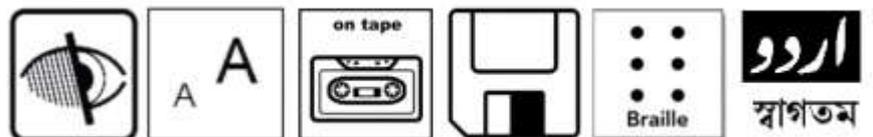


# Financial Monitoring Report

**2017/18 as at end September 2017**

*Including a Glossary of terms on page 32*



## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### General Fund Revenue Operations – pages 4 to 21

This Q2 monitoring report on the General Fund for 2017/18 is showing a favourable variance of £199.1k compared to the original budget of £9,440k. This represents a net adverse change of £34.5k since the end of July report, including an adverse movement of £88.7k following the completion of the mid-year housing benefit subsidy form. For more details on the movements in Q2 please see pages 4 and 5.

### Earmarked Revenue Reserves – page 22 to 23

The total cash-backed Earmarked Reserves brought forward at 1<sup>st</sup> April 2017 were £6,229k (excluding the Transport Reserve).

Officers recommend the allocation of the first £20k of surplus in 2017/18 to balance the Directorate Investment Reserve, and then the remaining £179.1k could be transferred back into the Transitional Budgetary Reserve, to leave an anticipated balance of £2,604k at the end of 2017/18 to support the future requirements of the MTFs.

The Local Taxation Reserve (formerly the business Rates Retention Reserve) reflects the in-year variances discussed in detail on page 32, including the renewable energy income of £157k for the year and S31 grants receivable in 2017/18 of £678k. The original 2017/18 budget included the planned use of £700k from this reserve, but there is also a cumulative deficit of £75k on the balance sheet at 31<sup>st</sup> March 2017 relating to business rates and it is proposed to clear this during 2017/18. Due to the complex timings of collection fund activity, the £100k predicted surplus for 2017/18 will not come into the Reserve until 2018/19 following a formal proposal in the Technical Resolution in February 2018.

The Planning Reserve has received income in 2017/18 from S106 agreements of £35k but is expected to be called upon to support £164k of costs, leaving £58k for future costs.

The forecast total closing balance at the 31<sup>st</sup> March 2018 is now £5,756k, but planned usage through the life of the MTFs of the Local Business Rates Retention Reserve and the Transitional Reserve, will reduce this to £2,974k by March 2021.

### Government Grants Unapplied – page 24

The opening value of Government Grants Unapplied at the 1<sup>st</sup> April 2017 was £566k, including £392k of DFG grant. The DFG grant for 2017/18 has been received now at £869k, leading to a total funding available in 2017/18 of £1,261k.

The Homelessness grant of £82k is the balance of funding received by Rossendale as administrator of a regional young persons homelessness grant, but its usage has not yet been determined.

The Transforming Lives and Hoarding Grants are joint projects with the PCC to tackle problems early and these funds are expected to be spent during 2017/18.

The forecast balance at March 2018 remains is £82k.

### Staff Monitoring – page 24

The table on page 24 shows a reduction of 0.4 FTE being the net effect of restructures in the Service Assurance and Housing/Regeneration teams. There are currently 9.5 vacant posts. As noted on page 4, these forecasts currently estimate that £107k may be saved across the departments towards the £150k target in the original budget. Of this £41k has been achieved in cash terms by the end of September 2017. Officers and Managers will continue to review these forecasts and begin to allocate the savings during Q3.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	2
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Treasury & Cash Management - page 25 to 27

At the end of September the bank balances had risen to £9,032k, up from £7,960k in July. Q2 was much quieter period for treasury management, with the investments being limited to the use of existing accounts with Handelsbanken and Lloyds. Now that interest income from traditional bank balances and deposits is now being supplemented by savings from the pensions advance payment and investments in Rosso and the Leisure Trust, officers have set a target effective bank interest rate of base + 0.15%, giving 0.40%. At the end of September the performance met that target thanks to a slight increase in the Handelsbanken 35-day account.

Sundry debts collection rates continue to be a focus and the cumulative collection rate for 2017/18 debt raised up to the end of August (ie. over 30 days old) was over 91% with a further 4% being collected in instalments throughout the year. Invoices raised in 2017/18 now total £2,358k and the cumulative debt balance is £511.9k of which £82k is planned to be collected in instalments through the year and £203k is still under 30-days old.

The provision for doubtful debt balance brought forward was £97k, of which £18.5k was used to cover Q1 write-offs. Members approved an addition of £20k to the provision back in July, to give a current provision of £98.8k. Against this the potential doubtful debts are £99.6k.

The above debts exclude the rent on Empty Homes Scheme properties, which continue to be a challenge with brought forward arrears balance of £354k. Against this there was a £288k doubtful debt provision equal to 81% of the debts outstanding.

### Capital Receipts – page 28

There have been two minor land sale receipts so far in 2017/18, but officers are confident that the £50k target will be reached by the end of the year.

### Capital Programme and Funding – page 29 to 30

The capital programme started the year at £885k, to which £8,873k of slippage was added, mainly for the Bacup THI and the Spinning Point Phase 1 projects. New projects added during Q1 totalled £627k, and the Mullards play area project has added £138k in Q2. This brings the revised capital programme up to £10,523k.

Activity in Q2 included the ongoing demolition progress on the Spinning Point project and the conclusion of works at Clod Lane play area and Loveclough park. The revised DFG programme of £1,260k is now 31% spent/committed.

### Collection Fund 2016/17 (Council Tax & Business Rates) - page 31 to 32

Council Tax collection rates at the end of September are marginally below those of previous years, but the Council Tax element of the Collection Fund is showing a forecast surplus of £659k (up from £469k at July) with the Council's share being £101k (up from £40k at July).

Meanwhile collection rates for Business Rates have improved since July are now 1.3% behind the previous year. Officers suspect that the shift for some business to opt for 12 payments rather than 10 is continuing to affect these monthly rates. Although officers are forecasting an overall full year surplus on collection of £249k, members should note that this is more than made up for in the precept surplus, Section 31 grants and £157k due solely to RBC from renewable energy. The final table on page 32 shows that this gives an overall gain for RBC of £864k, which is just above the MTFS target of £800k.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	3
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## General Fund Revenue Operations

### General Fund Summary - Period 6 (Sept)

Service Area (excluding internal recharges)	2017/18 Org Budget excl Int'l Mkt £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr 2 (Adv)/Fav £000
<b>Place Directorate</b>					
Customer Services and E-Government	1,226.2	1,309.0	(82.8)	36.9	(119.7)
Operations	2,425.6	2,363.1	62.5	(7.9)	70.4
<b>Business Directorate</b>					
Building Control Services	(1.4)	(40.4)	39.1	33.0	6.1
Legal & Democratic Services	703.8	709.3	(5.6)	6.9	(12.5)
Planning Services	264.2	293.8	(29.5)	(26.5)	(3.0)
Local Land Charges	(37.8)	(36.6)	(1.2)	-	(1.2)
Licensing & Enforcement	(78.1)	32.9	(111.1)	(88.1)	(23.0)
Health, Housing & Regeneration	979.6	857.2	122.4	124.4	(2.0)
<b>Corporate Support Services</b>					
Corporate Management	513.1	493.0	20.1	11.7	8.4
Finance & Property Services	1,332.4	1,185.0	147.4	121.4	26.0
People and Policy	470.5	486.6	(16.1)	(20.0)	3.9
Non Distributed Costs	1,084.4	1,085.6	(1.2)	(14.7)	13.5
Capital Financing and Interest	403.1	368.6	34.5	35.9	(1.4)
Leisure	157.6	137.1	20.5	20.5	(0.0)
<b>TOTAL Service Cost</b>	<b>9,443.3</b>	<b>9,244.2</b>	<b>199.1</b>	<b>233.6</b>	<b>(34.5)</b>

This Q2 monitoring report for 2017/18 is showing a net favourable variance of £199.1k.

In the original budget there was an overall savings target of £150k for staff vacancy savings. Though not specifically allocated against this target, this Q2 report identifies anticipated staff savings of £107.2k, leaving a potential further £42.8k to find, but the overall favourable variance of £136.6k above takes this into account (see the NDC report on pg 20).

The other main areas of movements in the table opposite are:-

- Discretionary Housing & Council Tax Support Grants of £22.5k fav, but Housing Subsidy adverse £88.7k following the mid-year subsidy return.
- IT software & disaster recovery adverse £26k following a detailed review of all individual hardware, communications and software contracts.
- Operations vehicle maintenance adverse £45.8k met by MRP savings of £144.6k since vehicles and equipment replacement has been deferred.
- Adverse variances on income streams in the Business Directorate include a further decline of £20.6k in taxi licensing fees.
- Staffing restructures within the Business Directorate and Health, Housing & Regen area have reduced some of the savings anticipated back in July by £16.9k and £21.2k respectively, as shown in the table above right.
- An improvement of £11.1k favourable in homelessness costs, net of grant available.
- The conclusion of the internal audit for 2016/17 has led to a one-off saving of £16.7k in the year-end provision brought forward.
- Pension cost of added years for former employees is reducing gradually, saving £13.6k.

Staffing Variance:	Q1	Cum Q2
	Customer Services	9.0
Operations	(9.6)	-
Business	(1.0)	(17.9)
Health, Hsg & Regen	128.2	107.0
Corporate Mgmt	11.9	11.9
Finance & Property	(3.9)	(4.3)
People & Policy	(10.2)	(6.3)
<b>Savings anticipated</b>	<b>124.4</b>	<b>107.2</b>
Original target	(150.0)	(150.0)
Balance still to find	(25.6)	(42.8)

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	4
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

Major Variances in Quarter 2	Favourable /(Adverse)	Net
<b>Customer Services and e-Government</b>		
Staff savings	7.8	
Housing Subsidy (net of grant receivable)	(88.7)	
Discretionary Housing Grant (net of grant receivable)	22.5	
Housing Benefit bailiff fees	(10.4)	
Cash recovery of overpaid housing benefits & ctax support	6.4	
IT software	(20.0)	
IT data, comms & disastery recovery	(26.0)	
Service Assurance Team new burdens grants (net of costs)	(9.0)	
Other minor variances	(2.3)	(119.7)
<b>Place Operations</b>		
Staff costs (including agency and overtime)	9.6	
Fuel ( <i>note favourable item in Corporate Management below</i> )	(2.3)	
Vehicle maintenance incl hire of temporary replacements	(45.8)	
MRP Savings on Fleet Investment	144.6	
Cemetries Income	(8.8)	
Dog Warden costs	(1.0)	
General parks running costs	(6.6)	
Markets Income & Running expenses	(2.8)	
Other minor variances	(16.5)	70.4
<b>Business Directorate</b>		
Staff costs	(16.9)	
Building Control Fee Income	6.1	
Taxi Licensing income (net of cost savings)	(20.6)	
Other minor variances	(2.1)	(33.5)
<b>Business - Health, Housing &amp; Regeneration</b>		
Staff costs	(21.2)	
Whittaker Park Museum Utilities Costs	0.4	
Environmental Health administration expenses	2.2	
Homelessness Overhead costs	11.1	
Childrens Partnership Board Grant	7.5	
Other minor variances	(2.0)	(2.0)
<b>Corporate Management</b>		
Staff costs (including professional support)	-	
Corporate subscriptions	5.9	
Other minor variances	2.5	8.4
<b>Finance &amp; Property Services</b>		
Staff costs	(0.4)	
Internal Audit	16.7	
Building running costs	4.3	
Other minor variances	5.4	26.0
<b>People &amp; Policy (incl P&amp;P &amp; Comm)</b>		
Staff costs (net of external replacement support costs)	3.9	
Other minor variances	-	3.9
<b>Non-Distributed Costs &amp; Capital Financing</b>		
Pensions costs of added years for former employees	13.6	
Interest payable/receivable	(1.4)	
Other minor variances	(0.2)	12.0
<b>Favourable/(adverse) variance on the General Fund</b>		<b>(34.5)</b>

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	5
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Customer Services & E-Government - Period 6 (Sept)

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Strategic Functions</b>					
Management and Support	74.9	67.3	7.7	(0.1)	7.8
Service Assurance Team	120.7	83.0	37.6	36.9	0.7
<b>Revenues, Benefits and Customer Services</b>					
Local Tax Collection	(324.3)	(347.1)	22.8	26.1	(3.3)
Benefits Admin	839.5	832.0	7.5	13.9	(6.4)
Net - Housing Benefit Payments made & Subsidy received	(35.8)	51.7	(87.5)	(14.9)	(72.6)
<b>Information and Communications Technology</b>					
Technology	551.1	619.9	(68.8)	(22.8)	(46.0)
<b>Pest Control</b>					
Pest Control	-	2.2	(2.2)	(2.2)	(0.0)
<b>Total</b>	<b>1,226.2</b>	<b>1,309.0</b>	<b>(82.8)</b>	<b>36.9</b>	<b>(119.7)</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr Forecast £000	R A G
Housing Benefit Admin - audit of benefit subsidy claim	6.0		6.0	
Housing Benefit Subsidy (net grant position from Mid-yr Estimate)	(30.2)	(88.7)	(118.9)	
Housing Benefit recovery of overpayments	39.9	6.4	46.3	
Housing Benefit bailiff fees		(10.4)	(10.4)	
Housing Benefit Discretionary Grant (net of grant receivable)	(22.5)	22.5	-	
Collection Fund - additional Local Council Tax Support Grant	15.9		15.9	
Collection Fund Court Costs Awarded (net doubtful debt provision)	25.3		25.3	
Business Rates Cost of Collection allowance		(3.6)	(3.6)	
Business Rates on Renewable Energy installations	157.0		157.0	
Business Rates - transfer Renewable Energy income to Reserve	(157.0)		(157.0)	
IT - Software licences (net of released provision re Website)	(17.9)	(20.0)	(37.9)	
IT - RLT support costs		(26.0)	(26.0)	
IT - Disaster Recovery provision & network testing	(11.7)		(11.7)	
Service Assurance Team Grants (incl Universal Credit Implement)	46.5		46.5	
Capita contract changes part-funded by Grants above	(23.2)	(9.0)	(32.2)	
External review of business rateable values (no win-no fee basis)	(6.0)		(6.0)	
Pest Control services (net of income)	(2.2)		(2.2)	
Staff savings	9.0	7.8	16.8	
Other savings	14.0	1.3	15.3	
<b>TOTAL</b>	<b>36.9</b>	<b>(119.7)</b>	<b>(82.8)</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	6
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Customer Service & E-Government Highlight Report – Q2 (end Sept 2017)

### Historic Issues

- Court costs awarded in relation to the collection of council tax and business rates continue the 2016/17 trend and look set to be around £25.3k ahead of the budget. To date Council has incurred court fees of £10k in pursuit of debts from one of the business in the borough which will be offset against the Collection Fund.
- The Local Council Tax Support Grant received in May was £98.4k, a £15.9k favourable variance on that expected in the original budgets.
- The Service Assurance Team restructure has contributed around £12k towards a current staffing variance prediction of £9k favourable.
- Renewable energy business rates are 100% attributable to Rossendale Borough Council, therefore they are removed from the NNDR Collection Fund and will be income to the General Fund. This first occurred during the closure of the 2016/17 accounts, so was not included in the 2017/18 original budget. The value in 2016/17 at £241k covered around 18months. The £157k estimate included here represents a single financial year, but officers recommend that it is transferred straight to the Local Business Rates Retention Reserve.

### Current Quarter's Issues

The headline figure for this first report of the year is a projected underspend of £36.9k against the approved budget, the main items being:-

- The Housing Benefit Subsidy original budget was a net deficit of £46.4k but at the end of July this forecast was increased to £76.6k. However, on completing the mid-year subsidy return, the adverse increased by a further £88.7k to give an overall subsidy deficit of £165.3k.
- The expectation in July was that the Discretionary Housing Grant income of £104.1k would not cover the costs, giving a net adverse variance of £22.5k. This has since been clarified and the adverse variance removed.
- Disaster recovery costs and penetration prevention and testing look to return an adverse variance of around £11.7k again this year as the Council looks to keep a tight control on data and systems security. In addition, the costs of software licences and upgrades are provisionally £17.9k above the original budget.
- In July the new burdens grants income appeared to be around £47k, which was £17k ahead of the anticipated costs of software changes and Capita services required to deliver the respective changes. However, further costs of £9k have been incurred for additional works by Capita to deliver the required services.

### Future Issues

- It should be noted that the business rates income from renewable energy installations is subject to appeal.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	7
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Place Operations - Period 6 (Sept)

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Strategic Functions</b>					
Operations Admin / Vehicle Maintenance	367.4	412.7	(45.3)	(19.5)	(25.8)
<b>Operational Functions</b>	0.0	-			
Refuse Collection	955.4	963.1	(7.7)	(73.7)	66.0
Street Sweeping	337.3	352.8	(15.5)	(21.2)	5.7
Markets	(80.2)	(92.3)	12.2	15.0	(2.8)
<b>Parks</b>	0.0	-			
Parks & Open Spaces	946.3	849.8	96.5	59.4	37.1
Cemeteries	(124.7)	(137.3)	12.5	21.3	(8.7)
<b>Dog Warden</b>	24.2	14.4	9.9	10.9	(1.1)
<b>Total</b>	<b>2,425.6</b>	<b>2,363.1</b>	<b>62.5</b>	<b>(7.9)</b>	<b>70.4</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancies at Operations Admin Offices	0.2	0.0	0.2	
Parks Salary Variances (Including temporary gardeners)	29.6	21.1	50.6	
Street Sweeping Salaries	6.0	(4.6)	1.4	
Refuse Salaries and Agency	(56.2)	3.4	(52.9)	
Fleet Management Vacancy and Agency	(15.4)	(8.7)	(24.2)	
Markets Salary Vacancies	22.3	-	22.3	
Overtime Budgets	4.1	(1.5)	2.6	
Vehicle Maintenance (including tyres/ parts)	(16.1)	(34.8)	(50.9)	
Vehicle Hire	(24.7)	(11.0)	(35.7)	
Actions re variances - MRP Savings on Vehicles	-	144.6	144.6	
Actions re variances - removal of Maint Reserve contribution	20.5	-	20.5	
Purchase of Tools and Equipment	1.3	0.1	1.4	
Mowers Investment / Maintenance	11.5	(1.0)	10.5	
Parks Playground Equipment	3.1	(1.1)	2.0	
Fuel	(20.2)	(2.3)	(22.5)	
Insurance Related Costs	6.6	(3.2)	3.4	
Trade Waste Income	3.0	(0.7)	2.3	
Refuse Bin Stock	(17.9)	-	(17.9)	
Refuse Sacks	4.0	-	4.0	
Sale of Green Bins	1.4	0.4	1.8	
Recycling Income	(21.6)	(1.5)	(23.1)	
Cemeteries income	21.3	(8.8)	12.5	
Markets Income & Running expenses	(7.3)	(2.8)	(10.1)	
Dog Warden costs	10.9	(1.0)	9.9	
General other Park Running Costs	20.7	(3.1)	17.7	
Litter Bins purchase	-	(2.4)	(2.4)	
Other Variances	5.3	(10.6)	(5.3)	
<b>TOTAL</b>	<b>(7.9)</b>	<b>70.4</b>	<b>62.5</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	8
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Operations Highlight Report – Q2 (end of Sept 2017)

### Historic Issues

- Vehicle hire costs are projected to overspend by £35.7k to the end of the financial year. As per 2016/17 the main reason for this was due to the suspension of 5 vehicles which were found during Health & Safety Inspections to be inappropriate in design given their use. A refuse vehicle has also been hired in to replace a suspension. A replacement plan is being instigated but this will take place around 2018/19 due to bespoke design. As a result, external vehicles continue to be hired in temporary arrangements.

### Current Quarter Issues

At the end of September the forecast Operations expenditure shows a favourable variance of £62.5k, a favourable movement of £70.4k in Q2.

- Staffing costs, including agency and overtime, are still projected to break even for the financial year. A favourable movement of £9.6k in Q2 was partly due to temporary gardeners leaving earlier than contract end. However, with continuing long term sickness absence, costly agency backfill has been extended to the end of the Dec 17.
- Vehicle Maintenance costs and temporary vehicle hires are currently forecast to overspend by £86.6k, mainly due to works carried out to older fleet vehicles. Some one-off costs include installation of engine £7k, accidental repair £3k and £2k gear box.
- Following delays in replacing fleet there is a saving of £144.6k in the required MRP for 2017/18. Similarly, contributions to the Vehicle Maintenance Reserve have been reduced by £20.5k. As part of the 2018/19 budget setting exercise officers are reviewing the fleet with a view to preparing a comprehensive replacement plan which will incorporate whole-life costs for purchase, funding and repair.
- Fuel is forecast to overspend by £22.5k; this is an adverse movement of 2.3k during Q2 following the gradual increase in fuel prices and a reduction in the fuel budget. A contingency £77k was made in the Corporate budget for future year fuel increases.
- Cemeteries income is projecting a £12.5k favourable variance. Ashes plots income Budget has historically been under stated hence contributes to this favourable variance.
- Trade Waste is projected to bring a net favourable variance of £2.3k.
- Recycling income continued its adverse trend as global market prices for paper and card fell from £30/tonne in May 2015 down to £16/tonne now.
- Markets income projected to be £10.1k below the set budget for the year. The main reasons for this was the under occupancy of stalls with Rawtenstall seeing a 20% vacancy rate and Bacup being 22% empty. However, there is a saving on the Market Supervisor vacant post of £22.3k and a potential restructure in the pipeline to redistribute the workload of this post

### Futures Issues

- The Head of Operations has proposed a new establishment restructure which, pending consultation, will create savings in the new financial year.
- Due to a contractor going into liquidation last year there are some uncertainty of costs around the Bulky Waste service. This is being done in-house at the moment however this may change going forward with a new tendering process.
- Agency covering sickness (c£70k adverse projection) continues to be issue.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	9
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Business Services - Period 6 (Sept)

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Corporate Apprentices</b>			-	-	-
<b>Planning</b>					
Development Control	126.4	156.8	(30.4)	(27.4)	(3.0)
Forward Planning	137.8	136.9	0.9	0.9	(0.0)
	-	-			
<b>Land Charges</b>	(37.8)	(36.6)	(1.2)	-	(1.2)
	-	-			
<b>Building Control</b>					
Building Control - Fee Earning Account	(38.0)	(73.4)	35.4	31.1	4.3
Building Control - Statutory Function	29.1	27.7	1.4	0.6	0.8
Building Control - Street Signs	7.5	5.3	2.2	1.3	0.9
	-	-			
<b>Legal Services</b>	175.7	193.0	(17.2)	(0.7)	(16.5)
	-	-			
<b>Democratic Services</b>					
Electoral Registration	60.0	57.1	2.9	2.8	0.1
Elections	65.3	65.7	(0.4)	(4.3)	3.9
Democratic Representation	350.7	346.2	4.5	4.4	0.1
Mayoralty	49.5	44.8	4.7	4.7	(0.0)
Town Twinning	2.5	2.5	-	-	-
	-	-			
<b>Licensing &amp; Enforcement</b>	(78.1)	32.9	(111.1)	(88.1)	(23.0)
<b>Total</b>	<b>850.7</b>	<b>959.0</b>	<b>(108.2)</b>	<b>(74.7)</b>	<b>(33.5)</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Legal - Salary & Additional Agency Costs for Empty Homes Project	(3.7)	(16.9)	(20.6)	
Members Allowances - including one additional cabinet member	(4.5)		(4.5)	
Democratic Services salary savings	4.6		4.6	
Mayoralty savings	3.9		3.9	
Register of Electors	(1.5)		(1.5)	
Additional Staffing resource in Planning	(20.1)		(20.1)	
Planning Application Fee Income	(29.5)	(1.0)	(30.5)	
Brownfield Grant	14.6		14.6	
Planning miscellaneous variances	7.6	(1.9)	5.7	
Building Control Fee Income	33.0	6.1	39.1	
Licensing - Salary costs including agency for Manager	18.2		18.2	
Private Hire income & expenditure	(46.4)	(2.1)	(48.5)	
Hackney income & expenditure	(81.9)	(13.8)	(95.7)	
Taxi misc income	10.7	(3.0)	7.7	
Licensing misc expenditure	11.2	(3.8)	7.4	
Business Miscellaneous Variances	9.2	2.7	11.9	
<b>TOTAL</b>	<b>(74.6)</b>	<b>(33.7)</b>	<b>(108.3)</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	10
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Business Monitoring Highlight Report – Q2 (end Sept 2017)

### Historic Issues

- Salary costs within the Business Directorate are projected to over spend by 17.9k  
This is mainly due to additional support within Planning and Legal.
- One additional cabinet members has been appointed along with minor changes in 2017/18 with an adverse effect on the budget of £4.5k

### Current Quarter Issues

The Business Services budget is forecast to over spend by £108.2k.

- Due to the ongoing Empty Homes Project it is likely the additional legal support will be needed until the end of the financial year. An adverse movement of £16.9k
- Planning Application fees have not recovered in Q2. The projected income shortfall is £30.5k. This is compounded by additional unbudgeted staffing costs. On the other hand Building Control Fees are showing a marked increase and are projected to over achieve by £39.1k. A movement of £6.1k in the quarter
- Licencing income and expenditure is projected to under achieve by £88k including:
  - Salaries within Licencing are showing a favourable projected variance of £18.2k
  - The Private Taxi Licencing budget and the Hackney Licencing budget are both showing net adverse variances; £48.5k and £95.7k respectively. Budgets were set on activity towards the end of 2016/17 but applications have fallen more sharply than budgeted, as a result of the 2016/17 policy changes

### Future Issues

- **Corporate Plan** – A highways capacity study is now required at a cost of £40k. There are possible savings with regard to Community Infrastructure Levy (CIL) of c£25k, leaving potential resources required ranging from £15k - £40k.
- **Burnley Rd, Rawtenstall, collapsed culvert under property** – Potential exists for a CPO and demolition of some properties above the collapsed culvert. At this stage costs remain uncertain.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	11
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Health, Housing & Regeneration - Period 6 (Sept)

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Strategic Functions</b>					
Regeneration Mangement & Admin	145.4	64.8	80.5	33.8	46.7
Tourism	20.0	20.0	-		-
Area Forums	15.0	15.0	-		-
<b>Economic Regeneration</b>	-	-			
Economic Regeneration	87.0	120.1	(33.0)	(16.9)	(16.1)
Whittaker Park Musuem	71.7	85.2	(13.4)	(13.8)	0.4
<b>Strategic Housing</b>	-	-			
Housing Strategy	54.1	96.0	(42.0)	(13.5)	(28.5)
Homelessness	171.9	151.4	20.5	12.1	8.4
Private Sector Renewal	36.4	30.3	6.1	7.4	(1.3)
<b>Environmental Health</b>	-	-			
Environmental Health	378.1	274.4	103.7	115.3	(11.6)
<b>Total</b>	<b>979.6</b>	<b>857.2</b>	<b>122.4</b>	<b>124.4</b>	<b>(2.0)</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Regeneration Officer Vacancies (net of agency support/ consultant)	31.6	36.5	68.1	
Economic Regeneration staff vacancies	4.4	(17.8)	(13.4)	
Housing Strategy staffing	(14.0)	(27.5)	(41.5)	
Private Sector Renewal salaries	(0.1)	-	(0.1)	
Environmental Health Staff Vacancies	93.7	(13.0)	80.7	
Housing Options Team - staffing	12.6	0.6	13.1	
Economic Regen expected transfer from Reserve insufficient funds	(20.0)	-	(20.0)	
Whittaker Park Museum Utilities Costs	(13.8)	0.4	(13.4)	
Private Sector Renewal general office	4.6	(1.3)	3.3	
Environmental Health administration	17.5	2.2	19.6	
Flexible Homelessness Support Grant		41.8	41.8	
Homelessness Temporary Accommodation (B&B)	(12.0)	(29.7)	(41.7)	
Contributions to outside bodies re Homelessness	12.1	(1.1)	11.0	
Childrens Partnership Board Grant	-	7.5	7.5	
Other Miscellaneous Variances	7.8	(0.5)	7.3	
<b>TOTAL</b>	<b>124.4</b>	<b>(2.0)</b>	<b>122.4</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	12
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Business - Health, Housing & Regeneration Highlight Report – Q2 (end Sept 2017)

### Historic Issues

- Issues reported at July are all updated below.

### Current Quarter Issues

Health, Housing and Regeneration forecast at the end of Sept shows a favourable variance of £122.4k, an adverse movement of £2k in Q2

- Utilities costs, janitorial and other running costs at the Whittaker Park Museum continue to be overspent and are forecasted £13.4k above budget provision, mainly reflecting the increased opening hours at the Museum and associated café.
- 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 2017/18 the balance on the Reserve was Nil, giving a £20k adverse variance for this year and future years. The budget will be corrected for future years.
- The staffing establishment review for Housing, Regeneration and Economic Development has now been completed and implementation of the new structure is ongoing. The overall saving projected this financial year will be around £26.2k of which Regeneration will be £68.1k favourable, Economic Development £13.4k adverse, Housing Strategy £41.5k adverse, Housing Options Team £13.1k favourable. The staffing budgets will be revised in 18/19 budgets setting to reflect the new establishment.
- Staffing costs within the Environmental Health team are forecast to generate a saving of £80.7k in the current financial year this again forms part of the service area restructure. However this being an adverse variance of £13k in Q2 mainly due to principle environmental health officer secondment being extended and a plan to buy in further consultant hours over the remainder of the financial year.

### Future Issues

- The Whittaker Museum utilities budget is being reviewed as this is projected to be overspent. Officers are working with the museum in order to achieve a self-funded operational model. Part of this includes a Heritage Lottery Funding (HLF) grant of £100k which has been awarded to fund work on a feasibility study for the expansion of revenue-generating facilities.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	13
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Corporate Management - Period 6 (Sept)

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Corporate Management</b>					
Executive Office	328.0	322.5	5.5	4.9	0.6
Corporate Contingency	76.4	76.4	-	-	-
Executive Support & Corporate Subscriptions	71.7	61.1	10.7	2.8	7.9
Concessionary Fares	4.0	-	4.0	4.0	-
	-	-	-	-	-
Community Safety	33.0	33.0	-	-	-
<b>Total</b>	<b>513.1</b>	<b>493.0</b>	<b>20.1</b>	<b>11.7</b>	<b>8.4</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Staff Savings	91.4		91.4	
Agency & Professional Support	(79.5)		(79.5)	
Subscriptions (Regenerate Pennine Lancs reduced, new Pennine Up subscription)	2.5	5.9	8.4	
Other Misc under / (over) spends	(2.7)	2.5	(0.2)	
<b>TOTAL</b>	<b>11.7</b>	<b>8.4</b>	<b>20.1</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	14
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Corporate Management Highlight Report – Q2 (end Sept 2017)

### Historic Issues

- There is currently a vacancy for one director which is being covered by external support up to the end of December 2017 at a cost of £56.7k. Though this role is under review, officers have taken the prudent step of forecast the cost of filling the current role from the beginning of January 2018, representing a staff saving of £68.6k. When combined with the external support this gives a net saving of £11.9k.

### Current Quarter Issues

In this first report of 2017/18 the Corporate Management budget is forecast to under-spend by £88.7k, the main elements being:-

- Cost of corporate subscriptions has reduced by a further £5.9k, this is due to a reduction in the required subscription to Regenerate Pennine Lancashire less a new subscription to Pennine Up.
- At present there has only been one call for £7.2k on the Corporate Contingency budget of £77k, pertaining to an old insurance case.

### Futures Issues

- Members will be aware of the Secretary of State's announcement rejecting the planned Scout Moor wind farm extension. This puts an additional £600k per annum pressure on the Council's MTFS.
- The post of Director for Economic Regeneration has now been advertised and the forecasts included here assume that the post will be filled from the 1<sup>st</sup> January 2018. Any delay will contribute towards the savings required in employee costs, as noted on pages 4 and 24.
- The level of Corporate Contingency required for 2017/18 (and future years) is being considered by officers, especially in light of the volatile nature of fuel prices noted on pages 8 and 9.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	15
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Finance and Property Services - Period 6 (Sept)

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Financial Services Team</b>	343.3	342.3	1.0	0.3	0.7
<b>Internal Audit</b>	71.8	54.8	17.1	0.4	16.7
<b>Corporate Costs</b>	-	-			
External Audit Fee	49.8	49.2	0.6	2.0	(1.4)
Bank Charges (net of fees)	33.2	36.0	(2.8)	(2.8)	-
Treasury Management	7.4	7.4	0.0	0.0	0.0
<b>Property Services</b>					
Property Services Team	348.4	361.2	(12.7)	(13.8)	1.1
Corporate Estates	(60.3)	(65.9)	5.6	6.1	(0.5)
Non Domestic Estates	(107.2)	(117.6)	10.3	10.9	(0.6)
Office Accommodation	57.8	(60.3)	118.1	118.6	(0.5)
Operational Properties	372.4	366.1	6.3	2.5	3.8
Leisure Properties	50.5	46.3	4.2	5.1	(0.9)
Bus Shelters	4.5	9.4	(4.9)	(4.9)	(0.0)
Business Centre	160.8	156.2	4.5	(3.0)	7.5
<b>Total</b>	<b>1,332.4</b>	<b>1,185.0</b>	<b>147.4</b>	<b>121.4</b>	<b>26.0</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Financial Services Staffing	(3.9)	(0.4)	(4.3)	
Civica software - upgrades & website rebranding for RBC	(2.8)		(2.8)	
Loan arrangement fee to Rosso	5.0		5.0	
External Audit fees (incl LCC Mercer's fees)	2.0	(1.4)	0.6	
Internal Audit fees - 16/17 closing accrual was too high	-	16.7	16.7	
Bank Charges - EU ruling on change to debit card collection	(2.8)		(2.8)	
Finance Misc Expenses	2.4	1.2	3.6	
Electricity	-	1.5	1.5	
Gas	8.6	(0.7)	7.9	
Water	2.7		2.7	
NNDR - Old Town Hall refund back dated	111.0		111.0	
Departure Charges - delay in Demolition of bus station	(2.8)		(2.8)	
Estates Income	3.9		3.9	
Emergency Planning	6.3		6.3	
Cleaning costs	-	3.5	3.5	
Business Centre - Telephone line	-	4.7	4.7	
Business Centre - room rental	(6.0)		(6.0)	
Property Misc Expenses	(2.2)	0.9	(1.4)	
<b>TOTAL</b>	<b>121.4</b>	<b>26.0</b>	<b>147.4</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	16
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Finance & Property Services - Monitoring Highlight Report – Q2 (Sept 2017)

### Financial Services

#### Historic Issues

- Staffing costs of the Finance team look set to cost £3.9k more than the original budget with the phased retirement of the Exchequer manager which ends December 2017.
- The cash flow loan arrangement with Rosso will attract a fee income of £5k for the section, in addition to the interest shown in the NDC monitoring shown on page 20.

#### Current Quarter Issues

The Financial Services budget is now forecasting a £16k favourable variance, the most notable change in Q2 being:-

- The final cost for 2016/17 internal audit reviews has come in £16.7k under yr-end accrual.

#### Futures Issues

- Request for phased retirement during 2018 in Exchequer team is leading to consideration of a mini restructure.

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### Property Services

#### Historic Issues

- The council has received a Business Rates refund of £127.8k for the old Town Hall & OSS. However, due to various increases in Business Rates for 2017/18 across the Council's portfolio, the net favourable variance is £111k. The Town Hall refund will have an adverse impact on business rates collection fund surplus of £44k
- It is unlikely that all of the Emergency Planning budget will be spent; the current projected favourable variance is likely to be £6.3k.

#### Current Months Issues

The Property Services budget is forecast to under spend by £131.4k

- The gas budget is showing an under spend of £7.9k. A new 3 year contract has been entered into with a 17.4% reduction in the Councils energy costs.
- The cleaning contracts at Futures Park and Marl Pits Pavilion have been reviewed producing a saving of £3.5k for the remainder of the year. A saving of £6.5k annually.
- The telephone lines at Futures Park have been reviewed with a saving of £4.7k for the remainder of the year. A saving of £7.2k annually

#### Futures Issues

- The new Property Services Manager has been appointed and one of his roles is to seek further income streams across the estates. For operational efficiency reasons Property Services now sits alongside the Regeneration Team.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	17
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### People and Policy - Period 6 (Sept)

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>People &amp; Organisational Development</b>					
Human Resources	267.4	278.5	(11.0)	(11.0)	(0.0)
Corporate Support	203.0	208.1	(5.1)	(9.0)	3.9
<b>Total</b>	<b>470.5</b>	<b>486.6</b>	<b>(16.1)</b>	<b>(20.0)</b>	<b>3.9</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
HR & Comms Staffing (net of shared services from other LAs)	(20.3)		(20.3)	
Health & Safety Support	18.1		18.1	
Corporate Support Staffing (incl current request for an Apprentice)	(8.0)	3.9	(4.1)	
Professional HR & Legal Fees	(20.1)		(20.1)	
Lone working alarms	(2.3)		(2.3)	
Drug & Alcohol Policy testing equipment & supplies	(0.8)		(0.8)	
Children's Trust Grant income - to fund some Regen staff time	15.0		15.0	
Miscellaneous variances	(1.6)		(1.6)	
<b>TOTAL</b>	<b>(20.0)</b>	<b>3.9</b>	<b>(16.1)</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	18
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## People & Policy Highlight Report – Q2 (end Sept 2017)

### Historic Issues

- The provision of Health & Safety advice & support was brought back in-house in May and so the £18.1k saving on external contractors has been replaced by an additional £17k in staffing costs. The ongoing vacancy of the Media & Engagement Officer has been replaced by external support from Blackburn with Darwen. The net position for the HR team in staffing is therefore £1.8k favourable.
- Professional HR advice and settlement costs pertaining to an exceptional employment issue has cost an additional £20.1k to date.
- The grant for administering the Children’s Trust activities has been approved again for 2017/18, bringing in £15k which was not anticipated at the time when the original budget was being set.

### Current Quarter Issues

The People & Policy budget is forecasting an overspend of £16.1k, an improvement of £3.9k since July. Some of the main movements are as follows:-

- The £20k original budget for Promoting Rossendale has now been moved into the Regeneration area to provide a corporate external communication fund. Members will note that the Health, Housing & Regen original budget has increased by the same £20k but this change is net neutral across the Council.
- Corporate Support is now a separate section and staffing here has increased by £8k for the year now that the former apprenticeship posts have converted to full pay, but these posts were only until the end of August. The July forecast included some savings from flexible retirement requests, supported by a new apprenticeship post from Sept 2017. In this Q2 review the recovery of statutory maternity pay has reduced this overspend by £3.9k for the year.

### Future Issues

- Nothing to report.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	19
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Non-distributed Costs, Corporate Resources & Leisure Services

**Period 6 (Sept)**

Summary	2017/18 Org Budget £000	2017/18 Forecast £000	2017/18 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
<b>Non Distributed Costs</b>					
Employee & Pension Costs	1,071.8	1,109.0	(37.2)	(50.8)	13.6
Other Non-distributed Costs	12.6	(23.4)	36.0	36.1	(0.1)
<b>Capital Financing</b>	-	-	-	-	-
Minimum Revenue Provision	333.4	297.0	36.4	36.4	0.0
Interest (net)	69.8	71.6	(1.9)	(0.5)	(1.4)
Use of Earmarked Reserves	-	-	-	-	-
<b>Leisure</b>	157.6	137.1	20.5	20.5	(0.0)
<b>Total</b>	<b>1,645.1</b>	<b>1,591.3</b>	<b>53.8</b>	<b>41.7</b>	<b>12.1</b>

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancy control savings target	(150.0)		(150.0)	
Pensions costs of added years for former employees	(0.6)	13.6	13.0	
Savings on pensions arising from payment in advance	99.8		99.8	
Interest expenditure	6.1		6.1	
Interest income from other temporary loans	5.4		5.4	
Interest income from bank accounts and other loans	(12.1)	(1.4)	(13.5)	
Environmental Insurance policy	2.7		2.7	
Additional doubtful debt provision	(20.0)		(20.0)	
Management charge to Rossendale Transport for 2015/16	53.5		53.5	
MRP review of asset lives on general land & building assets	36.4		36.4	
MRP review of asset lives on Marl Pits extension	18.1		18.1	
Other minor variances	2.4	(0.1)	2.3	
<b>TOTAL</b>	<b>41.7</b>	<b>12.1</b>	<b>53.8</b>	

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	20
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Non-Distributed Costs & Capital Financing Highlight Report – Q2 (end Sept 2017)

### Historic Issues

- At present there have been no transfers of staff savings into NDC to meet the £150k vacancy control saving required in the original budget. Officers will work with managers ahead of the Q2 monitoring report to predict just how much of the current staff savings shown elsewhere in the departmental reports can realistically be captured to meet this requirement. However, the summary on page 4 shows current progress bodes well with departments having identified a potential £106.4k to date. (see table on page 4).
- Paying all the next 3 years of pension costs up-front to LCC will save £99.8k in 2017/18
- Interest from bank deposits is expected to result in an adverse £12.1k variance, partly because the pensions payment above took £4.7m out of the Council's resources in April. However, this is matched by favourable variances in other areas - interest expenditure is expected to be £6.1k lower than the budget, the cash flow loan to Rossendale Transport Ltd looks set to bring in an additional £5.4k interest and, as planned, there will be a £41k return on the 2016/17 RLT equipment investment.
- Officers recommend a further contribution to the Doubtful Debt Provision of £20k
- Rossendale Transport Ltd have been charged a management fee of £53.5k for support from the Council during 2016/17 which was not anticipated in the original budget.
- Officers have revised the operational lives of some of the assets upon which Minimum Revenue Provision is being charged which has effectively reduced the annual MRP revenue repayments relating to general buildings by £36.4k and the Marl Pits dry sports investment by £18.1k.

### Current Quarter Issues

The net favourable variance on Non-distributed costs has risen from £41.7k in July to £53.8k at the end of September. The main favourable variance was as follows:-

- Added years pension costs for former employees is reducing gradually year-on-year. The 2017/18 monthly charges up to the end of September are expected to result in a favourable variance of £13.6k which has now been reflected across future years budgets.

### Future Issues

- MMI update - the Council still has a provision of £145k to cover the potential costs of the scheme of arrangement.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	21
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Employment & Transport Reserve	Director Invest Reserve	Local Taxation Reserve	Transitional Budgetary Support	Planning Reserve	Vehicle Reserve
	AN060103	AN060123	AN060144	AN060129	AN060109 / AN060145	AN060130
<b>Balance at 01/04/2017</b>	<b>1,222.5</b>	<b>(13.7)</b>	<b>847.0</b>	<b>2,459.0</b>	<b>187.6</b>	<b>230.5</b>
<b>Funds Received 2017/18</b>						
2016/17 Collection Fund surplus per Feb '17 Budget			38.0			
2017/18 S31 grants anticipated			678.0			
Revenue income received					34.9	
Revenue income anticipated			157.0			5.0
General Fund Surplus Contribution		20.0		179.1		
<b>Total Funds Available</b>	<b>1,222.5</b>	<b>6.3</b>	<b>1,720.0</b>	<b>2,638.1</b>	<b>222.5</b>	<b>235.5</b>
<b>2017-18 Published Budget Utilisation</b>						
General budget support			(700.0)	(199.0)		
<b>2016-17 Other Utilisation Plans</b>						
Transfers between Reserves				165.5		
Active East		(6.3)				
Bacup THI Support						
Civica receipting software upgrade						
Counter Fraud & RV Analysis						
2016/17 Retained Business Rates cum deficit			(75.0)			
2016/17 LCC levy 10%			(39.0)			
Support Corporate Plan (FP)					(164.5)	
HCA Empty Homes Scheme						
Haslingden Task Force						
Homelessness admin charge						
Operational Vehicle Maintenance						0.0
<b>Reserve Estimates 31/3/2017</b>	<b>1,222.5</b>	<b>0.0</b>	<b>906.0</b>	<b>2,604.6</b>	<b>58.0</b>	<b>235.5</b>
<b>Future Contributions/Utilisation Plans</b>						
2017/18 Collection Fund Surplus in Feb '18 Budget						
2018/19 Plans				(932.0)		(25.5)
2019/20 Plans				(1,369.0)		(51.0)
2020/21 Plans				(359.2)		25.5
<b>Potential Reserve Balances</b>	<b>1,222.5</b>	<b>0.0</b>	<b>906.0</b>	<b>(55.6)</b>	<b>58.0</b>	<b>184.5</b>

Usage as per MTFS July 2017

### Current issues

Funding for the original revenue budget of £8.1m included the use of £199k from the Transitional Budget Reserve as reflected in the above table.

Officers recommend that the first £20k of any General Fund surplus is transferred into the Directorate Investment Reserve to meet the ongoing Active East commitments.

The Local Taxation Reserve will receive £38k for Council Tax surplus in 2016/17, as per the Technical Resolution approved by Members back in February 2017. In a similar way the 2017/18 forecast surplus of £100k will be reported in the Technical Resolution to Council in February 2018. Officers also recommend that the £157k 2017/18 renewable energy business rates wholly attributable to the Council are transferred into this reserve. In addition, the S31 small business rates grants due to be received in 2017/18 are currently forecast at £678k. See the notes on page 32.

At the end of 2016/17 Rossendale Borough Council had a cumulative £75k deficit on the Business Rates Adjustment account on its Balance Sheet. Officers propose to clear that deficit during 2017/18 from the Local Taxation Reserve.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	22
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### 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	
	64.2	178.5	229.0	165.5	659.2	6,229.3
<b>Funds Received 2015/16</b>						
2016/17 Collection Fund surplus per Feb '17 Budget					0.0	38.0
2017/18 S31 grants anticipated					0.0	678.0
Revenue income received					46.9	81.8
Revenue income anticipated					0.0	162.0
General Fund Surplus Contribution						199.1
<b>Total Funds Available</b>	64.2	178.5	229.0	165.5	706.1	7,388.2
<b>2016-17 Published Budget Utilisation</b>						
General budget support						(899.0)
<b>2016-17 Other Utilisation Plans</b>						
Transfers between Reserves				(165.5)	0.0	0.0
Active East					0.0	(6.3)
Bacup THI Support			(229.0)		0.0	(229.0)
Civica receipting software upgrade					(12.0)	(12.0)
Counter Fraud & RV Analysis					(3.0)	(3.0)
2016/17 Retained Business Rates cum deficit					0.0	(75.0)
2016/17 LCC levy 10%					0.0	(39.0)
Support Forward Plan					0.0	(164.5)
HCA Empty Homes Scheme		(178.5)			0.0	(178.5)
Haslingden Task Force					(7.5)	(7.5)
Homelessness admin charge					(18.0)	(18.0)
Operational Vehicle Maintenance					0.0	0.0
<b>Reserve Estimates 31/3/2016</b>	64.2	0.0	0.0	0.0	665.6	5,756.4
<b>Future Contributions/Utilisation Plans</b>						
2017/18 Plans					(70.7)	(70.7)
2018/19 Plans					0.0	(957.5)
2019/20 Plans					0.0	(1,420.0)
2020/21 Plans					0.0	(333.7)
	64.2	0.0	0.0	0.0	594.9	2,974.5

The Bacup THI Reserve is being used to support £33k of revenue costs and £196k of capital costs, as noted in the capital programme on pages 28 & 29. This will bring the reserve balance to £nil.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	23
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Disabled Facilities Grants *	Homeless Grant	Transform' Lives Grant	Hoarding Grant	Total
<b>Balance at 01/04/2016</b>	<b>391.9</b>	<b>82.1</b>	<b>73.6</b>	<b>17.9</b>	<b>565.5</b>
<b>New Funds Received 2017/18</b>					
Grant due/received	869.4				<b>869.4</b>
<b>Total Funds Available</b>	<b>1,261.3</b>	<b>82.1</b>	<b>73.6</b>	<b>17.9</b>	<b>1,434.9</b>
<b>Utilisation in 2017/18</b>					<b>0.0</b>
DFGs planned in Capital Programme	(500.0)				<b>(500.0)</b>
DFGs additional grants available	(369.4)				<b>(369.4)</b>
DFGs slippage from 2016/17	(391.9)				<b>(391.9)</b>
Transforming Lives/Hoarding Projects			(73.6)	(17.9)	<b>(91.5)</b>
<b>Anticipated Balance 31/03/2016</b>	<b>0.0</b>	<b>82.1</b>	<b>0.0</b>	<b>0.0</b>	<b>82.1</b>
<b>Future Utilisation Plans</b>					<b>0.0</b>
2018/19 plans		0.0			<b>0.0</b>
2019/20 plans		0.0			<b>0.0</b>
<b>Potential Reserve Balances</b>	<b>0.0</b>	<b>82.1</b>	<b>0.0</b>	<b>0.0</b>	<b>82.1</b>

There have been no changes to the grants unapplied during Q2. The level of Better Care Funding for DFGs has risen from the £500k anticipated in the original budget to over £869k. Add to this the slippage of £391.9k from the 2016/17 programme and the revised total available for DFGs in 2017/18 is £1,261.3k. Officers are working hard to ensure that as much of that grant gets processed in the year as possible, but are reliant on LCC Occupational Therapists to determine the level of support required. The overall scheme is now being monitored by the Council's Programme Board.

### Staff Costs, including agency

Employment Costs 2017/18 to end September	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 2017/18	FTE Changes during 2017/18	Current Vacant Posts
<b>Place Directorate</b>								
Customer Services	176	144	32	15	17	8.8	0.5	0.5
Operations Service	1,067	1,088	(21)	(12)	(9)	75.1	0.0	3
<b>Business Directorate</b>								
Building Control Services	42	41	1	1	0	2.0	0.0	0
Legal & Democratic Services	187	197	(10)	(7)	(3)	11.6	0.0	1
Planning Services	223	233	(10)	(7)	(3)	11.3	0.0	0
Local Land Charges			-	-	-	1.0	0.0	0
Public Protection	137	154	(16)	(11)	(5)	10.0	0.0	0
Health, Housing & Regen	376	343	33	28	5	17.9	-0.9	3
<b>Corporate Services</b>								
Corporate Management	171	124	47	29	18	4.0	0.0	1
Finance & Property Services	221	227	(5)	(1)	(4)	11.2	0.0	0
People & Org. Performance	200	210	(10)	(6)	(4)	13.0	0.0	1
<b>Total</b>	<b>2,801</b>	<b>2,761</b>	<b>41</b>	<b>29</b>	<b>12</b>	<b>166.1</b>	<b>-0.4</b>	<b>9.5</b>

The table above shows the additional 0.5 FTE pertaining to the restructure of Service Assurance Team and the reduction of 0.9 FTE in the Regeneration team. There are currently 9.5 vacant posts.

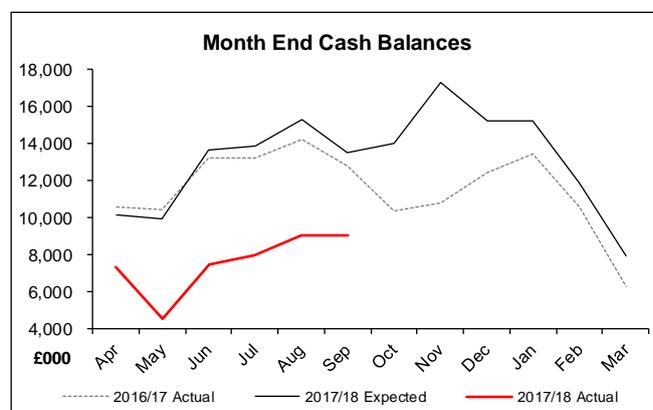
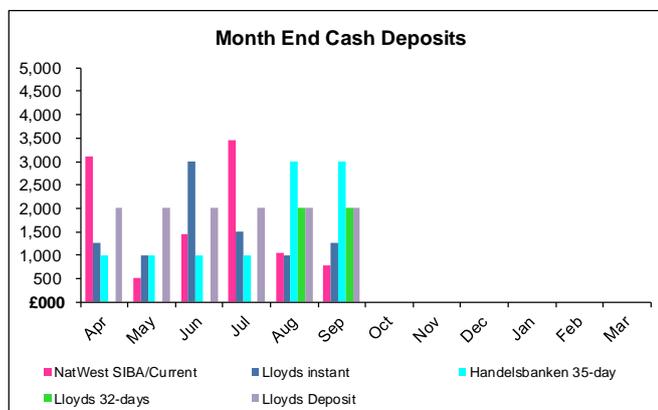
There was a £150k savings target in the original budget. Of this £41k has been achieved in cash terms by the end of September 2017 with full-year potential savings of £107k identified on page 4.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	24
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

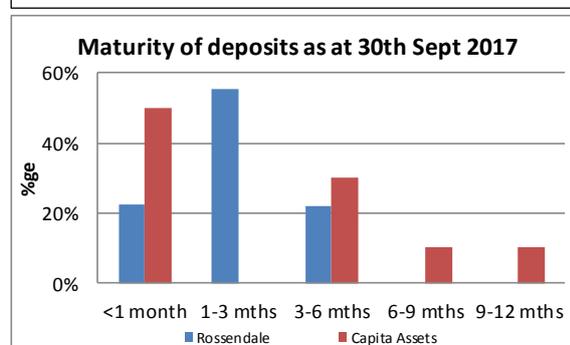
## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Treasury Management & Cash Flow Monitoring

At the end of September the bank balances were £9,032k, up from £7,960k at the end of July. Q2 was a quieter period for treasury management; the Handelsbanken 35- day deposit account was topped up to £3m at the beginning of August, in order to attract a higher interest rate of 0.2%, and the Lloyds 32-day account balance was raised to £2m to earn a very attractive 0.32%.



Effective Interest Rates at 30/09/2017	Current Balance £k	Effective Interest Rate %
NatWest SIBA	782	0.10
Handelsbanken 35-day	3,000	0.20
Lloyds instant access	1,250	0.20
Lloyds 32-day notice	2,000	0.32
Lloyds Deposit 12mths	2,000	1.00
<b>Total Bal &amp; Avg interest</b>	<b>9,032</b>	<b>0.40</b>



During Q2 the average effective interest rate has risen from 0.35% to 0.4%, thanks to the improved rate on the Handelsbanken account. In comparison, the Capita model portfolio has dropped from 0.58% to 0.5% over the same time. Members were informed back in July that the Capita model portfolio return is buoyed by investments in foreign banks which the Council's Treasury Management Strategy prevents to maintain a low risk appetite following the Icelandic bank issues. Since then, officers have been considering options for a S.M.A.R.T. performance indicator for treasury management and are now suggesting a target of Base Rate + 0.15%, giving a current target of 0.4%. Though it has now been met, it is a challenging target if we are to combine it with a cap of £5m for any one banking group whilst overall resources are below £10m (see TMPs on page 26).

The Council's average position is also being supported by the £2m deposited in the Lloyds 32-day notice account in mid-August to earn 0.32%. Ideally officers would prefer to put more funds in the Lloyds 32-day account, but that would mean reducing the on-call funds with Lloyds and these are now in a very easy-to-administer account with secure on-line access and free inter-account transfers at double the interest rate of the Natwest current accounts.

### Interest Earned

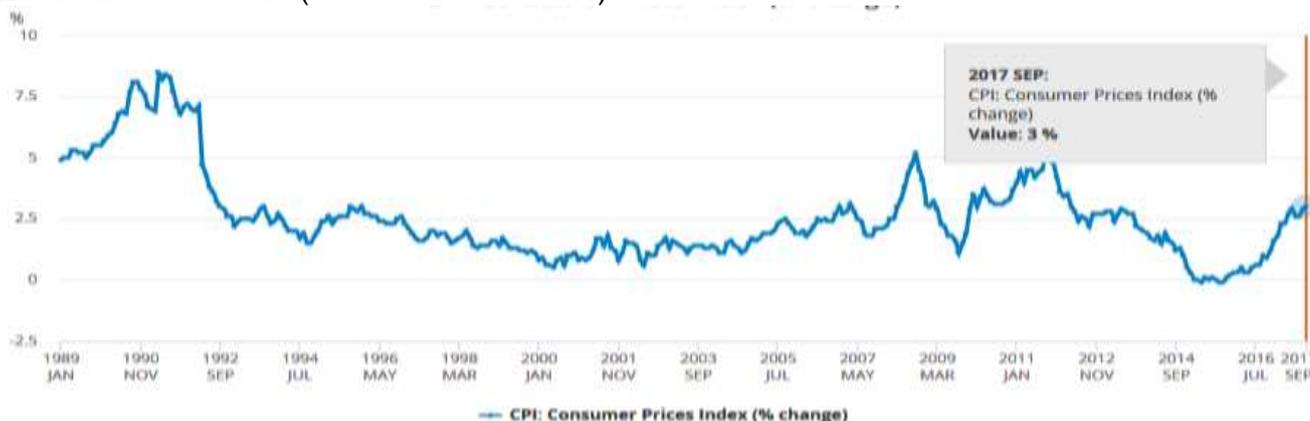
The net adverse variance on interest income has worsened from £0.6k in July to £2k now as officers work to maintain a maximum of £5m investment with Lloyds (page 20).

Interest Forecast	Budget 2017/18	Forecast 2017/18	Variance Fav/(Adv)	Change Fav/(Adv)
<b>Revenue</b>				
Interest payable (PWLb)	(146.8)	(145.8)	1.0	0.0
Other interest payable	(5.1)	0.0	5.1	0.0
Misc Interest income	32.8	38.2	5.4	0.0
Bank Interest income	49.5	36.0	(13.5)	(1.4)
<b>Net Interest</b>	<b>(69.6)</b>	<b>(71.6)</b>	<b>(2.0)</b>	<b>(1.4)</b>

Responsible Section/Team	Financial Services	Page	25
Responsible Author	Finance Manager	Produced	15/10/2017
Dates covered in this review	end September 2017	Next review	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Economic Outlook (issued 17th October)



The Consumer Prices Index (CPI) stood at 3.0% in the year to September 2017, up from 2.9% in August 2017 and back to a level last seen in March 2012. In February 2017 the CPI rate passed the 2% rate for the first time since 2013. Prices in all broad categories were higher in September 2017 than a year ago. The rate of 2.6% for recreation and culture is the highest since January 2010, whilst the rate of 3.1% for food and non-alcoholic beverages is the highest since October 2013.

For the Council the September inflation rate is an indicator of increases which can be expected in the coming financial year in the level of benefits and pensions. It no longer plays a part in the main Capita contract costs since the contract extension fixed the inflation payable up to September 2019 at the 2016 levels. Inflation on transport costs, especially fuel charges year on year, are above those experienced back in 2016/17, so the annual costs of running the Council's operational fleet have risen, as reflected in pages 8 & 9. On a positive note, a 3% CPI gives justification for a similar increase in the 2018/19 fees and charges.

### Interest rate forward predictions

On the 2<sup>nd</sup> November 2017 the Bank of England base rate rose to 0.5% and the forward expectation is for two similar rises in autumn 2018 and autumn 2019. Their prediction for an increase in the PWLB borrowing rates has materialised but not quite as far as expected, with the current 25-year rising from 2.4% back in July to 2.7%, but not getting to their predicted 2.8% by the end of October. (source: Capita Asset Services). Consideration will continue to be made regarding the potential borrowing requirements for Spinning Point Phase 2.

at 2nd Nov 2017	Current Rates	Dec 2017	Mar 2018	Jun 2018	Sept 2018	Dec 2018	Mar 2019	Jun 2019	Sept 2019
<b>Base Rate est</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%
<b>25yr PWLB est</b>	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%

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

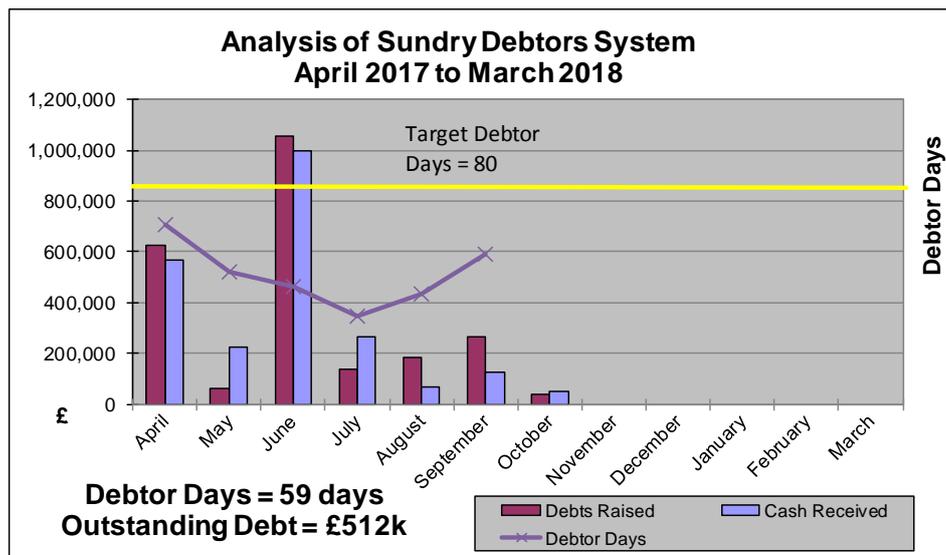
All the Council's investments continue to follow the policies laid down in the Treasury Management Strategy (TMS) document (Full Council, Feb 2017), only using UK high street banks and limiting investments to short-term (ie. 364 days maximum).

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. Officers have been working to maintain a top limit of £5m, but at the end of September the total deposits with Lloyds have reached £5.25m as the instant access account balance has risen to £1.25m to earn 0.2% interest rather than the 0.1% available from the NatWest, more comparable with the Handelsbanken 35-day notice rates.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	26
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## Sundry Debts Monitoring



Invoices raised in 2017/18 now total £2,899k of which 86.9% has been collected, including £869k of DFG grant in June.

Of the £624k of invoices raised in April a further £43k of trade waste and industrial units monthly instalments have been collected, bringing the current collection rate up to 86.8%.

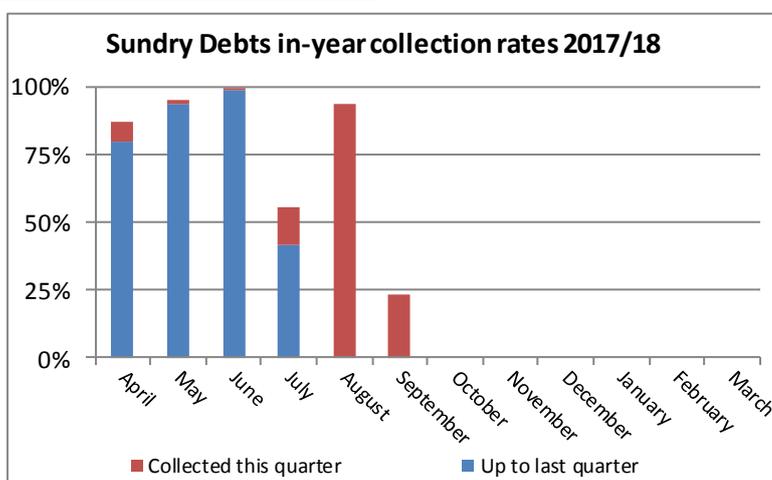
This leaves a cumulative debt balance of £512k.

### Housing Rent Debts

An additional £354k of housing rent debts were brought forward in April. Properties with current tenants have all been transferred over Calico, and the value of arrears pertaining to these tenants at the date of transfer was £125k. That means that £229k of the opening debt relates to former housing tenants.

### Collection rates & Doubtful debts

Despite the instalment position of many April invoices, the Debtor Days collection performance for sundry debts has fallen to 59 days, compared with the 66 days in September 2016.



Debts Outstanding	Mar 2016	31 Jul 2017		30 Sept 2017		Doubtful Debts	
	£k	£k	£k	£k	£k	rate	value
Earlier Debt	56.9		37.7		36.4	100%	25.0
2014/15 Debt	38.5		38.5		37.9	100%	22.6
2015/16 Debt	12.8		12.1		9.0	100%	5.4
<b>2016/17 Debt</b>							
Q1	15.3		12.9		10.8	100%	10.8
Q2	8.2		7.5		6.1	100%	6.1
Q3	5.7		4.0		3.6	75%	2.7
Q4	388.8		19.4		19.3	50%	9.7
<b>2017/18 Debt</b>							
Q1 Apr		125.2		82.6		10%	8.3
Q1 May		4.0		3.2		10%	0.3
Q1 Jun		14.3	143.5	6.1	91.9	10%	0.6
Q2 Jul		93.3		70.9		10%	0.3
Q2 Aug		36.3		12.5		10%	1.3
Q2 Sept			129.6	202.7	286.1	10%	6.5
Q3 Oct				10.8		10%	1.1
Q3 Nov						10%	0.0
Q3 Dec					10.8	10%	0.0
<b>Total Debt o/s</b>	<b>526.2</b>		<b>405.2</b>		<b>511.9</b>		<b>99.6</b>

The doubtful element of sundry debts is now £99.6k.

The doubtful debt provision brought forward was £97.3k and £27.7k of this has been used to write off debts in Q1&2. Officers recommended a further provision of £20k in the July monitoring report (see page 20). This will mean a current doubtful debt balance of £89.6k, so a further £10k provision may be required

For housing rent debts the doubtful provision is calculated at 75% of current tenant debt and 90% of former tenant debt, which led officers to set aside a provision of £288.5k in 2016/17 and little has changed since.

Responsible Section/Team	Financial Services	Page	27
Responsible Author	Finance Manager	Produced	15/10/2017
Dates covered in this review	end September 2017	Next review	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Capital Resources

**Table 1 - 2016/17 receipts**

Major Receipts:	Original Expect'ns £000	Actual to Date £000	Total Forecast £000	Surplus/ (Deficit) £000
<b>Capital Receipts</b>				
Land & Property Sales	50	3	50	-
Osolete refuse vehicles	-	4	4	4
Cost of sales		-	-	-
Net receipts to table 2	50	6	54	4

### Current issues

The income from asset sales in table 1 above includes £3k from the sale of 2 vehicles at auction. Though there have been no new receipts since the July report officers are still confident that the total receipts for the year will meet the original expectations.

### Financing the Capital Programme

The opening balance of Useable Capital Receipts was £1,762k, though £635k of this was required to finance continuing projects, as shown in the slippage table opposite.

The original capital programme was £885k, to which £8,873k of slippage has been added from projects approved in 2016/17. This included £1,601k for the Bacup THI project and £5,241k for the Spinning Point Phase 1 building works.

There has been one change to the capital programme since that reported back in July and this relates to the Mullards play area upgrade. The changes to the projects and funding so far during 2017/18 now total £765k.

As shown in detail on the following page, the actual capital programme now stands at £10,523k. The amount being funded through internal borrowing is £1,417k including the £855k required as the Council contribution towards Spinning Point Phase 1.

This leaves £9,106k coming from the capital resources above, leaving an expected balance of capital resources of £975k at the end of this year.

### Future issues

Members have already been made aware of the increase in the funding available for DFGs and officers are now managing the overall scheme as a major project, with the intention of monitoring progress throughout the year more closely. At the end of September 31% of the funds available have either been completed and paid for, or commissioned and under way.

**Table 2 - Useable Capital Receipts**

Useable Capital Resources	£ 000
Balance at April 2017	1,762
Capital Grants in 2017/18	7,689
Capital Receipts in 2017/18	54
	<b>9,505</b>
Revenue Contributions	
from Earmarked Reserves	264
from S106 agreements	184
from Revenue Operations	128
<b>Total Capital Resources 2017/18</b>	<b>10,081</b>
Capital Prog funding requirement	(9,106)
<b>Useable Capital Receipts Mar 2018</b>	<b>975</b>
Reserved for housing	(367)
Unreserved Cap Receipts	608

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	28
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Capital Programme Spending

SERVICE AREA	2017/18 Original Capital Programme	2017/18 Revised Capital Programme	2017/18 Forecast Out turn Programme	2017/18 Funding Arrangements				
	Total £000	Total £000	Forecast £000	Grants/ Contrib'n	Capital Receipts	Reserves /RCCO	RBC Int Borrow	MRP Effect
<b>Place Directorate</b>								
Operations	130	1,007	1,007	233	359	175	240	48
IT Software & Equipment	0	6	6	0	0	0	6	1
Regeneration	0	7,313	7,313	6,144	0	314	855	29
<b>Corporate Support Services</b>								
Finance & Property Services	135	432	432	0	332	100	0	0
Other Projects	0	69	69	52	0	17	0	0
<b>Housing</b>	620	1,696	1,696	1,260	120	0	316	63
	<b>885</b>	<b>10,523</b>	<b>10,523</b>	<b>7,689</b>	<b>811</b>	<b>606</b>	<b>1,417</b>	<b>141</b>

### Capital Programme

The original capital programme approved in February was £885k and slippage brought forward totalled £8,873k as detailed in the July report.

The play area project at Mullards in Waterfoot has been approved since July - see the table opposite. This brings the total revised capital programme to £10,523k, including £1,601k for the ongoing Bacup THI project and £5,241k for the Spinning Point building of Phase 1.

Capital Programme 2017/18	£000	Funded by
<b>Original Capital Programme</b>	<b>885</b>	
<b>Slippage from 2016/17 projects</b>	<b>8,873</b>	see list
<b>New capital projects in 2017/18</b>		
DFG - extra Better Care Grant	369	Grant
Stubbylee Duck Pond/Dell	39	Grants
Stubbylee Pump Track	30	Grants
Loveclough Park	55	Grants
Healey Dell Woodland Path	23	S106s (pg 30)
Healey Dell Pump Track	53	S106s (pg 30)
CCTV investment	52	Grant
IDOX software	6	Internal borrowing
Mullards	138	Grants/S106/RBC Cap
<b>Revised Capital Programme</b>	<b>10,523</b>	

### Capital project activity since the July report

- DFGs paid or committed have risen from 22% to 31% of the revised programme.
- Bacup THI has paid or committed a further £74k
- Parks projects were mainly initiated before the summer, the only new orders placed have related to the project at Mullards in Waterfoot.
- At Healey Dell LCC have accepted that S106 funds, originally destined for one of their projects, can be used to fund the construction of a bmx pump track and footpath improvements beside the existing games area. Work is now well under way.
- Replacement of Clod Lane play area and Loveclough Park improvements are now completed.
- The Spinning Point project is in the demolition phase, as planned, and is attracting some very good publicity for the Council. Spend to date is now £563k of the £5.2m project.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	29
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Minimum Revenue Provision (MRP)

Minimum Revenue Provision (MRP)	MRP Budget	Revised MRP Required	Potential (Additions) / Savings
	2017/18	2017/18	2017/18
Refuse Collection	310	226	84
Street Sweeping	44	24	20
Parks	54	19	35
IT	30	46	-16
Facilities/Property	19	19	0
Leisure Investment	158	178	-20
Corporate Services	9	9	0
Housing	200	200	0
Non-distributed Costs	133	98	35
	957	819	138

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

The Capital Programme included the replacement of £240k of Operational equipment/vehicles which was reflected in the MRP budget opposite. Whilst delays in purchasing are increasing the maintenance costs, they will lead to an MRP 'holiday' in 2017/18 (see notes on pages 8 & 9).

Revision of the life of some buildings has resulted in an ongoing £36k reduction of MRP in the Non-Distributed Costs area.

The table above shows a net £20k adverse for leisure investments. This represents a £20k saving following the life adjustment for the Marl Pits dry sports project combined with the first year of £40k costs for the Haslingden sports equipment. Members should note that this new £40k charge is being refunded by the Leisure Trust, hence the net £20k favourable position shown on pg 20.

### Section 106 Receipts Monitoring

Section 106 Agreements 2017/18	Third Party Projects	RBC Revenue Projects	RBC Capital projects	Total Held
	£000	£000	£000	£000
Balance fwd at 1st April 2017	492.3	167.6	318.9	978.8
Deposits received in 2017/18	10.5			10.5
Deposits applied in 2017/18	(72.4)	(10.0)	(90.3)	(172.7)
<b>Current Balance</b>	<b>430.4</b>	<b>157.6</b>	<b>228.7</b>	<b>816.7</b>

With the approval of LCC £23.4k of S106 monies originally destined for county works, have been transferred to the Healey Dell capital projects, which are now well under way as mentioned in the capital report on the previous page.

Planning Ref	Area	Site	Purpose	Time Period	Current Balance
<b>RBC Revenue Maintenance:-</b>					
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 <b>selected by Council</b>	no time limit	6,841
2004/372	Crawshawbooth	Convert Con Club to 8 apartments	Bus shelters	no time limit	1,790
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	no time limit	134,846
		Others		Exp Jan 2021	4,145
				<b>Revenue</b>	<b>157,622</b>
<b>RBC Capital:-</b>					
2010/433	Whitworth	Eastgate	Affordable housing	Exp Jul 2017	0
2010/433	Whitworth	Eastgate	Open Space	Exp Jul 2017	0
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public & Open Spaces	Exp Jul 2020	110,769
2010/0667	Whitworth	Cowm Park Way/ Hall St	Youth & Community	Exp Jul 2020	32,549
2011/0046	Helmshore	Holmefield House	Affordable housing	Exp Sep 2020	25,800
2013/0041	Cloughfold	Land at 449 - 457 Bacup Rd	Play Space/Open Space and/or pedestrian/cycle way	no time limit	23,220
2013/0277	Waterfoot	Mytholme House (Affordable hsg)	POS contribution within the vicinity	no time limit	16,392
2013/0455	Bacup	Bacup Hub	Public open Space within vicinity	no time limit	19,828
				<b>Capital</b>	<b>228,558</b>

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	30
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

### Council Tax & NNDR Collection Rates

Cumulative Collection	Council Tax				Business rate			
	2014/15	2015/16	2016/17	2017/18	2014/15	2015/16	2016/17	2017/18
April	10.16	10.91	10.60	10.39	10.97	11.87	11.25	10.34
May	20.16	19.98	19.73	19.53	21.66	20.80	19.20	19.14
June	29.02	29.22	30.12	28.81	31.50	29.31	28.26	27.51
July	38.43	38.49	37.97	37.91	38.83	43.25	35.55	36.85
August	47.63	47.54	47.21	47.10	51.60	54.82	43.60	48.98
September	57.00	56.80	56.35	56.20	61.01	62.70	58.92	57.60
October	66.30	66.18	65.58		68.55	70.27	67.00	
November	75.52	75.45	74.73		75.72	79.88	74.40	
December	84.81	84.52	83.85		82.61	87.02	82.08	
January	91.15	93.73	93.01		90.30	93.17	90.20	
February	95.69	95.41	94.84		94.46	96.85	94.06	
March	96.90	96.80	96.20		97.60	97.40	97.20	

### Council Tax Collection Fund

Despite the lower monthly collection rates shown above, the Council Tax element of the Collection Fund has improved a further £190k since July to a favourable variance of £659k for the year. RBC's share rises from the £72k forecast in July to £101k at the end of September.

In line with the reduced collection rates above, the level of summons & court costs shown in the revenue account continue to be above the original budget levels - see page 6/7.

Council Tax Collection Fund Forecast 2017/18	£'000
Council Tax Collectable after Discounts & Exemptions	35,314
less Bad Debt Provision	(139)
	35,175
less Precepts	
Lancashire County Council	(24,607)
Police	(3,333)
Fire	(1,320)
Rossendale Borough Council	(5,257)
	(34,517)
Surplus	659
<b>RBC Share</b>	<b>101</b>

### 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 surplus of £249k of which the RBC share is £100k. This is an adverse movement in Q2 of £226k on the cash surplus, of which £90k is attributable to Rossendale, bringing the RBC surplus share down to £100k.

Business Rates collection performance continues to be under scrutiny as they are 1.3% points down on the same time in 2016/17. This may be partly explained by the continuing shift from 10 to 12 annual payments which is currently being analysed.

Responsible Section/Team	Financial Services	Page	31
Responsible Author	Finance Manager	Produced	15/10/2017
Dates covered in this review	end September 2017	Next review	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

<b>Business Rates Collection Fund 2017/18</b>	<b>£'000</b>
Business Rates Income	11,860 excluding grants to G.Fund
Bfwd April 2017	39
less Precepts paid	(11,650)
Cash surplus/(deficit) on Business Rates Coll	<b>249</b> (down from £475k in July)
<b>RBC Share @ 40%</b>	<b>100</b> receivable in 2018/19
Central Government share 50%	124
LCC and Fire share 10%	25

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 £4,744k, but this is reduced to a baseline figure by a central government tariff so that no individual authority gains an undue benefit from the new scheme - for RBC the 17/18 baseline has risen to £2,035k, giving a reduction in the tariff to £2,616k.

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 areas of this calculation are the value of rating changes and the provision for outstanding appeals. At September the approved changes have reduced net rateable values by £451k and the provision for outstanding appeals has been reduced by £150k to £550k. There remains some positive flexibility in the level of the appeals provision.

<b>RBC General Fund / Pooling gains</b>	<b>£'000</b>
Business Rates Income	11,860
RBC Share @ 40%	4,744
less tariff paid to Central Government	(2,616)
plus Enhanced Small Business Relief	599 Due in respect of 2017/18
plus other Section 31 Grants	79 Due in respect of 2016/17
Subtotal	2,806
RBC Baseline Funding Level/Budget	2,035
<b>Surplus for Levy Calculations</b>	<b>771</b>
<i>Saving on levy to Central Gov't @ 50%</i>	385

To summarise the Q2 forecast variances relating to 2017/18 financial year for business rates, are marginally ahead of our target is as follows:

<b>Business Rates Summary</b>	<b>£'000</b>	<b>(Adv)/Fav Variance</b>
Collection Fund surplus/(deficit) 2017/18	100	Receivable in 2018/19
Precept surplus/(deficit)	(7)	Receivable in 2017/18
Section 31 Grants & Localism Relief	599	Receivable in 2017/18
less LCC pooling share (=10% of saving on levy)	(39)	Payable in 2018/19
Renewable Energy	157	Receivable in 2017/18
<b>Overall Gain</b>	<b>810</b>	
<i>MTFS Target</i>	<b>800</b>	

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

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	32
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## 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.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	33
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

# Monthly Financial Monitoring Report 2017/18 – as at end September 2017

## 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.

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	34
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

## Monthly Financial Monitoring Report 2017/18 – as at end September 2017

<b>Responsible Section/Team</b>	Financial Services	<b>Page</b>	35
<b>Responsible Author</b>	Finance Manager	<b>Produced</b>	15/10/2017
<b>Dates covered in this review</b>	end September 2017	<b>Next review</b>	n/a

