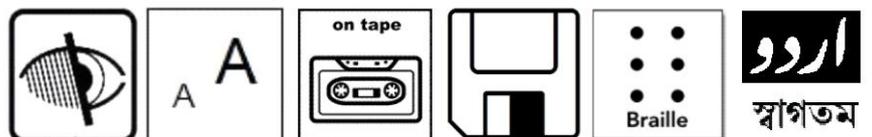


Monthly Financial Monitoring Report

2013/14 as at end of September 2013 – Quarter 2

Including a Glossary of terms on page 33



Monthly Financial Monitoring Report 2013/14 – end of September 2013

General Fund Revenue Operations – pages 4 to 23

During 2013/14 this monitoring report will be produced in full at the end of each quarter to tie in with reports to Cabinet. Interim budget monitoring reports will be produced each month and discussed with Budget Managers and Heads of Service.

The Qtr 2 monitoring report on the General Fund for 2013/14 is showing a £48k favourable variance compared to the original budget of £9,332k. This assumes that the planned use of

General Fund Reserves	General Fund Reserve £000	Directorate Investment Reserve £000
Balance at 1st April 2013	1,000	353
Fav/(Adv) movement in 2013/14	48	
Planned transfers/utilisation		(5)
Contribution to Transitional Reserve	(48)	
50% transfer to Directorate Investment Reserve		
Place Directorate	-	-
Business Directorate	-	-
Corporate Directorate	-	-
Balance anticipated at 31st March 2012	1,000	348

£386k from the Transitional Budget Reserve is deferred to support future years as reported in Qtr 1.

In line with the MTFS it is also recommended that the remaining £48k favourable variance is transferred to the Transitional Reserve.

This will keep the General fund Reserve at the MTFS target of £1m.

Earmarked Revenue Reserves – page 24 to 25

The total cash-backed Earmarked Reserves brought forward at 1st April 2013 were £5,563k (excluding the Transport Reserve).

The Transitional Reserve now includes a net transfer in of £48k as noted above. The contribution to the Licensing Reserve has been revised upwards as mentioned on page 12.

The forecast closing balance at the 31st March 2013 is now predicted to be £5,775k, but this is forecast to drop to £5,032k by March 2015.

Government Grants Unapplied – page 26

The opening value of Government Grants Unapplied at the 1st April 2013 was £614k. This included £125k of Housing Capital Pot and Green Vale Homes (GVH) contributions held to fund Disable Facilities Grants (DFGs) approved but not completed by the year-end. The 2013/14 DFG grant has been received, as has the GVH support to support works completed in Q1.

Homes and Communities Agency grant has begun to be received, with £567k received to date. Of this £425k has so far been invested in homes across Rossendale and its neighbouring authorities.

The forecast balance at March 2014 is now revised to £320k, which is expected to reduce to £106k by March 2016.

Staff Monitoring – page 26

During the first quarter 6.5 FTEs have been removed from the establishment. Of the remaining 187.1 FTEs there were 6.4 vacant posts at the end of June. These changes have contributed to cash savings on staff costs during the first three months of £85k.

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Treasury & Cash Management - page 27 to 29

Bank balances have ended the quarter at £9.7m, marginally down from £9.8m at the end of June and they are still on course to be around £6m at the end of the year.

At the beginning of the year the Sector treasury management advice was to keep deposits comparatively liquid in order to take advantage of any rise in interest rates after the summer. However, the Council has received notifications that all of the short-term accounts will see a further reduction in interest rates this autumn rather than an increase. As a consequence, a second 364-day deposit of £2m has been invested on the 2nd July to earn 1.01%. This has brought the interest income forecast back up to a small favourable variance of £1.3k. The current effective interest rate is just above the Sector model portfolio at 0.85% compared with Sector's 0.83%.

The value of outstanding sundry invoices has dropped from £823k in June to £758k at the end of September. The value of invoices raised to date is £1,596k which is 20% above the same time last year due to the creation of some large invoices for S106 agreements. As a result, the debtor days performance is 93 days compared to the target of 80 days. However, members should note that recovery of April invoices has outperformed that of the same time last year by 12% and £316k (57%) of debts outstanding at year-end have since been collected.

As a consequence of the outstanding debt rise, the doubtful debt figure is now £127k, against which the Council has a £123k provision.

Capital Receipts – page 30

There has been only one minor asset sale during the year to date against the annual target of £100k.

The level of useable capital receipts at the beginning of the year was £1,280k. Additional resources of £100k from sales and £404k from reserves, section 106 agreements and revenue operations, mean that the total resources available during the year are expected to be £1,779k. Against this the original capital programme, plus the funding of ongoing projects brought forward from 2012/13 will require £1,352k. These figures include one new project identified during Qtr 2 of £162k at Snig Hole play area, to be funded from S106 agreements and £30k of external grants.

The above changes mean that the unapplied capital receipts at the end of the year are expected to be £195k for general fund activity and £232k for housing projects.

Capital Programme and Funding – page 31 to 32

The original capital programme for 2013/14 was £1,201k. With £825k being rolled over from 2012/13 and £472k being added to the programme, this gives a revised capital programme of £2,498k, against which £682k has been spent or committed to date (27%).

Activity in qtr 2 has focussed on DFG grants, the continuation of the accommodation project here at the Business Centre and the implementation of the IDOX software. Officers have also been progressing tenders for Snig Hole play area and the building maintenance programme.

Collection Fund 2012/13 – page 33

The Council Tax Support scheme is currently experiencing a drop in the numbers of people claiming support and this could lead to a surplus for Rossendale Borough Council up to around £43k, but this is a volatile area to forecast after only six months of the year.

Non-domestic rates are also showing a potential surplus of up to £76k for the Council.

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General Fund Revenue Operations

Service Area	2013/14 Original Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr 2 (Adv)/Fav £000
Place Directorate					
Communities	1,355.6	1,288.2	67.4	80.4	(13.0)
Customer Services and E-Government	1,324.7	1,277.1	47.6	27.2	20.4
Place Operations	2,075.4	1,985.6	89.7	97.6	(7.9)
Business Directorate					
Building Control Services	128.3	108.7	19.5	24.5	(5.0)
Legal & Democratic Services	749.5	686.0	63.4	60.1	3.3
Planning Services	27.1	(34.7)	61.8	69.1	(7.3)
Local Land Charges	22.0	12.8	9.2	3.2	6.0
Licensing & Enforcement	145.7	130.3	15.5	14.3	1.2
Health, Housing & Regeneration	895.6	840.5	55.4	26.9	28.5
Corporate Support Services					
Corporate Management	337.5	355.7	(18.2)	3.7	(21.9)
Finance & Property Services	1,394.6	1,401.2	(6.6)	5.7	(12.3)
People and Policy	350.8	310.9	39.9	7.7	32.2
Non Distributed Costs	390.7	398.5	(7.7)	(6.3)	(1.4)
Capital Financing and Interest	213.5	211.2	2.3	6.3	(4.0)
Leisure	403.0	408.2	(5.2)	(5.2)	0.0
Use of Earmarked Reserves	(482.3)	(96.3)	(386.0)	(386.0)	-
Favourable impact on General Fund	9,331.7	9,284.1	48.0	29.2	18.8

The revenue position at the end of Quarter 2 takes account of various favourable and adverse variances, including the reversal of the planned £386k usage of the Transitional Reserve reported in quarter 1, coming to a net favourable £48k.

Total anticipated favourable variance in relation to staff is £485k favourable. The table on page 26 shows a current reduction of 14.5 FTEs against the original establishment of 193.6 FTEs at the start of the year. The cash effect during the first six months of the year has been £162k.

The other main areas of non-staff movements in quarter 2 can be seen in the table opposite.

- Income in the business directorate continues to be above the original budget.
 - The licencing income forecast has risen by a further £147k for the year and this is being transferred to a separate Licensing Reserve.
 - Reviews of planning and building control income have revised the Q1 favourable variance downwards. This still leaves planning income at a net £34k favourable forecast, but brings building control income back down to the original budget.
 - New Homes Bonus grant has been revised upwards by £20.3k
- Recycling income contract changes have resulted in an estimated adverse variance of £57k
- Qtr1 adverse variance estimates for vehicle maintenance costs have improved by £26k
- A review of staff training requirements has resulted in anticipated savings of £34k

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Major movements during Q2	Favourable /(Adverse)	Net
Communities		
Staff costs	21.0	
Cemeteries income	(21.0)	
Purchase of JCB digger	(20.0)	
Other minor variances	7.0	(13.0)
Customer Services and e Government		
Staff costs	5.0	
Dog Warden/Pest Control	9.0	
Other minor variances	6.4	20.4
Place Operations		
Staff costs	35.6	
Recycling income + reduction in tipping off fees	(57.0)	
Fuel	(0.3)	
Vehicle maintenance	26.0	
Purchase of tools & equipment	(8.5)	
Other minor variances	(3.7)	(7.9)
Business Directorate		
Staff costs	17.0	
New Homes bonus income	20.3	
Planning income	(30.0)	
Building control income	(16.5)	
Licencing income (net of associated additional costs)	147.0	
Transfer to Licensing Reserves	(147.0)	
Other minor variances	7.3	(1.9)
Business - Health, Housing & Regeneration		
Staff costs	(9.5)	
Whittaker Park Management Fee	30.0	
Homelessness Accommodation costs	7.2	
Other minor variances	0.8	28.5
Corporate Management		
Compensation Payment	(25.0)	
Other minor variances	3.1	(21.9)
Finance & Property Services		
Staff costs	3.4	
Building running costs (gas, electricity, water, NNDR)	9.3	
Cancellation of BT lines	4.7	
Property rental income	(6.5)	
Cleaning at Kay Street	(5.1)	
Other minor variances	(18.0)	(12.2)
People & Policy (incl P&P & Comm)		
Staff training costs	34.0	
Other minor variances	(1.8)	32.2
Non-Distributed Costs & Capital Financing		
Interest receivable	(3.9)	
Other minor variances	(1.5)	(5.4)
This month's favourable/(adverse) variance on the General Fund		18.8

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Communities - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Strategic Functions					
Community Management & Admin	(1.4)	(3.0)	1.6	1.7	(0.1)
Community Safety	54.2	53.0	1.2	0.4	0.8
Area Forum Grant Budgets	70.0	70.0	-	0.0	-
Emergency Planning	5.7	5.1	0.6	0.6	(0.1)
Grants	115.7	115.7	-	0.0	-
Localities - Non Pay Budgets	55.8	50.0	5.8	(3.1)	8.9
Haslingden, Helmshore & Edenfield Locality	322.3	306.7	15.7	1.7	14.0
Rawtenstall Locality	399.8	317.1	82.6	80.2	2.4
Bacup & Whitworth Locality	289.3	289.7	(0.4)	(1.7)	1.3
Parks & Open Spaces	313.1	330.6	(17.6)	(7.8)	(9.8)
Cemeteries	(145.1)	(138.4)	(6.7)	15.6	(22.3)
Markets	(123.7)	(107.7)	(16.0)	(7.2)	(8.8)
Total	1,355.6	1,288.8	66.8	80.4	(13.7)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Parks Vacancy	26.0		26.0	
Communities Officer Vacancies	48.5	19.0	67.5	
Changes to Car Allowances		1.7	1.7	
Disestablished Parks post - net of redundancy and Pension Strain	(6.0)		(6.0)	
Cemeteries Income	15.0	(21.0)	(6.0)	
Protective Clothing	(8.0)		(8.0)	
Works at Whittaker Park Bowling Green	(6.0)		(6.0)	
Maintenance of Parks Vehicles	(3.0)		(3.0)	
Parks Related Overtime	6.5		6.5	
Summer Agency	15.0	0.5	15.5	
Emergency Fees & Professional Fees		6.0	6.0	
Reduced Subscription to Lancashire Sports Foudnation		3.2	3.2	
Purchase of a new JCB Digger		(20.0)	(20.0)	
Markets Income	(7.2)	(8.8)	(16.0)	
Miscellaneous parks related budgets	(0.4)	5.8	5.4	
TOTAL	80.4	(13.6)	66.8	

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Communities Highlight Report – Quarter 2 (September)

Historic Issues

- A Communities Officer has requested voluntary redundancy, it has been determined that their duties can be consumed by other members of the team, and the post can be disestablished. The saving in the current financial year will be £19.5k.
- A Parks officer has requested voluntary redundancy, the request has been accepted and their duties shared amongst other Parks staff. The redundancy and pension strain costs in the current year exceed the salary savings by £6k. The recurrent on-going savings are £22k.
- Cemeteries income has risen during July, a straight line forecast of income received to-date would indicate an over achievement against the budget of £15k, an improvement from May of £7k.

Current Quarter Issues

- The current forecast has a projected under spend of £67.4k, an adverse movement in quarter 2 of £13.0k.
- A JCB digger has come to the end of its useful economic life, it is planned to purchase a replacement digger from the 2013/14 under spend. The estimated cost is circa £20k
- It was previously reported that the underspend arising from the departure of two locality officers (one redundancy, one vacancy) were estimated at £48.5k. This was under estimated and the actual favourable variance is £54.4k,
- The Council contract with Hyndburn Council for Emergency Planning Services has been renewed at a lower cost savings £3k. Expenditure on other professional fees are anticipated to generate savings of an additional £3k.
- Projected Cemeteries Income has declined in the quarter 2 by £21k. Cemeteries income does not follow a regular pattern and experiences significant spikes in activity from month to month. Income in May was significantly above normal and contributed to the favourable variance reported at the end of Qtr 1.
- Vacant stalls on the Council's market sites are contributing to reduced income projections, Qtr 2 showing a decline in the projected income of £8.8k.

Future Issues

- The possible extension of the use of temporary staff in Parks will be reviewed later in the year, depending upon the finances available and works still outstanding.

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Customer Services & E-Government - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Strategic Functions					
Management and Support	78.0	77.2	0.8	0.6	0.2
Service Assurance Team	131.0	128.8	2.2	2.7	(0.6)
Revenues, Benefits and Customer Services					
Local Tax Collection	(332.8)	(338.8)	6.0	6.5	(0.5)
Benefits Admin	950.8	947.7	3.2	2.9	0.3
Net - Housing Benefit Payments made & Subsidy received	(98.5)	(112.2)	13.7	5.3	8.4
Information and Communications Technology					
Technology	568.0	557.9	10.1	9.1	1.0
Pest Control					
Pest Control	-	(2.2)	2.2	0.2	2.0
Dog Warden					
Dog Warden	28.2	18.7	9.5	-	9.5
Total	1,324.7	1,277.1	47.6	27.2	20.4

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Cash recovery of Housing Benefit over-payments	5.0	11.5	16.5	
Car Allowances & Other staff travel related expenditure	6.0		6.0	
Purchase of Computer Equipment	3.0	0.3	3.3	
Web Development	10.0		10.0	
Debit Card Collection Costs	6.5	(0.5)	6.0	
ICT Officer Vacancy	9.0	5.0	14.0	
Dog Warden Service / Pest Control		9.0	9.0	
Implementation Costs - Unified Intelligent Desktop	(5.5)	(3.0)	(8.5)	
Software Licenses	(4.0)	(2.0)	(6.0)	
Government Connect / ICT Penetration Testing	(7.0)	3.3	(3.7)	
Other various minor variances	4.2	(3.2)	1.0	
TOTAL	27.2	20.4	47.6	

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Customer Service & E-Government Highlight Report – Quarter 2 (September)

Historic Issues

- Following the previous disestablishment of the Web Development post, a sum of £20k was set aside for future web developments. It is anticipated that only £10k will be utilised in the current financial year, resulting on an under spend of £10k.

Current Quarter Issues

- The headline figure is a projected under spend of £47.6k, a favourable movement from Quarter 1 of £20.4k The key movements are discussed below:
- The Dog Warden service is an activity based contract, in essence the greater number of stray dogs reported the greater the expenditure. Activity from the first six months of the current financial year indicates a potential savings on the contract of £9k.
- The cash recovery of Housing Benefit overpayments has moved favourably in the current quarter by £11.5k, with a predicted surplus for 2013/14 of £16.5k.
- Delays in appointing to an ICT support post has increased the projected under spend by £5k, the total projected saving in 2013/14 from this vacancy being £14k.

Future Issues

- Nothing to be reported.

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Place Operations - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Strategic Functions					
Operations Admin / Vehicle Maintenance	424.5	384.0	40.5	26.2	14.3
Operational Functions					
Refuse Collection	981.5	982.8	(1.3)	26.2	(27.5)
Street Sweeping	669.4	618.8	50.6	45.2	5.4
Total	2,075.4	1,985.6	89.7	97.6	(7.9)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Recharge Officer Time to represent support provide to Taxi Licensing	19.0	11.5	30.5	
Vehicle Fleet Staffing underspend		7.8	7.8	
Refuse - Filling vacancies, Agency use		30.5	30.5	
Part Time Recycling Officer vacancy	11.0		11.0	
Refuse Efficiency Target	(25.0)		(25.0)	
Uplift of Refuse Modern Apprentices onto Council Pay Scale 2		(32.0)	(32.0)	
Fuel	63.0	(0.3)	62.7	
Recycling Income & associated costs	45.8	(57.0)	(11.2)	
Bin Deliveries	7.0	0.5	7.5	
Trade Waste Income	(7.0)	1.6	(5.4)	
Income from the sale of Green Bins	(5.0)	1.0	(4.0)	
Street Cleansing - vacancies / flexi retirements & Agency usage	32.0	17.8	49.8	
Misc Staffing related budgets - Overtime, Excess Mileage	11.8		11.8	
Day to Day Vehicle Maintenance & Consumables / MOT Tests	(36.0)	10.0	(26.0)	
Purchase of Lifting and Weighing Equipment	(19.0)	4.0	(15.0)	
Protective Clothing	(5.0)	1.8	(3.2)	
Purchase of Tools & Equipment	8.8	(8.5)	0.3	
Cancellation of Phone Line		1.4	1.4	
Miscellaneous Variances	(3.8)	2.0	(1.8)	
TOTAL	97.6	(7.9)	89.7	

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Operations Highlight Report – Quarter 2 (September)

Historic Issues

- The Council has incurred significant breakdowns in relation to its frontline refuse fleet, most of which are now outside their initial 3-year warranty period. At the end of Qtr 1 a straight line projection of expenditure incurred indicated an over spend of £36k; additionally the purchase of replacement lifting equipment was anticipated at a cost of £19k.
- Vacancies within the Street Cleansing budget will result in saving of circa £32k, other miscellaneous staffing related costs such as travel, overtime etc are anticipated to deliver savings of £11.8k.
- Assuming no significant price increases, the fuel budget for the Operations vehicle fleet is projected to under spend by £63k.

Current Quarter Issues

- The Operations budget is forecast to under spend by £89.7k, an adverse movement in the quarter of £7.9k. The key movements are discussed below:
- Market conditions for recycling (in particular Glass, Cans & Plastics) have significantly reduced the anticipated income. Recycling income is projected to fall below target by £11.2k; an adverse movement in the Quarter of £57k. The Council continues to explore the market to maximise its income from recycle.
- At the end of their apprenticeship the Council has given 9 modern apprentices substantive roles within the Refuse section. The cost being an additional £32k.
- The Operations admin team continues to provide increased support to the licensing service in order that it can deal with the increased volumes of taxi license applications. This has resulted in an increased salary saving in Qtr 2 of £11.5 on the Operations admin budget £30.5k in total.
- Reduced use of agency staff has resulted in a favourable movement in the Quarter of £48.3k.

Futures Issues

- The Vehicles required to undertake the functions of Refuse and Street Cleansing are currently being reviewed. The current forecast assumes that all the budgets set aside for the purchasing of vehicles will be fully utilised. If the decision is made to operate for the remainder of the financial year with the existing fleet; then a further saving of circa £85k will accrue. However, it is recommended that this be transferred to the vehicle replacement reserve in order to assist previously identified funding gaps.

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Business Services - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Planning					
Development Control	(128.5)	(189.4)	60.9	71.5	(10.6)
Forward Planning	155.6	154.7	0.9	(2.3)	3.2
Land Charges	22.0	12.8	9.2	3.2	6.0
Building Control					
Building Control - Fee Earning Account	15.5	5.5	9.9	20.8	(10.9)
Building Control - Statutory Function	104.8	95.2	9.6	3.7	5.9
Building Control - Street Signs	8.0	8.0	-	-	-
Legal Services	164.9	151.0	13.9	16.7	(2.8)
Democratic Services					
Electoral Registration	57.6	55.7	1.9	-	1.9
Elections	72.4	73.8	(1.4)	(1.7)	0.3
Democratic Representation	392.0	353.9	38.1	37.9	0.2
Mayoralty	59.1	48.0	11.1	7.1	4.0
Town Twinning	3.5	3.6	(0.1)	-	(0.1)
Licensing & Enforcement	145.7	130.3	15.5	14.3	1.2
Total	1,072.5	903.1	169.4	171.2	(1.8)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Planning Income	64.6	(30.0)	34.6	
New Homes Bonus Income above budget (includes return of top sliced monies)		20.3	20.3	
Planning - Restructure		6.5	6.5	
Planning Misc variances	3.0	2.0	5.0	
Planning Legal Fees		(5.0)	(5.0)	
Land Charges Income	2.8	5.3	8.1	
Building Control Car Allowances	4.0	1.0	5.0	
Building Control Fee Income	14.5	(16.5)	(2.0)	
Building Control Restructre - net of redundancy costs	8.4	9.5	17.9	
Legal Staffing Vacancy	6.0		6.0	
Legal - Court Costs & associated fees	6.3	1.4	7.7	
Legal Income	3.0	(1.3)	1.7	
Mayor's Attendants	5.0	1.4	6.4	
Taxi Licensing Income & Associated Costs	151.0	147.0	298.0	
Transfer to Licensing Income to earmarked reserve	(151.0)	(147.0)	(298.0)	
Licensing & Fraud Restructure	13.4		13.4	
Councillors Special Responsibility Payments / Pension payments	10.5		10.5	
Committee Services - reduced Officer Hours	6.2		6.2	
Committee Services - support to Taxi Licensing	17.5	1.0	18.5	
Other minor variances	6.0	2.6	8.6	
TOTAL	171.2	(1.8)	169.4	

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Business Highlight Report – Quarter 2 (September)

Historic Issues

- As reported to Members back in February, the original budget was set using a prudent view of income levels for planning and licensing activity.

Current Quarter Issues

- The Business directorate is currently forecast to under spend by £169.4k, an adverse movement in the quarter of £1.8k. The key variances are discussed below:
- Central Government has been top-slicing funding to all councils until it established its' full liability under the New Homes Bonus scheme. Excess top-sliced monies have now been returned to all councils with the financial benefit to Rossendale Council being circa £16k. The budget for New Homes Income was already £4k less than the provisional New Homes Bonus allocation, resulting in cumulative £20.3k favourable variance.
- Planning income is difficult to project and is subjective to significant variation throughout the financial year. Income from planning applications has reduced in the 2nd Qtr, resulting in a £30k drop in the projected full-year favourable variance to £34.6k.
- After a promising 1st Qtr, Building Control Fee Income has also declined in Qtr 2, resulting in an adverse movement of £16.5k. Following a restructure, the Building Control services of Rossendale & Hyndburn councils have been combined. It is too early to evaluate whether this will have a positive impact upon Building Control Income.

The restructure of the Building Control service will generate savings in 2013/14 of £17.9k (£84k in 2014/15), a favourable movement of £9.5k on than that reported at the end of Qtr 1.

- Taxi licensing continues to receive record numbers of applications. Staff from other sections of the council continue to be seconded in order to meet the increased demand. Any surplus generated from increased taxi license income, currently predicted to be £298k, is to be transferred to an earmarked reserve.

Futures Issues

- The Planning Manager is currently reviewing future requirements for the production of various core planning strategy documents.
- The Council, in conjunction with the Local Government Association, is currently defending claims from personal search companies in relation to Land Charge Search fees.

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Health, Housing & Regeneration - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Strategic Functions					
Regeneration Mangement & Admin	71.7	69.9	1.8	1.8	0.0
Tourism	-	(0.0)	0.0	-	0.0
Economic Regeneration					
Economic Regeneration	66.1	71.8	(5.7)	(5.2)	(0.5)
Whittaker Park Musuem	106.6	76.6	30.0	1.2	28.8
Regen Admin Support	28.0	27.3	0.8	1.1	(0.3)
Strategic Housing					
Housing Strategy	62.4	51.1	11.3	13.2	(1.9)
Homelessness	86.7	82.7	4.0	(2.5)	6.5
Private Sector Renewal	48.1	35.1	13.0	11.1	1.9
Environmental Health					
Environmental Health	426.0	426.0	-	6.2	(6.2)
Total	895.9	840.5	55.4	26.9	28.5

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Housing Strategy Salary - additional purchase of annual leave	6.5	(2.0)	4.5	
Housing Strategy - non pay budgets	7.3		7.3	
Whittaker Park Mgmt Fee		30.0	30.0	
Private Sector Renewal Flexible Retirement	7.0		7.0	
Private Sector Renewal - non pay budgets	3.0		3.0	
Environmental Health - employee joining pension scheme		(7.5)	(7.5)	
Environmental Health - night cost service		2.7	2.7	
Homelessness - revised forecast downwards temp accomodation		7.2	7.2	
Changes to Officer Car Allowance Scheme	2.3		2.3	
Subscriptions	3.0		3.0	
Other Misc Variances	(2.2)	(1.9)	(4.1)	
TOTAL	26.9	28.5	55.4	

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Business - Health, Housing & Regeneration Highlight Report – Quarter 2 (September)

Historic Issues

- At the end of Qtr 1 the Health Housing & Regeneration budgets were forecast to underspend by £26.9k, the major contributing factors being salary savings arising from the purchase of additional annual leave £6.5k (Housing Strategy), Flexible Retirement £7k (Private Sector Renewals) and various other non-pay under spends.

Current Quarter Issues

- Health, Housing and Regeneration are forecast to under spend by £55.4k, a favourable movement in the quarter of £26.9k.
- A not for profit organisation has taken over management of the Whittaker Park Museum. The Council previously commissioned Lancashire County Council to undertake this role. It is anticipated that the Council will save £30k in 2013/14 on its support to the Museum.
- The projected spend on Temporary Accommodation for Homelessness has reduced by £7.2k in the Qtr. Expenditure in this area is significantly down on expenditure at this time last financial year; however it can fluctuate depending upon the dynamics of the homelessness cases which present themselves to the service.
- Additional enrolment to the Council's pension scheme has led to an adverse movement in the Quarter of £7.5k

Future Issues

- The running of Whittaker Park Museum has been transferred to a Community Group; previously the Council paid Lancashire County Council a management fee for operating the Museum on its behalf. The funding arrangements going forward have not yet been fully finalised and as such no under spend is currently projected against the budget previously set aside for the LCC's management fee.

The current commitments total £35k, there is a balance on the available budget (formerly the Management Fee with LCC) of circa £61k,

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Corporate Management - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Corporate Management					
Executive Office	286.5	277.7	8.8	4.2	4.6
Corporate Contingency	-	27.0	(27.0)	(1.0)	(26.0)
Executive Support & Corporate Subscriptions	47.0	47.0	(0.0)	(0.3)	0.3
Concessionary Fares	4.0	4.0	0.0	0.8	(0.8)
Total	337.5	355.7	(18.2)	3.7	(21.9)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Changes to Car Allowance Scheme	0.8		0.8	
Concessionary Fares	0.8		0.8	
Zero percent uplift to Chief Officer salaries		4.5	4.5	
Rosendale Together Partnership		(5.0)	(5.0)	
Compensation Payment - Culvert Related Works		(25.0)	(25.0)	
Various Misc non pay budgets	2.1	3.6	5.7	
TOTAL	3.7	(21.9)	(18.2)	

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Corporate Management Highlight Report – Quarter 2 (September)

Historic Issues

- Nothing of significance had previously been reported.

Current Quarter Issues

- The Corporate Management budget is forecast to over-spend by £18.2k, an adverse variance in the Quarter of £21.9k.
- The Council has agreed a settlement figure to resolve a long standing issue regarding a Council owned culvert. The settlement figure was £25k.
- The Council has a development partnership with Barnfield Construction. In support of the aims of the development partnership it has donated £5k to the joint venture Rossendale Barnfield Together Partnership.
- There will be a zero percent uplift to chief officers' salaries within local government which has resulted in a saving of £4.5 on the Corporate Management salary budgets.

Futures Issues

- Nothing to report.

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Finance and Property Services - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Financial Services Team	394.4	414.6	(20.2)	(11.1)	(9.1)
Internal Audit	69.5	70.2	(0.7)	-	(0.7)
Corporate Costs			-		
External Audit Fee	64.0	65.9	(1.9)	-	(1.9)
Bank Charges (net of fees)	17.2	19.0	(1.8)	0.5	(2.3)
Treasury Management	6.6	6.5	0.1	0.1	(0.0)
Property Services					
Property Services Team	250.5	245.0	5.5	(15.4)	20.9
Corporate Estates	(29.2)	(20.0)	(9.2)	-	(9.2)
Non Domestic Estates	(98.7)	(100.1)	1.4	(0.1)	1.5
Office Accommodation	235.8	189.3	46.5	44.0	2.5
Operational Properties	360.1	358.4	1.7	5.2	(3.5)
Leisure Properties	60.8	62.0	(1.2)	(5.2)	4.0
Bus Shelters	(9.7)	(6.4)	(3.3)	(1.0)	(2.3)
Business Centre	73.4	97.0	(23.6)	(11.3)	(12.3)
Total	1,394.6	1,401.2	(6.6)	5.7	(12.3)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Admin Charges - Credit Card Collection of Council Tax	1.0		1.0	
Bank Charges		(1.0)	(1.0)	
External Audit Fee - NFI Prior Year		(1.9)	(1.9)	
Finance Team - Restructure / Pension Strain	(9.6)	(4.0)	(13.6)	
Insurance	(4.6)		(4.6)	
Miscellaneous - non pay Finance Budgets	2.7	(7.1)	(4.4)	
Water	5.5	0.2	5.7	
NNDR	(1.2)	(0.1)	(1.3)	
R&M	(0.9)	0.8	(0.1)	
Electricity	(6.4)	8.9	2.5	
Gas	3.7	(0.5)	3.2	
Cancellation of BT lines		4.7	4.7	
Estates income (Unit @ Daniel St - repossessed)	(3.2)	(5.4)	(8.6)	
Property Team - Vacancy		9.3	9.3	
Property Team - Restructure	23.4	(1.9)	21.5	
Departure Charges	-	(2.0)	(2.0)	
Legionella Costs	-	(1.3)	(1.3)	
Cleaning at Kay St & Futures Park		(5.1)	(5.1)	
Asbestos - Marl Pits Boiler	(6.0)	1.2	(4.8)	
Markets - Refuse in-house	5.3		5.3	
Business Centre - Rental income	(6.7)	(1.1)	(7.8)	
Business Centre - Miscellaneous Expenses	(0.6)	(1.5)	(2.1)	
Property - Miscellaneous Expenses	3.2	(4.4)	(1.2)	
TOTAL	5.6	(12.2)	(6.6)	

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Finance & Property Services - Monitoring Highlight Report – Period 6 (Sept)

Financial Services

Historic Issues

- The original budget included £30k savings anticipated from restructure. Though one-off staff restructure costs have resulted in a £9.6k adverse variance for 2013/14, the full year savings have risen to £54k.

Current Quarter Issues

- The one-off staff restructure costs have risen by a further £4k.

Futures Issues

- Nothing to report.

Property Services

Historic Issues

- The restructure within the Property Services section has been concluded, with the former Courier taking up post as a Refuse Operative. This has helped to reduce the costs of implementing the restructure, leading to savings of £21.5k in 2013/14 and recurrent savings of £41.3k (including £4.7k for the courier van).

Current Quarter Issues

- The Property Services budget is forecast to under spend by £17.9k
- Repairs & Maintenance spend is remaining within budget.
- The contract for Electricity, which is due for renewal in October 2013 was expected to increase by 30%, the actual increase has now been agreed at 15.86%. This forecast is showing a projected under spend of £2.5k, a favourable movement of £8.9k
- The departure of the Business Centre Manager has resulted in a further saving of £9.3k
- A review of the BT Telephone numbers has resulted in many lines being cancelled. The saving within Property Services is £4.7k and across the council a saving of £6.6k
- A Possession order has been served on an Industrial unit tenant and a tenant has ceased tenancy. The projected loss of income for the remainder of the year is £5.4k. This brings the projected loss of income to £8.6k
- Due to relocating the OSS and the cleaners taking redundancy and redeployment in Operations, the cleaning contract with MHC has increased by £5.1k to undertake the cleaning at the Kay St Offices and additional cleaning at Futures Park.

Futures Issues

- United Utilities are undergoing a national review to consolidate the new charges introduced in 2011/12 for cemeteries. The phased introduction is likely to result in further cost pressures though the total value is unknown.

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People and Policy - Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
People & Organisational Development					
Human Resources	350.8	310.9	39.9	7.7	32.2
Total	350.8	310.9	39.9	7.7	32.2

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
One off Costs associated with HR Admin Restructure		(3.3)	(3.3)	
Printing of Pay Slips	7.8		7.8	
Staff Training		34.0	34.0	
Other Miscellaneous variances	(0.1)	1.5	1.4	
TOTAL	7.7	32.2	39.9	

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People & Policy Highlight Report – Quarter 2 (September)

Historic Issues

- Nothing significant has been reported.

Current Quarter Issues

- The People & Policy budget is forecast to under spend by £39.9k, a favourable movement in the quarter of £32.2k.
- The main favourable variance in the quarter relates to the corporate training budget. Training expenditure has reduced in recent years as the Council's headcount has reduced and so the current projection is for 2013/14 training expenditure to be £34k below budget.

Future Issues

- The budget forecast assumes that the Consultation & Publicity budget of £40k, will be fully spent, actual expenditure at the end of the quarter is only £0.5k.

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Non-distributed Costs, Corporate Resources & Leisure Services

Quarter 2 (Sept)

Summary	2013/14 Org Budget £000	2013/14 Forecast £000	2013/14 Variance (Adv)/Fav £000	Variance last reported Quarter 1 £000	Change in Quarter 2 (Adv)/Fav £000
Non Distributed Costs					
Employee & Pension Costs	221.8	155.1	66.8	24.4	42.4
Other Non-distributed Costs	168.9	243.4	(74.5)	(30.7)	(43.8)
Capital Financing					
Minimum Revenue Provision	114.5	114.5	-	-	-
Investment Interest	99.0	96.7	2.3	6.3	(4.0)
Leisure	403.0	408.2	(5.2)	(5.2)	0.0
Total	1,007.3	1,017.9	(10.6)	(5.2)	(5.4)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Dis-establishment of various posts	138.4		138.4	
Pension Auto Enrollment / Unpaid Leave	43.2		43.2	
Pension savings - previously added years	24.4		24.4	
Transfer to Pension Reserve for future liabilities	(206.0)		(206.0)	
Interest income	5.3	(3.9)	1.4	
ICT investment Lesiure intregration project	(5.2)		(5.2)	
Other minor variances	(5.3)	(1.5)	(6.8)	
TOTAL	(5.2)	(5.4)	(10.6)	

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Non-Distributed Costs & Capital Financing - Highlight Report – Qtr 2 (September)

Historic Issues

- Budgets connected with dis-established posts have been removed from the host department and transferred to the Distributed budget area. Under spends arising from disestablished posts are £138.4k
- The Council had previously set a £60k budget to meet the consequences of pension auto enrolment. The date of pension auto enrolment has moved and consequently there will be an under spend of £43.2 (after netting off the over estimation of the savings arising from the introduction of 5 days unpaid leave for council employees).
- The Council pension liability for previous awards for added years is forecast to under spend by £24.4k. This under spend will be transferred to the pension reserve, in anticipation of increased employers pension contributions arising from the next actuarial review of the Council's pension scheme.
- The three favourable variances being reported above relate to staff and pension costs. Whilst any ongoing savings impacts are being reflected in the draft future budgets, officers recommend transferring the 2013/14 savings into the Pension Fund Reserve. This Pension Fund Reserve is held specifically to finance increases in future contributions to meet the £29m deficit reported at the end of March 2013 and any impact from the next full triennial review which is due to present recommendations early in 2014 that will become effective from April 2014 onwards.
- The integration of Rossendale's Leisure Trust ICT environment with the Council's has resulted in additional costs of £5.5k.

Current Quarter Issues

- The projected adverse variance on the Non Distributed budgets is £10.6k, the key variances are detailed below.
- Interest income forecast has been reviewed given the second drop in interest rates during the autumn.

Future Issues

- Nothing to report.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Change Manag't	Director Invest Reserve	Budget Volatility Reserve	Transitional Budgetary Support	Regen Reserve	Vehicle Reserve	Homeless' Reserve
	AN060103	AN060123	AN060110	AN060129	AN060109	AN060130	AN060127
Balance at 01/04/13	1,556.9	353.2	300.3	815.0	489.1	306.6	186.8
Funds Received 2013/14							
2013/14 grants	16.4						
Revenue income received						35.5	
Revenue income anticipated				433.0			
Total Funds Available	1,573.3	353.2	300.3	1,248.0	489.1	342.1	186.8
2012/13 Utilisation Deferred							
Bacup Town Centre Heritage Initiative		(4.9)					
Training - HGV / NVQ							
Alcohol Prevention							
ICT project costs							
Benefit Reform - Budget Advice							
Hen St Depot works							
Paths & Tree Related Works							
Funding of Pay Protection							
PRG Signage - capital project							
2013-14 Published Budget Utilisation							
General budget support				(368.0)			
Replacement Vehicles (Hako sweepers?)						(160.0)	
Admin Support to Regeneration							
Tourism Support							
Regeneration Officer							
Area Forum Grants							
Community Engagement Officer & Planning for Climate Change							
2013-14 Other Utilisation Plans							
Add'l Vehicle Maintenance spend year 4						(73.5)	
PRG - Environmental Studies - Futures Park							
PRG - Rolling Boar Trails / Cycle Rack							
Youth Homelessness funding							(30.0)
PRG Adrenalin Gateway Program							
Alcohol Rtg Monies (Bacup Action Plan / Family Intervention)							
Children Trust							
Additional pension payments							
East Railway Comuted Sum							
THI Contribution							
Pension fund contributions							
Reserve Estimates 31/3/14	1,573.3	348.3	300.3	880.0	489.1	108.6	156.8
Future Contributions/Utilisation Plans							
2013/14 Plans					(47.8)		
2014/15 Plans				(429.0)	(22.8)	(68.5)	(156.8)
2015/16 Plans				(386.0)		35.5	
2016/17 Plans						35.5	
Potential Reserve Balances	1,573.3	348.3	300.3	65.0	418.5	111.1	0.0

The potential impact of the localisation of non-domestic rates from April 2013 has yet to be determined and reflected in the above reserve requirements. It is possible that this will result in a recommendation to increase the level on the budget volatility reserve over the next two years.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Leisure Reserve	Licensing Reserve	Bacup N'hood Reserve	PRIDE Reserve	Perform Reward Grant	Pension Fund Reserve	Operational Reserves	Total
	AN060118/9	AN060141	AN060125	AN060126	AN060120	AN060117	AN060121	
Balance at 01/04/13	681.4	0.0	44.6	85.2	277.1	211.0	256.2	5,563.4
Funds Received 2013/14								
2013/14 grants							0.0	16.4
Revenue income received							14.0	49.5
Revenue income anticipated		298.0				206.0	0.0	937.0
Total Funds Available	681.4	298.0	44.6	85.2	277.1	417.0	270.2	6,566.3
2012/13 Utilisation Deferred								
Bacup Town Centre Heritage Initiative							0.0	(4.9)
Training - HGV / NVQ							(11.0)	(11.0)
Alcohol Prevention							(10.0)	(10.0)
ICT project costs							(9.5)	(9.5)
Benefit Reform - Budget Advice							(4.5)	(4.5)
Hen St Depot works							(5.0)	(5.0)
Paths & Tree Related Works							(23.0)	(23.0)
Funding of Pay Protection							0.0	0.0
PRG Signage - capital project					(31.0)		0.0	(31.0)
2013-14 Published Budget Utilisation								
General budget support							0.0	(368.0)
Replacement Vehicles (Hako sweepers?)							0.0	(160.0)
Admin Support to Regeneration							0.0	0.0
Tourism Support							0.0	0.0
Regeneration Officer							0.0	0.0
Area Forum Grants							0.0	0.0
Community Engagement Officer & Planning for Climate Change							0.0	0.0
2013-14 Other Utilisation Plans								
Add'l Vehicle Maintenance spend year 4							0.0	(73.5)
PRG - Environmental Studies - Futures Park					(18.0)		(8.5)	(26.5)
PRG - Rolling Boar Trails / Cycle Rack					(24.4)		0.0	(24.4)
Youth Homelessness funding							0.0	(30.0)
PRG Adrenalin Gateway Program							0.0	0.0
Alcohol Rig Monies (Bacup Action Plan / Family Intervention)							0.0	0.0
Childfren Trust							0.0	0.0
Additional pension payments							(10.0)	(10.0)
East Railway Comuted Sum							0.0	0.0
THI Contribution							0.0	0.0
Pension fund contributions							0.0	0.0
Reserve Estimates 31/3/14	681.4	298.0	44.6	85.2	203.7	417.0	188.7	5,775.0
Future Contributions/Utilisation Plans								
2013/14 Plans	(24.6)		12.8	(85.2)			0.0	(144.8)
2014/15 Plans	(18.6)					229.0	(8.0)	(474.7)
2015/16 Plans	(9.6)					229.0	0.0	(131.1)
						(28.0)	0.0	7.5
	628.6	298.0	57.4	0.0	203.7	847.0	180.7	5,031.9

Current issues

The expected usage of the earmarked reserves for 2013/14 and the coming years has been reflected above. This includes the use of operational reserves created at the end of 2012/13 to fund costs which did not meet the technical definition of provisions.

Since the General Fund Reserve has already reached the target of £1m set in the MTFs, any favourable variances generated during 2013/14 will be transferred to earmarked reserves, firstly to reduce the planned support requirement from the Transitional Budget Reserve and then to increase the Change Management Reserve.

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Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Commun' for Habitats	Bacup Town Centre	Housing Capital Pot *	Disabled Facilities Grants *	Regen Grants (HMR)*	HCA Empty Homes	DEFRA Grant	Total
Balance at 01/04/13	25.2	152.6	376.0	0.0	60.1	0.0	0.0	613.9
New Funds Received 2013/14								
Grant received				357.7		567.3	19.0	944.0
Other contributions				212.0				212.0
Total Funds Available	25.2	152.6	376.0	569.7	60.1	567.3	19.0	1,769.9
Planned Utilisation in 2013/14								
Planning Core Strategy work								0.0
Bacup THI		(152.6)						(152.6)
DFGs brought forward from 2012/13			(113.0)	(12.0)				(125.0)
DFGs original Capital Prog 2013/14			(170.0)	(357.7)				(527.7)
Additional Utilisation in 2013/14								
DFGs additional GVH element				(200.0)				(200.0)
Released to fund capital works						(425.3)	(19.0)	(444.3)
Released to GF Revenue								0.0
Anticipated Balance 31/3/14	25.2	0.0	93.0	0.0	60.1	142.0	0.0	320.3
Future Utilisation Plans								
2014/15			(72.0)			(142.0)		(214.0)
2015/16								0.0
Potential Reserve Balances	25.2	0.0	21.0	0.0	60.1	0.0	0.0	106.3

At the end of 2012/13 there was £125k of DFG grants approved but not completed, of which £12k were being funded by Greenvale Homes and £113k funded from Housing Capital Pot.

During 2013/14 the Homes & Communities Agency (HCA) has provided £567k to date to fund works to bring empty properties back into use across Rossendale and its neighbouring authorities. To date £425k has been paid out to fund such capital works.

Staff Costs, including agency

The table below now reflects the changes to the opening operational structures approved within quarter 2, removing a further 8 FTEs in Quarter 2 to give a revised establishment of 179.1 FTEs. The total favourable variance on cash costs have now risen to £162k.

Employment Costs Quarter 2 - September 2013	YTD Budget £000	YTD Actual £000	Variance this Qtr (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	Original Budget Staff FTEs	FTE Changes during 2013/14	Current Vacant Posts
Place Directorate								
Communities Service	529	494	35	14	20	45.0	-4.0	0.0
Customer Services	184	174	10	3	7	9.8	0.0	0.0
Operations Service	846	762	84	59	25	50.8	0.0	1.4
Business Directorate								
Corporate Support Team	-	1	(1)	-	(1)	0.0	2.0	0.0
Building Control Services	112	102	10	1	9	5.0	-2.0	0.0
Legal & Democratic Services	195	177	18	14	4	12.7	-1.0	0.0
Planning Services	207	206	1	1	(0)	10.8	-1.0	0.0
Local Land Charges	40	40	(0)	0	(0)	2.0	0.0	0.0
Public Protection	119	122	(3)	(3)	(0)	8.8	0.0	0.0
Health, Housing & Regen	401	407	(6)	(5)	(1)	19.6	-1.0	0.0
Corporate Services								
Corporate Management	172	169	3	2	1	5.0	-1.0	0.0
Finance & Property Services	317	290	27	4	23	18.1	-5.0	1.0
People & Org. Performance	96	110	(14)	(5)	(9)	6.0	-1.5	0.0
Total	3,218	3,056	162	85	77	193.6	-14.5	2.4

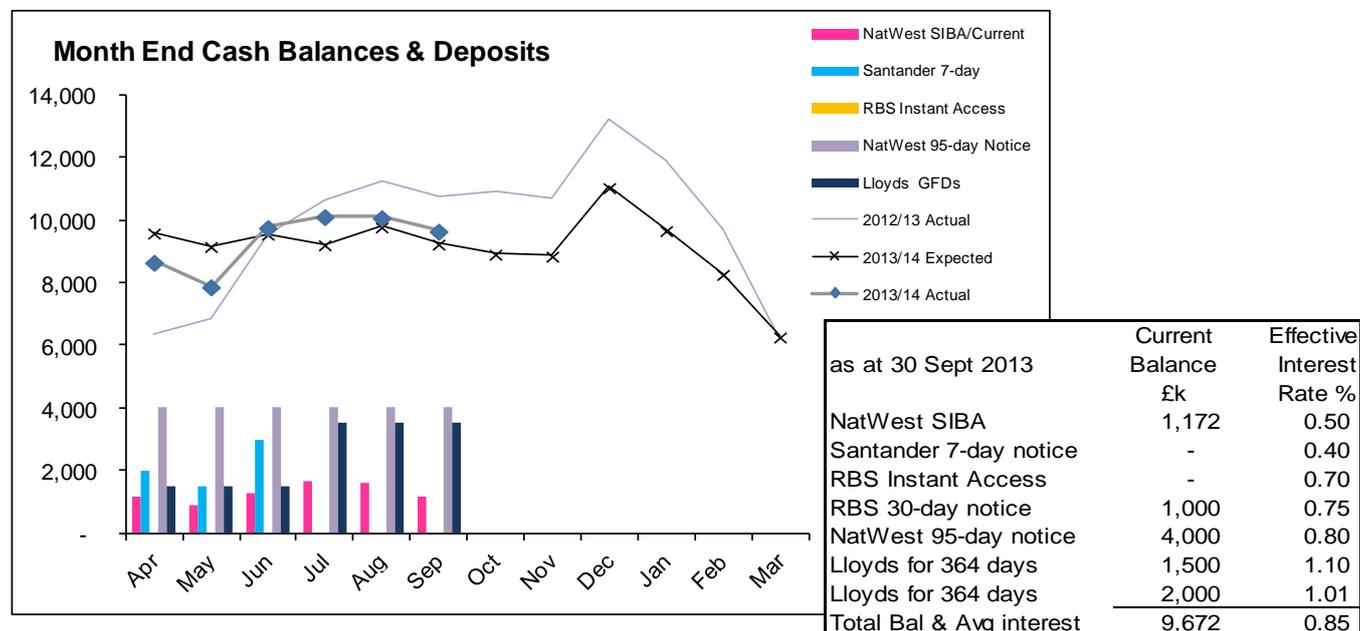
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Treasury Management & Cash Flow Monitoring

Cash Flow Management

The bank balances have fallen slightly from £9.8m at the end of June to £9.7m at the end of September, very close to the original forecast. At the moment balances are still predicted to end the year just around £6m.



In September the interest rates on the council's bank accounts were reduced once again, although some of these changes do not take effect until October and November. The rates in the table above are those operating as at the end of September but in the coming months the 95-day notice rate will go down to 0.6% and the Royal Bank of Scotland (RBS) accounts will both go down by 0.1%.

As a result of these changes, officers took the decision in early July to move the instant access monies away from Santander to the RBS accounts whilst their rates are better. It also became apparent that holding deposits short-term in the hope that interest rates might rise was not the best policy, hence officers placed a further £2m with Lloyds for 364-days on the 2nd July to earn 1.01% interest.

The additional 364-day deposit has the Council's effective interest rate marginally above that of the Sector model portfolio of 0.83%, and extended the average deposit length to 120 days compared to Sector's 50 days.

Deposits and Interest Earned

The forecast for interest includes the revenue payment of the PWLB loan interest for the first time. Now that the Marl Pits investment project is operational the full interest is chargeable to revenue.

Interest Forecast	Budget 2013/14	Forecast 2013/14	Variance Fav/(Adv)	Change Fav/(Adv)
Revenue				
Interest payable (PWLB)	(185.0)	(185.0)	0.0	0.0
Misc Interest income	3.0	3.0	0.0	0.0
Bank Interest income	79.0	80.3	1.3	(4.0)
Net Interest	(103.0)	(101.7)	1.3	(4.0)

The forecast for interest income opposite shows that the favourable variance has dropped to £1.3k despite the second 364-day deposit noted above. Without that decision the investment income forecast would have been around £2.6k adverse.

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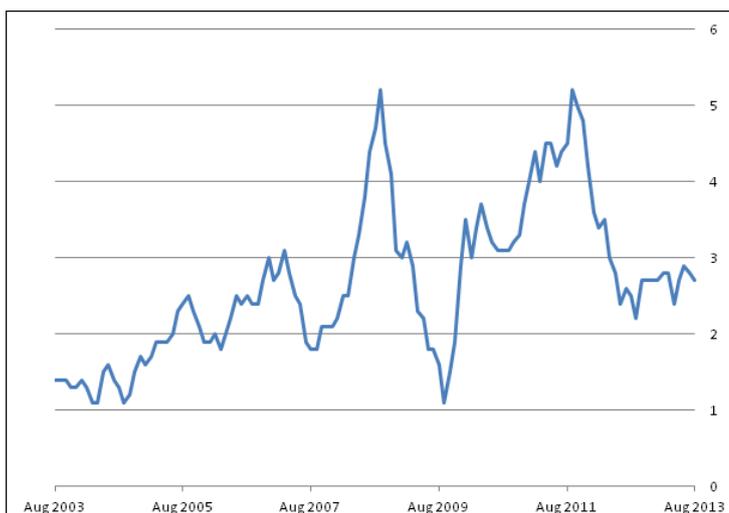
Economic Outlook (issued 17th Sept)

The rate of inflation faced by households fell slightly in August 2013. The Consumer Prices Index (CPI) – the headline measure of inflation - grew by 2.7% in the year to August 2013, down from 2.8% in July.

As we have reported over recent months, the Office of National Statistics has been reviewing the validity of the RPI as a measure of inflation and now issues RPIJ, an improved variant of the Retail Prices Index (RPI) calculated using formulae that meet international standards, which grew by 2.6% in the year to the end of August.

The contributions to the fall in the CPI rate came primarily from three areas; motor fuels, air transport and clothing. Petrol prices rose by 2.0 pence per litre between July and August this year but by a larger 3.5 pence between the same two months last year. Similarly air fares rose by 9.4% between July and August this year, compared with 10.2% a year ago. As usual, clothing prices rose as the autumn ranges started to enter the shops but the rises this year were less than those seen in 2012.

The most notable, partially offsetting, upward contribution came from furniture, household equipment & maintenance where prices rose for a variety of furniture items and household appliances.



Interest rate forward predictions

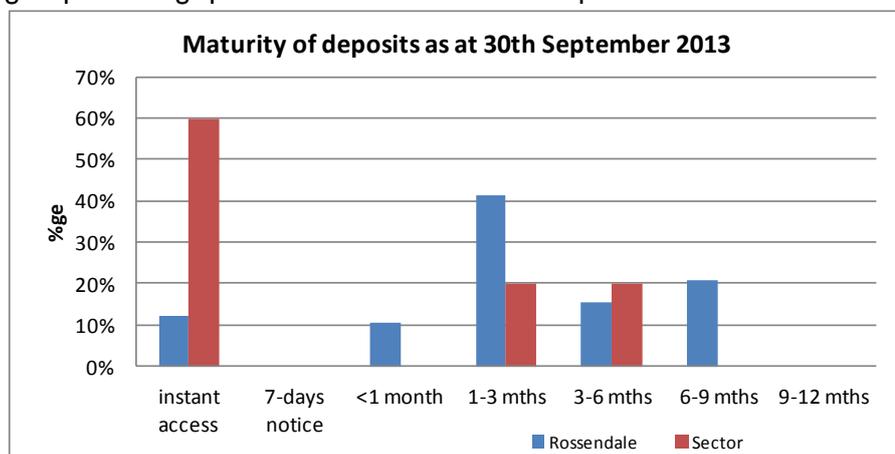
Sector analysts have reviewed their prediction of interest rates over the summer and currently predict that the Base rate will not rise until at least Q3 of 2016.

as at	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept
Sept 2013	2013	2013	2014	2014	2014	2014	2015	2015	2015
Base Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
25yr PWLB	4.40%	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%

Treasury Management Practices and Prudential Indicators

All the Council's investments continue to follow the policies laid down in the Treasury Management Strategy document, only using UK high street banks with high credit ratings and/or assisted by government funding and limiting investments to short-term (ie. 364 days maximum).

The Council's Treasury Management Practices limit the maximum investment with any single institution to the greater of £5m or 50% of total funds available at the time of the deposit, and £10m across a single group. During quarter 2 all bank accounts operated within these limits.



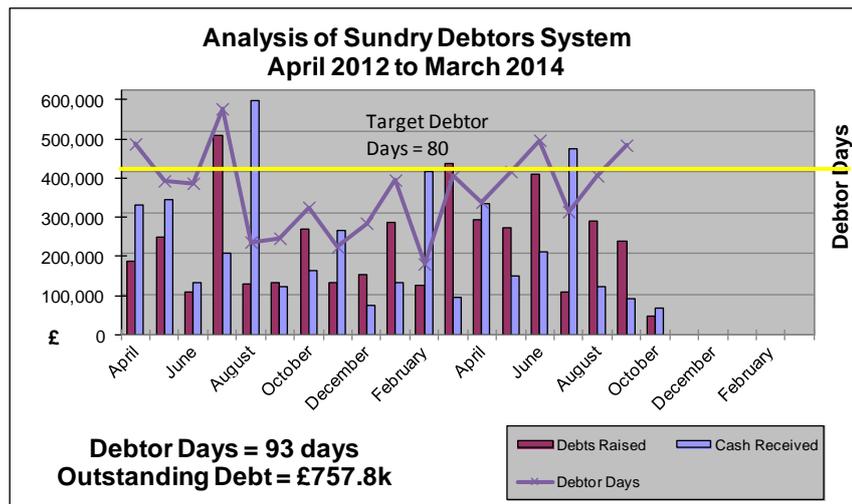
Sector's current portfolio has an effective interest rate of 0.83% and an average duration of 50 days.

As at the 30th September, the Council's average duration had risen to 120 days. The table opposite compares the Sector model portfolio to the Council's ahead of the second 364-day deposit with Lloyds.

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Sundry Debts Monitoring



During Q2 £637k of new invoices were raised, bringing the total value of invoices raised in 2013/14 to £1,596k (20% more than in the previous year). These included £174k of S106 agreements and £165k of quarterly recycling bills.

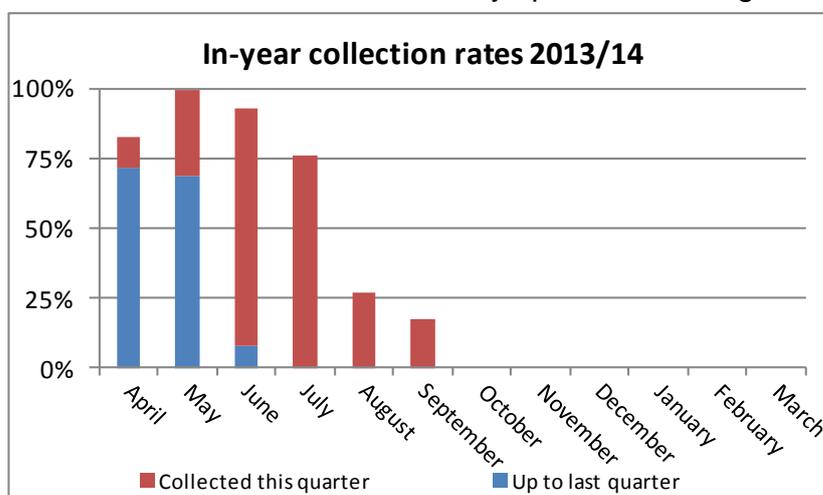
Of the £757k debt outstanding, 26% is under 30 days old.

The high value of one off invoices raised in August has kept the debtor days performance figure to

93 days compared to the target of 80 days and 46 days in September 2012.

As expected, the collection of the April 2013 bills continues to be collected through installments. The collection rate for May invoices already exceeds 99%.

To the end of Qtr 2 a further £310k of 2012/13 debt has been collected, increasing the overall collection rate for 2012/13 to 93%.



Debts Outstanding	Mar 2012	Mar 2013	30 June 2013		30 Sept 2013		Doubtful Debt Prov'n	
	£k	£k	£k	£k	£k	£k	rate	value
Earlier Debt	450.9	72.2		71.4		66.3	100%	66.3
2012/13 Debt								
Q1		3.7	3.0		2.9		100%	2.9
Q2		7.5	6.4		4.5		100%	4.5
Q3		8.7	7.1		6.4		75%	4.8
Q4		463.7	193.8	210.3	159.2	173.0	50%	32.8
2013/14 Debt								
Q1 Apr			82.9		51.1		10%	5.1
Q1 May			86.1		2.1		10%	0.2
Q1 Jun			363.1	532.1	27.7	80.9	10%	0.9
Q2 Jul			9.7		26.1		10%	2.6
Q2 Aug					212.3		10%	1.6
Q2 Sept				9.7	195.7	434.1	10%	5.2
Q3 Oct					3.5		10%	0.4
Q3 Nov							10%	0.0
Q3 Dec				0.0		3.5	10%	0.0
Total Debt o/s	450.9	555.8	823.5		757.8			127.3

Doubtful debts

With the increase in overall debt since the end of March, the level of doubtful debts have risen to £127k.

Following an additional bad debt provision contribution of £20k in March the current value on the provision is £122k.

Secured Debts

The Council also has £28.7k of default works invoices outstanding in two cases of debts secured on the premises to which the costs relate. These are not included in the table opposite.

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Capital Resources

Table 1 - 2013/14 receipts

Major Receipts:	Original Expect'ns £000	YTD Actual £000	Total Forecast £000	Surplus / (Deficit) £000
Capital Receipts				
Land & Property Sales	100	(2)	100	-
Cost of sales		5	(5)	(5)
Net receipts to table 2	100	3	95	(5)

Current issues

There has been only one capital receipts from asset sales to date, but staff remain confident that the budget of £100k income is achievable.

The cost of sales in table 1 above relate to CPO properties at the end of 2012/13, one of which is yet to be sold. Any sale proceeds will be netted off against these costs as and when they materialise, with the balance being ring-fenced for future CPO projects.

Table 2 - Useable Capital Receipts

Useable Capital Receipts Forecast	£ 000
Balance at April 2013	1,280
Capital Receipts in 2013/14	95
	1,375
Revenue Contributions (RCCO)	
from Earmarked Reserves	131
from S106 agreements	191
from Revenue Operations	82
Total Capital Resources 2013/14	1,779
Capital Programme spend	(1,352)
Useable Capital Receipts Mar 2014	427
Reserved for housing	(232)
Unreserved balance	195

Financing the Capital Programme

The opening balance of Useable Capital Receipts was £1,280k, though £593k of this was required to finance continuing projects, as shown in the slippage table on the following page.

With the addition of £404k from reserves (Section 106 agreements, revenue operations and earmarked reserves as shown above) the total capital resources available are predicted to be £1,779k.

Following the use of £1,352k as shown above and on the following page, the estimate of unreserved general fund capital receipts at March 2014 is £427k. Of this £232k is ring-fenced for future housing projects, such as CPO projects or DFGs, leaving the same £195k for capital programmes in future years as reported at the end of Quarter 1.

Future issues

The DFG grant allowance for 2013/14 has been received at the level anticipated and Green Vale Homes (GVH) has confirmed that they will again support a further £200k of DFG works to ex-council house properties. However, DFG grant beyond 2014/15 remains uncertain and for prudence the future capital programme proposals assume no DFG grants beyond March 2015. Similarly the GVH support is only confirmed annually.

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Capital Programme Spending

Actual capital expenditure, compared to budget, is as follows:

SERVICE AREA	2013/14 Original Capital Programme	2013/14 Revised Capital Programme	Quarter 2 MONITORING		Full YR Forecast	Revised Programme Funding Arrangements				
	Total £000	Total £000	Spend £000	Committ £000	Forecast £000	Grants/ Contrib'n	Capital Receipts	Reserves /RCCO	RBC Int Borrow	MRP Effect
Place Directorate										
Communities & Operations	391	916	89	6	916	39	346	368	163	0
Customer Services & e Govt	0	64	38	27	64	0	0	0	64	12
Regeneration	0	19	0	0	19	19	0	0	0	0
Corporate Support Services										
Finance & Property Services	157	477	186	26	477	0	472	5	0	0
Leisure Facilities	0	13	10	3	13	0	0	0	13	1
Other PRG Projects	0	31	12	7	31	0	0	31	0	0
Housing	653	978	278	0	978	848	130	0	0	0
	1,201	2,498	613	69	2,498	906	948	404	240	12

Capital Programme

The original capital programme for 2013/14 approved in February was £1,201k, to which £825k of ongoing projects has been added, as per the table on the right.

To date a further £223k of additional capital works were identified in quarter 1 and £162k this quarter, as detailed below. This brings the revised programme up to £2,498k.

Slippage items from 2012/13	Costs '£000	Funding Arrangements			
		Grants/ Contrib'n	Capital Receipts	Reserves	RBC Int Borrow
Sharneyford Play Area	9	9			
Cutler Play Area	3		3		
Stacksteads Riverside Park	18	18			
Cemeteries	83		83		
Sports playing fields	192		192		
Whitworth land remediation	19	19			
Car Park upgrading	13		13		
IDOX software implement	20				20
Emergency Works	150		150		
Building Maintenance	18		18		
Accommodation Project	134		134		
Signage	31			31	
Leisure Facilities (retention)	10				10
DFGs	125	125			
	825	171	593	31	30

Current Issues

There was one additional to the 2013/14 capital programme during quarter 2

- Snig Hole play area works in Helmshore have been granted £30k from the Lancashire Environment Fund which will be added to £132k of S106 agreement funds to provide new play equipment and some ground works across the park and the memorial gardens.

Progress on the capital programme during quarter 2 included

- ongoing works at Edgeside play area and the tender for Snig Hole play area play area improvements,
- completion of the works to create a new One Stop Shop at the Business Centre, which opened on the 19th August,
- ongoing implementation of the IDOX software project,
- a further £131k of DFG works to bring the total to date up to £278k (33% of approved works),
- completion of Marl Pits pool works.

Against the revised programme of £2,498k costs paid or committed to date are £682k (27%).

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Minimum Revenue Provision

In the capital programme on the previous page there are plans to finance £195k of costs from internal borrowing in 2013/14. Internal borrowing is paid back over the life of the assets from the revenue account (known as the Minimum Revenue Provision or MRP) and the original budget for this in 2013/14 was £675k, of which £445k related specifically to operational vehicles and equipment and £11k was for the new desktop virtualisation project.

Minimum Revenue Provision (MRP)	Original MRP Budget 2013/14	Revised Budget 2013/14	Variance (Adv)/Fav 2013/14	Current MRP Forecast 2014/15	Impact of 2013/14 additions	Revised MRP forecast 2014/15
Refuse Collection	288	292	-4	288		288
Street Sweeping	80	77	3	80		80
Parks	77	77	0	77		77
IT	14	11	3	24	4	28
Facilities	14	14	0	14		14
Leisure Investment	87	87	0	87		87
Non-distributed Costs	115	122	-7	115		115
	675	680	-5	685	4	689

MRP in 2013/14 also includes a full year repayment of the Leisure and Regeneration investment projects and the solar panels project. The cost of works in 2013/14 will increase the MRP requirement in 2014/15 by £4k to £689k.

Section 106 Receipts Monitoring

Section 106 Agreements	Third Party Projects £000	RBC Revenue Projects £000	RBC Capital projects £000	Total Held £000
Balance bfwd at 1st April 2013	294.6	261.4	258.4	814.4
Deposits received in 2013/14	9.0	-	98.5	107.5
Deposits applied in 2013/14	(26.4)	(68.6)	(9.5)	(104.4)
Current Balance	277.2	192.9	347.5	817.5

The amounts available to support Rossendale Council projects are shown below.

Planning Ref	Area	Site	Purpose	Time Period	Current Balance
RBC Maintenance:-					
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	none stated	134,846
2002/407	Haslingden	Bentgate, Manchester Rd	Play Area upgrade	none stated	10,000
2001/003	Haslingden	Clough End Rd	Park upgrade	none stated	10,000
2010/428	Helmshore	Free lane	Helmshore Park - project in progress	Exp May 2015	37,000
2008/587	Borough	PCT, Bacup Rd, Rawtenstall	Irwell Sculpture Trail	none stated	977
					192,823
RBC Capital:-					
2007/737	Edenfield	Market St	Edenfield Community Centre	Exp May 2018	549
2011/0046	Helmshore	Holmefield House	Open Space	Exp Aug 2017	101,084
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public & Open Spaces / Youth	Exp May 2017	41,500
2010/433	Whitworth	Eastgate	Open Spaces/ Affordable housing	Exp Jul 2017	105,835
210/692	Bacup	Lee St (Morrisons)	Transport, Heritage & Improvements	Exp June 2018	98,500
					347,468

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Council Tax & NNDR Collection Rates

Cumulative collection rates	LI 9 Council Tax			LI 10 NNDR		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
April	11.02	11.16	11.15	16.08	14.31	12.25
May	20.52	20.51	20.40	21.79	23.33	20.47
June	29.81	29.62	29.55	30.87	31.44	30.5
July	39.01	39.10	39.01	38.89	40.33	39.43
August	49.88	48.60	48.13	52.11	53.3	51.6
September	57.92	57.76	57.47	60.92	61.76	60.92
October	67.39	67.41		69.39	68.6	
November	76.88	76.91		77.12	78.39	
December	86.19	86.30		86.27	86.4	
January	95.47	95.48		94.1	94.61	
February	96.70	96.75		95.38	95.63	
March	97.60	97.50		97.8	96.70	

Council Tax – Sept 2013 collection rate was 57.47%, down on the same quarter in 2012/13. It is difficult at this early stage to make any full year projections. However, one significant change that may impact on collection rates is the liability to a proportion of Council Tax by those previously on full Council Tax Benefits.

Business Rates (NNDR) – Sept collection rate was also down on

the same quarter in 2012/13 at 60.92%. There has been no significant change to individual liabilities and it is difficult to make any robust full year forecasts at this early stage

Localisation of Council Tax Support

In addition to reviewing Council Tax collection rates, it is now essential that we monitor the value of net billing for Council Tax given the introduction of Local Council Tax support and the impact on the Collection Fund from successful claims to revalue downwards banding on domestic properties.

	£000s
Discount granted as at Sept 2013	5,372
RBC Share	876
2013/14 Council Tax Discount Budget	
Initial Grant	848
Transitional Grant	23
Budget Cost to Council	31
Budget Expected Growth	17
	919
Current Surplus	43

We can see from this table that currently we are within our budget expectations, however, given that the scheme is in its infancy and the early part of the year it is too early to predict a continued full year surplus.

Local retention of Local Business Rates (NNDR)

Current gross billing, after discounts, is £13.2m. However, if past years' experience is to be repeated, the current level of revaluation appeals is likely to increase. Our current forecast is therefore £13.0m resulting in a potential benefit to Council, depending on the level of bad debt provision, of a further £76k.

	Budget Forecast	
	2013/14	2013/14
	£000	£000
Gross	12,649	13,029
Business Rates Baseline	5,060	5,211
Tarrif	3,156	3,156
Baseline Funding Level	1,904	2,056
<i>Gain on Baseline Funding</i>		152
Less DCLG Levy 50%		76
Gain to RBC		76

Given the potential volatility over the medium term, it is recommended that any surplus is ring-fenced for future adverse movements.

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Glossary

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 Receipts

Proceeds from the sale of fixed assets, such as land or buildings, or the repayment of capital grants or advances.

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 account. This is in comparison to short- and long-term *Investments* in which funds are untouchable during the life of the deposit.

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.

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.

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.

General Fund

The main revenue fund of the Council. Spending on services is met from the General Fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

Government Grants Unapplied

Grants received in advance – these will be released into capital or revenue once projects come online.

Housing Market Renewal (HMR)

Grant received to improve and renew the housing stock within the Bacup and Stacksteads area. Also referred to as Elevate and now run by the Regenerate Pennine Lancashire team.

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.

Local Authority Business Growth Incentive Scheme (LABGIS)

This is a means to reward Councils for increases in the rateable value of business properties above a certain threshold. Rossendale has received this for the first time in 2006/07 and used the extra income to create a Reserve for future Economic Development activity.

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Local Strategic Partnership (LSP)

The Local Strategic Partnership brings together local representatives from the public, private, community, voluntary and faith sectors to deliver a better quality of life in Rossendale, as set out in the Sustainable Community Strategy 2008-2018.

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.

National non-domestic rates (NDR)

National non-domestic rates for commercial premises are set annually by the government and collected by all local authorities. The proceeds are redistributed through the Central Formula Grant.

Provision

Cash 'put aside' for expenditure on an intended project which is not commenced or complete at the year-end. This may include accumulating provisions, such as a vehicle replacement provision, and one-off projects.

Provisional

Best forecast given current knowledge.

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.

Retail Price index (RPI) and (RPIX)

The Retail Price Index (RPI) is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a basket of retail goods and service and is used by the government as a base for various purposes, such as the indexation of pensions, social housing rent increases and many employers also use it as a starting point in wage negotiations

RPIX is the RPI excluding mortgage interest payments.

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.

Sector

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. The Sector model investment portfolio is the benchmark by which we measure our investment performance.

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