)	11.9
<b>Strategic Housing</b>					
Housing Strategy	89.2	70.7	18.5	10.9	7.6
Private Sector Housing Renewals	(0.4)	0.2	(0.6)	(0.4)	(0.2)
Homelessness	103.2	100.8	2.4	15.5	(13.0)
Empty Homes Scheme	-	-	-	-	-
<b>Total</b>	<b>622.0</b>	<b>590.9</b>	<b>31.1</b>	<b>(7.3)</b>	<b>38.4</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Environmental Health - staffing and consultant	(1.9)	-	(1.9)	
Public Protection Unit - staffing and Direct Costs	3.9	13.5	17.4	
Housing Strategy - staffing	9.5	10.0	19.5	
Homelessness - staffing	4.4	(1.7)	2.7	
Licensing & Enforcement - staffing	17.8	-	17.8	
Environmental Health administration	4.5	12.4	16.9	
Homelessness - Direct Costs	2.4	0.3	2.7	
Safe Housing running costs	4.6	-	4.6	
Private Hire income & expenditure	(16.5)	(1.0)	(17.5)	
Hackney income & expenditure	(46.9)	1.7	(45.2)	
Taxi misc income	(1.1)	-	(1.1)	
Animal Licensing income	18.2	(5.0)	13.2	
Skills Test	(7.5)	(1.0)	(8.5)	
Computer Software costs	-	5.9	5.9	
Office - General and stationery cost	-	4.7	4.7	
Other Variances	1.3	(1.4)	(0.1)	
<b>TOTAL</b>	<b>(7.3)</b>	<b>38.4</b>	<b>31.1</b>	

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## Monthly Financial Monitoring Report 2019/20 Draft Out-turn

### Public Protection and Housing Highlight Report – Q4 (end March 2019)

#### Historic Issues

- Nothing reported

#### Current Quarter Issues

At the end of Q4 the Public Protection Unit and Housing Services budgets shows a favourable variance of £31.1k, with the main movements being:-

- The Dog Warden Budget of £24.2k and associated costs of £9k has been moved from Operations into the Public Protection Unit in the final quarter causing an overall underspend in this area of £17.4k and a corresponding overspend within Operations.
- Taxi Licencing income and expenditure has shown an under achievement of £62.7k. The budgets were set on the basis of reduced licenses being renewed; they have reduced more rapidly than expected and continued to do so throughout the year.
- The skills test is showing a projected overspend of £8.5k. Only new drivers pay to take the test.
- Environmental Health administration expenditure and fees and charges income, such as the new charge for retesting of hygiene ratings for food businesses, are showing a combined favourable variance of £3.5k in Q3 to give a full year predicted forecast of £4.5k savings.
- The Licencing Salary costs are projecting an underspend of £17.8k, this is partly due to long term absences and a member of staff leaving. The post will not be filled.
- Animal Licencing section which only started in 2019/20 is showing a minor cost of £718. This is the net figure of income £13.1k offsetting the costs of £12.4k

#### Future Issues

- Nothing to report

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Economic Development Directorate

Period 12 (March)

Economic Development & Regeneration Services	2019/20 Org Budget £000	2019/20 Forecast £000	2019/20 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Planning</b>					
Development Control	150.7	99.1	51.6	20.2	31.4
Forward Planning	146.2	149.6	(3.5)	(0.7)	(2.8)
<b>Building Control</b>					
Building Control - Fee Earning Account	(44.8)	(34.3)	(10.6)	(1.9)	(8.6)
Building Control - Statutory Function	30.6	30.6	(0.0)	(0.2)	0.2
Building Control - Street Signs	4.0	(1.8)	5.8	3.3	2.5
<b>Regeneration</b>					
Regeneration Mangement	90.0	82.5	7.6	10.4	(2.9)
Economic Regeneration and Rawtenstall Market	70.5	109.3	(38.8)	(43.8)	4.9
Whittaker Park Museum	81.4	69.8	11.5	7.4	4.1
Tourisms	40.0	40.0	(0.0)	0.5	(0.5)
Area Forums	68.0	62.0	6.0	-	6.0
<b>Property Services</b>					
Property Services Team	269.0	244.0	25.0	17.3	7.7
Corporate Estates	13.4	7.5	5.9	(24.0)	29.9
Non Domestic Estates	(117.5)	(124.2)	6.8	10.7	(3.9)
Office Accommodation	34.8	23.2	11.7	7.2	4.5
Operational Properties	365.6	369.6	(4.0)	0.9	(4.9)
Leisure Properties	54.0	58.3	(4.4)	(1.4)	(3.0)
Bus Shelters	9.7	20.3	(10.6)	(1.2)	(9.4)
Business Centre	128.8	130.3	(1.5)	6.2	(7.7)
<b>Total</b>	<b>1,394.4</b>	<b>1,335.9</b>	<b>58.5</b>	<b>11.0</b>	<b>47.5</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Communities Staffing	(9.5)	-	(9.5)	
Economic Development staffing	(13.5)	13.5	0.0	
Planning / Forward Planning staffing	18.7	-	18.7	
Planning Agency	(40.8)	-	(40.8)	
Application of 20% additional income - Fixing our broken housing market	22.1	-	22.1	
Building Control staffing	(0.6)	-	(0.6)	
Facilities Management staffing	6.5	-	6.5	
Property Services staffing	48.5	(10.5)	38.0	
Taylor Weaver Chartered Surveyors	(9.5)	-	(9.5)	
Economic development admin costs	(2.4)	-	(2.4)	
Communities	-	-	-	
Area Forums	-	6.0	6.0	
Whittaker Park Museum Utilities Costs	7.4	4.1	11.5	
Regeneration Childrens Partnership Board Grant	15.0	(7.4)	7.6	
Planning/Forward Planning Consultancy fees/ Legal fees	(33.3)	(6.2)	(39.5)	
Planning court costs awarded - Developer failed to comply with notice served	18.5	-	18.5	
Planning Court Fees - ombudsman claim	(5.0)	-	(5.0)	
Planning Application Fee Income (excluding additonal 20% broken housing market)	38.9	38.2	77.1	
Building Control Fees	1.8	(6.4)	(4.6)	
Property Running Costs: Repairs & Maintenance	-	5.0	5.0	
Electricity, Gas & Water	3.8	(30.0)	(26.2)	
NNDR - Except Knowsley Unit	6.5	-	6.5	
Boilers / Alarms	(1.0)	-	(1.0)	
Security at Knowsley Depot	(2.6)	-	(2.6)	
<b>Spinning Point</b>		(18.9)	(18.9)	
NNDR - Knowsley Industrial Unit (assume Empty Relief for 5mths)	(50.8)	4.0	(46.8)	
Estates Income (Excluding Town Hall)	(4.4)	-	(4.4)	
Estates Income (old Town Hall)	24.8	59.0	83.8	
Business Centre rentals/running costs	4.1	1.5	5.6	
Rawtenstall Market	(27.4)	(1.7)	(29.1)	
Other Miscellaneous Variances	(4.8)	(2.8)	(7.6)	
<b>TOTAL</b>	<b>11.0</b>	<b>47.4</b>	<b>58.4</b>	

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Economic Development & Regeneration Highlight Report – Q4 (end Mar 2020)

### Historic Issues

- The Children's Partnership grant of £7.5k was received in Q1 contributing to administration costs of the Communities team. The second instalment of the grant has been cut by LCC and thus there is a shortfall of £7.5k in Quarter 4.
- A planning enforcement case was taken to court costing the council c£20k for professional fees. Court costs awarded have now been received which will cover these costs

### Current Quarter Issues

Economic Development and Regeneration Out-turn is a favourable variance of £40.5k. At Qtr 3 we highlighted some unfavourable outcomes totalling £25.4k but overall it was £2k underspent and further savings have been achieved in the final quarter in a number of areas.

- Rawtenstall Market has moved from Operations to Economic Development and is showing an adverse variance of £28.2k. From Q3 this has changed by an adverse variance of £2.5k on Income. Rawtenstall Market management had transferred to a third party however; it is currently in the process of a retender. For now the existing arrangements will be kept on until a new party has been awarded the tender, which may happen by Aug/Sept 2020.

Property Services is currently showing a favourable variance of £29.8k.

- Salary costs are showing a favourable variance of £35k. The Property Services Manager is now in post on 29.6hrs and assuming £7.5k costs still needed for Taylor Weaver Chartered Surveyors Services.
- Property running costs are showing an adverse variance of £23.3k. This includes NNDR costs for Knowsley Rd Depot of £46.8k. The property is now being rented with a monthly income of £24.6k
- The old Town Hall is occupied by Together Homes with an annual income of £82k. Some of the budget has been devolved to the wider development of the bus station. The Spinning Point new bus station is showing a net cost for the year of £18.9k.

Planning and Building Control are showing a favourable variance of £45.9k

- Professional fees have increased in the quarter by £6.2k resulting in an adverse variance of £39.5k. There have been some complex planning issues needing professional advice outside of the council and an increase in planning applications throughout the year
- Planning / Building Control income end the year with a surplus of £72.5k, a favourable movement of £31.8k from Q3.

### Future Issues

- As a result of the Local Plan hearing in September the Inspectorates have requested RBC commission further studies to support the evidence base. The anticipated cost of this is £125k.
- Officers are reviewing the Whittaker Museum utilities budget, working with the museum to draw up a commercial lease and separate funding agreement.

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## Corporate Services Directorate

Period 12 (March)

Corporate Management	2019/20 Org Budget £000	2019/20 Forecast £000	2019/20 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Corporate Management</b>					
Executive Office	338.9	235.9	103.0	90.2	12.8
Corporate Contingency	50.0	7.1	42.9	-	42.9
Exec Support & Corporate Subscriptions	63.1	66.2	(3.1)	(3.8)	0.7
Community Safety	-	-	-	-	-
<b>Legal Services</b>	193.6	139.1	54.5	50.6	3.9
<b>Land Charges</b>	(22.5)	(15.5)	(7.0)	(8.5)	1.6
<b>Democratic Services</b>					-
Electoral Registration	68.6	68.7	(0.1)	(0.0)	(0.1)
Elections	77.6	79.5	(1.9)	1.5	(3.4)
Democratic Support	369.1	363.7	5.4	3.9	1.5
Mayoralty & Civic Events	51.5	60.6	(9.1)	(0.6)	(8.5)
Town Twinning	2.5	2.5	0.0	0.0	-
<b>Financial Services</b>					-
Treasury Management	80.7	89.6	(8.9)	(9.2)	0.3
Insurance, Risk & Audit Fees	69.7	48.8	20.9	-	20.9
Financial Services Team	348.8	359.4	(10.6)	(20.0)	9.4
<b>People &amp; Policy</b>					-
Human Resources	306.3	271.9	34.4	18.1	16.3
Corporate Support	211.8	174.2	37.6	36.8	0.8
Publicity	4.0	-	4.0	-	4.0
<b>Total</b>	<b>2,213.8</b>	<b>1,951.8</b>	<b>262.0</b>	<b>159.0</b>	<b>103.0</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Staff Savings (incl vacant CEO and Director Post)	157.1	23.0	180.1	
Corporate Subscriptions - Local Govt Information Unit	(4.2)	1.0	(3.2)	
MHCLG Grant re exiting from the EU	35.0	-	35.0	
Transfer MHCLG Grant to Reserves	(35.0)	-	(35.0)	
Legal Reference Books (new contract)	7.1	2.6	9.7	
Legal - legal fees	0.3	2.3	2.6	
Legal income	19.3	3.0	22.3	
Members costs	2.6	-	2.6	
Democratic & Mayoralty savings	(2.1)	(1.5)	(3.6)	
Elections	(1.5)	(0.3)	(1.8)	
Land Charges Income	(8.5)	1.6	(6.9)	
External Audit - National Fraud Initiative	(2.9)	-	(2.9)	
LCC Internal Audit Costs	-	21.0	21.0	
Bank Charges	(7.8)	(2.8)	(10.6)	
New Burdens Grant	-	8.1	8.1	
Executive Contingency	-	42.9	42.9	
Covid-19 Related Expenditure in 19/20		10.7	10.7	
Covid-19 Grant Transferred to Reserve		27.7	27.7	
Covid-19 Central Government Grant Tranche 1		(38.4)	(38.4)	
Other Misc under / (over) spends	(0.4)	2.1	1.7	
<b>TOTAL</b>	<b>159.0</b>	<b>103.0</b>	<b>262.0</b>	

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Corporate Management Highlight Report – Q4 (end March 2020)

### Historic Issues

- The Legal section is showing a favourable movement of £7.3k, being the full-year saving on the new reference books contract.
- Local Land Charges income has seen a drop in recent years and this adverse £7.5k is consistent with the experience in 2018/19 and previous years. This change is likely to need to be reflected in the 2020/21 budgets going forward.
- A planning enforcement case was taken to court. Legal costs awarded for the council was £17.8k.

### Current Quarter Issues

The Corporate Management outturn is now showing an under-spend of £262k, the main movements being:-

- Staff changes are £180k favourable.
  - Corporate Management - vacant Director and Chief Executive posts during some of the year led to £106k saving
  - Legal Services – there had been a restructure within Legal showing a partial saving within 2019/20 of £18.7k
  - Financial Services – whilst Q4 temporary cover and recruitment has led to costs of £20.4k, this has been offset against savings from vacant posts, resulting in the positive overall outturn variance being £1.4k, against the Q3 forecast adverse variance of £29.2k.
  - People & Policy - vacant posts led to £71k saving
- There has been an adverse movement of £2.3k within the member cost budget. This is mainly due to member's responsibilities changing, NI and Car Allowance costs.
- The adverse movement in Mayoralty is due to the £8.5k cost incurred for the repairs on Regalia.
- As the police planned not to be present at the Remembrance Sunday Parades, an unexpected cost of £3.1k was incurred for traffic management of the parades around Rossendale.
- Legal are showing a favourable variance at the end of the year of £34.6k excluding salary costs mainly due to legal fee income
- There is a LCC Internal Audit £20k saving after allowing for the £10k due for Jan-Mar and the days still outstanding in the 2019/20 Audit Plan. Most of this saving is accumulated from prior years allowances for Audit Days planned which never actually happened.

### Futures Issues

- The Elections budgets are showing a nil variance. However, the Registration (IER) budget is being supported by the IER Government Grant but once the IER grant ceases a more realistic budget will need to be set. The Local Election budget is marginally being supported by provisions.
- Traffic Management of Remembrance Sunday Parades and the role of the Police.

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### Corporate Services Directorate

Period 12 (March)

Non-Distributed Costs & Capital Financing	2019/20 Org Budget £000	2019/20 Forecast £000	2019/20 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Non Distributed Costs</b>					
Employee & Pension Costs	1,003.8	1,026.9	(23.1)	(61.8)	38.7
Other Non-distributed Costs	13.5	28.3	(14.8)	(32.5)	17.7
<b>Capital Financing</b>					
Minimum Revenue Provision	271.3	684.1	(412.8)	(4.4)	(408.4)
Interest (net)	79.2	55.4	23.8	45.0	(21.2)
<b>Total</b>	<b>1,367.8</b>	<b>1,794.7</b>	<b>(426.9)</b>	<b>(53.7)</b>	<b>(373.2)</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancy control savings target	(150.0)	-	(150.0)	
Purchased additional leave	30.3	1.3	31.6	
Historical pension costs	18.9	(13.9)	5.0	
Savings on pensions arising from payment in advance	39.1	69.3	108.4	
Doubtful Debts Provision	(20.0)	20.0	-	
MRP Charge	(4.4)	4.7	0.3	
Interest expenditure/income from bank accounts	45.0	(21.1)	23.9	
MMI Claim	(12.0)	(3.2)	(15.1)	
Capital Receipts taken to revenue under £10k	-	(18.0)	(18.0)	
Empty Homes Recovery Scheme costs	-	(413.2)	(413.2)	
Other minor variances	(0.6)	1.0	0.4	
<b>TOTAL</b>	<b>(53.7)</b>	<b>(373.2)</b>	<b>(426.9)</b>	

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Non-Distributed Costs & Capital Financing Highlight Report – Q4 (end Mar 2020)

### Historic Issues

- Savings on the pension costs fall into two areas, savings on historical pension costs of £5k as former employees pass away and the advance payment of pension costs which saved the authority £108.4k

### Current Quarter Issues

This Q4 draft out-turn is forecasting a net adverse variance of £426.9k, with the main movements being: -

- The Empty Homes Recovery Scheme 2019/20 costs ended £613.2k. This is £413.2k over and above the £200k included in the original budget.
- The original budget staff savings target was £150k. Total savings achieved in staff costs have closed the year at £345k, an improvement of £70k in Q4. Added to this is around £32k of savings from employees purchasing additional leave. This gives a net saving in staff costs of £226k over and above the total original budget.

<b>Staffing Variances</b>	<b>Q1</b>	<b>Cum Q2</b>	<b>Cum Q3</b>	<b>Cum Q4</b>
Customer Services	3.9	3.9	3.9	9.8
Operations	46.6	43.8	58.0	90.6
Public Protection	17.2	31.4	33.7	55.5
Economic Development	36.2	42.4	21.9	14.4
Corporate Management	38.6	85.3	92.2	105.7
Legal & Democratic	25.7	24.8	26.5	18.7
Financial Services	(1.0)	4.9	(21.0)	(20.4)
People & Policy	22.0	55.1	59.4	70.6
<b>Savings in staff costs</b>	<b>189.2</b>	<b>291.6</b>	<b>274.6</b>	<b>345.0</b>
Additional Leave	20.0	20.0	30.3	31.6
<b>Total staff savings</b>	<b>209.2</b>	<b>311.6</b>	<b>304.9</b>	<b>376.5</b>
Original savings target	(150.0)	(150.0)	(150.0)	(150.0)
<b>Staff Variance</b>	<b>59.2</b>	<b>161.6</b>	<b>154.9</b>	<b>226.5</b>

- Interest income has exceeded the budget by £24k, which is a combination of the higher balances than expected through delays in spending, additional grant income and the £2m PWLB borrowing during August and a gradual improvement in the interest rate returns being achieved during the year.
- The Sundry Debt analysis on page 23 is forecasting a doubtful debt level of £149k, though £41k of this is still being pursued through the courts. The current doubtful debt provision £162k. Therefore, the £20k doubtful debt provision forecast at Q3 is no longer required.

### Future Issues

- The Pension Fund have issued the 2020/21 - 2022/23 triennial review. Following representations from Council officers, the term of repayment of the deficit on the fund has been revised upwards to more closely match those of neighbouring authorities. From 2020/21 Future service rates have increased to 17.6% (currently 15.6%). However, from 2020/21 onwards the Council will gain an overall net cash saving of c£800k pa.

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### Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Employment & Transport Reserve	Director Invest Reserve	Local Business Rates Retention Reserve	Transitional Budgetary Support	Planning Reserve
	AN060103	AN060123	AN060144	AN060129	AN060109 / AN060145
<b>Balance at 01/04/2019</b>	<b>1,071.5</b>	<b>21.4</b>	<b>1,340.1</b>	<b>2,319.9</b>	<b>243.1</b>
<b>Funds Received 2019/20</b>					
Collection Fund - Surplus 2019/20			171.0		
Collection Fund - S31 Grants			1,635.0		
Collection Fund - Renewable Energy			168.0		
New Homes Bonus				485.0	
Other Revenue income received		52.6			17.4
General Fund Deficit - 2019/20				(12.9)	
<b>Total Funds Available</b>	<b>1,071.5</b>	<b>74.0</b>	<b>3,314.1</b>	<b>2,792.0</b>	<b>260.5</b>
<b>2019/20 Published Budget Utilisation</b>					
Retained Business Rates			(1,200.0)		
New Homes Bonus				(485.0)	
General budget support				(512.0)	
<b>2019/20 Other Utilisation Plans</b>					
Transfers between Reserves	(125.0)				125.0
Bacup THI Support					
Counter Fraud & RV Analysis					
Support Forward Plan					(152.8)
Business Rates Pooling Levy for 2018/19			(55.0)		
Economic Development Projects	(124.6)				
Living Well, Living Better Project					
Spinning Point Phase 1					
Spinning Point Phase 2 development					
Haslingden Task Force					
Property-related projects					
<b>Reserve Estimates 31/3/2020</b>	<b>821.9</b>	<b>74.0</b>	<b>2,059.1</b>	<b>1,795.0</b>	<b>232.8</b>
<b>Future Contributions/Utilisation Plans</b>					
2020/21 Plans	(791.9)	(50.2)	(755.0)	(53.6)	(199.5)
2021/22 Plans	(30.0)			(278.0)	
2022/23 Plans				(313.0)	
2023/24 Plans				(227.0)	
<b>Potential Reserve Balances</b>	<b>0.0</b>	<b>23.8</b>	<b>1,304.1</b>	<b>923.4</b>	<b>33.3</b>

### Current issues

As noted on page 2, officers expect to fund the General Fund adverse variance of £13k from the Transitional Reserve.

The Employment and Transport Reserve is planned to be exhausted during 21/22 with the ongoing committed Economic Development projects.

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# Monthly Financial Monitoring Report 2019/20 Draft Out-turn

## Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Employment & Transport Reserve AN060103	Director Invest Reserve AN060123	Local Business Rates Retention Reserve	Transitional Budgetary Support	Planning Reserve	Earmarked Reserves (cash-backed items only)	Vehicle Reserve AN060130	Leisure Reserve AN060118	Directorate Backup THI AN060142	General Reserves AN060121	Total	
			AN060144	AN060129	AN060109 AN060145							
<b>Balance at 01/04/2019</b>	<b>1,071.5</b>	<b>21.4</b>	<b>1,340.1</b>	<b>2,319.9</b>	<b>243.1</b>	<b>Balance at 01/04/2019</b>	<b>230.5</b>	<b>64.2</b>	<b>24.8</b>	<b>702.0</b>	<b>1,000.0</b>	<b>7,017.5</b>
<b>Funds Received 2019/20</b>						<b>Funds Received 2019/20</b>						
Collection Fund - Surplus 2019/20			171.0			Collection Fund - Surplus 2019/20				0.0		171.0
Collection Fund - S31 Grants			1,635.0			Collection Fund - S31 Grants				0.0		1,635.0
Collection Fund - Renewable Energy			168.0			Collection Fund - Renewable Energy				0.0		168.0
New Homes Bonus				485.0		New Homes Bonus				0.0		485.0
Other Revenue income received		52.6			17.4	Other Revenue income received				18.8		88.8
General Fund Deficit - 2019/20				(12.9)		General Fund Deficit - 2019/20				0.0		(12.9)
<b>Total Funds Available</b>	<b>1,071.5</b>	<b>74.0</b>	<b>3,314.1</b>	<b>2,792.0</b>	<b>260.5</b>	<b>Total Funds Available</b>	<b>230.5</b>	<b>64.2</b>	<b>24.8</b>	<b>720.8</b>	<b>1,000.0</b>	<b>9,552.4</b>
<b>2019/20 Published Budget Utilisation</b>						<b>2019/20 Published Budget Utilisation</b>						
Retained Business Rates			(1,200.0)			Retained Business Rates				0.0		(1,200.0)
New Homes Bonus				(485.0)		New Homes Bonus				0.0		(485.0)
General budget support				(512.0)		General budget support				0.0		(512.0)
<b>2019/20 Other Utilisation Plans</b>						<b>2019/20 Other Utilisation Plans</b>						
Transfers between Reserves	(125.0)				125.0	Transfers between Reserves				0.0		0.0
Bacup THI Support						Bacup THI Support		(24.8)		0.0		(24.8)
Counter Fraud & RV Analysis						Counter Fraud & RV Analysis				(9.0)		(9.0)
Support Forward Plan					(152.8)	Support Forward Plan				42.0		(110.8)
Business Rates Pooling Levy for 2018/19			(55.0)			Business Rates Pooling Levy for 2018/19				0.0		(55.0)
Economic Development Projects	(124.6)					Economic Development Projects				0.0		(124.6)
Living Well, Living Better Project						Living Well, Living Better Project				(30.9)		(30.9)
Spinning Point Phase 1						Spinning Point Phase 1				0.0		0.0
Spinning Point Phase 2 development						Spinning Point Phase 2 development				0.0		0.0
Haslingden Task Force						Haslingden Task Force				(8.8)		(8.8)
Property-related projects						Property-related projects				(7.5)		(7.5)
<b>Reserve Estimates 31/3/2020</b>	<b>821.9</b>	<b>74.0</b>	<b>2,059.1</b>	<b>1,795.0</b>	<b>232.8</b>	<b>Reserve Estimates 31/3/2020</b>	<b>230.5</b>	<b>64.2</b>	<b>0.0</b>	<b>706.6</b>	<b>1,000.0</b>	<b>6,984.1</b>
<b>Future Contributions/Utilisation Plans</b>						<b>Future Contributions/Utilisation Plans</b>						
2020/21 Plans	(791.9)	(50.2)	(755.0)	(53.6)	(199.5)	2020/21 Plans	(50.0)			(114.3)		4,969.6
2021/22 Plans	(30.0)			(278.0)		2021/22 Plans	(52.0)			(48.0)		4,561.6
2022/23 Plans				(313.0)		2022/23 Plans	(62.0)			(45.0)		4,141.6
2023/24 Plans				(227.0)		2022/23 Plans	0.0			(47.0)		3,867.6
<b>Potential Reserve Balances</b>	<b>0.0</b>	<b>23.8</b>	<b>1,304.1</b>	<b>923.4</b>	<b>33.3</b>	<b>Potential Reserve Balances</b>	<b>66.5</b>	<b>64.2</b>	<b>0.0</b>	<b>452.3</b>	<b>1,000.0</b>	<b>3,867.6</b>

Local Plan costs in 2019/20 have increased to £152.8k as some studies were re-profiled from the previous year.

Officers reviewed the requirements from the Vehicle Maintenance Reserve during 2018/19 clarifying the replacement costs, MRP funding and maintenance costs over the life of the MTFS. This has led to the above plans to utilise £164k from the Reserve over the next four years and leave £66.5k to support any additional maintenance requirements in future years.

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### Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Disabled Facilities Grants *	Homeless Grant	Domestic Abuse Grant	Transform' Lives Grant	Hoarding Grant	Total
	AL030132	AL030127	AL030130	AL030128	AL030129	
<b>Balance at 01/04/2019</b>	<b>882.0</b>	<b>52.9</b>	<b>6.8</b>	<b>0.0</b>	<b>3.4</b>	<b>945.1</b>
<b>New Funds Received 2019/20</b>						
Grant due/received	1,022.4					<b>1,022.4</b>
<b>Total Funds Available</b>	<b>1,904.4</b>	<b>52.9</b>	<b>6.8</b>	<b>0.0</b>	<b>3.4</b>	<b>1,967.5</b>
<b>Utilisation in 2019/20</b>						
DFGs allocation 2019/20	(722.0)					<b>(722.0)</b>
Transforming Lives/Hoarding Projects					(1.3)	<b>(1.3)</b>
Homelessness Project						<b>0.0</b>
Domestic Abuse Projects						<b>0.0</b>
<b>Anticipated Balance 31/03/2020</b>	<b>1,182.4</b>	<b>52.9</b>	<b>6.8</b>	<b>0.0</b>	<b>2.1</b>	<b>1,244.2</b>
<b>Future Utilisation Plans</b>						
2020/21 plans	(272.4)	(52.9)	(6.8)		(2.1)	<b>(334.2)</b>
2021/22 plans	(250.0)					<b>(250.0)</b>
<b>Potential Reserve Balances</b>	<b>660.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>660.0</b>

In addition to the £882k of unspent DFG grant brought forward, the 2019/20 allocation is £1,022k, giving total DFG resources of almost £1,904k. Total expenditure in 2019/20 has been £722k, less than half of the funds available and officer predict a carry forward of £1,182k in DFG resources.

The Homelessness grant of £53k and the Domestic Abuse and Hoarding Grants are due to be spent in 2020/21.

### Staff Costs, including agency

Employment Costs 2019/20 to end Sept	YTD Budget £000	YTD Actual £000	YTD Variance (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	FTE Original Budget 2019/20	FTE Changes during 2019/20	Current Vacant Posts
<b>Communities Directorate</b>								
Customer Services	331	321	10	8	3	8.1	0.0	0
Operations Service	1,625	1,616	9	23	(13)	52.1	-1.0	4
Communities	690	607	83	53	30	25.2	1.0	1
Environmental Health	178	165	13	0	13	7.0	0.0	0
Licensing & Enforcement	322	300	22	13	9	7.0	0.0	1
Housing	269	288	(19)	(12)	(6)	7.0	0.0	1
<b>Economic Development Directorate</b>								
Planning Services	449	460	(11)	(19)	8	12.5	0.0	1
Building Control Services	115	114	1	0	0	3.0	0.0	0
Regeneration	195	252	(56)	(38)	(18)	4.0	1.0	0
Property Services	155	114	41	43	(2)	4.4	0.0	0
<b>Corporate Services</b>								
Corporate Management	357	236	121	98	23	4.0	0.0	0
Legal Services	159	141	19	17	2	4.0	0.0	0
Local Land Charges	36	36	-	0	-	1.0	0.0	0
Democratic Services	254	248	6	4	2	7.6	0.0	0
Financial Services	322	315	8	(10)	17	7.7	0.0	0
People & Policy	468	394	74	54	20	15.6	0.0	2
<b>Total</b>	<b>5,926</b>	<b>5,605</b>	<b>321</b>	<b>234</b>	<b>87</b>	<b>170.2</b>	<b>1.0</b>	<b>10.0</b>

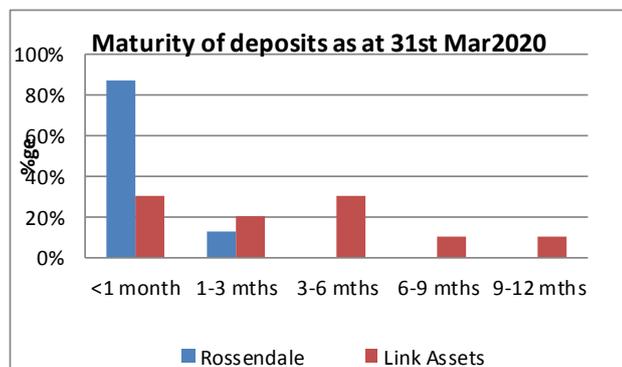
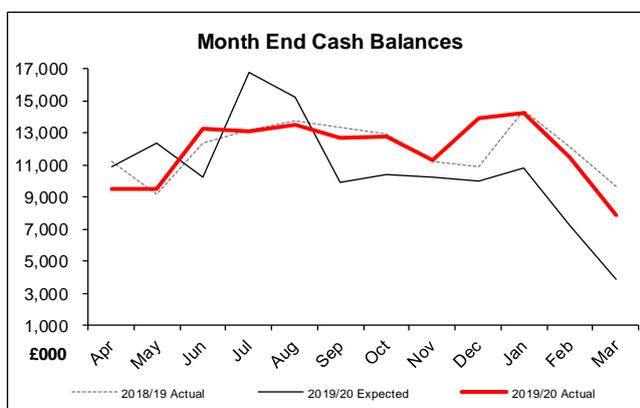
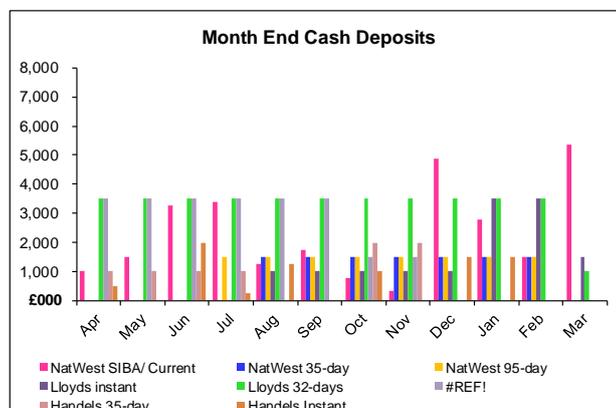
Movements in Q4 staff included 1 leaver, The new starters were, the new Chief Executive and 1 new starter within Operations. There was 1 leaver in Communities. The 2 vacant posts in Corporate Management have now been filled.

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## Treasury Management & Cash Flow Monitoring

At the end of March the bank balances were £7,864k, down from £13,892k at the end of Q3, following the expected cash flow pattern for the year. These balances include £2m borrowed from the PWLB for 20 years on the 15/08/2019 at a rate of 1.34% to facilitate the construction of Futures Park Plot 5. This, the balance of Spinning Point Phase1 costs, DFG grants and repayment of the HCA grant will all see these balances reduce over the coming months.



Balances & Interest Rates at 31/03/2020	Current Balance £k	Interest Rate %
NatWest SIBA	5,364	0.30
NatWest 35 day account	-	0.75
NatWest 95 day account	-	0.85
Handelsbanken instant	-	0.45
Handelsbanken 35-day	-	0.55
Lloyds instant access	1,500	-
Lloyds Treasury Call	-	0.05
Lloyds 32-day notice	1,000	0.25
<b>Total Bal &amp; Avg interest</b>	<b>7,864</b>	<b>0.24</b>

Due to the Coronavirus Pandemic banking institutions have cut the interest rates from March. The council have also had to remain more liquid and have access to instant funds as the Council was instructed to pay out business grants as some income had stagnated. This has prompted officers to keep cash flow mainly with NatWest SIBA at the end of March. Consequently, the interest income forecast below has reduced since the Q3 forecast.

The average effective interest rate at the end of Q4 is 0.24%.

### Interest Paid/Received

The budget for interest in 2019/20 is a net cost of £79.6k. At Q4, the actual return is now showing a favourable variance of £23k.

Interest Forecast	Budget 2019/20	Actual 2019/20	Variance Fav/(Adv)	Change Fav/(Adv)
<b>Revenue</b>				
Interest payable (PWLB)	(130.0)	(143.0)	(13.0)	(13.0)
Other interest payable	(1.0)	(1.0)	0.0	0.0
Misc Interest income	0.0	0.0	0.0	0.0
Bank Interest income	51.4	87.8	36.4	(8.6)
<b>Net Interest</b>	<b>(79.6)</b>	<b>(56.2)</b>	<b>23.4</b>	<b>(21.6)</b>

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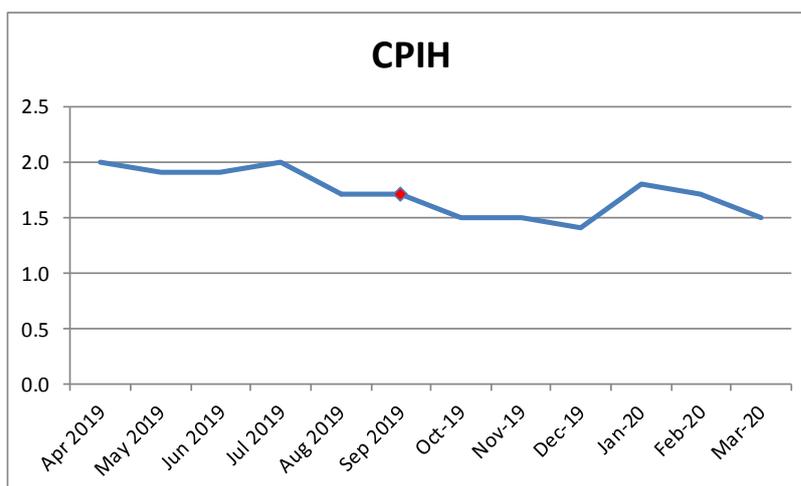
## Monthly Financial Monitoring Report 2019/20 Draft Out-turn

### Economic Outlook

(issued 22<sup>nd</sup> April)

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.5% in March 2020, down from 1.7% in February 2020.

The largest contribution to the CPHI 12-month inflation rate in March 2019 came from housing, water, electricity, gas and other fuels.



The largest downward contributions to change in the CPIH 12-month inflation rate, between February and March 2020, came from price of motor fuels and clothing.

The largest offsetting upward contribution came from air fares, and recreation and culture, where prices rose this year by more than a year ago.

The Retail Prices Index (RPI) 12-month inflation rate was 2.6% in March 2020, down from 3% at the beginning of this financial year. Many of the Council's annual contracts, such as IT licenses rise based on the RPI rate at November, so this drop to 2.6% is good news for the MTFS.

### Interest rate forward predictions

The Council's treasury management advisors, Link Asset Services, have released the following statement covering their interest rate predictions for the future:

at 31st March 2020	Current Rates	June 2020	Sept 2020	Dec 2020	March 2021	Jun 2021	Sept 2021
<b>Base Rate est</b>	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
<b>25yr PWLB est</b>	2.56%	2.50%	2.50%	2.50%	2.60%	2.60%	2.60%
<b>25yr PWLB Rev</b>	3.22%	3.40%	3.40%	3.50%	3.60%	3.50%	3.60%

The PWLB loan that officers arranged in August has locked in £2m at 1.34% for 20 years to facilitate the building project on Plot 5 Futures Park.

### Treasury Management Practices (TMPs) and Prudential Indicators

During Q4 the average bank resources were £12m, up from £11.5m during Q3 as expected at this time of year. There were no breaches in the TMPs maximum of £8m with any one institution.

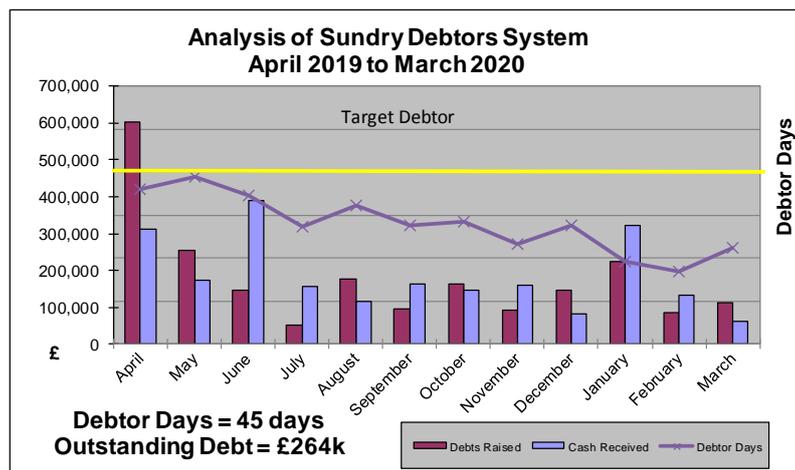
The lowest the Council's instant access cash resources reached during 2019/20 is £0.7m on the 12<sup>th</sup> July, just before Benefits Subsidy and Direct Debit incomes totalling £2.6m came in.

The highest that the instant access resources have reached was £10.4m on the 17<sup>th</sup> December in advance of the creditor and benefit payments before Christmas totalling £2.5m and £3.8m of Precept payments between the Christmas and New Year holidays. At this time the total Council resources were £18.4m.

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## Sundry Debts Monitoring



Invoices raised in 2019/20 totalled £2,170k to the end of Q4, of which £139k is still outstanding, though £92k raised in March are not overdue at the year end. Whilst the full year collection rate is 93.6%, excluding the March invoices completely gives a more accurate picture of 97.7% collected.

The balance of all years at the end of March is £297k after a further £84.4k of earlier debt has been collected in Q4.

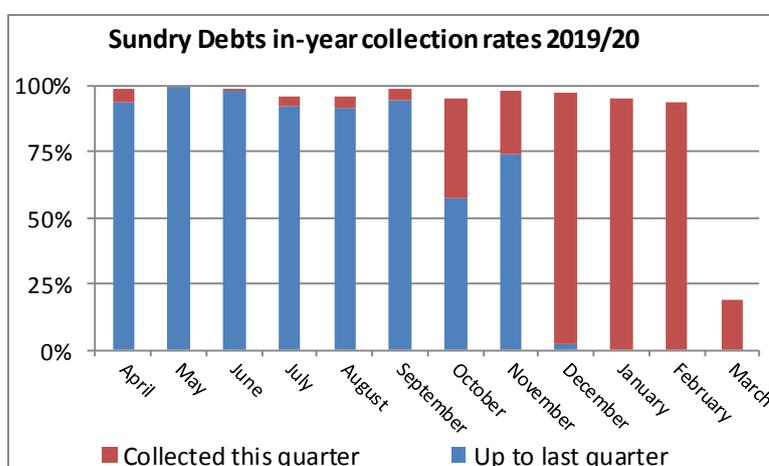
### Housing Rent Debts

Of the £324k of housing rent debts brought forward in April 2019 the Council has a provision of £288.5k brought forward for doubtful debts, leaving a net £36k debt still to chase.

### Doubtful debts

Debtor Days collection performance for sundry debts has improved from 55 days in Q3 to 45 days at the end of Q4, against a target of 80 days.

Of the £297k outstanding at Q4, the doubtful element of the total debt is now £149k.



Debts Outstanding	Mar 2018	Mar 2019	31 Dec 2019		31 Mar 2020		Doubtful Debts	
	£k	£k	£k	£k	£k	£k	rate	value
Earlier Debt	79.1	60.5		60.2		59.1	100%	59.1
2016/17 Debt	36.0	32.2		20.0		19.7	100%	19.7
2017/18 Debt	517.9	73.5		73.6		41.8	100%	15.0
2018/19 Debt		415.8		88.3		37.1	100%	37.1
2019/20 Debt								
Q1 Apr			38.6		6.4		75%	4.8
Q1 May			0.4		0.4		75%	0.3
Q1 Jun			2.3	41.3	1.2	8.0	75%	0.9
Q2 Jul			4.0		2.3		50%	1.2
Q2 Aug			15.1		6.9		50%	3.5
Q2 Sept			5.3	24.4	0.8	10.0	50%	0.4
Q3 Oct			69.0		7.5		10%	0.8
Q3 Nov			23.5		1.7		10%	0.2
Q3 Dec			143.4	235.9	3.9	13.1	10%	0.4
Q4 Jan			0.0		10.4		10%	1.0
Q4 Feb			0.0		5.5		10%	0.6
Q4 Mar			0.0	0.0	91.9	107.8	10%	4.0
<b>Total Debt o/s</b>	<b>633.0</b>	<b>582.0</b>		<b>543.7</b>		<b>296.6</b>		<b>149.0</b>

The general impairment provision brought forward in April 2019 was £163k, with an additional £5k for Licensing debts. Therefore, at Q4 there is no longer a requirement for any further provision to be set aside in 2019/20 (see detail on page 20).

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### Capital Resources

**Table 1 - 2019/20 receipts**

Major Receipts:	Original Budget £000	Year to Date £000	Forecast £000
<b>Capital Receipts</b>			
Land & Property Sales	50	625	625
Obsolete refuse vehicles	54	106	106
<b>Net receipts to table 2</b>	104	731	731

### Current issues

There have been three sales of Land for this financial year. The council has received a payment of £236k relating to the sale of the Haslingden Baths and £318k for the sale of Dark Lane.

**Table 2 - Useable Capital Resources**

Useable Capital Resources	£ 000
Balance at April 2019	2,480
Capital Grants in 2019/20	3,923
Capital Receipts in 2019/20	731
	<b>7,134</b>
Revenue Contributions	
from Earmarked Reserves	161
from S106 agreements	17
from Revenue Operations	94
<b>Total Capital Resources 2019/20</b>	<b>7,405</b>
Capital Prog funding applied	(4,773)
<b>Total Capital Resources March 2020</b>	<b>2,633</b>
Capital Receipts Reserve (housing)	551
Capital Receipts Reserve (unalloc)	2,082

### Financing the Capital Programme

The Useable Capital Receipts Reserve holds the balance of funds from the sale of Council assets the balance brought forward at the 1<sup>st</sup> April 2019 was £2,480k.

The original capital programme for 2019/20 approved in February was £1,304k, to which £5,303k of slippage was added from ongoing projects at the end of March 2019. This included £3,163k for Spinning Point Phase 1 building works, £882k for DFG's and £406k for replacement vehicles.

New projects during the year have added £6,820k, mainly the increase in Whitaker and the DFG's and in Q3 the approval of the Rossendale Leisure Trust Haslingden Gym refurb project, to give a revised capital programme of £13,427k

The total in the Useable Capital Receipts Reserve at the end of 2019/20 is currently expected to be £2,633k, of which £551k is still ring-fenced for housing schemes. Of the remaining £2,082k there is a receipt of £100k which has been ring-fenced for Whitworth projects.

### Future issues

After careful assessment of the business case and financial appraisal by officers, Spinning Point Phase 2 will not be implemented.

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### Capital Programme Spending

Capital Programme 2019/20	Original Cap Prog	Revised Cap Prog	Spent/ Ordered	Full-Year Forecast	Forecast Funding Arrangements				
	£000	£000	£000	£000	Grants/ Contrib'n	Capital Receipts	Reserves /RCCO	RBC Int Borrow	MRP Impact
<b>Communities Directorate</b>									
IT Software & Equipment	0	0	0	0	0	0	0	0	0
Operations	554	960	647	647	0	106	0	541	108
Communities	30	724	201	201	117	84	0	0	0
Housing	620	2,136	899	899	722	177	0	0	0
<b>Economic Dev Directorate</b>									
Bacup THI	0	76	78	78	51	0	27	0	0
Whitaker	0	1,899	51	51	41	7	3	0	0
Ski Rossendale	0	13	28	28	28	0	0	0	0
Plot 5 Futures Park	0	3,898	2,670	2,670	0	0	86	2,584	103
Spinning Point Ph1 & 2	0	3,163	2,879	2,879	2,879	0	0	0	0
12 Market Street	0	90	90	90	0	90	0	0	0
Property Repairs & Maint	100	453	442	442	55	93	94	200	40
Other minor projects	0	125	113	113	48	18	48	0	0
	<b>1,304</b>	<b>13,537</b>	<b>8,098</b>	<b>8,098</b>	<b>3,940</b>	<b>575</b>	<b>258</b>	<b>3,325</b>	<b>252</b>

### Capital Programme

The original Capital Programme was £1,304k, including £554k of vehicles and £500k of DFGs. To this was added £5,303k of slippage, including the balances of Spinning Point Phase 1 & DFG's.

Capital Programme 2019/20	£000
<b>Original Capital Programme</b>	<b>1,304</b>
<b>Slippage from 2018/19</b>	<b>5,303</b>
<b>New capital projects in 2019/20</b>	
Additional DFGs Grant	522
CPO enforced sales b/wd	-118
Moorlands Park, Weir play area	80
Wier play area	97
Rising Bridge play area	25
Staghills play area	102
Whitaker	1,899
Bacup THI fountain	25
Plot 5 Futures Park building	3,843
RLT Haslingden Gym Refurb	255
Empty Homes Renovation	110
12 Market Street	90
<b>Revised Capital Programme</b>	<b>13,537</b>

Further DFG grant of £552k was announced at the end of Q1, bringing the revised capital programme up to £13,537k.

A further £1,899k was announced for the Whitaker enhancement phase 2, funded by the Heritage Lottery Fund.

Members approved the Futures Park Plot 5 Capital project of £3.8m at full Council in July.

### Capital project activity

- Total DFG spend to the end of Q4 was £722k (38% of the revised programme)
- Bacup THI project has now ended and the final balance of £76k has been spent on the fountain works
- Parks projects ongoing include, Mullards at Waterfoot and Moorland Park
- The Spinning Point Phase 1 work is complete on the new bus terminal.
- The CCTV upgrade spend to date is £95k
- Officers have commissioned the construction project on Futures Park Plot 5, which is now under way with £3,691k being spent so far.
- The purchase of 12 Market Street in Q4 for £90k has been funded by capital receipts.
- Renovation of houses under the empty homes scheme costs of £110k funded by capital receipts

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## Minimum Revenue Provision (MRP)

Minimum Revenue Provision (MRP)	MRP Budget	Revised MRP Required	Potential (Additions) / Savings
	2019/20	2019/20	2019/20
Refuse Collection	315	321	-6
Street Sweeping	8	11	-3
Parks	20	7	13
IT	0	0	0
Facilities/Property	0	10	-10
Leisure Investment	126	126	0
Corporate Services	204	613	-409
Non-distributed Costs	71	71	0
	744	1,159	-415

Capital Financing Requirement	Net Additions 2019/20	MRP 2019/20	CFR 2019/20
Whitworth Civic Hall	0	-29	844
Marl Pits investment	0	-66	2,052
Whitworth Pool extension	0	-60	805
Rawtenstall Town Centre	0	-22	968
Other buildings	0	-31	1,523
Operations vehicles etc	535	-338	1,159
Parks Equipment	0	0	37
Corporate Services	0	-613	1,068
Other assets	0	1	1
	535	-1,159	8,456

MRP is the annual revenue repayment of internal funds used to support capital work.

Delays in purchasing operational vehicles in 2018/19 has created some MRP savings in 2019/20, however the empty homes recovery costs have ended £613.2k, which is £413.2k over and above the £200k included in the original budget.

## Section 106 Receipts Monitoring

Section 106 Agreements 2019/20	Third Party Projects	RBC Revenue Projects	RBC Capital projects	RBC Total Held
	£000	£000	£000	£000
Balance b/wd at 1st April 2019	298.2	128.9	385.5	812.7
Deposits received in 2019/20	12.8		165.9	178.7
Deposits applied in 2019/20	(34.9)	(11.2)	(32.5)	(43.7)
<b>Current Balance</b>	<b>276.1</b>	<b>117.7</b>	<b>518.9</b>	<b>912.8</b>

The only change in Q4 is a £4.1k deposit received on third party projects.

Planning Ref	Area	Site	Purpose	Time Period	Current Balance
<b>RBC Maintenance:-</b>					
2004/012	Crawshawbo	Former Chapel York St Crawshawbo	Contribution to recreation area <b>selected by the council</b>	no time limit	0
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	no time limit	114,846
2006/696	Whitwell Bot	Edgeside Park / Millenium Steps	Edgeside Park / Millenium Steps	no time limit	1,968
2008/587	Borough	PCT, Bacup Rd, Rawtenstall	Irwell Sculpture Trail	no time limit	977
2015/334	Rawtenstall	Land off Oaklands Drive & Lower Cribd	Refuse Bins	Exp March 2024	0
					<b>117,791</b>
<b>RBC Capital:-</b>					
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public Open Spaces	Exp July 2020 / May 2021	109,647
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public Open Spaces	Exp Mar 2023	10,264
2011/0046	Helmshore	Holmefield House	Affordable housing (Deed of Variation)	Legal to determine poss Sept 2020	25,800
2013/0041	Cloughfold	Land at 449-457 Bacup Rd,	Play Space/Open Space and/or pedestrian/cycle way	no time limit	13,702
2015/0238	Edenfield	Horse & Jockey. 85 Market St, Edenfield	Local recreational/play facilities	Exp July 2023	14,759
2015/334	Rawtenstall	Land off Oaklands Drive & Lower Cribd	Affordable Housing	Exp March 2024	162,893
2015/334	Rawtenstall	Land off Oaklands Drive & Lower Cribd	Affordable Housing	Exp June 2024	165,886
2016//0228	Edenfield	Land at Croft End Mill, Stubbins	Public Open Spaces - Edenfield Play area	Exp Oct 2023	15,852
					<b>518,804</b>

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### Council Tax & NNDR Collection Rates

Collection rates for Council Tax and Business rates are slightly lower than the same position last year. This is likely due to the impact of Covid 19 in the final quarter of the year.

Collection Rates	Council Tax					Business Rates				
	2015/16	2016/17	2017/18	2018/19	2019/20	2015/16	2016/17	2017/18	2018/19	2019/20
April	10.91	10.60	10.39	10.41	10.51	11.87	11.25	10.34	11.26	12.22
May	19.98	19.73	19.53	19.72	19.70	20.80	19.20	19.14	18.93	21.07
June	29.22	30.12	28.81	28.79	28.63	29.31	28.26	27.51	27.28	28.68
July	38.49	37.97	37.91	37.97	37.86	43.25	35.55	36.85	36.25	37.37
August	47.54	47.21	47.10	47.03	46.90	54.82	43.60	48.98	49.93	50.82
September	56.80	56.35	56.20	56.05	56.01	62.70	58.92	57.60	58.43	58.34
October	66.18	65.58	65.58	65.32	65.23	70.27	67.00	65.57	67.95	67.52
November	75.45	74.73	74.81	74.52	74.78	79.88	74.40	74.28	74.77	74.26
December	84.52	83.85	84.03	83.55	83.33	87.02	82.08	82.46	83.00	82.70
January	93.73	93.01	92.93	92.72	92.48	93.17	90.20	91.18	91.11	90.91
February	95.41	94.84	94.90	94.90	94.60	96.85	94.06	95.10	95.73	95.00
March	96.80	96.20	96.40	96.70	96.32	97.40	97.20	98.40	98.47	97.78

### Council Tax Collection Fund

At this Q4 report the Council Tax collection fund has returned a surplus of £449k. This year RBC's share is 14.61%, around £66k.

The changes in band decreases, increases occupancy changes have returned a net favourable position of £69k at the end of March

Council Tax Forecast 2019/20	Q1 £'000	Q2 £'000	Q3 £'000	Q4 £'000
Council Tax Collectable (after Discounts & Exemptions)	39,361	39,444	39,414	39,476
less Doubtful Debt Provision	(300)	(300)	(300)	(390)
	<b>39,061</b>	<b>39,144</b>	<b>39,114</b>	<b>39,086</b>
less Precepts for 2019/20				
Lancashire County Council	(27,465)	(27,465)	(27,465)	(27,465)
Police	(4,109)	(4,109)	(4,109)	(4,109)
Fire	(1,417)	(1,417)	(1,417)	(1,417)
Rossendale Borough Council	(5,645)	(5,645)	(5,645)	(5,645)
	<b>(38,636)</b>	<b>(38,636)</b>	<b>(38,636)</b>	<b>(38,636)</b>
<b>Surplus / (Deficit)</b>	<b>424</b>	<b>508</b>	<b>477</b>	<b>449</b>
<b>RBC Share = 14.61%</b>	<b>62</b>	<b>74</b>	<b>70</b>	<b>66</b>

and

There has been a £9k increase in the long-term empty premium since 2018/19 and an £63k decrease in the entitlement to Local Council Tax Support.

### Local retention of Local Business Rates (NNDR)

Under the new business rates scheme, variances from the original budgets fall into two categories – those arising from changes to the collection fund and those arising from grants and levies received or charged to the General Fund.

In 2019/20 the Lancashire Business Rates Pool has been included in the national 75% local retention of business rates pilot, which means that 75% of the business rates collected stay within Lancashire, and Rossendale keeps 56% rather than the 40% retained previously.

Q4 band changes have changed very little from Q3, sitting at a net adverse of £66k. Small Business Relief is currently £3,398k, compared to the original estimate of £2,895k.

The Doubtful Debt Provision reduced from £270k at Q3 to £106k at Q4. There should be at least £250k reduction in the Appeals Provision requirement as this has followed the pattern of 2018/19, but at the time of going to press officers are trying to gather evidence to validate a nil provision in 2019/20, leading to a further saving of £250k.

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Write-offs have totalled £40k to the end of Q4 and are covered by the doubtful debt provision set aside. The provision at the end of 2018/19 was £1,114k. The net debts outstanding at Q4 are £1,494k. A further provision of £106k is required to allow for a carry forward provision of £1,181k which provides for 100% of debts over 6 yrs old, 95% of debts in 2016/17 and earlier and 45% of debts from the last two years.

Business Rates Collection Fund 2019/20		NNDR1 (50% Pool) £000	Q1 (75% Pilot) £000	Q2 (75% Pilot) £000	Q3 (75% Pilot) £000	Out-turn (75% Pilot) £000
Net Liability Due		13,231	13,199	12,946	13,049	13,092
Less Transitional Payments due to MHCLG		(28)	(28)	(28)	(28)	(28)
Less Cost of Collection Allowance		(97)	(97)	(97)	(97)	(97)
Less Doubtful Debt Provision		(300)	(300)	(270)	(270)	(106)
Less Appeals Provision		(500)	(400)	(250)	(250)	(250)
Less Renewables 100% to RBC		(168)	(168)	(168)	(168)	(168)
<b>Net NNDR due</b>	<b>A</b>	<b>12,138</b>	<b>12,206</b>	<b>12,133</b>	<b>12,236</b>	<b>12,443</b>
Less Trans surcharge	B	0	0	0	0	0
Less Precepts		(12,138)	(12,138)	(12,138)	(12,138)	(12,138)
Cash Surplus/(Deficit)	C	0	68	(5)	98	305
<b>RBC Share = C x 56%</b>	<b>D</b>	<b>0</b>	<b>38</b>	<b>(3)</b>	<b>55</b>	<b>171</b>
Central Government share 25%			17	(1)	25	76
LCC and Fire share 19%			13	(1)	19	58

The net effect is a cash surplus prediction of £305k, of which RBC would retain £171k.

The second area of variance occurs within the Council's General Fund. Here we must compare the amounts received from the current business rates with the amount of funding that we would have received under the previous national scheme. In theory RBC now retains 56% of business rates, and the County and fire combined retain 19%.

RBC General Fund / Pooling gains		NNDR1 (50% Pool) £000	Q1 (75% Pilot) £000	Q2 (75% Pilot) £000	Q3 (75% Pilot) £000	Out-turn (75% Pilot) £000
Business Rates Income	A+B	12,138	12,206	12,133	12,236	12,443
RBC Share = 56%		4,882	6,835	6,794	6,852	6,968
less tariff paid to Lancashire Pool		(2,670)	(4,596)	(4,596)	(4,596)	(4,596)
add S31 Grants	E	908	1,584	1,479	1,635	1,635
Subtotal		3,120	3,823	3,677	3,891	4,007
RBC Baseline Funding Level used in Budget		2,145	2,145	2,145	2,145	2,145
<b>Surplus for Levy Calculations</b>	<b>F</b>	<b>975</b>	<b>1,678</b>	<b>1,532</b>	<b>1,746</b>	<b>1,862</b>
Levy due to Lancs Pool = F under 50% Pool	G <sup>1</sup>	(49)	(98)	(95)	(99)	(107)
Levy due to Lancs Pool = F under 75% Pilot	G <sup>2</sup>	(114)	(211)	(176)	(228)	(238)

Under the 2018/19 50% Pool the Council would have expected a surplus for Levy calculations of £975k (F), but with Q4 performance under the new 75% pilot that surplus is expected to increase to £1,862k, of which the County and Fire will receive £345k (G) and RBC will keep £1,517k. Therefore, the new 75% pilot looks to be resulting in an extra gain of £705k for Rossendale at the moment.

Central government also gives authorities Section 31 grants (E) to cover small business reliefs and other government-backed schemes. In the NNDR1 estimate those grants totalled £908k, but the 75% pilot and the level of reliefs so far have led officers to predict £1,635k income.

To summarise, this creates a total net gain (H) of £1,686k over RBC's baseline funding. When added to the Reserve balance brought forward of £1,340k and the £651k surplus from 2018/19 this gives £3,677k, of which £1,200k has been budgeted to support the General Fund in 2019/20, leaving predicted closing resources of £2,477k in March 2020.

Business Rates Summary		NNDR1 (50% Pool) £000	Q1 (75% Pilot) £000	Q2 (75% Pilot) £000	Q3 (75% Pilot) £000	Out-turn (75% Pilot) £000
Business Rates Surplus/(Deficit) 2019/20	F	975	1,678	1,532	1,746	1,862
less Lancashire Pooling Levy	G <sup>1</sup>	(49)	(98)	(95)	(99)	(107)
less Lancashire Pooling Levy Additional	G <sup>2</sup>	(114)	(211)	(176)	(228)	(238)
Renewable Energy		168	168	168	168	168
<b>Overall Gain</b>	<b>H</b>	<b>981</b>	<b>1,538</b>	<b>1,430</b>	<b>1,588</b>	<b>1,686</b>
Business Rates Retention Reserve Bfwd		1,340	1,340	1,340	1,340	1,340
Business Rates Surplus/(Deficit) 2018/19		0	651	651	651	651
Business Rates Surplus/(Deficit) 2019/20	H	981	1,538	1,430	1,588	1,686
Less Budgeted Utilisation		(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
<b>Total Retained Business Rates Resources Cfwd</b>		<b>1,121</b>	<b>2,329</b>	<b>2,221</b>	<b>2,379</b>	<b>2,477</b>

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## Glossary

### Accrual

An adjustment at year-end to charge costs or income due in the old year, regardless of whether the cash has been paid or received. Accounts are prepared on an accruals basis in order to match the income for each financial year with the costs attributable to the same time period.

### Capital expenditure

Spending on the acquisition or maintenance of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within the definition must be charged to a revenue account.

### Capital Grants Received in Advance

Grants received in cash during the year, but not spent or committed, are held on the Balance Sheet in the Short-term Liabilities area as Capital Grants Received in Advance, acknowledging the potential requirement to pay these grants back should the related project not go ahead or underspend.

### Capital Receipts

Proceeds from the sale of fixed assets, such as land or buildings, or the repayment of capital grants or advances. These funds form part of the Council's Useable Reserves, though they are ring-fenced for capital projects rather than revenue costs.

### Cash & Cash Equivalents

Cash deposits are those which provide instant access to the funds without significant penalty or loss of interest. For the Council this is the balance on the NatWest accounts and two other instant access accounts with Lloyds and Handelsbanken. This is in comparison to short- and long-term *Investments* in which funds are untouchable during the life of the deposit.

### Collection Fund

Rossendale Borough council collects funds on behalf of other precepting bodies, Lancashire County Council, Fire and Police as well as central government and Whitworth Town Council from domestic and commercial properties in the borough. These amounts are formally ring fenced in the Collection Fund and then distributed amongst the precepting bodies in line with their demands as set in the February budget setting meeting. At the end of the year each precepting body has their share of the arrears, the doubtful debt provision or appeals provision and the accumulated surplus or deficit. Rossendale Borough Council accounts for its own share, but holds the other preceptors shares separately on an agency basis. Hence, within the Council Tax and Business Rates monitoring members will see the overall position and the RBC share clearly identified.

### Compulsory Purchase Order (CPO)

Compulsory acquisition of key properties in accordance with the Council's regeneration agenda. Compensation must be paid to the property owners, but where they cannot be traced the Council must deposit the funds with the courts for a minimum of 12 years.

### Consumer Price Index (CPI)

The consumer price index (CPI) is a measure estimating the average price of consumer goods and services purchased by households. It is a price index determined by measuring the price of a standard group of goods meant to represent the typical market basket of a typical urban consumer and how this changed in the previous 12 months.

### Earmarked Reserves

Cash-backed funds identified to fund specific projects in the future.

### Full Time Equivalent (FTE)

Each full-time post within the Council works 37 hours per week. Part-time posts are expressed in relation to this, for example a post working 4 days a week would be 0.8FTE.

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## General Fund

The main revenue fund of the Council.

## Grants Unapplied

Unlike Capital Grants Received in Advance, there is no requirement to repayment of these grants. The unspent balance will be released into capital or revenue in the coming years as projects come online. These funds form part of the Council's Useable Reserves.

## Homes and Communities Agency (HCA)

The Homes and Communities Agency (HCA) is the non-departmental public body which helps to fund new affordable housing in England. It was established by the Housing and Regeneration Act 2008 as one of the successor bodies to the Housing Corporation, and became operational on 1 December 2008. In 2012 the HCA approved the East Lancashire Empty Homes Scheme.

## Investments

The Council invests surplus cash in short- and long-term deposits in accordance with the Treasury Management Strategy and Practices revised in February each year. In this context short-term includes anything up to 365 days, and long-term is for more than one year. Funds deposited in such investments are not accessible until the end of the agreed terms.

## Link Asset Services (formerly Capita & Sector)

Link Asset Services (formerly Capita & Sector) is the company which provides the Council with Treasury Management advice, including daily market reports and predictions, credit rating updates, interest rate forecasts and annual reviews of our strategy and practices ahead of the February reports to Full Council.

## Medium Term Financial Strategy (MTFS)

The Council's financial planning document for the foreseeable future.

## Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

## Ministry of Housing, Communities and Local Government (MHCLG)

The former Department of Communities and Local Government (DCLG) has been redesignated as the Ministry of Housing, Communities and Local Government, or MHCLG.

## National non-domestic rates - now Business Rates (NNDR)

National non-domestic rates for commercial premises are set annually by the government and collected by all local authorities. The localisation of business rates in April 2013 meant that the National pool no longer exists, but the acronym NNDR is still widely used in local government circles.

## Provision

Cash 'put aside' for expenditure on an intended project which has not commenced or is not complete at the year-end, but which has been contractually committed.

## Provisional

Best forecast given current knowledge.

## Public Works Loans Board (PWLB)

The PWLB is a central government statutory body which lends funds to local authorities with advantageous interest rates. Interest rates are published daily and local authorities provide the PWLB with annual estimates of cash requirements in return for certainty on the availability of funds and the interest rates being charged.

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### Reserve

Amounts included in one financial year's accounts to provide for payment for goods or services, whether revenue or capital, in a future financial year.

### Revenue account

An account that records an authority's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.

### Section 106 Agreement

Planning agreement whereby developers make a contribution towards specific projects linked to their development as a condition of planning application approval. Deposits may be for revenue or capital schemes, but application of the funds are dependent on firstly the developer, and then the Council, pursuing the projects specified within the agreement.

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Other formats available on request.

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