

<b>Subject:</b>	Financial Monitoring 2014/15 Update – end October 2014	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	26 <sup>th</sup> November 2014
<b>Report of:</b>	Finance Manager	<b>Portfolio Holder:</b>	Finance and 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>Community Impact Assessment:</b>	Required: <input type="checkbox"/>	<del>Yes</del> /No	Attached: <input type="checkbox"/>
<b>Biodiversity Impact Assessment</b>	Required: <input type="checkbox"/>	<del>Yes</del> /No	Attached: <input type="checkbox"/>
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<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	The Members note the contents of the report.

## 2. PURPOSE OF REPORT

- 2.1 As reported previously to Members, Officers are now publishing the full reporting pack on a quarterly basis. This is a brief update report covering changes identified during October.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
- **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
- **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

The primary focus of the Council's budget setting is to support its Corporate priorities.

## 4. RISK ASSESSMENT IMPLICATIONS

- 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. Progress in identifying and implementing further savings to meet the challenges in the Medium Term Financial Strategy (MTFS) are being reported as they begin to impact upon the 2014/15 out-turn.
- The budget-setting exercise for 2015/16 and beyond identified a further reduction in resources over the medium term producing a future in-year deficit now totalling up to

£1.7m by 2018/19. Members, collectively, continue to face some difficult choices in order to balance expenditure with available resources over the medium term.

- Risks associated with treasury management practices are managed within the Council's Treasury Management Strategy and Treasury Management Practices documents (latest approved in February 2014).
- The delivery of capital receipts continues to be a prime area of focus for the Council in supporting its corporate priorities, both in 2014/15 and in the years to come.

## **5. BACKGROUND AND OPTIONS**

### **5.1 2014/15 Forecast**

The Budget for 2014/15 was set back in February at a net £8,905k. At the end of October officers are now predicting that there will be a net favourable variance of £109k, a £3k favourable change during the month.

### **5.2 Reserves**

There have been no changes during October.

### **5.3 Government Grants Unapplied**

There have been no changes during October.

### **5.4 Staffing**

There have been no changes during October.

### **5.5 Treasury Management**

There have been no changes during October.

### **5.6 Capital Receipts and Minimum Revenue Provision (MRP)**

Further £3.5k received in October but no change to the total forecast of £100k.

### **5.7 Capital Programme**

Western Park playground improvement is a new £80k capital project which is funded fully by external grants. Works have been ordered and need to be completed before the end of December, in line with the grant approval conditions.

This brings the revised capital programme up to £3,870k

### **5.8 Collection Fund – Council Tax and NNDR**

Whilst there have been no changes to the forecast out-turn on either Council Tax or NNDR to date, officers are keeping a watching brief on the potential impact of any appeals to the Valuation Office by shops affected by the United Utilities works.

## 5.9 **MTFS Update**

The Council Tax Base for 2015/16 budget setting has now been calculated at 19,303, a rise of 1,081 from the 2014/15 of 18,222. The increase is due to growth, the recognition of changes in exemptions for empty properties, an over provision in the 14/15 base for bad debts and various council efforts to bring empty properties back into use. In cash terms for the Council this is worth an extra £180k per annum in additional Council Tax income, over and above the level anticipated in the MTFS report back in June.

In contrast, recent changes to planning applications will reduce the level of income previously estimated from potential wind farms. Officers now predict that by 2018/19 rental incomes will c. £78k less than predicted and NNDR income c. £271k less.

## 5.10 **New Home Bonus**

The Council tax base for 2015/16 is based on the Councils annual return, commonly known as "CTB1," to the Department for Communities and Local Government. Based on this submission initial calculations indicate a New Homes bonus income figure of £203k for 2015/16 against a budget of £70k. With the additional income gained in previous years this now means an estimated total New Homes Bonus Funding of £312k more than is in the latest MTFS.

## 6. **SECTION 151 OFFICER**

6.1 Financial matters are noted in the report attached.

## 7. **MONITORING OFFICER**

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

## 8. **HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)**

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

## 9. **CONSULTATION CARRIED OUT**

9.1 Directors, Heads of Services and Budget Holders

## 10. **CONCLUSION**

10.1 Robust monitoring of the General Fund is essential to control risks expressed in section 4.

10.2 Despite a continued cost reduction programme, the challenge remains for Council to continue its efficiency agenda in order to realise its medium term saving target, which given recent consultation is likely to increase. Members, collectively, continue to face difficult choices in order to balance expenditure with available resources over the medium term.

### Background Papers

Background Papers	
Documents	Place of Inspection
Financial monitoring statements for each service area.	Financial Services.
Banking sector credit reports	Financial Services