

Subject:	Financial Monitoring Report 2016/17	Status:	For Publication
Report to:	Cabinet	Date:	15 th February 2017
Report of:	Finance Manager	Portfolio Holder:	Resources & Performance
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	Yes /No	Attached: Yes /No
Biodiversity Impact Assessment	Required:	Yes /No	Attached: Yes /No
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1.	RECOMMENDATION(S)
1.1	That Members note the contents of the report.

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update Members on:
- Current financial monitoring report for 2016/17

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 reflected in the 2017/18 budget working papers.

- The most recent MTFS update which still shows a funding gap of £1.2m in 2020/21 and 2021/22, despite the potential annual savings identified to date of £668k.
- Any continued austerity planning by Central Government resulting in a further reduction of central government resources and the implications of Brexit.
- The pending results of the intervention by The Secretary of State in relation to the Scout Moor wind turbine expansion. Given the potential lifetime financial value to the Council Officers will consider the options available should the Secretary of State not endorse the locally determined planning decision.
- At the October 2015 Cabinet meeting the Council's risk register score for the alignment of financial resources and expenditure was updated from E3 to C1(moderate likelihood and catastrophic impact).
- The former Chancellor's spring 2016 announcement with regard to the 100% future retention of local business rates.

5. BACKGROUND AND OPTIONS

5.1 2016/17 Monitoring Update

This Q3 monitoring covers known activities to the end of December 2016 and forecasts an adverse variance of £449.6k, an improvement of £258.1k from the Q2 forecast. The most notable changes during Q3 are:

- Empty Homes - further adverse movement of £68.5k - a full update can be found on pages 12 & 13.
- Licensing - the impacts of the policy changes appear to be having less of an impact on the income than expected, resulting in an improvement of £173.9k and bringing the forecast back into a favourable position.
- Operations - in Q2 the costs of vehicle hire and maintenance were showing an overspend of £22k and £32k respectively as officers delayed replacing some vehicles while a full assessment of ongoing needs and safety requirements were undertaken. Whilst costs have continued to increase during Q3, officers have identified savings on the Minimum Revenue Provision and a one-year break in the contribution to the Vehicle Maintenance Reserve to help offset these costs.
- Benefits Subsidy is forecast to result in an adverse position of £73.8k, an adverse movement of £38.4k during Q3.
- Collection Fund court cases have increased during 2016/17 to the extent that the forecast of costs awarded is expected to at least match those of 2015/16, resulting in a favourable variance of £89.5k.
- Staff savings in the Housing & Regeneration Team arising from vacant posts have compensated for additional costs in the Corporate Management Team with the re-introduction of the Director of Communities post.
- Timing delays in the start of works at the new bus station site have led to additional business rates of £23.3k.

5.2 Earmarked Reserves

There is very little movement in the Earmarked Reserves, other than to reduce the net adverse variance on the general fund to be supported by further contributions from the Empty Homes Reserve. The forecast closing balance on the Reserves at 31st March 2017 is now £7,664k, though this is expected to drop to £2,126k by March 2021 with the planned use of the Transitional Reserve as part of the MTFS.

5.3 Capital Programme

Capital Receipts have now exceeded their original budget target with the sale of Lower Lodge Terrace at £150k.

New capital projects in Q3 included the Clod Lane Community Play Area scheme funded mainly by external grant and the Leisure Trust re-financing project. In addition the Empty Homes capital renovation costs have increased and the Flood Resilience Grant applications have continued to be received. The capital programme now stands at £9,229k, funded by £5,611k from external grants, £898k from capital receipts, £1,435k from revenue contributions (including some S106 income) and £1,285k from internal borrowing.

5.4 Collection Fund

Council Tax collection rates at the end of December are marginally below those of previous years, but the Council Tax element of the Collection Fund is showing a forecast surplus of £247k (down from £630k at Q2) with the Council's share being £40k (down from £96k at Q2).

Meanwhile current collection rates for Business Rates (NNDR) are now 5% behind the previous year. Officers suspect that there has been a shift for some business to opt for 12 payments rather than 10. Although officers are forecasting an overall full year deficit on collection of £622k, members should note that this is more than made up for in the precept surplus, Section 31 grants and £216k due solely to RBC from renewable energy. The final table on page 32 shows that this gives an overall gain for RBC of £817k, which is above the MTFS target of £760k.

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. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

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.

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 target. Members, collectively, continue to face difficult choices in order to balance expenditure with available resources over the medium term.

Documents	Place of Inspection
Financial monitoring statements for each service area.	Financial Services.
2016/17 Corporate Priorities, Budget, Council Tax and The Medium Term Financial Strategy.	RBC website - Full Council 24/02/2016

Financial Monitoring Report

2016/17 as at end December 2016

Including a Glossary of terms on page 32



Monthly Financial Monitoring Report 2016/17 – Q3 end December 2016

General Fund Revenue Operations – pages 4 to 21

This quarter 3 monitoring report on the General Fund for 2016/17 is showing an adverse variance of £450k compared to the original budget of £8,618k, a favourable movement of £258k since Q2. Funding for the original budget included the planned use of £254k from the Business Rates Retention Reserve, £200k from the Empty Homes Reserve and £60k from the Employment & Transport Reserve.

Most of the ongoing adverse variance relates to the Empty Homes Scheme and officers are now in the process of transferring properties to the new third party management agent, Calico Housing Association. This is one of the final measures ongoing to exit the scheme and minimise future costs to the Council. Further information can be found on pages 12 & 13.

Earmarked Revenue Reserves – page 22 to 23

The total cash-backed Earmarked Reserves brought forward at 1st April 2016 were £8,796k (excluding the Transport Reserve).

As noted above, £514k was planned to be used to support revenue operations within the original budget approved back in February. It is proposed at present that the adverse variance of £708k on the General Fund is supported by the application of the Empty Homes Reserve.

The Business Rates Retention Reserve now reflects the in-year variances discussed in detail on page 32.

Officers have considered the costs of the Forward Plan and its funding, given that the current value of the Planning Reserve is £107.2k. It was proposed in Q2 that a further £200k be transferred into this Reserve from the Employment & Transport Reserve to fund the following year's costs. More details can be found on pages 11 and 22.

The Head of Finance is due to report to members in Q4 on the merits of re-financing the Leisure Trust's balance sheet, which could see around £768k of the Leisure Trust Reserve being used in this financial year.

The forecast closing balance at the 31st March 2017 is now £7,664k, but planned usage through the life of the MTFs of the Local Business Rates Retention Reserve, the Transitional Reserve and usage of the Empty Homes Reserve, will reduce this to £2,126k by March 2021.

Government Grants Unapplied – page 24

The opening value of Government Grants Unapplied at the 1st April 2016 was £1,193k, including £338k of Housing Capital Pot which will be used to support DFG works in future years. The DFG grant for 2015/16 was not fully used in 2015/16 so £153k has been brought forward to add to the £791k already received from the Better Care Fund for 2016/17 works.

The Clean Bus Technology Fund was a grant of £486k has now been fully used to finance environmental upgrades to 38 Rossendale Transport buses. The Homelessness grant of £191k is the balance of funding received on behalf of Rossendale and its neighbours which is being drawn down as and when these projects commence.

The forecast balance at March 2017 remains at £515k.

Staff Monitoring – page 24

An estimate of £150k of vacancy savings was included in the original budget. At the end of Q3 there were 14 vacant posts which have already contributed £188k, but this is expected to fall to £182k by the end of the financial year with the implementation of the new Senior Management Structure.

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Dates covered in this review	end Dec 2016	Next review	end Mar 2017

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Treasury & Cash Management - page 25 to 27

At the end of December the total balances had returned to £12.4m from £12.8m at the end of Q2, and a low of £10m at the end of October. The main treasury management concern is the interest rates forecasts. The forecast autumn base rate cut failed to materialise, but the average interest being earned is just 0.41%. This has prompted officers to consider alternative forms of investment, including the proposals laid before Council in late September to use £2m to support the Leisure Trust and Rossendale Transport, earning cost savings and better interest rates instead of relying on bank interest.

To date £3,049k of new invoices have been raised, including £791k for the Better Care DFG grant in April which was received very promptly. By the end of Q3 the level of general debt outstanding has reduced from £716k to £458k, 52% of which was under 30 days old. Where specific concerns have been raised, provision for doubtful debt has already been charged into the General Fund, and the current doubtful debt provision balance is £106k to meet the doubtful debts value of £117k. Officers will monitor the need for additional doubtful debt contributions.

The above debts exclude the rent on Empty Homes Scheme properties, which continue to be a concern with a Q3 arrears balance of £346k (of which £183k was former tenants). Against this there was a £146k doubtful debt provision brought forward and a further £141k contribution has been factored into the current year operating costs on pages 12 & 13.

Capital Receipts – page 28

There has been one sale of land which has exceeded the forecast capital receipts by £102k.

Capital Programme and Funding – page 29 to 30

The capital programme started the year at £955k, to which £4,907k of slippage was added. New projects during 2016/17 now total £3,329k, including an additional £291k DFG grant (making £944k in total for DFGs this year) and around £1.2m of Flood Resilience Grants and £1,010k for the Leisure Trust refinancing of Haslingden Sports Centre. This brings the revised capital programme up to £9,229k.

Activity in Q3 included the conclusion of the agreements to fund the Clod Lane community play area and ongoing Empty Homes renovations, along with the completion of the Leisure Trust refinancing project. The revised DFG programme is now 58% spent/committed.

Collection Fund 2016/17 (Council Tax & NNDR) - page 31 to 32

Council Tax collection rates at the end of December are marginally below those of previous years, but the Council Tax element of the Collection Fund is showing a forecast surplus of £247k (down from £630k at Q2) with the Council's share being £40k (down from £96k at Q2).

Meanwhile current collection rates for Business Rates (NNDR) are now 5% behind the previous year. Officers suspect that there has been a shift for some business to opt for 12 payments rather than 10. Although officers are forecasting an overall full year deficit on collection of £622k, members should note that this is more than made up for in the precept surplus, Section 31 grants and £216k due solely to RBC from renewable energy. The final table on page 32 shows that this gives an overall gain for RBC of £817k, which is above the MTFS target of £760k.

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General Fund Revenue Operations

Service Area (excluding internal recharges)	2016/17 Original Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr 3 (Adv)/Fav £000
Place Directorate					
Customer Services and E-Government Operations	1,365.0	1,243.2	117.4	37.8	79.7
	2,420.6	2,421.5	(22.6)	(59.1)	36.5
Business Directorate					
Building Control Services	12.5	13.1	(0.6)	(4.8)	4.2
Legal & Democratic Services	758.4	764.1	(5.7)	(1.6)	(4.1)
Planning Services	(661.9)	(635.0)	(26.9)	(37.5)	10.7
Local Land Charges	(33.2)	(37.0)	3.8	3.9	(0.1)
Licensing & Enforcement	(76.8)	(143.6)	66.8	(115.6)	182.4
Health, Housing & Regeneration	1,193.8	1,938.3	(806.7)	(817.7)	11.0
Corporate Support Services					
Corporate Management	419.2	436.3	(40.7)	13.3	(54.0)
Finance & Property Services	1,308.1	1,240.8	114.7	138.4	(23.7)
People and Policy	279.7	301.0	(29.0)	(29.0)	-
Non Distributed Costs	1,174.0	1,077.4	156.6	157.7	(1.1)
Capital Financing and Interest	216.8	204.4	12.4	6.5	5.9
Leisure	241.6	230.8	10.8	-	10.8
TOTAL Service Cost	8,617.8	9,055.2	(449.6)	(707.7)	258.1
LESS Use of Earmarked Reserves					
NNDR Reserve	(254.0)	(254.0)	-	-	-
Empty Homes Reserve	(200.0)	(200.0)	-	-	-
Employment & Transport Reserve	(60.0)	(60.0)	-	-	-
Net Service Cost	8,103.8	8,541.2	(449.6)	(707.7)	258.1

This Q3 monitoring report for 2016/17 is showing a net adverse of £450k. The original budget planned the use of £514k from Reserves as shown in the table above. The amount due to come from the Empty Homes Strategy Reserve was £200k, though this is likely to increase if further savings cannot be found during the remainder of the year to support the current forecast overspend of £944k on the Empty Homes Scheme operations.

In the original budget there was an overall savings target of £150k for staff savings from vacant posts or restructures. This has now been achieved. The forecast savings relating to staff in the table opposite show a further estimated £20.9k savings to come.

The other main areas of movements can be seen in the table opposite.

- Additional income of £89.5k from court costs awarded is supporting the additional benefits subsidy deficit of £82.4k.
- Operations vehicle maintenance and hire adverse has increased by £51.7k to £106.2k, which is being offset by MRP savings on replacement fleet.
- Adverse variances on income streams in the Business Directorate appear to be slower than forecast Q2, having a combined £196.4k favourable impact.
- Unexpected areas of cost include Business rates of £23.3k due to delays in on-site start of the bus station development and £19.1k land drainage project at Cloughfold.
- Member decisions in September have led to favourable variances in interest income and grant costs relating to refinancing of Rossendale Transport Ltd and Rossendale Leisure Trust.

Staffing Summary	FAV/ (ADV)
Customer Services	27.9
Operations	-0.5
Business	-47.9
Health, Hsg & Regen	103.3
Corporate Mgmt	-36.0
Finance & Property	10.9
People & Policy	-35.3
Pensions	9.4
Savings above £150k	31.8

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Major Variances in Quarter 3	Favourable /(Adverse)	Net
Customer Services and e-Government		
Staff savings	9.1	
Housing Subsidy	(38.4)	
Cash recovery of overpaid benefits	5.7	
Court Costs awarded	89.5	
External audit of Benefits	6.1	
Other minor variances	7.7	79.7
Place Operations		
Staff costs (including agency and savings target)	(4.5)	
Overtime Budgets	(1.6)	
Fuel	(8.2)	
Vehicle maintenance incl hire of temporary replacements	(51.7)	
MRP Savings on Fleet Investment	89.9	
Remove contribution to Vehicle Maint Reserve	20.5	
Trade Waste Tipping Fees	(7.9)	
Other minor variances	-	36.5
Business Directorate		
Staff costs	19.8	
Planning Applications (net of professional support costs)	(1.6)	
Building Control Fee Income	6.5	
Taxi Licensing income	173.9	
Other minor variances	(5.6)	193.0
Business - Health, Housing & Regeneration		
Staff costs (excl Empty Homes Team)	37.4	
Empty Homes Scheme (including staffing) & bad debt prov	(68.5)	
Regeneration grants to outside bodies	15.0	
Reclaimed 2015/16 flood grant costs (not accrued at yr-end)	14.5	
Other minor variances	12.6	11.0
Corporate Management		
Staff costs (including professional support & recruitment costs)	(51.4)	
Other minor variances	(2.6)	(54.0)
Finance & Property Services		
Staff costs (incl Empty Homes support) net of savings contrib	(9.9)	
New Burdens Grant - re transparency agenda	8.1	
Building running costs (gas, electricity, water, NNDR)	1.1	
NNDR re Rawtenstall bus station delay	(23.3)	
Other minor variances	0.3	(23.7)
People & Policy (incl P&P & Comm)		
Corporate Staff costs	(8.2)	
Children's Trust Grant	15.0	
Other minor variances	(6.8)	-
Non-Distributed Costs & Capital Financing		
Interest payable/receivable	11.9	
Rossendale Leisure Trust grant (re Investment Sept 2016)	10.8	
Other minor variances	(7.1)	15.6
Favourable/(adverse) variance on the General Fund		258.1

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Customer Services & E-Government - Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Management and Support	73.3	71.6	1.7	1.7	(0.0)
Service Assurance Team	119.3	68.0	51.3	42.4	8.9
Revenues, Benefits and Customer Services					
Local Tax Collection	(342.6)	(439.4)	96.8	5.1	91.7
Benefits Admin	995.2	970.0	25.3	22.8	2.4
Net - Housing Benefit Payments made & Subsidy received	(35.8)	26.4	(62.2)	(29.5)	(32.6)
Information and Communications Technology					
Technology	551.2	546.6	4.5	(4.7)	9.3
Pest Control					
Pest Control	-	-	-	-	-
Total	1,360.7	1,243.2	117.4	37.8	79.7

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
2016/17 Housing Benefit Subsidy (from Dec subsidy monitoring)	(35.4)	(38.4)	(73.8)	
Cash recovery of Housing Benefit overpayments	5.9	5.7	11.6	
Additional Local Council Tax Support Grant	28.4		28.4	
External Audit of Benefits		6.1	6.1	
Payment of 2015/16 50% levy to DCLG	(53.2)		(53.2)	
Transfer from Retained Business Rates Reserve re. 2015/16 Levy	53.2		53.2	
Court Costs Awarded	6.8	89.5	96.3	
Telephone line rentals		4.0	4.0	
Disaster Recovery provision & network testing	(14.2)	(2.5)	(16.7)	
Insurance claim re Hardman's Mill (less	81.0		81.0	
Additional ICT costs arising from Flood @ Hardman's Mill	(26.9)		(26.9)	
Upgrade Website - funded from Hardmans Mill insurance claim	(47.3)		(47.3)	
Upgrade Civica Financials - funded from capital & insurance claim	(6.8)	(4.8)	(11.6)	
Release of Civica Financials upgrade provision		10.2	10.2	
Service Assurance Team Grants (incl Universal Credit Implement)	49.9	0.4	50.3	
Capita & Northgate changes funded by New Burden Grants above	(19.3)		(19.3)	
Staff savings (retirement vacancy) net of £4k contribution to NDC	18.8	9.1	27.9	
Other savings	(3.1)	0.3	(2.8)	
TOTAL	37.8	79.6	117.4	

colour indicates related items

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Monthly Financial Monitoring Report 2016/17 – Q3 end December 2016

Customer Service & E-Government Highlight Report – Q3 (end Dec 2016)

Historic Issues

- At the end of 2015/16 there was a net levy due to central government for their share of business rates of £12k. The Business Rates Earmarked Reserve holds the funds to pay for this, so the net impact on 2016/17 is nil.
- The impact of repercussions from Storm Eva on our future disaster recovery protocols and their testing has added a further £14.2k this year.

Current Quarter's Issues

The headline figure is a projected underspend of £117.4k against the approved budget, an overall improvement of £68.7k during Q3.

- Since the Housing Benefit Subsidy mid-year return in October, the ratio of benefits granted to subsidy received has changed marginally, resulting in an adverse movement of £38.4k to a forecast net subsidy deficit of £73.8k for the year. However, recovery of benefits overpaid in the past continues to improve, giving a current forecast of £11.6k favourable.
- Disaster recovery costs pertaining to Hardmans Mill from Storm Eva have cost a further £5.5k this year. In September the insurance receipt arrived at £81k. In Q3 officers have begun to implement the projects being funded by this receipt, as shown in the orange section of the table opposite. The cost of the Civica Financials upgrade is being partly funded by a prior-year provision of £10.2k.
- The Service Assurance Team Client Services Manager post has been vacant since June. A planned restructure is unlikely to be implemented until the new financial year, therefore the forecast of staff savings from vacancies has risen by £9.1k.
- Court costs awarded in relation to the collection of council tax and business rates are currently sitting above the 2015/16 levels, leading officers to predict a full-year income at least equal to the 2015/16 out-turn. This gives a potential favourable variance of £89.5k.

Future Issues

- Nothing to report.

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Place Operations - Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Operations Admin / Vehicle Maintenance	412.3	445.9	(33.5)	(12.0)	(21.6)
Operational Functions					
Refuse Collection	932.9	951.0	(18.1)	(55.7)	37.6
Street Sweeping	338.7	356.0	(17.3)	6.0	(23.2)
Markets	(103.1)	(88.9)	(14.2)	(26.9)	12.7
Parks					
Parks & Open Spaces	918.8	868.7	50.1	20.6	29.5
Cemeteries	(125.0)	(134.1)	9.1	8.1	1.0
Dog Warden	24.2	22.8	1.4	0.9	0.5
Total	2,398.9	2,421.5	(22.6)	(59.1)	36.5

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancies at Operations Admin Offices	4.0	1.8	5.8	
Parks Salary Variances (Including temporary gardeners)	19.3	8.0	27.3	
Street Sweeping Salaries	21.4	(5.6)	15.8	
Refuse Salaries and Agency	(45.8)	(2.6)	(48.3)	
Fleet Management Vacancy and Agency	(5.0)	(12.2)	(17.2)	
Markets Salary Vacancies	10.2	6.0	16.2	
Overtime Budgets	1.5	(1.6)	(0.1)	
Vehicle Maintenance (including tyres/ parts)	(32.3)	(43.4)	(75.7)	
Vehicle Hire	(22.3)	(8.3)	(30.6)	
Actions re variances - MRP Savings on Vehicles	-	89.9	89.9	
Actions re variances - one-off removal of Maint Reserve contribution		20.5	20.5	
Vehicle Tracking Lease	5.3	-	5.3	
Purchase of Tools and Equipment	(14.0)	3.3	(10.7)	
Mowers Investment / Maintenance	3.5	(4.0)	(0.5)	
HAV and WBV testing	(3.0)	-	(3.0)	
Parks Equipment	5.6	(3.0)	2.6	
Fuel	(6.0)	(8.2)	(14.2)	
Insurance Related Costs	15.7	-	15.7	
Trade Waste Income	7.9	(7.9)	(0.0)	
Refuse Bin Repairs	(1.8)	(2.5)	(4.3)	
Refuse Sacks	9.1	(1.2)	8.0	
Sale of Green Bins	1.5	0.3	1.8	
Recycling Income	(13.4)	(4.8)	(18.2)	
Cemeteries income	8.0	1.1	9.1	
Markets Income & Running expenses	(37.1)	6.7	(30.4)	
Rock Salt purchase	(3.6)	1.1	(2.5)	
Other Variances	12.2	3.0	15.2	
TOTAL	(59.1)	36.5	(22.6)	

colour indicates related items

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Monthly Financial Monitoring Report 2016/17 – Q3 end December 2016

Operations Highlight Report – Q3 (end Dec 2016)

Historic Issues

- Vehicle hire costs are forecast to overspend by £30.3k the main reason for this is due to the suspension of 5 vehicles which were found during Health & Safety Inspections to be inappropriate in design given their use. A replacement plan is being instigated but this will take place during the beginning of the 17/18 financial year due to bespoke design. As a result, external vehicles have been hired in temporary arrangements.
- Markets income projections for the year are £30.4k below the set budget. The main reasons for this is the under occupancy of stalls with Rawtenstall seeing a 17% vacancy rate and Bacup being 43% empty. However, there is a projected saving on the Market Supervisor vacant post of £16.2k and a potential restructure in the pipeline to redistribute the workload of this post

Current Quarter Issues

The Operations budget is forecast to over spend by £22.6k, a favourable movement of £36.5k this quarter.

- Staffing costs within Operations have increased during the quarter. This is due to an emergency long term sickness absence of a garage fitter with costly agency (projected c12k) to backfill this post. Overall staffing costs including agency are projected to overspend by £0.5k
- The overtime costs across all the service areas are forecasted at £0.1k adverse over the year. This is an adverse movement of £1.6k from Q2 mainly due to revised forecasts for the difficult winter months ahead.
- Vehicle Maintenance costs have increased, mainly due to works carried out to older fleet vehicles. Some one-off costs include installation of reversing cameras £4k, tyres for the telehandler £3k and refurbishment of the hook-lift for the skip wagon £5k we do not anticipate these to recur in Q4. To counter this there is a saving of £89.9k on MRP and a one-year break in the contributions to the Vehicle Maintenance Reserve. The Operations Head of Service is in the process of trying to obtain replacement vehicles so in time maintenance costs should reduce.
- Fuel is forecasting to overspend by £14.2k an adverse movement of 9.2k during this quarter. The overspend is a combination of a gradual increase in fuel prices and a reduction in the original fuel budget which now looks over-optimistic. A contingency has already been assumed for future year fuel increases in the draft budgets & MTFs, so this adverse variance should not be repeated in future years.
- Trade Waste income favourable variance reported at Q2 has been revised following data from the quarterly cost of tipping fees. Recycling income is also continuing its adverse trend as global market prices for paper and card are falling from £30/tonne in May 2015 down to £16/tonne now.

Futures Issues

- The Head of Operations has proposed a new establishment restructure which, pending approval, could create savings not yet anticipated above.
- Due to a contractor going into liquidation there is some uncertainty of costs around the Bulky Waste service. This is being done in-house at the moment however this may change going forward as the tendering process is still ongoing.

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Monthly Financial Monitoring Report 2016/17 – Q3 end December 2016

Business Services - Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Corporate Apprentices	-	1.9	(1.9)	(1.7)	(0.2)
Planning	-	-	-	-	-
Development Control	(809.97)	(789.0)	(21.0)	(29.1)	8.2
Forward Planning	148.06	154.0	(5.9)	(8.4)	2.5
Land Charges	(33.19)	(37.0)	3.8	3.9	(0.1)
Building Control	-	-	-	-	-
Building Control - Fee Earning Account	(40.48)	(39.0)	(1.5)	(6.5)	5.0
Building Control - Statutory Function	45.00	44.3	0.7	0.7	0.1
Building Control - Street Signs	8.00	7.8	0.2	1.0	(0.8)
Legal Services	221.33	242.1	(20.8)	(19.5)	(1.3)
Democratic Services	-	-	-	-	-
Electoral Registration	56.37	56.4	(0.1)	1.6	(1.7)
Elections	64.57	64.6	(0.0)	0.0	(0.0)
Democratic Representation	361.76	342.4	19.4	20.6	(1.2)
Mayoralty	51.87	54.2	(2.3)	(2.6)	0.3
Town Twinning	2.50	2.5	-	-	-
Licensing & Enforcement	(76.83)	(143.6)	66.8	(115.6)	182.4
Total	(1.0)	(38.5)	37.5	(155.6)	193.1

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Legal - Additional Agency Costs for Empty Homes Project	(30.6)	(11.2)	(41.8)	R
Legal salary costs	6.2	13.5	19.7	G
Legal Fees	3.0	(1.7)	1.3	G
Members Allowances	9.3	(1.0)	8.3	G
Democratic Services salary savings	10.3		10.3	G
Freedom Parade - Haslingden	(6.3)		(6.3)	A
Register of Electors	1.6	(1.7)	(0.1)	A
Additional Staffing resource in Planning	(16.8)	11.0	(5.8)	A
Planning Applications on new website		(6.0)	(6.0)	G
DCLG Grant income including New Homes Bonus	4.8		4.8	G
Planning Application Fee Income	(1.4)	22.0	20.6	G
Professional Fees on planning application	(15.0)	(23.6)	(38.6)	R
Forward Planning - Extension of Temporary Contract cover maternity	(9.8)	1.7	(8.2)	A
Building Control Fee Income	(11.4)	6.5	(4.9)	A
Land Charges - Salary saving	2.3	(2.4)	(0.1)	A
Land Charges - Income from search fees	1.5	(1.0)	0.5	G
Licensing - Salary costs including agency for Manager	(36.8)	8.8	(28.0)	R
Taxi Licensing Income & Expenditure	(91.1)	173.9	82.8	G
Business Miscellaneous Variances	24.6	4.3	28.9	G
TOTAL	(155.6)	193.1	37.5	G

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Monthly Financial Monitoring Report 2016/17 – Q3 end December 2016

Business Monitoring Highlight Report – Q3 (end Dec 2016)

Historic Issues

- Member's allowances are forecast to under spend by £8.1k. This is in part due to changes in the allocation and eligibility of allowances.
- The additional salary costs within Licensing have arisen because it has been necessary to employ extra staff on temporary and rolling contracts to help in the implementation of the new policies.

Current Quarter Issues

The Business Services budget is forecast to over spend by £37.5k, a favourable movement of £193k during Q3.

- Salary costs within the Business Directorate have improved by £19.8k during the quarter. This is mainly due to restructuring with departments and vacancies due to staff leaving. Salary costs are projected to over spend by £64.2k
- Planning Application fees have improved during Q3, resulting in a favourable movement of £22k with an annual favourable projection of £20.6k.
- Building Control fees continue to improve with a favourable movement within the quarter of £6.5k, now forecasting a projected under achievement of £4.9k
- Planning application fees need to be uploaded onto the new website at an estimated cost of £6k
- Taxi Licencing income and expenditure is now projected to over achieve the original budget by £82.8k. In Q2 officers were predicting that the new Licensing policies were going to have an adverse impact of £91.1k on the income streams. Recent experience shows that impression to have been too pessimistic.

Future Issues

- The future estimated cost for the Local Plan within Forward Planning is expected to be £312k over the next three years. The initial funding of £107k and the approval of a further £200k will be financed from the Council's Earmarked Reserve. Any further shortfall will need to be funded within the ongoing revenue budget.

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Health, Housing & Regeneration - Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Regeneration Mangement & Admin	138.8	132.8	5.9	(16.1)	22.1
Tourism	-	0.6	(0.6)	(0.5)	(0.1)
Area Forums	20.0	20.0	-	-	-
Economic Regeneration					
Economic Regeneration	108.6	78.3	30.3	(8.3)	38.6
Whittaker Park Musuem	70.8	85.1	(14.3)	(15.7)	1.3
Strategic Housing					
Housing Strategy	40.6	22.6	18.0	22.0	(4.0)
Homelessness	165.7	165.0	0.7	4.6	(3.9)
Private Sector Renewal	33.5	26.9	6.6	4.2	2.4
Environmental Health					
Environmental Health	353.5	262.9	90.7	67.6	23.1
Empty Homes Scheme					
	200.0	1,144.0	(944.0)	(875.4)	(68.5)
Total	1,131.6	1,938.3	(806.7)	(817.7)	11.0

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 related costs arising from the demise of AAAW	(875.4)	(68.5)	(943.9)	
Regeneration Officer Vacancies (net of agency support/ consultant)	(17.2)	6.9	(10.3)	
Economic Regeneration staff vacancies	(0.4)	22.4	22.0	
Housing Strategy staffing	20.7	(5.1)	15.6	
Private Sector Renewal salaries	1.9	-	1.9	
Environmental Health Staff Vacancies	53.5	9.3	62.8	
Housing Options Team - staffing	7.5	3.9	11.3	
Economic Regen expected transfer from Reserve insufficient funds	(13.5)	-	(13.5)	
Economic Regen grants to outside bodies	8.4	10.6	18.9	
Economic Regen - supplies and services (parking discs etc.)	5.0	0.7	5.7	
Economic Regen - Warm Homes Healthy People - St Vincent's	(4.4)	4.4	-	
Whittaker Park Museum Utilities Costs	(15.6)	1.3	(14.3)	
Environmental Health - Food Consultant / General Office costs	20.2	4.1	24.3	
Lower Lodge Terrace	(2.8)	2.8	-	
Private Water Supply	(6.7)	4.1	(2.6)	
Flooding Grants income (surplus of 15/16 accrual)	-	14.5	14.5	
Contribution to STAR Working Group (funded from Reserves)	-	-	-	
Other Miscellaneous Variances	1.4	(0.4)	1.0	
TOTAL	(817.7)	11.0	(806.7)	

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Monthly Financial Monitoring Report 2016/17 – Q3 end December 2016

Business - Health, Housing & Regeneration Highlight Report – Q3 (end Dec 2016)

Historic Issues

- Utilities costs, janitorial and other running costs at the Whittaker Park Museum are £14.3k above budget provision, mainly reflecting the increased opening hours at the Museum and associated café, a favourable movement of £1.3k in Q3.
- Under Economic Regeneration the original budget has included a £20k contribution from the Regeneration Reserve for several years to fund officers. At the beginning of 2016/17 the balance on the Reserve was almost depleted, giving a £13.5k adverse variance for this year and future years.
- The Environmental Health team administration expenses are £24.3k below budget. Including £11.6k drop in the use of consultants on food safety inspections.

Current Quarter Issues

Health, Housing and Regeneration have over spent by £806.7k, the significant variances are:

- East Lancs Empty Homes Scheme - the original operating budget was £200k. The slower pace of renovations, lettings, rise in repairs and provision for doubts rent debts has led officers revise the forecast to £1,143.9k, an adverse variance of £943.9k which is an increase of £68.5k since Q2. These costs now include best estimate assumptions following the decision to transfer the properties to Calico Housing Association. The transfer is expected to be completed by the end of the financial year.
- Staffing costs within the Environmental Health team are anticipated to generate saving of £62.9k in the current financial year. This is a favourable movement of £9.3k in Q3 based upon the confirmation of deletion of a part time post
- Staffing costs within Regeneration are projecting an over spend of £10.3k. This is a favourable movement of £6.9k this follows the revised expectation that vacant posts will not be filled before April and interim support from Blackburn with Darwen Council will continue until then. The new Director of Communities will be reviewing the staffing establishment over the coming months.
- Conversely, vacancies within the Housing Strategy are expected to increase by £5.1k pending the conclusion of the restructure below.
- Flood Relief Grant income of £14.5k was due at the end of 15/16 financial year but was not accrued for in error. This has now been received and is therefore general income to the Council and is not ring-fenced to residents

Future Issues

- Empty Homes Scheme as noted above the final tranche of properties continuing in the scheme will be transferred to our partner Calico Housing by the end of the financial year which will then bring all material operational and capital refurbishment costs to a close. There may be some residual risk of owner challenge as a result of properties being returned to owners which Officers will resist.

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Corporate Management - Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Corporate Management					
Executive Office	287.4	324.7	(37.3)	13.7	(51.0)
Corporate Contingency	-	9.6	(9.6)	-	(9.6)
Executive Support & Corporate Subscriptions	71.2	68.0	3.2	0.6	2.6
Concessionary Fares	4.0	1.0	3.0	(1.0)	4.0
Community Safety	33.0	33.0	-	-	-
Total	395.5	436.3	(40.7)	13.3	(54.0)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Agency & Professional Support	(61.6)	(22.7)	(84.3)	
New Director of Communities from January 2017		(20.1)	(20.1)	
Recruitment costs		(8.6)	(8.6)	
Corporate Fuel Savings transferred to support Snr Management Team	77.0		77.0	
Subscriptions		2.5	2.5	
Pennine Mental Health & Housing Project		(4.0)	(4.0)	
Local bus services contribution (ceased at end 2015/16)		4.0	4.0	
Rossendale Together Barnfield loan		(5.1)	(5.1)	
Other Misc under / (over) spends	(2.1)		(2.1)	
TOTAL	13.3	(54.0)	(40.7)	

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Corporate Management Highlight Report – Q3 (end Dec 2016)

Historic Issues

- With the conclusion of the Senior Management restructure and the filling of the Director of Business post from May, there is a saving of £15.4k expected in salaries and agency cover.
- In addition interim management support forecast at £60k has been funded this year by a transfer from the fuel allowance budget of £77k.

Current Quarter Issues

The Corporate Management budget is now forecast to over-spend by £40.7k, an adverse movement of £54k during Q3.

- Most of the changes have resulted from the Senior Management Team restructure. Professional support has been extended to the end of March and the new Director of Communities is in post from the beginning of January. Recruitment costs for the latter post were £8.6k.
- It came to light during Q3 that the Council's contribution to local bus services ended in March 2016, resulting in a saving of £4k on the original budget, both in 2016/17 and going forward.
- Two new items of expenditure during Q3 are a further £5.1k loan to the Together Barnfield Partnership, which should be repayable following the conclusion of the Rawtenstall Spinning Point project, and a £4k contribution to the Pennine Mental Health & Housing project.

Futures Issues

- Nothing to report.

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Finance and Property Services - Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Financial Services Team	333.0	337.0	(4.0)	(10.6)	6.6
Internal Audit	70.7	49.3	21.4	21.4	-
Corporate Costs	-	-	-	-	-
External Audit Fee	50.0	48.6	1.4	1.4	-
Bank Charges (net of fees)	32.2	37.6	(5.4)	(7.0)	1.6
Treasury Management	3.6	3.5	0.1	0.1	-
Property Services					
Property Services Team	338.8	320.1	18.8	29.1	(10.3)
Corporate Estates	(38.5)	(111.0)	72.5	75.0	(2.5)
Non Domestic Estates	(108.9)	(118.4)	9.5	9.3	0.2
Office Accommodation	64.2	102.4	(38.2)	(14.3)	(23.9)
Operational Properties	384.0	369.0	15.0	7.0	7.9
Leisure Properties	55.2	55.6	(0.4)	3.1	(3.6)
Bus Shelters	14.8	10.1	4.7	10.6	(5.9)
Business Centre	156.5	137.1	19.4	13.3	6.1
Total	1,355.5	1,240.8	114.7	138.4	(23.7)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Financial Services Team - Q1 Empty Homes & Q3 phased retirement of	(2.7)	(3.5)	(6.2)	
External Audit - national reduction in fees chargeable	4.2		4.2	
Internal Audit - saving on year-end accrual bfwd for 2015/16 costs	10.0		10.0	
Loan arrangement fee to Rosso		3.7	3.7	
New burdens grant re Transparency Agenda		8.1	8.1	
Bank Charges - EU ruling on change to debit card collection charges	(6.7)	1.6	(5.1)	
Finance Misc Expenses	0.5	(1.7)	(1.2)	
Electricity	(0.4)		(0.4)	
Gas	12.7	(0.7)	12.0	
Water	9.1	5.1	14.2	
NNDR - Rawtenstall bus station delay	(14.7)	(23.3)	(38.0)	
Asbestos / Legionella costs	-	(3.3)	(3.3)	
Land Drainage - Cloughfold site	-		-	
Departure Charges - delay in Demolition of bus station	16.7		16.7	
Estates Income	19.2	(0.9)	18.3	
Property salary costs	23.5	(6.4)	17.1	
Delayed departure from Hardmans Mill	(2.0)		(2.0)	
Extra Security at Henrietta St	(6.3)	(0.8)	(7.1)	
Emergency Planning	6.6	-	6.6	
Mount Pleasant - settlement costs	59.6		59.6	
Business Centre - room rental	7.7	(0.6)	7.1	
Business Centre FIT Tariff	3.3		3.3	
Business Centre IT Support	0.5		0.5	
Property Misc Expenses	(2.4)	(1.0)	(3.4)	
TOTAL	138.4	(23.7)	114.7	

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Finance & Property Services - Monitoring Highlight Report – Q3 (end Dec 2016)

Financial Services

Historic Issues

- The scale of fees chargeable by external auditors is set nationally at the moment and the 2016/17 fee has been set £4.2k lower than our original budget.
- Bank charges for the use of debit cards have changed nationally, adding £6.7k annual costs.

Current Quarter Issues

The Financial Services budget is forecast to underspend by £13.5k

- A further new burden grant of £8.1k was received during the year in relation to the transparency agenda.

Futures Issues

- None

Property Services

Historic Issues

- The business rates on some of the town centre properties are forecast to cost an additional £38k until the Spinning Point project gets under way and business rates cease. However, departure charges for the old bus station (removed from the original budget) will now continue until the new facility is operational, giving a favourable impact of £16.7k to offset against the above costs.
- The Electricity and Gas budgets are showing an under spend of £12.3k as responsibility for utilities transfers to the tenants and the level of empty properties is falling, as noted above.
- Petrus (Regenda) took over the running of Mount Pleasant (a house of multiple occupancy) at the end of May 2016. The final settlement for the refund of costs incurred by the Council is £59.6k and this income was not anticipated in the original budget.
- The Emergency Planning budget is forecast to under spend by £6.6k

Current Months Issues

The Property Services budget is forecast to under spend by £101.2k an adverse movement of £31.9k during Q3.

- With the delay of the development of the Town Centre the Projected Business Rates is likely to increase by £23.3k
- A £23.5k saving was previously reported for the vacant Property Manager post. Due to sickness within the team a temporary staff member has been employed for 3 months to clear the back log of work at a cost of £6.4k reducing the saving to £17.1k

Futures Issues

- The forecasts above assume a demolition of the Rawtenstall Town Centre buildings, within the Spinning Point Project, at the end of the financial year.
- At the time of writing, agents for the Council are seeking a refund of Business Rates to the value of £170k in regard to the old Town Hall – this is not in our forecast.

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People and Policy - Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
People & Organisational Development Human Resources	272.0	301.0	(29.0)	(29.0)	-
Total	272.0	301.0	(29.0)	(29.0)	-

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 Vacancies (net of £7.6k contrib to salary savings)	0.6		0.6	
Staff - additional 2 Corporate Support temps & Mgt restructure	(23.9)	(7.6)	(31.5)	
Agency Staff to cover vacancies above	(1.5)	(6.5)	(8.0)	
Health & Safety Support (April 2016 - March 2017)	(2.3)	5.9	3.6	
Professional Fees		(6.6)	(6.6)	
Lone working alarms contract	(1.8)		(1.8)	
Children's Trust grant		15.0	15.0	
Publicity / Tourism & Consultation	-	3.0	3.0	
Miscellaneous variances	(0.1)	(3.2)	(3.3)	
TOTAL	(29.0)	-	(29.0)	

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People & Policy Highlight Report – Q3 (end Dec 2016)

Historic Issues

- None

Current Quarter Issues

The People & Policy budget is still forecasting an overspend of £29k, a net change of nil during Q3, though there have been some movements:-

- A restructure of the posts reporting to the CEO has led to an increase in staff costs of £7.6k and agency cover for key members of staff have cost a further £6.5k during the year.
- Professional HR advice and legal support has cost an additional £6.6k to date.
- The Council has accepted the management of the Children's Trust partnership temporarily in 2016/17, which has brought in income of £15k.
- Savings on Health & Safety support and publicity costs have also helped to mitigate these adverse variances.

Future Issues

- Nothing to report.

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Non-distributed Costs, Corporate Resources & Leisure Services

Period 9 (Dec)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Non Distributed Costs					
Employee & Pension Costs	1,241.2	1,231.8	9.4	11.2	(1.8)
Other Non-distributed Costs	(7.2)	(154.4)	147.2	146.5	0.7
Capital Financing	-	-			
Minimum Revenue Provision	129.5	135.5	(6.0)	-	(6.0)
Investment Interest	87.3	68.9	18.3	6.5	11.8
Use of Earmarked Reserves	-	-	-	-	-
Leisure	241.6	230.8	10.8	-	10.8
Total	1,692.4	1,512.6	179.8	164.2	15.6

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Added Years Pension	11.2	(1.8)	9.4	
Interest expenditure	6.1		6.1	
Interest income from bank accounts and other loans	0.1	11.9	12.0	
Supporting HAPPI, as per Full Council in July 2015 - balance of repairs costs £7.7k + £25k loan cfwd at yr-end	32.7		32.7	
Transfers (to)/from Reserves as above for HAPPI	(32.7)		(32.7)	
Increase in final VAT shelter receipt over 2015/16 accrual	79.6		79.6	
Environmental Insurance policy on former HRA properties	(15.9)		(15.9)	
Management charge to Rossendale Transport for 2015/16	91.0		91.0	
Impact of Leisure Trust investment decision Sept 2016		10.8	10.8	
Other minor variances including MRP	(7.9)	(5.3)	(13.2)	
TOTAL	164.2	15.6	179.8	

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Non-Distributed Costs & Capital Financing - Highlight Report – Q3 (end Dec 2016)

Historic Issues

- In 2014/15 Members originally approved a £25k grant to HAPPI for building/facilities repairs and a £25k cash flow operating loan to take effect once the project was up and running, all funded from Earmarked Reserves. By the end of 2015/16 only £17.3k of the repairs grant had been called upon and the balance of the funds allocated remained in the Earmarked Reserves account. To date no further costs have been claimed, but officers have included the remaining costs and reserves allocation here for clarity.
- The Council has billed Rossendale Transport Limited £91k by way of a management charge for the provision of services in prior years. This income stream has not been budgeted either in 2016/17 or in future years.
- At the end of 2015/16 officers anticipated a Q4 VAT Shelter receipt of £53.4k to maintain the original budget in that year. The final audited return has now been received at almost £133k, resulting in a favourable impact on 2016/17 of £79.6k.
- At the time of the housing stock transfer, back in March 2006, the council took out a 10-year Environmental Insurance policy against any unforeseen issues with the land under those properties. This policy has now been renewed for the next 10 years at an annual cost of £15.9k (paid in full now, but to be spread evenly over the 10 years being covered).

Current Quarter Issues

The net variance on Non-distributed costs has improved from £164.2k to £179.8k, an improvement of £15.6k during Q3. The main variance are as follows:-

- At Q2 the bank interest rates were being forecast to fall before Christmas, but this has failed to materialise. The result is that the annual deposits being placed now are earning an additional 0.25% above that anticipated in October. Interest income on bank balances is also now being supported by loans to other parties, including Rossendale Transport Ltd. Overall the level of interest income has risen by £11.9k during Q3.
- Implementation of the Members decision in September to purchase the Leisure Trust's equipment lease has reduced the grant requirement for the balance of the year by £10.8k. From 2017/18 onwards there will be no grant due to the Trust at all.

Future Issues

- Officers are continuing to work with HAPPI and the Haslingden Swimming Pool project.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Employment & Transport Reserve	Director Invest Reserve	Local Business Rates Retention	Transitional Budgetary Support	Planning Reserve AN060109 / AN060145	Vehicle Reserve AN060130
	AN060103	AN060123	AN060144	AN060129		
Balance at 01/04/2016	1,497.7	0.0	1,241.9	2,403.0	107.2	230.4
Funds Received 2016/17						
2016/17 grants received						
2016/17 grants anticipated						
Revenue income received						
Revenue income anticipated			444.5			0.0
General Fund Surplus Contribution						
Total Funds Available	1,497.7	0.0	1,686.4	2,403.0	107.2	230.4
2016-17 Published Budget Utilisation						
General budget support	(60.0)		(254.0)			
2016-17 Other Utilisation Plans						
Transfers between Reserves	(200.0)				200.0	
Active East		(20.0)				
Counter Fraud & RV Analysis			(10.0)			
Bacup THI Support						
Childrens Trust - Summer Fun						
2016/17 NNDR Deficit & Autumn Statement Creditor						
2015/16 DGLC levy 50%			(53.4)			
Support Forward Plan					(142.8)	
HCA Empty Homes Scheme						
HAPPI grant & loan cover						
Rawtenstall Bus Station	(15.0)					
Operational Vehicle Maintenance						
Reserve Estimates 31/3/2017	1,222.7	(20.0)	1,369.0	2,403.0	164.4	230.4
Future Contributions/Utilisation Plans						
2016/17 Plans						
2017/18 Plans			(700.0)	(199.0)	(164.4)	25.5
2018/19 Plans			(669.0)	(1,286.0)		(25.5)
2019/20 Plans				(920.0)		(51.0)
2020/21 Plans				0.0		25.5
Potential Reserve Balances	1,222.7	(20.0)	0.0	(2.0)	0.0	204.9

Usage as per MTFS Jan 2017

Current issues

Funding for the original revenue budget of £8.1m included the use of £514k from the Earmarked Reserves; specifically £254k from the Retained Business Rates Reserve, £200k from the Empty Homes Reserve and £60k from the Employment & Transport Reserve as reflected in the above table.

Over the coming months officers will consider how best to fund the Active East requirement from the Director Investment Reserve, given that the top-slicing exercise in 2015/16 removed those funds to create the Empty Homes Reserve.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Leisure Reserve	Empty Homes Reserve	Bacup THI	Pension Fund Reserve	Operational Reserves	Total
	AN060118/9	AN060148	AN060142	AN060117	AN060121	
	853.1	1,452.0	319.6	165.5	525.2	8,795.6
Funds Received 2015/16						
2016/17 grants received					0.0	0.0
2016/17 grants anticipated					2.0	2.0
Revenue income received					0.0	0.0
Revenue income anticipated					0.0	444.5
General Fund Surplus Contribution						0.0
Total Funds Available	853.1	1,452.0	319.6	165.5	527.2	9,242.1
2016-17 Published Budget Utilisation						
General budget support		(200.0)				(514.0)
2016-17 Other Utilisation Plans						
Transfers between Reserves					0.0	0.0
Active East					(6.0)	(25.9)
Counter Fraud & RV Analysis					(46.3)	(56.3)
Bacup THI Support			(286.6)		0.0	(286.6)
Childrens Trust - Summer Fun					(2.0)	(2.0)
2016/17 NNDR Deficit & Autumn Statement Creditor					0.0	0.0
2015/16 DGLC levy 50%					0.0	(53.4)
Support Forward Plan					0.0	(142.8)
HCA Empty Homes Scheme		(449.6)		Net GF Deficit	0.0	(449.6)
HAPPI grant & loan cover					(32.7)	(32.7)
Rawtenstall Bus Station					0.0	(15.0)
Operational Vehicle Maintenance					0.0	0.0
Reserve Estimates 31/3/2016	853.1	802.4	33.0	165.5	440.3	7,663.8
Future Contributions/Utilisation Plans						
2016/17 Plans	(768.0)	(802.4)		69.0	(15.7)	(1,517.1)
2017/18 Plans			(33.0)		(23.5)	(1,094.4)
2018/19 Plans					0.0	(1,980.5)
2019/20 Plans					0.0	(971.0)
2019/20 Plans					0.0	25.5
	85.1	0.0	0.0	234.5	401.1	2,126.3

The Bacup THI Reserve is being used to support £40k of revenue costs per annum up to 2018/19, plus £246.6k of capital works in the initial phases between summer 2015 and summer 2016, as noted in the capital programme on pages 28 & 29.

Given the planned self-sustainability of Rossendale Leisure Trust the time would now seem right to clear the Trust's accumulated balance sheet deficit of £768k (excluding any pension fund deficit). An adjustment will be made as part of the 2016/17 account's closure.

Some further use of the Empty Homes Reserve is likely in 2016/17 given the current adverse variance predicted. For more information see pages 12 and 13.

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Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Commun' for Habitats	Housing Capital Pot *	Disabled Facilities Grants *	Homeless Grant	Clean Bus Technology Grant	Total
Balance at 01/04/2016	25.2	338.3	153.0	191.0	486.0	1,193.5
New Funds Received 2016/17						
Grant due/received			791.0			791.0
Total Funds Available	25.2	338.3	944.0	191.0	486.0	1,984.5
Utilisation in 2015/16						
DFGs planned in Capital Programme			(500.0)			(500.0)
DFGs additional planned grants			(444.0)			(444.0)
Homeless grant passported to authorities				(39.5)		(39.5)
Clean bus technology bids					(486.0)	(486.0)
Anticipated Balance 31/03/2016	25.2	338.3	0.0	151.5	0.0	515.0
Future Utilisation Plans						
2016/17 plans		0.0				0.0
2017/18 plans		0.0				0.0
2018/19 plans		0.0				0.0
Potential Reserve Balances	25.2	338.3	0.0	151.5	0.0	515.0

The Clean Bus Technology Fund grant is now complete and 38 buses have been upgraded.

There is no indication yet about the level of Better Care Funding for DFGs in 2017/18, but it is anticipated that any monies unspent by March 2017 due to delays in applications being processed by LCC social care staff, will be able to be carried forward.

Staff Costs, including agency

Employment Costs 2016/17 to end December	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 2016/17	FTE Changes during 2016/17	Current Vacant Posts	Contrib vacancy target £000	
Place Directorate										
Customer Services	284	242	41	21	21	9.8	0.0	1.0	4.5	
Operations Service	1,620	1,613	7	15	(8)	78.7	0.0	3.0	21.7	
Business Directorate										
Building Control Services	82	80	2	1	1	3.0	0.0	0.0	0.0	
Legal & Democratic Services	276	296	(20)	3	(23)	11.8	0.0	1.0	2.2	
Planning Services	345	360	(15)	(7)	(8)	12.8	0.0	1.0	0.0	
Local Land Charges	19	20	(0)	(0)	-	1.0	0.0	0.0	0.0	
Public Protection	193	167	27	26	0	11.6	0.4	0.0	0.0	
Health, Housing & Regen	596	598	(2)	(20)	18	21.9	0.0	5.0	57.7	
Corporate Services										
Corporate Management	166	168	(2)	(1)	(1)	3.0	1.0	1.0	23.7	
Finance & Property Services	322	291	31	10	21	11.6	1.0	1.0	32.6	
People & Org. Performance	132	162	(30)	(20)	(9)	5.5	2.0	1.0	7.6	
Total	4,036	3,997	38	27	11	170.7	4.4	14.0	150.0	
NB - re the variance column, figures in brackets are adverse variances, those without brackets are favourable variances									Target Staff Savings	150.0
									In NDC - still to find	0.0

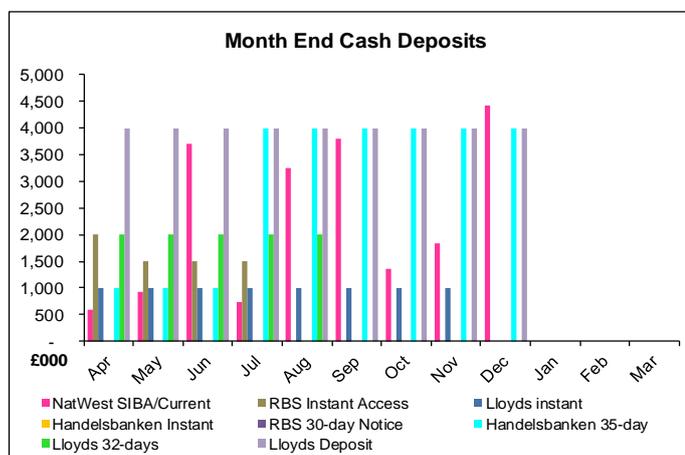
There are currently 14 vacant posts which have contributed £188k in savings to date, of which £150k was built into the original budgets as a savings target. This leaves a £38k favourable variance to date, however, additional staffing costs expected in Q4 look set to reduce this to £31.8k favourable by the year-end (see note on page4).

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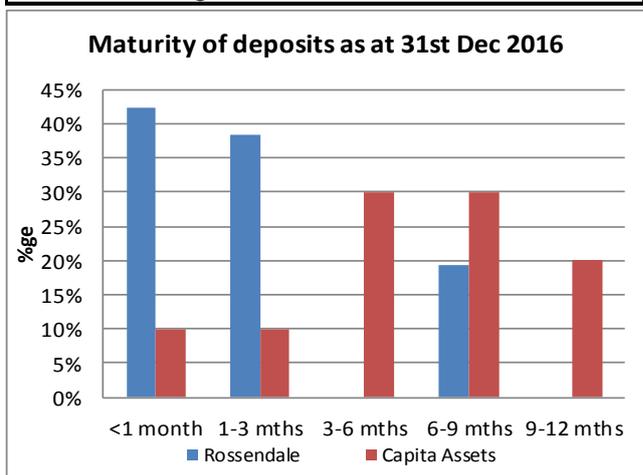
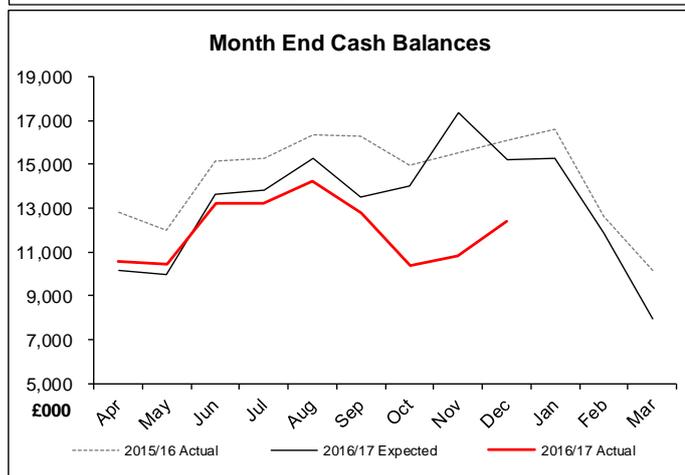
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Treasury Management & Cash Flow Monitoring

At the end of December the bank balances were back to £12.4m from highs of over £15m at the beginning of October and a low of £10m by the end of October. At the beginning of October officers prepared to undertake the members' decision to invest in Rossendale Transport Ltd and Rossendale Leisure Trust. Between the 3rd and the 19th of October the balance in the main Natwest SIBA Account exceeded £6m for 3 days and exceeded £5m for a further 6 days. By the 28th of October the two strategic investments had been completed.



Effective Interest Rates at 31/12/2016	Current Balance £k	Effective Interest Rate %
NatWest SIBA	4,415	0.10
RBS Instant Access	-	0.10
RBS 30-day notice	-	0.10
Handelsbanken instant	-	-
Handelsbanken 35-day	4,000	0.15
Lloyds instant access	-	0.20
Lloyds 32-day notice	-	0.32
Lloyds Deposit 12mths	-	1.05
Lloyds Deposit 12mths	2,000	1.05
Lloyds Deposit 12mths	2,000	1.00
Total Bal & Avg interest	12,415	0.41



During Q3 the average interest being earned by the Council has dropped from 0.46% to 0.41% in comparison with the drop in the Sector model portfolio over the time from 0.86% to 0.655%. The Council's position has been buoyed by the decision to take advantage of a time-limited offer on the 14th December to lock in £2m with Lloyds for 364 days earning 1%, when previous expectations were for around 0.75%.

Low bank interest rates are making alternative invest-to-save opportunities more efficient. With the latest pension review has come an offer to pay all pension costs for the next three years up front in April 2017, representing a saving of £307k. This is the equivalent of a 2% interest rate per annum, therefore officers propose to take up this single payment offer and consequently will not renew the second Lloyds investment on the 20th January.

Interest Earned

Interest Forecast	Budget 2016/17	Forecast 2016/17	Variance Fav/(Adv)	Change Fav/(Adv)
Revenue				
Interest payable (PWLb)	(162.4)	(162.4)	0.0	0.0
Misc Interest income	3.0	10.8	7.8	7.8
Bank Interest income	70.0	74.8	4.8	3.8
Net Interest	(89.4)	(76.8)	12.6	11.6

The lack of the predicted base rate drop in December has helped to raise the forecast bank interest. Interest on non-bank investments will now become more of a factor.

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Economic Outlook

(issued 13th Dec)

The Consumer Prices Index (CPI) rose by 1.2% in the year to November 2016, compared with a 0.9% rise in the year to October.

The rate in November was the highest since October 2014, when it was 1.3%.

Rises in the prices of clothing, motor fuels and a variety of recreational and cultural goods and services, most notably data processing equipment, were the main contributors to the increase in the rate. These upward pressures were partially offset by falls in air and sea fares.

For the Council the 1% inflation rate in September was most important as it will impact on the level of benefits and pensions payable from April 2017 onwards and the Council has now benefited from fixing these low interest rates into the Capita contract extension up to September 2019.

Interest rate forward predictions

The anticipated further drop in base rates at the end of 2016 has not materialised and the revised interest rate forecast at the end of Q3 shows a static base rate through until at least summer 2019 (*source: Capita Asset Services*)

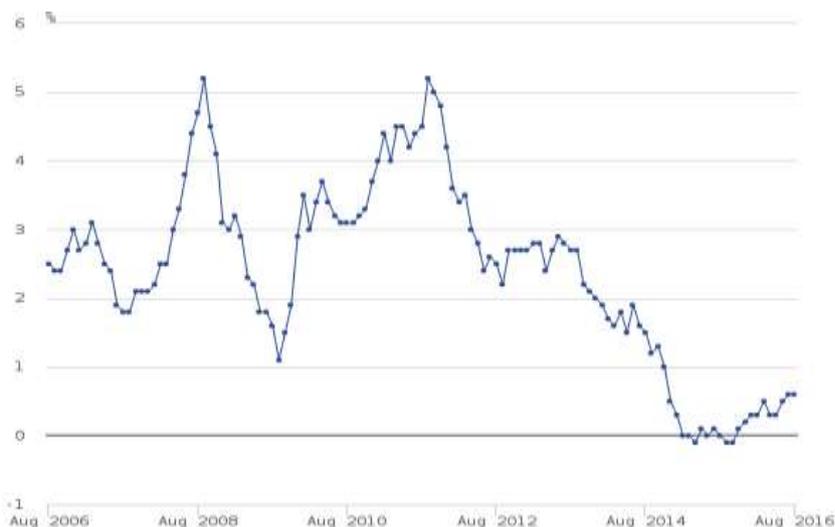
as at 23rd Dec 2016	Dec 2016	Mar 2017	June 2017	Sept 2017	Dec 2017	Mar 2018	Jun 2018	Sept 2018
Q2 Base Rate est	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%
Q3 Base Rate est	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
25yr PWLB est	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%

Treasury Management Practices (TMPs) and Prudential Indicators

All the Council's investments continue to follow the policies laid down in the Treasury Management Strategy (TMS) document (Full Council, Feb 2016), only using UK high street banks and limiting investments to short-term (ie. 364 days maximum).

The Council's TMPs provide operational limits for the maximum investment with any single institution as the greater of £5m or 50% of total funds available at the time of the deposit, and £10m across a single group. As explained on the previous page, the Council's NatWest SIBA account went above £6m for 3 days in October as officers prepared to make the 2 £1m investments approved at Full Council in September.

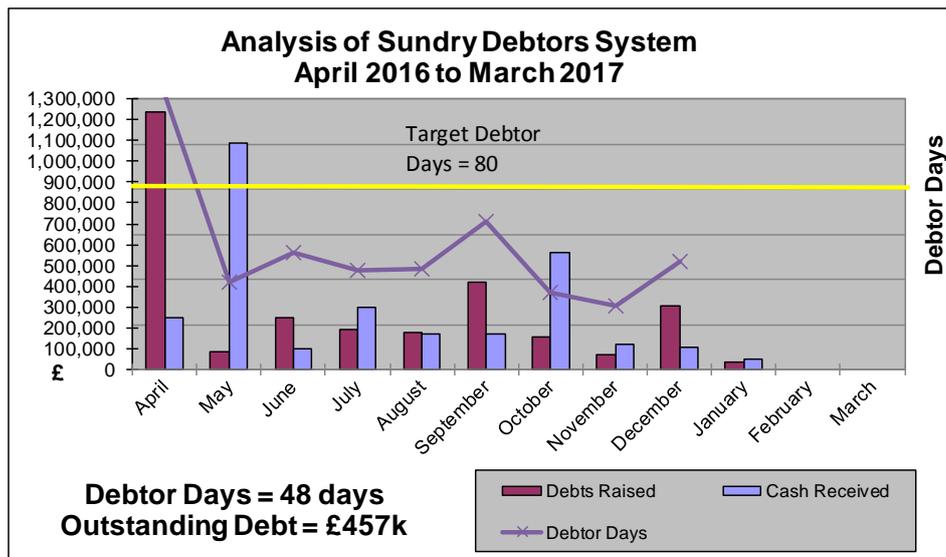
In December officers took the chance to lock in a 1% rate for 364 days with the Lloyds account. This was effectively an early replacement for the deposit maturing on the 30th December, but it assured the Council of an extra 25 basis points above those being forecast back in September. Between the 14th of December and the 30th December the Council had £6m invested with Lloyds, but balances overall at that time were over £12m.



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Sundry Debts Monitoring



Q3 saw another £558k of invoices raised and £832.5k received. This brings the annual invoices raised this year up to £3,049k and of the invoices generated in April to November the collection rate is already 97.4% to date.

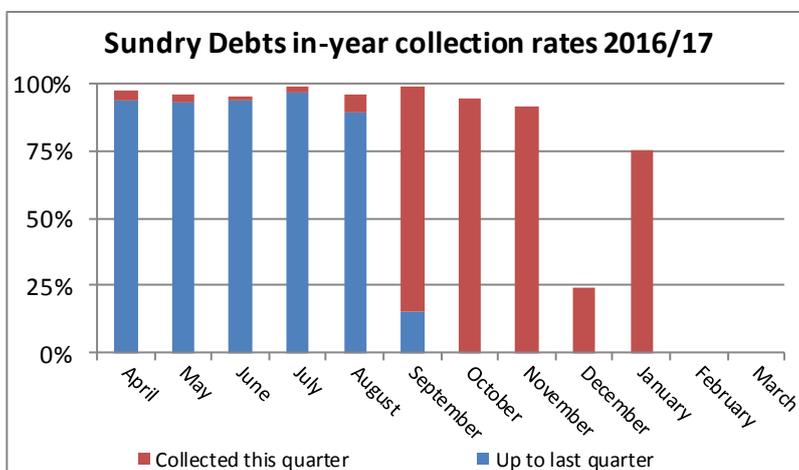
A further £15.5k of prior-year debt has been collected during Q3, bringing the total prior-year debt down to £136.8k. The total Sundry Debts outstanding is now £457.7k.

Housing Rent Debts

At the end of Q3, the housing rent debts totalled £346.3k. Current tenant debt had risen from £155.2k at Q2 to £163.3k, but some benefit receipts have begun to flow direct to Calico, so this may not be an accurate picture. For former tenants the debt has risen from £156.2k at Q2 to £183k with the handover to Calico helping to identify some properties where tenants have left at some point in the past.

Collection rates & Doubtful debts

Debtor Days collection performance for sundry debts has improved to 48 days, from 65 days at the end of Q2.



Debts Outstanding	Mar 2015	Mar 2016	30 Sept 2016		31 Dec 2016		Doubtful Debts	
	£k	£k	£k	£k	£k	£k	rate	value
Earlier Debt	72.1	56.3		55.7		55.1	100%	55.1
2014/15 Debt	351.6	64.2		63.6		53.2	100%	35.0
2015/16 Debt								
Q1		27.4	14.5		11.3		100%	11.3
Q2		20.1	4.2		4.1		100%	4.1
Q3		54.5	7.8		6.9		100%	6.9
Q4		234.9	6.5	33.0	6.2	28.5	75%	4.7
2016/17 Debt								
Q1 Apr			79.9		27.1		50%	13.6
Q1 May			5.9		3.7		50%	1.9
Q1 Jun			15.7	101.5	12.1	42.9	50%	6.1
Q2 Jul			6.0		1.5		10%	0.2
Q2 Aug			20.8		7.8		10%	0.8
Q2 Sept			435.7	462.5	4.0	13.3	10%	0.4
Q3 Oct					8.3		10%	0.8
Q3 Nov					6.9		10%	0.7
Q3 Dec					240.6	255.8	10%	2.1
Q4 Jan					8.9	8.9	10%	0.9
Total Debt o/s	72.1	457.4		716.3		457.7		117.1

The consideration of doubtful debts rises from 10% at creation to 100% for any debts over 1 year old. The doubtful element of sundry debts has dropped £118.7k at Q2 to £117.1k. This is against a total doubtful debt provision brought forward of £106.4k.

For housing rent debts the doubtful debt provision brought forward was £146.7k. Providing 75% for current tenant debt over 4 weeks old and 90% for former tenant debt would require a provision of £287.5k and this increase of £140.8k (incl in the adverse forecast on pg12 & 13).

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Capital Resources

Table 1 - 2016/17 receipts

Major Receipts:	Original Expect'ns £000	YTD Actual £000	Total Forecast £000	Surplus/ (Deficit) £000
Capital Receipts				
Land & Property Sales	75	153	153	78
Osolete refuse vehicles	-	24	24	24
Cost of sales		-	-	-
Net receipts to table 2	75	177	177	102

Current issues

The income from asset sales in table 1 above includes £24k from the sale of 5 vehicles at auction, including STAN. One property sale has achieved £150k in Q3, but no further receipts are anticipated.

Financing the Capital Programme

The opening balance of Useable Capital Receipts was £1,800k, though £647k of this was required to finance continuing projects, as shown in the table opposite.

The changes to the projects and funding so far during 2016/17 include the receipt of an additional £291k grant from the Better Care Fund for DFG works in 2016/17. This more than covers the former funding from Green Vale Homes now that their arrangement has come to an end.

The Central Government initiative of Flood Resilience Grants has received 294 applications covering 319 local properties (both business and residential). Each grant has a maximum of £5k and is aimed at reducing risk of future flooding for those properties which were affected last winter, all funded through LCC and expected to reach a total of £1m. Of this £751k has been either completed or ordered to the end of Q3.

The one new project in Q3 was the member approval of the investment in the Leisure Trust's equipment lease at Haslingden Sports Centre. This has added £1,010k which is being funded from internal borrowing over the next 17 years.

As shown in detail on the following page, the actual capital programme now stands at £9,229k. The amount being funded through internal borrowing is £1,285k including the potential replacement of two vehicles in Operations. However, as noted on page 9, the replacement of Operations vehicles is now likely to be delayed until 2017/18.

This leaves £7,944k coming from the capital resources above, leaving an expected balance of capital resources of £1,079k at the end of this year.

Future issues

The first DFG grant through the Better Care Fund for 2015/16 was £434k, of which only £271k was used before the year-end. At the moment officers have no reason to believe that the unused balance in 2016/17 cannot be carried forward again. There has been no indication yet of the 2017/18 allocation.

Table 2 - Useable Capital Receipts

Useable Capital Resources	£ 000
Balance at April 2016	1,800
Capital Grants in 2016/17	5,611
Capital Receipts in 2016/17	177
	7,588
Revenue Contributions	
from Earmarked Reserves	336
from S106 agreements	140
from Revenue Operations	959
Total Capital Resources 2016/17	9,023
Capital Prog funding requirement	(7,944)
Useable Capital Receipts Mar 2017	1,079
Reserved for housing	(374)
Unreserved Cap Receipts	705

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Capital Programme Spending

SERVICE AREA	2016/17 Original Capital Programme	2016/17 Revised Capital Programme	December 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	190	727	126	9	727	191	316	80	140	28
Customer Services & e Govt	0	67	6	61	67	0	3	3	61	12
Regeneration	0	2,390	230	365	2,390	1,950	0	440	0	0
Corporate Support Services										
Finance & Property Services	135	1,495	168	21	1,495	0	435	50	1,010	60
Other PRG Projects	0	17	1	0	17	0	0	17	0	0
Renewable Energy Projects	0	88	71	5	88	0	14	0	74	12
Flood Resilience Grants	0	1,200	560	191	1,200	1,200	0	0	0	0
Housing	630	3,245	1,509	712	3,245	2,270	130	845	0	0
	955	9,229	2,671	1,364	9,229	5,611	898	1,435	1,285	113

Capital Programme

The original capital programme approved in February was £955k and slippage brought forward totalled £4,945k as detailed in the Q1 monitoring report.

The additional projects approved so far are shown in the table opposite. Q3 saw the addition of the purchase of the RLT refinancing approved by members in late September, and a further £637k estimated in Empty Homes Renovations. The Flood resilience grants have also risen to potentially c£1,200k.

This brings the total revised capital programme to £9,229k, including £1,789k for the ongoing Bacup THI project and £2,171k for the Empty Homes Renovations.

Capital Programme 2016/17	£000	Funded by
Original Capital Programme	955	
Slippage from 2015/16 projects	4,945	see Q1 report
New capital projects in 2016/17		
Additional DFG from Better Care	291	grant income
SDM Housing System	3	RCCO Reserves
Victoria Park play area	15	Up & Active grant
Flood Resilience Grants	1,200	LCC grant income
Financial Systems ICON modules	61	Internal Borrowing
RLT Financing	1,010	Internal Borrowing
Add Empty Homes Renovations	637	Revenue Provision
Clod Lane community playground	112	mostly grant/S106
Revised Capital Programme	9,229	

Q2 Activity

- DFGs is now 58% complete for the year with £428k spent and a further £122k committed
- Empty Homes renovations are well under way: the 3 tenders let in March are complete and works to renovate properties prior to the transfer to Calico is well under way (see pages 12 & 13 for a progress report on the transfer. To the end of Q3 £1,671k (77%) of the planned works has been ordered or completed.
- Clod Lane play area project is due to start early in Q4 after all approvals were gained before Christmas. this is a total project cost of £112k is being funded by S106 agreements, and grants from LEF, Virridor, Together Housing and Tesco.
- Flood Resilience Grants applications (up to £5k per property) have reached 294, covering 319 local properties at a potential value of £1,176k. All costs will be met by grants via LCC and £983k of works have been approved to date with £751k being spent or ordered so far. Some of the larger culvert works are taking longer to agree and then tender the works.

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Minimum Revenue Provision (MRP)

Minimum Revenue Provision (MRP)	MRP Budget 2016/17	Revised MRP Required 2016/17	Potential (Additions) / Savings 2016/17
Refuse Collection	310	282	28
Street Sweeping	44	17	27
Parks	54	10	44
IT	30	31	-1
Facilities/Property	18	19	-1
Leisure Investment	128	127	1
Corporate Services	9	5	4
Housing	400	400	0
Non-distributed Costs	130	144	-14
	1,123	1,035	88

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

Replacement of the Operational vehicles are likely to be delayed until 2017/18, and thus result in a one-off saving on MRP, which has been factored into the monitoring on pages 8+9.

Funding of Empty Homes renovation costs is still under review. Any internal borrowing could be funded this way and repaid through MRP over the next 5 years, matched by the application of the Empty Homes Reserve and loan recycling.

Section 106 Receipts Monitoring

Section 106 Agreements 2016/17	Third Party Projects	RBC Revenue Projects	RBC Capital projects	Total Held
	£000	£000	£000	£000
Balance b/wd at 1st April 2016	637.8	141.6	340.5	1119.9
Deposits received in 2016/17	33.8	50.0	58.6	142.4
Deposits applied in 2016/17	(104.4)	(24.0)	(80.9)	(209.3)
Current Balance	567.2	167.6	318.2	1053.0

Members may note that £72.4k of new deposits have been received in Q3, £48.6k of which are for Rossendale capital projects. Almost £105k has been applied to Rossendale projects up to the end of Q3, leaving the amounts available to support Rossendale Council projects as shown in the table below.

Planning Ref	Area	Site	Purpose	Time Period	Current Balance
RBC Revenue Maintenance:-					
2002/407	Haslingden	Bentgate, Manchester Rd	Play Area upgrade	no time limit	10,000
2004/012	Crawshawbooth	Former Chapel at York St	Contribution to recreation area selected by the council	none stated	6,841
2004/372	Crawshawbooth	Conversion of Con Club to 8 apartments	Bus shelters	none stated	1,790
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	no time limit	144,846
		Others			4,145
				Revenue	167,622
RBC Capital:-					
2010/433	Whitworth	Eastgate	Affordable housing	Exp Jul 2017	34,957
2010/433	Whitworth	Eastgate	Open Space	Exp Jul 2017	52,918
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public & Open Spaces	Exp July 2020	110,769
2010/0667	Whitworth	Cowm Park Way/ Hall St	Youth & Community		32,549
2011/0046	Helmshore	Holmefield House	Open Space	Exp Aug 2017	2,424
2011/0046	Helmshore	Holmefield House	Affordable housing		25,800
2013/0041	Cloughfold	Land at 449 - 457 Bacup Rd	Play Space/Open Space and/or pedestrian/cycle way		15,000
2013/0277	Waterfoot	Mytholme House (Affordable housing)	POS contribution within the vicinity	no time limit	16,392
2013/0455	Bacup	Bacup Hub	Public open Space within vicinity	no time limit	27,320
				Capital	318,129

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Council Tax & NNDR Collection Rates

Cumulative Collection	Council Tax				Business rate			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
April	11.50	10.16	10.91	10.60	12.25	10.97	11.87	11.25
May	20.40	20.16	19.98	19.73	20.47	21.66	20.80	19.20
June	29.55	29.02	29.22	30.12	30.50	31.50	29.31	28.26
July	39.01	38.43	38.49	37.97	39.43	38.83	43.25	35.55
August	48.13	47.63	47.54	47.21	51.60	51.60	54.82	43.60
September	57.47	57.00	56.80	56.35	60.92	61.01	62.70	58.92
October	66.98	66.30	66.18	65.58	67.88	68.55	70.27	67.00
November	76.37	75.52	75.45	74.73	76.23	75.72	79.88	74.40
December	85.57	84.81	84.52	83.85	84.92	82.61	87.02	82.08
January	94.97	91.15	93.73		95.64	90.30	93.17	
February	96.61	95.69	95.41		96.38	94.46	96.85	
March	97.10	96.90	96.80		97.70	97.60	97.40	

Council Tax Collection Fund

In line with the lower monthly collection rates shown above, Council Tax Collection projected out-turn has fallen from £630k predicted at the end of Q2 to an overall surplus of £247k at Q3. Consequently, RBC's share will decrease from £96k forecast back in September to £40k now.

In contrast, the level of summons & court costs shown in the revenue account have increased - see page 6/7.

£'000	
Council Tax Collectable after Discounts & Exemptions	31,845
less Bad Debt Provision	(530)
	31,315
less Precepts	
Lancashire County	(21,808)
Police	(3,070)
Fire	(1,252)
Rossendale Council	(4,939)
	(31,068)
Surplus	247
RBC Share	40

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.

The projected outturn for Business Rates Collection is a cash deficit of £622k of which RBC share is £249k. This is an adverse movement in Q3 of £50k on the cash deficit and £20k attributable to Rossendale.

Business Rates collection performance continues to be under scrutiny as they are almost 5% points adrift from 2015/16. There does seem to be a shift from 10 to 12 annual payments which is currently being analysed to explain the drop up to Q3.

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Business Rates Collection Fund 2016/17	£'000
Business Rates Income	13,484 excluding grants to G.Fund
less Precepts paid	(13,993)
B'fwd (less payments)	(112)
Cash surplus/(deficit) on Business Rates Coll	(622) (Q2 forecast £572k)
RBC Share @ 40%	(249) payable in 2017/18
Central Government share 50%	(311)
LCC and Fire share 10%	(62)

The second area of variance occurs within the Council's General Fund. Here we must compare the amounts received from business rates with the amount of funding that we would have received under the previous national scheme. In theory RBC retain 40% of business rates, which would be £5,367k, but this is reduced to a baseline figure by a central government tariff so that no individual authority could gain an undue benefit from the new scheme - for RBC the 2016/17 tariff is £3,306k.

In addition central government are giving authorities Section 31 grants to cover small business rate reliefs and other minor government backed schemes. This creates a surplus over RBC's baseline funding which, due to new pooling arrangements, is now protected from any DCLG levy. The volatile area of this calculation is the appeals provision.

RBC General Fund / Pooling gains	£'000
Business Rates Income	13,484
RBC Share @ 40%	5,393
less tariff paid to Central Government	(3,306)
plus Enhanced Small Business Relief	458 Due in respect of 2016/17
plus other Section 31 Grants	81 Due in respect of 2016/17
Subtotal	2,627
RBC Baseline Funding Level	1,995
Surplus for Levy Calculations	632 (Q2 forecast £588k)
<i>Saving on levy to Central Gov't @ 50%</i>	<i>316 £32k due to LCC due to pooling</i>

To summarise, the current forecast variances relating to 2016/17 financial year for business rates, which is marginally ahead of our target, is as follows:

Business Rates Summary	£'000	(Adv)/Fav Variance
Collection Fund surplus/(deficit) 2016/17	(249)	Re payable in 2017/18
Precept surplus/(deficit)	342	Re receivable in 2016/17
Section 31 Grants & Localism Relief	539	Re receivable in 2016/17
less LCC pooling share	(32)	
Renewable Energy	216	
Overall Gain	817	(Q2 forecast £775k)
<i>MTFS Target</i>	<i>760</i>	

The variances above are all recommended to be transferred to the Business Rates Retention Reserve – see page 22.

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Glossary

Capita Asset Services (formerly Sector)

Capita Asset Services (formerly 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 Capita model investment portfolio is the benchmark by which we measure our investment performance.

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.

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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.

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.

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