

<b>Subject:</b>	Financial Monitoring Report Q1 2023/24	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	18 <sup>th</sup> October 2023
<b>Report of:</b>	Chief Finance Officer	<b>Lead Member:</b>	Resources
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment:</b>	Required:	No	Attached: No
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## 1. RECOMMENDATION

1.1 That Cabinet note the content of the Q1 financial monitoring report.

## 2. EXECUTIVE SUMMARY

- This report provides an indicative estimate of the Council's General Fund Revenue outturn, Collection Fund performance and Capital outturn for the year ended 31 March 2024.
- At 30 June 2023, the Council is estimating a favourable variance of £88.2k against an approved net budget for the year of £10,257k.
- The approved Capital Programme for 2023/24 was agreed in the sum of £5,963k, to this was added prior year slippage of £6,002k, plus new additions of £393k making a revised capital programme for 2023/24 of £12,358k. At this early stage of the year the estimated capital outturn for the year is £4,297k. Estimated slippage requirements into 2024/25, including the associated funding sources, currently total £8,068k, this includes £2,927k disabled facility grants.

## 3. BACKGROUND

3.1 In February 2023 the MTFS set a balanced Budget of £10,257k for the year based on the assumptions made at that time and supported by £756k from reserves. The pay award, inflation rates, high vehicle fuel costs and increasing utility costs resulted in the requirement to use reserves to fund the budget gap.

## 4. DETAILS

### Revenue

4.1 This first monitoring report of the year 2023/24 is forecasting a favourable variance of £88.2k when compared to an original budget of £10,257k.

4.2 The most notable variances are:

- The budget contains a £225k vacancy savings target which is based on potential savings that can be achieved due to additional leave purchase and staff turnover, i.e. the salary saving made between an employee leaving the authority and the new recruit commencing. Staff cost savings are currently estimated to be £73.8k to the year-end, this is £151.2k short of the vacancy savings target of £225k. However, the estimates currently assume an extra 6.2% (average) pay award, the actual pay award has not yet been finalised
- An adverse outturn variance of c£21.7k is predicted in relation to income from commercial property rents, and £13.6k from market rents. These shortfalls are being

attributed to the current economic climate, however the property team are actively marketing vacant properties.

- The £41.3k adverse variance within finance includes additional staffing costs and bank charges of c£30k due to the increase in volume of individuals using the Council's electronic payment system. The Council is due to tender for its Merchant acquiring services during Q2, which should reduce the adverse variance by year end.
- At Q1 there is a predicted overspend of c£325k within the housing team on temporary accommodation. The team are actively working to reduce this overspend:-
  - Since April the number of people in temporary accommodation has fallen from 25 to 18
  - Total number in B&B has fallen from 22 to 10 and this is expected to reduce further by the end of Q2
  - Officers are using the additional dispersed accommodation purchased, working with partners and the Empty Homes scheme
  - Two additional dispersed accommodation properties are due to be purchased
  - More favourable rates have been negotiated with a B&B if a resident is placed for more than 6 weeks
  - Responsibility for some families has been reallocated to Children's Services

It must be noted that we don't currently have supported accommodation, that provides the necessary service to support people, and which would also allow us to attract full housing benefit.

4.3 Full details and explanations are included in appendix 1.

### **CAPITAL**

4.4 The current estimate of Capital Receipts brought forward at 1st April 2023 totalled £278k.

4.5 The value of the budgeted capital scheme expenditure for 2023/24 was £5,963k to which £6,002k slippage has been added. New schemes have been added during Q1 totalling £233k as set out on page 29 of appendix 1, this includes £160k of additional DFG funding. The revised capital programme for 2023/24 is £12,358k with an indicative outturn of £4,361k.

4.6 Anticipated slippage into 2024/25 is estimated at £7,997k however we are still very early in the year.

### **TREASURY**

4.7 At the end of June the Council's bank balances were c£9.7m. This is lower than in previous years due to the repayment of circa £6m of Covid monies back to Central Government during 2022/23.

4.8 Increasing interest rates over recent months along with proactive treasury management resulted in the Council increasing its interest income budgets for 2022/23 to £120k from £9k in 2022/23. Although it is very early in the year we are optimistic that this budget will be exceeded.

4.9 Details are included in Appendix 1.

### **COLLECTION FUND**

4.10 Council Tax collection statistics have not yet returned to pre-pandemic levels. Whilst Business Rates collection performance appears to have returned to pre-pandemic levels, the rates are

distorted by transitional reliefs given to businesses due to the Business Rates revaluation, which kicked in from April 2023. This remains an area of focus into 2023/24 given the 'Cost of Living Crisis' and potential impact on future collection.

- 4.11 For 2023/24 the Council Tax collection fund is predicting a surplus of £1,012k, with Rossendale Borough Council's share being £137k.
- 4.12 The NNDR collection fund is predicting a deficit of £581k with the Council's share being £233k.
- 4.13 Current estimates are that the Council will benefit from a pooling gain of £984k in 2023/24 through being a member of the Lancashire Business Rates Pool.
- 4.14 Details are included in Appendix 1.

### **EARMARKED RESERVES**

4.15 The total cash-backed earmarked reserves brought forward at 1st April 2023 were £8,160k (after adjustment for Business Rate relief support repayable to government). The Earmarked Reserves closing balance at the 31 March 2024 are estimated to be £7,279.8k. However, based on current plans and forecast commitments at the time of this report, overall earmarked reserves (including ring fenced funds) are anticipated to reduce to £6,824.8k over the life of the current MTFs (by March 2027), unless additional income and efficiencies are generated.

## **5. RISK**

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

- The cost of goods and services continue to increase. General inflationary increases are being experienced across all contracts that are linked directly to RPI and CPI. High inflation and interest rates are also impacting on the capital programme. On average vehicle replacement costs are running c20% over and above the estimates included in the capital programme. Rising inflation is also having an impact on the construction industry - pushing up costs, increasing tender prices.
- Financial monitoring of General Fund service departments focuses on the key risk areas of employee costs, income, implementation of agreed budget savings, emerging issues (eg inflationary pressures and rising living costs) and opportunities, in particular service department net expenditure.
- Budget setting for future years is now treated as an integral part of financial monitoring during the current year and the impact of variances being reported will be considered by officers when preparing the detailed 2024/25 budgets.
- The council must explore ways of bridging its forecast annual funding gap. Amongst other things this may include becoming more commercially aware, aiming to grow its resources alongside the challenges to its cost base.
- If the level of Council Tax support claims increase as a result of the current economic climate or the level of Council Tax bad debt increases, this will have an adverse impact on the income the Council receives.
- The level of future Government funding is uncertain. Whilst the 2023/24 financial settlement included an indication of the funding level for 2024/25, in reality the level of Government funding beyond 2023/24 is unknown.

**6. CONCLUSIONS**

6.1 Robust monitoring of the General Fund and MTFS is essential to control risks expressed in section 5 above and the Council continues to undertake this.

6.2 Since 2010 the Council has seen its central government funding reduced by c£6m pa in real terms. Since that time the Council has reduced its budget requirement accordingly and continues to seek efficiencies and grow income where possible. However, the current economic climate, is making it impossible for the Council to balance its in year income and expenditure.

6.3 The Council is continuing its cost reduction programme, however Members are facing increasingly difficult choices in an attempt to balance expenditure with available resources over the medium term, with energy costs, vehicle fuel costs, the inflation rate and the pay award making this more difficult.

6.4 The Finance Settlement for 2023/24 was confirmed in February 2023. The settlement provided an increase in core spending power for 2023/24 of 3%, prior to factoring in any council tax increases. The ongoing level of Government funding poses a significant risk to the MTFS.

**7. FINANCE**

The financial implications are fully set out above and in Appendix 1.

**8. LEGAL**

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

**9. POLICY AND EQUALITIES IMPLICATIONS**

There are no specific implications for consideration. Staffing issues have been discussed with colleagues in the People & Policy team.

**10. REASON FOR DECISION**

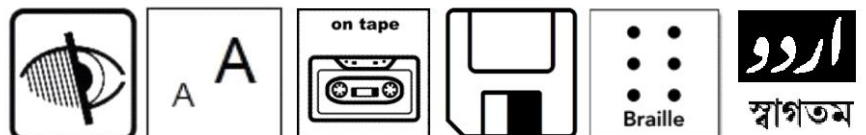
Cabinet are recommended to note the Q1 monitoring report.

Background Papers	
Document	Place of Inspection
Service monitoring statements	Financial Services

# Financial Monitoring Report

**2023/24 as at end of June 2023**

*Including a Glossary of terms on page 43*



## Monthly Financial Monitoring Report 2023/24 Q1 June 2023

### General Fund Revenue Operations – pages 6 to 21

Despite the current economic climate having a significant impact on the Council in Q1, the financial performance has been positive compared to budget. The full year impact is predicted to result in an favourable variance of £88.2k on the General Fund when compared to the original budget of £10,257k. This will reduce the impact on reserves in the year. The significant budget variations are highlighted on page 6.

### Earmarked Revenue Reserves – page 22 to 24

The total cash-backed Earmarked Reserves brought forward at 1<sup>st</sup> April 2023 were £8,160k.

The opening balance on the Transitional Reserve was £2,563k. The Council has received funding guarantee of £290k and £85k Services Grant as part of the 2023/24 Local Government Finance Settlement. This funding will be released in full as budgeted, to fund 2023/24 Net Service costs.

As reported previously due to the complexities of the Collection Fund accounting regime, in previous years the Business Rates Retention Reserve has held significant sums (£5,213.8k brought forward in 2022/23). This balance reduced significantly during 2022/23 and by the end of 2023/24 the balance on the reserve should be back to pre-pandemic levels

The indicative closing balance of earmarked reserves at the 31<sup>st</sup> March 2024, is estimated at £6,824.8k. Based on current plans and forecast commitments, and if nothing else changes, at the time of this report, available earmarked reserves are anticipated to run out during 2026/27. The earmarked reserves figure includes ringfenced sums of £3,557, this means that the funding was received for specific projects and may be subject to clawback.

### Government Grants Unapplied – page 25

The opening value of Government Grants Unapplied at the 1<sup>st</sup> April 2023 was £2,746k, including £2,577k of Disabled Facilities Grant carried forward into 2023/24 which relates to previous years' slippage. The original allocation of Better Care funding for DFGs for 2023/24 is £1,160k, giving total DFG resources available of £3,737.1k.

### Staff Monitoring – page 26

The table on page 26 shows the forecast staffing variances for the year based on quarter 1 actuals. The forecast for the year is currently £159k as per the financial software. However, consideration needs to be given to the pay award which at the date of publication of this report is anticipated to average 6.2%, once this has been factored in, the adjusted underspend will be £60k. Therefore, the shortfall will be £140k on the 2023/24 budget of £225k (£200k vacancy savings and £25k leave purchase).

### Treasury & Cash Management - page 26 to 30

At the end of June, the bank balances were £9.7m. These resources continue to be relatively high due to various grant funding, ie UKSPF fund, HHSF4 etc. Despite recent Bank of England base rate increases, banking institutions continue to maintain interest rates at low levels. Due to the low rates available from banking institutions the Council is balancing the use of instant access accounts with shorter-term 'fixed' deposit facilities, to increase investment return within the scope of the approved Treasury Management Strategy. Fixed deposits are being made with high quality counterparties (Central Government, Local Authorities) where risk is considered low and returns are more closely linked to movement in the prevailing Bank Rate. Interest income is currently expected to meet the budget for the year.

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The provision for doubtful debt at the 1st of April 2023 was £380.6k, plus a further £5.4k set aside for licensing debt, against £481k of doubtful debts. The level of cover for sums outstanding and that risk going unpaid is considered adequate at this time (c84% cover) with no further movement proposed. However given the 'Cost of Living Crisis' dominating the headlines, this position will be kept under review.

### Capital Receipts – page 31

The 2022/23 financial statements are currently being compiled, and may affect the level of capital receipts brought forward. The current estimate of capital receipts rolled forward into financial year 2023/24 is £278k, but this is subject to review and may change.

The total value of Capital Grants receivable in the financial year 2023/24 is £1,273k. As all figures are indicative at this point in the reporting cycle, work continues to determine the most effective method of funding the Council's Capital Programme.

On current assumptions, the Capital Receipts Reserve is expected to total £478k at the year end 2023/24, reflecting the most cost effective method of financing the Council's future Capital Programme. Whilst this is considered to be the most cost effective method of financing, it is acknowledged that capital resources remain earmarked to support projects in Whitworth (£76k), and Haslingden (£236k).

### Capital Programme and Funding – page 31 to 37

The original Capital Programme for 2023/24 is £5,963k, including an estimate of £1,000k for DFGs and £329k for replacement operational vehicles. The slippage from 2022/23 was £6,002k, including £2,567k of DFG's. An additional £130k has been allocated for the Weir Play Area, and an additional £103k for Tennis Courts at Stubbylee and Whitaker Park. (This money is in the form of a grant from the LTA). There is also an additional £160k for DFGs

The indicative capital outturn at 31<sup>st</sup> March 2024 is spend in the sum of £4,297k. These figures will be revised later in the financial year.

### Collection Fund 2023/24 (Council Tax & NNDR) - page 38 to 40

Council Tax collection levels are recovering. However, they are still not back to pre-pandemic levels. Business rate collection appears to have returned to typical levels experienced pre-Covid, however there were two major appeals in 2022/23 which have distorted the comparative figures.

The Council Tax account is predicting an early surplus of £137k for Rossendale.

The **business rates** collection fund is predicting a deficit of £581k in 2023/24, the Council's share of the deficit is £581k. The Council has a Business Rate Retention Reserve to provide for any peaks and troughs in business rate income, therefore this deficit will be charged to the reserve. The reserve also contains funds from Government to cover the additional reliefs granted to business during Covid. Due to the complicated accounting process for business rates these funds have been released from the reserve into the collection fund over three years, of which 2023/24 is the final year.

Although it is anticipated the Council will suffer a collection fund loss, a pooling gain of 984k is estimated. The February 2023 MTFS included a pooling gain contribution of £500k, therefore if the current forecast remains at year end, it will result in a £484k surplus against that income budget, thus contributing towards alleviating pressure on the MTFS.

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### General Fund Summary - Period 3 (Quarter 1)

Service Area	2023/24 App Budget £000	2023/24 Q1 Outturn £000	2023/24 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr1 (Adv)/Fav £000
<b>Communities Directorate</b>					
Customer Services and E-Government	1,660.7	1,635	26.0	-	26.0
Operational Functions	2,163.5	2,139	24.9	-	24.9
Parks and Cemeteries	741.2	754	(12.7)	-	(12.7)
Public Protection Unit	184.0	178	6.3	-	6.3
Environmental Health	149.9	145	5.1	-	5.1
Licensing & Enforcement	84.9	127	(42.2)	-	(42.2)
Communities Team	130.8	80	50.6	-	50.6
<b>Economic Development Directorate</b>					
Planning Services	351.2	348	2.7	-	2.7
Building Control Services	16.8	11	5.5	-	5.5
Regeneration	180.6	150	31.0	-	31.0
Property Services	543.4	570	(27.1)	-	(27.1)
Housing	180.8	466	(285.3)	-	(285.3)
<b>Corporate Management Directorate</b>					
Corporate Management	454.4	364.2	90.2	-	90.2
Legal Services	190.1	190.9	(0.9)	-	(0.9)
Local Land Charges	(12.2)	4.1	(16.3)	-	(16.3)
Democratic Services	616.9	570.2	46.7	-	46.7
Financial Services	766.7	808.0	(41.3)	-	(41.3)
People and Policy	730.2	688.3	41.9	-	41.9
Non Distributed Costs	181.4	147.4	34.0	-	34.0
Capital Financing and Interest	742.0	587.0	155.0	-	155.0
Leisure Services	(101.0)	(95.2)	(5.8)	-	(5.8)
Empty Homes Scheme	300.0	300	-	-	-
<b>TOTAL Service Cost</b>	<b>10,256.01</b>	<b>10,167.79</b>	<b>88.2</b>	<b>-</b>	<b>88.2</b>
<b>Funded by</b>					
Council Tax	(6,278.0)	(6,278.0)	-	-	-
Retained Business Rates	(2,261.0)	(2,261.0)	-	-	-
Funding Guarantee	(290.0)	(290.0)	-	-	-
Revenue Support Grant	(85.0)	(85.0)	-	-	-
Services Grant	(85.0)	(85.0)	-	-	-
New Homes Bonus	(1.0)	(1.0)	-	-	-
Estimated NNDR Pooling Gain	(500.0)	(500.0)	-	-	-
<b>LESS Estimated use of Reserves</b>	<b>(756.0)</b>	<b>(667.8)</b>	<b>(88.2)</b>	<b>-</b>	<b>(88.2)</b>
<b>Net Budget Shortfall</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>

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## Monthly Financial Monitoring Report 2023/24 Q1 June 2023

The position at Q1 2022/23 shows a favourable variance of £88.2k.

The main variances are shown below: -

- Staff cost savings are estimated to be £73.8k to the year-end position, this is £151.2k short of the vacancy savings target of £225k. However, the estimates currently assume an extra 6.2% (average) pay award, the actual pay award has not yet been finalised.
- Fuel 'pump prices' continue to be monitored, The budgets for 2023-24 included a £60k premium for the use of HVO. Due to the increasing differential between HVO and Diesel, in June the decision was taken to switch back to diesel until the two prices were more comparable, therefore, we should remain within the original budget this year even though the fuel prices are now rising.
- An adverse outturn variance of c£21.7k is predicted in relation to income from commercial property rents, and £13.6k from market rents. These shortfalls are being attributed to the current economic climate.
- The £41.3k adverse variance within Finance includes additional staffing costs and bank charges of c£30k due to the increase in volume of individuals using the Council's electronic payment system. The Council is due to tender for its Merchant acquiring services during Q2, which should reduce the adverse variance by year end.
- In 2023/24 the Council has a total budget for Empty Homes related expenditure in the sum of £800k. This budget is split £300k (Revenue funding) and £500k (Capital funding.) At Q1 the predicted outturn is that the revenue out-turn will be on budget and the capital underspend circa £300k. This is largely due to recognition of the considerable effort being made by the empty homes team to hand properties back in a timely and correct manner to avoid any future litigation.

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Annual Variances	Q1	Q2	Q3	Q4	Total	
	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	
<b>Communitites Directorate</b>						
<b>Customer Services and e-Government</b>						
Staff costs	(10.4)				(10.4)	
Additional New Burdens grant	-				-	
Housing Benefit Local Council Tax support grant	10.7				10.7	
Court costs rewarded	17.3				17.3	
Central IT Costs	8.0				8.0	
Other minor variances	0.4				0.4	26.0
<b>Operational Functions Including Parks</b>						
Staff costs (including agency and overtime)	32.7				32.7	
Parks & Open Spaces	(0.8)				(0.8)	
Street sweep running costs	(3.2)				(3.2)	
Garden Waste Income Less Costs	(11.8)				(11.8)	
Extra Costs within Refuse	(0.3)				(0.3)	
Trade Waste & Bulks Net income	1.0				1.0	
Other minor variances	(5.4)				(5.4)	12.2
<b>Communities Team</b>	<b>50.6</b>				<b>50.6</b>	<b>50.6</b>
<b>Env'tal Health, PPU, Licensing and Enforcement</b>						
Staff costs	(37.1)				(37.1)	
Dog Service Cost Savings	12.4				12.4	
Extra Costs for Vet Fees etc	(2.0)				(2.0)	
Other minor variances	(4.2)				(4.2)	(30.9)
<b>Economic Development</b>						
Staff costs (net of grant & fee income)	116.1				116.1	
Associated Costs with investment into Bacup 2040	(8.9)				(8.9)	
Market Income	0.2				0.2	
Housing	(306.2)				(306.2)	
Planning Consultancy Professional fees	(32.8)				(32.8)	
Planning Application Fee Income	13.3				13.3	
Planning Pre-apps	(25.4)				(25.4)	
Building Control Fee Income	(15.2)				(15.2)	
Planning /Building Control misc under/over	(4.5)				(4.5)	
Property Running costs	72.8				72.8	
Business Rates	26.4				26.4	
Spinning Point bus station - running costs and departure c	(14.1)				(14.1)	
Spinning Point bus station units	(11.4)				(11.4)	
Estates Income (Excluding Town Hall, Futures Park)	(32.4)				(32.4)	
Valuation Fees & Professional Fees	(15.9)				(15.9)	
Futures Park Plot 1 & 5	1.5				1.5	
Business Centre rentals	(12.2)				(12.2)	
Tree Felling	(10.0)				(10.0)	
Knot Weed	(12.0)				(12.0)	
Other minor variances	(2.4)				(2.4)	(273.1)
<b>Corporate Management</b>						
Staff costs	122.0				122.0	
Election, Democratic Services and Member costs	(6.5)				(6.5)	
Internal and External Audit - Finance	7.3				7.3	
Leisure Services	(6.0)				(6.0)	
Bank & Cash Collection Charges	(19.7)				(19.7)	
Training	22.6				22.6	
Other minor variances	(5.2)				(5.2)	114.5
<b>Non-Distributed Costs &amp; Capital Financing</b>						
Net Interest	156.0				156.0	
Employee & Pension Costs	34.0				34.0	
Other minor variances	(1.1)				(1.1)	188.9
<b>Favourable/(adverse) variance</b>	<b>88.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88.2</b>	<b>88.2</b>

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Customer Services & ICT	2023/24 Orig Budget £000	Virements Budget £000	2023/24 App Budget £000	2023/24 Q1 Outturn £000	2023/24 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr1 (Adv)/Fav £000
<b>Customer Services</b>							
Benefits Administration	(129.6)	-	(129.6)	(155.7)	26.1		26.1
Benefits Granted	(23.7)	-	(23.7)	17.7	(41.5)		(41.5)
Local Tax Collection	(378.6)	-	(378.6)	(378.6)	-		-
Revenues & Benefits Partnership	1,091.2	-	1,091.2	1,050.9	40.3		40.3
<b>Strategic Functions</b>							
Management and Support	82.4	-	82.4	81.3	1.1		1.1
Service Assurance Team	134.3	-	134.3	140.1	(5.9)		(5.9)
Central Telephones	6.2	-	6.2	3.1	3.1		3.1
Central Printing	5.5	-	5.5	2.6	2.9		2.9
<b>ICT Support</b>	873.2	-	873.2	873.3	(0.2)		(0.2)
<b>Total</b>	<b>1,660.7</b>	<b>-</b>	<b>1,660.7</b>	<b>1,634.8</b>	<b>26.0</b>	<b>-</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 Forecast £000	R A G
<b>Benefits Admin</b>				
Court fees/fines		17.3	17.3	
<b>Benefits Granted</b>				
Benefits Admin Subsidy		10.7	10.7	
<b>Revenues &amp; Benefits Partnership</b>				
Partnership contracts		40.3	40.3	
<b>Management and Support</b>				
Other minor variances		1.1	1.1	
<b>Service Assurance Team</b>				
SAT Team counter fraud work		(5.2)	(5.2)	
Other minor variances		(0.6)	(0.6)	
<b>ICT Support</b>				
Staff		(10.4)	(10.4)	
Other minor variances		2.1	2.1	
<b>Central IT Costs</b>				
Annual Licences		(35.2)	(35.2)	
Implementation costs for project and equipment purchases			-	
Central Printing		2.9	2.9	
<b>Telephones</b>				
Other minor variances		3.0	3.0	
<b>TOTAL</b>	<b>-</b>	<b>26.0</b>	<b>26.0</b>	

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Customer Service & ICT Highlight Report – Q1 (end June 2023)

### Historic Issues

- None.

### Current Quarter's Issues

At Q1 the forecast variance is £26k favourable, the main changes being: -

- Benefits admin team are anticipating a saving of £26k due to additional grant income and court cost savings.
- Benefits granted are over budget by £41k due to increased demand, this will be kept under review.
- In terms of business rates, the renewable energy income and budgeted S31 grants will be transferred into the Retained Business Rates Earmarked Reserve as per the original budget assumptions.
- At the end of Q1 the total value of computer equipment purchase and implementation costs has been under budget by £6k. A full review of these costs will be carried out in Q2 to review for any items of a capital nature.
- The Service Assurance Team has incurred additional costs for professional fees relating to inform CPI costs for rates reviews carried out.
- Partner contract costs have achieved an anticipated saving of £40k due to a negotiation on CPI rates being applied.
- A full review of IT professional subscriptions and licences will be carried out in Q2 to review for any potential overspends in this area.

### Future Issues

- The Council's contract with Capita includes annual indexation increases linked to the higher of CPI or AWE. In light of the current economic situation and anticipated CPI rates this will have a significant impact for 2023/24.

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Communities Directorate

Period 3 (June)

Operations & Communities	2023/24 Orig Budget £000	Virements Budget £000	2023/24 App Budget £000	2023/24 Q1 Outturn £000	2023/24 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr1 (Adv)/Fav £000
<b>Operational Functions</b>							
Operations Admin & Vehicle Maintenance	373.6	-	373.6	374.1	(0.6)		(0.6)
Refuse & Recycling	1,505.0	-	1,505.0	1,480.9	24.1		24.1
Street Sweeping	284.9	-	284.9	283.5	1.3		1.3
<b>Parks &amp; Cemeteries</b>							
Parks & Open Spaces	980.5	-	980.5	991.9	(11.4)		(11.4)
Cemeteries	(239.3)	-	(239.3)	(238.0)	(1.3)		(1.3)
<b>Communities Team</b>							
Area Forums	115.8	-	115.8	65.2	50.6		50.6
	15.0	-	15.0	15.0	-		-
<b>Total</b>	<b>3,035.4</b>	<b>-</b>	<b>3,035.4</b>	<b>2,972.6</b>	<b>62.8</b>	<b>-</b>	<b>62.8</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
<b>Operations Admin &amp; Vehicle Maintenance</b>				
Operations Efficiency Saving on Henrietta Street		(69.0)	(69.0)	
Fleet Management Vacancy and Agency		70.0	70.0	
Henrietta Street Supplies & Services		(1.8)	(1.8)	
Henrietta Street - Public Realm Income			-	
Fleet Running Costs MOTs		(2.3)	(2.3)	
<b>Refuse &amp; Recycling</b>				
Refuse Salaries and Agency		39.0	39.0	
General Garden Waste Expenditure			-	
Garden Waste under achieved income		(11.8)	(11.8)	
Trade Waste - income		1.0	1.0	
Other Variances - Supplies & services		(0.3)	(0.3)	
<b>Street Sweeping</b>				
Street Sweeping Salaries and Agency		5.0	5.0	
Other Variances		(3.2)	(3.2)	
<b>Parks &amp; Open Spaces</b>				
Parks Salary Variances (Including temporary gardeners)		(12.7)	(12.7)	
Parks Extra Costs		(8.4)	(8.4)	
Parks & Open Spaces S106 and Other Contributions Public Realm		9.2	9.2	
Parks Playing Fields		(1.6)	(1.6)	
<b>Cemeteries</b>				
Cemetery Income & Internment Fees		(1.3)	(1.3)	
<b>Other Variances</b>				
Overtime Budgets (net all areas)		0.4	0.4	
Communities Salaries		50.6	50.6	
<b>TOTAL</b>	<b>-</b>	<b>62.8</b>	<b>62.8</b>	

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Operations Highlight Report – Q1 – 30<sup>th</sup> June 2023

### Historic Issues

- In prior years there had been a need to rely on extra Agency Support. However, this year in Q1 Agency is within Budget with the exception of Fleet. In 2022-23 Operations were affected by the cost of increased fuel prices during the year and increased inflationary costs for tyres and other components.

### Current Quarter Issues

- At the end of Q1, Operations and Communities are forecasting a favourable variance of £12.2k. Staffing costs are underspent by £54.5k which takes into account the pending pay award.

### Henrietta Street

- This cost centre also hosts the efficiency saving target £87k which will not be achievable due to the pending pay award.

### Fleet

- Currently have 2 members of staff down which in the short term will be covered by Agency staff at a higher cost £6.9k.

### Refuse

- The shortfall in Garden Waste Service Subscriptions at the end of Q1 was £11.8k of the budgeted target. The resource costs associated with Refuse have seen increased prices resulting in a number of overspends totalling £4.5k.

### Street Sweep

- Due to prices increases within the market, resource costs associated with Street Sweep have overspent by £3.2k.

### Parks

- Parks have overspent in Q1 on staffing by £11k which in the main is due to taking on two new Garden Apprentices and some overtime costs. This shortfall will be funded from the Public Realm Contributions from Lancashire County Council which has been increased, budgeted within income and overall will cover these extra costs. Supplies and service costs on Parks are overspent by £8.4k due to extra costs for external contractors and playground equipment maintenance.
- Cost of materials for the Playing Fields have also seen inflationary increases exceeding the budget by £1.6k.
- Extra income has been received for Parks £9.2k from S106 Improvement Contributions.

### Cemeteries

- Income contributions at Q1 are steady but some extra costs have been incurred for Grave Materials exceeding the budget by £3.4k.

### The Future

- Operations are working with LCC to identify potential sites to develop a transfer station. This will assist in driving through efficiencies in the refuse collection operation, which will contribute towards funding the capital expenditure required to build a transfer station.

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Communities Directorate

Period 3 (June)

Public Protection	2023/24 Orig Budget £000	Virements Budget £000	2023/24 App Budget £000	2023/24 Q1 Outturn £000	2023/24 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr1 (Adv)/Fav £000
Public Protection Unit	161.8	22.2	184.0	177.7	6.3		6.3
Environmental Health	194.2	(44.3)	149.9	144.8	5.1		5.1
Licensing & Enforcement	62.7	22.2	84.9	127.1	(42.2)		(42.2)
<b>Total</b>	<b>418.7</b>	<b>0.0</b>	<b>418.7</b>	<b>449.6</b>	<b>(30.9)</b>	<b>-</b>	<b>(30.9)</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
<b>PPU</b>				
PPU Staffing		(2.1)	(2.1)	
Dog Warden Service Saving		12.4	12.4	
Other Variance		(4.2)	(4.2)	
<b>Environmental Health</b>				
Environmental Health - staffing and consultant		5.1	5.1	
<b>Licensing &amp; Enforcement</b>				
Licensing & Enforcement - staffing		(40.1)	(40.1)	
Licensing & Enforcement - Extra Costs for Vet Fees		(2.0)	(2.0)	
<b>TOTAL</b>	<b>-</b>	<b>(30.9)</b>	<b>(30.9)</b>	

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Environmental Health, Public Protection Unit and the Licensing and Enforcement Service Highlight Report – Q1 – 30<sup>th</sup> June 2023

### Historic Issues

- Nothing reported

### Current Quarter Issues

At the end of Q1 Environmental Health, Public Protection Unit and the Licensing and Enforcement budgets are overspent by £30.9k in the main due to staffing and resource difficulties broken down as follows:-

### Environmental Health, Licensing and Enforcement

- Staffing Costs are overspent due to 1 unbudgeted post anticipated to cost the service £40k for the year.
- Supplies & services are overspent by £1.2k due to vet fees which will be recharged where possible. Other small variances overspent by £1.2k
- Most income streams within Licencing are forecasted to reach their targets at Q1.

### Rogue Landlords

- At the end of Q4 2022-23 there were some ring fenced Rogue Landlord grant funding left, £18.2k which was transferred to Reserves at the year end and will be used in 2023-24 for delivering training and associated costs. All costs incurred within this area will be funded from this grant.

### Public Protection Unit

- The staffing costs are slightly overspent by £1.9k.
- The cost of dog services are underspent by £12.4k offset by extra costs not budgeted totalling £4.3k.

### Future Issues

A decision needs to be taken regarding the unbudgeted post within Licensing & Enforcement.

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## Monthly Financial Monitoring Report 2023/24 Q1 June 2023

Economic Development & Regeneration Services	2023/24 Orig Budget £000	Virements Budget £000	2023/24 App Budget £000	2023/24 Q1 Outturn £000	2023/24 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr1 (Adv)/Fav £000
<b>Planning</b>							
Development Control	198.3	-	198.3	198.6	(0.2)		(0.2)
Forward Planning	152.9	-	152.9	149.9	3.0		3.0
<b>Building Control</b>							
Building Control - Fee Earning Account	(19.1)	-	(19.1)	(24.1)	5.0		5.0
Building Control - Statutory Function	33.0	-	33.0	32.3	0.7		0.7
Building Control - Street Signs	3.0	-	3.0	3.2	(0.2)		(0.2)
<b>Regeneration</b>							
Economic Regeneration	164.5	-	164.5	133.4	31.0		31.0
Whitaker Park Museum	20.0	-	20.0	20.0	(0.0)		(0.0)
Tourism	20.0	-	20.0	20.0	0.0		0.0
Markets	(23.9)	-	(23.9)	(23.9)	(0.0)		(0.0)
<b>Property Services &amp; Facilities Management</b>							
Property Services	99.5	-	99.5	97.5	2.0		2.0
Corporate Estates	(396.2)	-	(396.2)	(419.6)	23.3		23.3
Non Domestic Estates	(129.1)	-	(129.1)	(148.6)	19.5		19.5
Office Accommodation	(25.4)	-	(25.4)	57.5	(82.9)		(82.9)
Operational Properties	487.5	-	487.5	507.7	(20.3)		(20.3)
Leisure Properties	144.8	-	144.8	108.7	36.1		36.1
Bus Shelters	129.3	-	129.3	158.4	(29.0)		(29.0)
Business Centre	233.1	-	233.1	208.9	24.3		24.3
<b>Strategic Housing</b>							
Housing Strategy	62.9	-	62.9	42.0	20.9		20.9
Private Sector Housing Renewals	2.3	-	2.3	(6.9)	9.3		9.3
Homelessness	115.5	-	115.5	431.0	(315.5)		(315.5)
<b>Total</b>	<b>1,272.8</b>	<b>-</b>	<b>1,272.8</b>	<b>1,545.9</b>	<b>(273.1)</b>	<b>-</b>	<b>(273.1)</b>

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Economic Development & Regeneration Highlight Report – Q1 (June 2023)

### Historic Issues

- None

### Current Quarter Issues

**Economic Regeneration are currently forecasting a favourable variance of £31k, which is broken down as detailed below: -**

- Staff Costs in Economic Development are underspent by £32.7k due to structural changes.
- There are unbudgeted costs incurred for the Bacup 2040 Future High Street Fund of £8.9k for the running costs for the Barclays Bank Site which includes NNDR and some one-off costs for site works. These costs will cease when the demolition takes place as planning permission has now been granted.

**Housing are currently forecasting an adverse variance of £285.2k which is broken down as detailed below:-**

- Staffing savings overall as at Q1 have generated £29.3k of savings. However, some of these savings are offset by Agency costs £10.5k on the Private Sector Renewal Team (PSR). But this will be funded by the Flexible Homelessness Grant (FHG).
- All other budgeted costs at Q1 for resources are within the spend available.
- However, there is an overspend on temporary accommodation costs. This is because housing benefit can only be recovered for the 'bed' element of bed & breakfast costs incurred during the year. The Housing Team are actively working to reduce this overspend:-
  - Since April the number of people in temporary accommodation has fallen from 25 to 18
  - Total number in B&B has fallen from 22 to 10 and this is expected to reduce further by the end of Q2
  - Officers are using the additional dispersed accommodation purchased, work with partners and the Empty Homes scheme
  - Two additional properties are due to be purchased
  - More favourable rates have been negotiated with a B&B if a resident is placed for more than 6 weeks
  - Responsibility for some families has been reallocated to Children's Services

It must be noted that we don't currently have supported accommodation that provide the necessary service to support people and also would allow us to attract full housing benefit.

**Property Services and Facilities Management is currently showing an adverse variance of £27.1k.**

- Salary / recruitment costs are showing an adverse variance of £10.3k.
- Facilities running costs are showing a favourable variance of £101.2k this is mainly due a new utility contract in December at reduced unit costs.
- The estates income is showing an overall adverse variance of £30.9k. The section is seeking new income streams and completing rent reviews to reduce this variance.
- Valuation Fees / professional fees are showing an over spend of £15.9k.
- The Business Centre room hire are projecting an under achievement of £12.2k. Property have secured a new tenant in the first quarter of the year which will seek to reduce this deficit.
- Spinning point units are now fully tenanted. There is an adverse rental income of £11.4k in 2023/24. However the rental will meet the set budget in future years. Discussions with tenants are ongoing regarding service charge income.

**Planning & Building Control are showing a favourable variance of £8.2k**

- Planning/Forward Planning staffing (inc agency/consultancy) costs are showing a favourable variance of £41.5k. Planning have 3 vacant posts, assumed recruited to by November 2023 at the grades per budget
- Building Control staffing costs are showing an under spend of £22k

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- The Planning fee income is predicted to be £13.3k over budget, however this is offset by pre-application fees projected to under achieve by £23.5k
- Building Control income are projecting an adverse variance of £15.2k.

### **Future Issues**

- Continued high gas and electricity costs are placing a strain on the Council's budget.

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Corporate Services Directorate

Period 3 (June)

Corporate Management	2023/24 Orig Budget £000	Virements Budget £000	2023/24 App Budget £000	2023/24 Q1 Outturn £000	2023/24 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr1 (Adv)/Fav £000
<b>Corporate Management</b>							
Executive Office	380.0	-	380.0	286.9	93.0		93.0
Corporate Contingency	40.2	-	40.2	40.2	-		-
Corporate Subscriptions	34.2	-	34.2	37.1	(2.8)		(2.8)
<b>Legal Services</b>	190.1	-	190.1	190.9	(0.9)		(0.9)
<b>Land Charges</b>	(12.2)	-	(12.2)	4.1	(16.3)		(16.3)
<b>Democratic Services</b>							
Electoral Registration	94.7	-	94.7	94.2	0.5		0.5
Elections	88.8	-	88.8	88.7	0.1		0.1
Democratic Support	367.0	-	367.0	323.7	43.3		43.3
Mayoralty & Civic Events	63.9	-	63.9	61.1	2.8		2.8
Town Twinning	2.5	-	2.5	2.5	-		-
<b>Financial Services</b>							
Treasury Management	220.3	-	220.3	239.7	(19.4)		(19.4)
Insurance, Risk & Audit Fees	64.7	-	64.7	57.4	7.3		7.3
Financial Services Team	481.7	-	481.7	511.0	(29.2)		(29.2)
<b>People &amp; Policy</b>							
Human Resources	481.8	-	481.8	440.9	40.9		40.9
Corporate Support	244.3	-	244.3	247.4	(3.1)		(3.1)
Publicity	4.0	-	4.0	-	4.0		4.0
<b>Leisure Services</b>	(101.0)	-	(101.0)	(95.2)	(5.8)		(5.8)
<b>Empty Homes Scheme</b>	300.0	-	300.0	300.0	-		-
<b>Total</b>	<b>2,945.0</b>	<b>-</b>	<b>2,945.0</b>	<b>2,830.5</b>	<b>114.5</b>	<b>-</b>	<b>114.5</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
<b>Executive Office</b>				
Salary variances		95.5	95.5	G
Other minor variances		(2.5)	(2.5)	Y
<b>Corporate Contingency</b>				
General subscriptions		(2.8)	(2.8)	Y
<b>Legal Services</b>				
Salary variances		(1.1)	(1.1)	Y
Professional fees		-	-	G
Other Legal Misc under/ over		0.2	0.2	G
<b>Land Charges</b>				
Salary variances		(2.2)	(2.2)	Y
Search Income		(14.1)	(14.1)	R
Other minor variances		0.4	0.4	G
<b>Democratic Services</b>				
Salary variances Elections		5.0	5.0	G
Other Election Misc under/ over		(4.5)	(4.5)	Y
Salary variances Democratic Support		34.2	34.2	G
Members Costs		6.7	6.7	G
Other Dem Misc under /over		4.8	4.8	G
<b>Treasury Management</b>				
Bank Charges / Bank interest		(19.7)	(19.7)	R
<b>Insurance, Risk &amp; Audit Fees</b>				
LCC Audit fees		7.3	7.3	G
<b>Financial Services</b>				
Salary variances - Accountants		(9.4)	(9.4)	Y
Salary variances - Exchequer		(19.0)	(19.0)	R
Other misc under / (over) spends		-	-	G
<b>Human Resources</b>				
Salary variances		22.1	22.1	G
Authority wide Training		22.6	22.6	G
<b>Corporate Support</b>				
Salary variances		(3.1)	(3.1)	Y
<b>Publicity</b>				
<b>Leisure</b>		(6.0)	(6.0)	Y
<b>TOTAL</b>	<b>-</b>	<b>114.5</b>	<b>114.5</b>	<b>G</b>

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Corporate Management Highlight Report – Q1 (June 2023)

### Historic Issues

- None

### Current Quarter Issues

The Corporate Management outturn is forecast to be a favourable variance of £114.5k, the main movements being: -

- Staff changes in the quarter are £90.9k favourable:
  - Legal Services – are showing an adverse variance of £1.1k
  - Land Charges – are showing an adverse variance of £2.1k
  - Democratic Services – are showing a favourable variance of £34.2k
  - Elections – are showing a favourable variance of £4.6k
  - Corporate management – savings of £95.5k due to the vacancy of the Director of Communities position.
  - Financial Services – adverse £28.4k linked to the cost of agency staff to support the finance function.
  - HR – is showing a favourable variance of £22.1k
- Local Land Charges income is showing an adverse variance of £14.1k.
- Members costs are showing an underspend of £6.7k
- Due to the increase in volume of individuals using the Council's electronic payment system bank charges are predicted to be £19.7k over budget.
- The Council's training budget is estimated to have savings of £22k
- The Empty Homes scheme is predicted to be on budget.

### Futures Issues

The empty Homes scheme continues to place additional pressures on the Council's finances.

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## Monthly Financial Monitoring Report 2023/24 Q1 June 2023

Non-Distributed Costs & Capital Financing	2023/24 Orig Budget £000	Virements Budget £000	2023/24 App Budget £000	2023/24 Q1 Outturn £000	2023/24 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr4 (Adv)/Fav £000
<b>Non Distributed Costs</b>							
Employee & Pension Costs	110.2	-	110.2	130.2	(20.0)		(20.0)
Other Non-distributed Costs	71.2	-	71.2	17.2	54.0		54.0
<b>Capital Financing</b>							
Minimum Revenue Provision	599.3	-	599.3	599.3	(0.0)		(0.0)
Interest (net)	142.7	-	142.7	(12.3)	155.0		155.0
<b>Total</b>	<b>923.4</b>	<b>-</b>	<b>923.4</b>	<b>734.5</b>	<b>188.9</b>	<b>-</b>	<b>188.9</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
<b>Employee &amp; Pension Costs</b>			-	
Vacancy control savings target - net		(20.0)	(20.0)	
Superann additional years/Contribution to Pension deficit		54.0	54.0	
<b>Capital Financing</b>			-	
Interest Payable		145.0	145.0	
Interest Receivable		11.0	11.0	
Other minor variances		(1.1)	(1.1)	
<b>TOTAL</b>	<b>-</b>	<b>188.9</b>	<b>188.9</b>	

### Non-Distributed Costs & Capital Financing Highlight Report – Q1 (June 2024)

#### Historic Issues

- Savings on the pension costs fall into two areas; savings on historical pension costs as former employees pass away and the advance payment of pension costs at a discount, which reduce Council costs.

#### Current Quarter Issues

- Net interest for the year is currently estimated to be a negative £12.5k, this is £155k under the annual budget.
  - Interest receivable is currently estimated to over achieve the budget by £11k. Officers are working hard to maximise interest receivable on the Council's cash balances.
  - Interest payable is below budget by £145k, this budget is linked to the capital programme and assumes the capital programme will fully spend for 2023/24 which would force the Council to borrow.

#### Future Issues

The 'Cost of Living Crisis' continues to dominate headlines and continues to impact on the cost of supplies and services.

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# Monthly Financial Monitoring Report 2023/24 Q1 June 2023

## Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Local Business Rates Retention Reserve	Transitional Budgetary Support	Response & Recovery Reserve	Rawtenstall Bus Station	Directorate Reserves	General Reserves	Total Reserves
<b>Balance at 01/04/2023</b>	<b>1,507.0</b>	<b>2,563.0</b>	<b>709.0</b>	<b>500.0</b>	<b>1,881.0</b>	<b>1,000.0</b>	<b>8,160.0</b>
<b>Funds Received 2023/24</b>							
Collection Fund							0.0
Collection Fund - S31 Grants (NNDR3)							0.0
Collection Fund - Renewable Energy (NNDR1/3)	228.0						228.0
Business Rates Pooling net gain							0.0
New Homes Bonus		1.0					1.0
Services Grant		85.0					85.0
Funding Guarantee		290.0					290.0
Other Revenue income received							0.0
<b>Total Funds Available</b>	<b>1,735.0</b>	<b>2,939.0</b>	<b>709.0</b>	<b>500.0</b>	<b>1,881.0</b>	<b>1,000.0</b>	<b>8,764.0</b>
<b>2023/24 Published Budget Utilisation</b>							
Retained Business Rates	(182.0)						(182.0)
New Homes Bonus		(1.0)					(1.0)
Services Grant		(85.0)					(85.0)
Funding Guarantee		(290.0)					(290.0)
General budget support		(756.0)					(756.0)
<b>2023/24 Other Utilisation Plans</b>							<b>0.0</b>
Transfers between Reserves							0.0
Other Commitments			(307.0)		(318.2)		(625.2)
Total Utilisation Commitment	(182.0)	(1,132.0)	(307.0)	0.0	(318.2)	0.0	(1,939.2)
<b>Reserve Estimates 31/3/2024</b>	<b>1,553.0</b>	<b>1,807.0</b>	<b>402.0</b>	<b>500.0</b>	<b>1,562.8</b>	<b>1,000.0</b>	<b>6,824.8</b>
<b>Future Contributions/Utilisation Plans</b>							
2024/25 Plans		(857.0)			(290.1)		(1,147.1)
2025/26 Plans		(1,006.0)			(351.2)		(1,357.2)
2026/27 Plans			(402.0)		(552.8)	(612.0)	(1,566.8)
2027/28 Plans					(84.8)	(388.0)	(472.8)
<b>Potential Reserve Balances</b>	<b>1,553.0</b>	<b>(56.0)</b>	<b>0.0</b>	<b>500.0</b>	<b>283.9</b>	<b>0.0</b>	<b>2,280.9</b>

## Current issues

The better than anticipated 2022/23 outturn position has meant that the reserve balances as at 1<sup>st</sup> April 2023 are £8.160m as shown in the table above, however the 2022/23 final accounts are still being finalised therefore this balance may be subject to change. Of this balance c£3.5m is ringfenced. The February 2023 MTFs included plans to fund the 2023/24 budget gap of £756k from the remaining balance. As noted on page 2, the forecast positive variance at Q1 of £88.2k will reduce the contribution required from the Transitional Reserve to support the budget.

## Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Disabled Facilities Grants *	UK Shared Prosperity Grant (Revenue)	UK Shared Prosperity Grant (Capital) *	Total
	£000	£000	£000	
<b>Balance at 01/04/2023</b>	<b>2,577.0</b>	<b>153.0</b>	<b>16.0</b>	<b>2,746.0</b>
<b>New Funds Received 2023/24</b>				
Grant due/received	1,160.1	557.0	85.0	1,802.1
<b>Total Funds Available</b>	<b>3,737.1</b>	<b>710.0</b>	<b>101.0</b>	<b>4,548.1</b>
<b>Utilisation in 2022/23</b>				
DFGs Outturn 2023/24	(1,160.1)			(1,160.1)
UKSPF Revenue & Capital Allocations		(710.0)	(101.0)	(811.0)
<b>Anticipated Balance 31/03/2024</b>	<b>2,577.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2,577.0</b>
<b>Future Utilisation Plans</b>				
2024/25 plans	(1,000.0)			(1,000.0)
2025/26 plans	(1,500.0)			(1,500.0)
<b>Potential Reserve Balances</b>	<b>77.0</b>	<b>0.0</b>	<b>0.0</b>	<b>77.0</b>

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In addition to the £2,577k of unspent DFG grant brought forward 1/04/23, the 2023/24 allocation of £1,160k has been confirmed, giving total DFG resources of £3,737.1k. For the purpose of the above table, future utilisation plans recognise an estimated profile of DFG grants received to date only, and do not include estimation of any future receipts from the Better Care Fund. The Council's approved Medium Term Capital Strategy assumes DFG grant receipts in the sum of £1,000k per year over the plan period and will be updated in due course to reflect the recent confirmation that the DFG allocation for the Council for 2023/24 is again £1,160k.

The council has been granted a share of the UK Shared Prosperity Funds between 2022/23 – 2025/26, over 3 years. As at the 1/04/2023 we brought forward balances on the UKSPF for both Revenue and Capital of £153k and £16k respectively. There will be funds received over the next 2 years and to date we have received £557k on Revenue and £85k on Capital. The table above shows how this will be used during 2023/24.

### Staff Costs, including agency

Net Employment Costs 2023/24 to end June 2023	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 2023/24	FTE Changes during 2023/24	Current Vacant Posts
<b>Communities Directorate</b>								
Customer Services	88	86	2	-	2	7.8	0.0	0
Operations Service	492	446	47	-	47	53.0	0.0	3.5
Parks & Cemeteries	192	177	15	-	15	22.0	0.0	0
Public Protection Unit	42	39	2	-	2	5.0	0.0	0
Environmental Health	52	52	(0)	-	(0)	6.0	0.0	2
Licensing & Enforcement	41	45	(4)	-	(4)	3.0	0.0	0
Communities Team	23	19	4	-	4	2.0		0
<b>Economic Development Directorate</b>								
Planning Services	144	114	30	-	30	11.8	0.0	3
Building Control Services	37	28	9	-	9	4.0	0.0	1
Regeneration	67	55	12	-	12	8.5	0.0	0
Property Services	27	21	6	-	6	2.9	0.0	0
Housing	96	83	13	-	13	8.5	0.0	0
<b>Corporate Services</b>								
Corporate Management	93	102	(8)	-	(8)	3.0	0.0	1
Legal Services	43	40	3	-	3	3.0	0.0	0
Local Land Charges	12	12	0	-	-	1.5	0.0	0
Democratic Services	65	54	11	-	11	5.5	0.0	1
Financial Services	132	125	7	-	7	11.0	0.0	0
People & Policy	177	152	25	-	25	18.2	0.0	1
Empty Homes	6	20	(13)	-	(13)	1.0		
<b>Total Net Underspend</b>	<b>1,831</b>	<b>1,671</b>	<b>159</b>	<b>-</b>	<b>159</b>	<b>177.7</b>	<b>0.0</b>	<b>12.5</b>

The net employee underspend at Q1 is £159k. This excludes the pay award at Q1 as it is taken directly from the financial software. The estimated extra funds required for the pending pay award is £99k. After adjusting for this the net underspend will be £60k.

Explanations for this is included in the commentary elsewhere in this report.

### Treasury Management & Cash Flow Monitoring

At the end of June the bank balances were £9.7m. This is lower than in previous years due to the repayment of circa £6m of Covid monies back to Central Government in July '22 and January '23.

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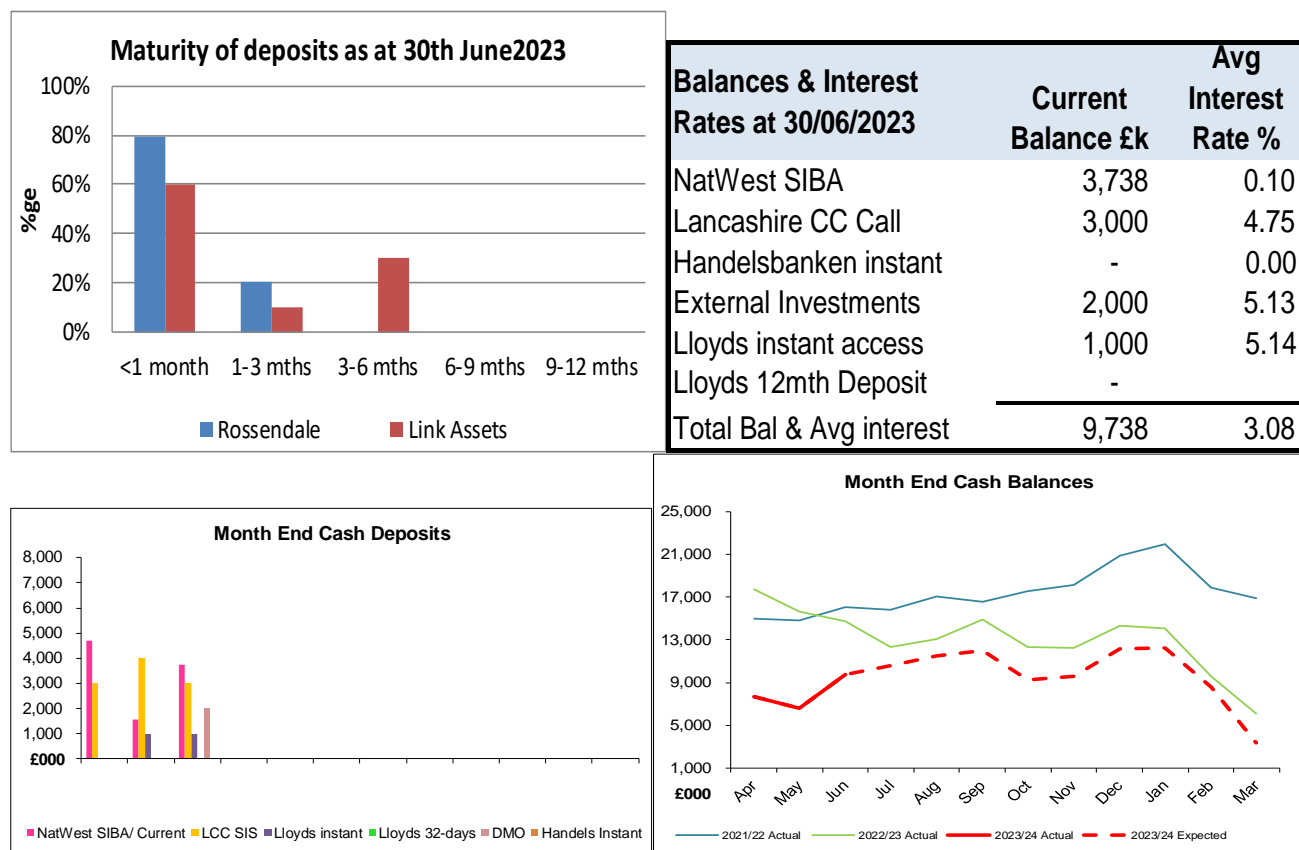


## Monthly Financial Monitoring Report 2023/24 Q1 June 2023

During the period the Council has also held funding for the Household Support Scheme (£0.3m), the majority of this funding will be distributed in Q2.

These receipts have sustained the Council's temporary cash balances at higher than pre Covid levels.

Given the increase to Bank Rate and the temporary cash balances available to invest, the Council has continued to take a more proactive approach to managing its cash balances in 2023/24 to maximise interest receivable, relative to its budget estimate, and to mitigate the impact of rising costs as far as possible, a result of historically high inflation pressures.



The Bank of England voted to increase the 'Bank Rate' on 22<sup>nd</sup> June 2023, increasing from 4.5% to 5.0%. The Monetary Policy Committee (MPC) further increased the bank rate in July by 0.5% increase. It is anticipated that the bank rate will increase again in September 2023.

The Council's strategy remains to retain a significant portion of its balances as liquid funds, to ensure it can respond promptly when required to meet its commitments as they fall due (revenue and capital expenditure).

Instant access arrangements typically return lower interest rates despite the recent increase in bank rate. In some cases there has been no uplift to interest rates on offer to the Council from its existing relationships. Officers are working to generate the highest level of interest income possible whilst maintaining the ability to access funds when needed.

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As per the commentary above, the Council is taking a more proactive approach to fixed and longer-term investments for a smaller proportion of its surplus balances. In accordance with the approved Treasury Management Strategy, these deposits will be placed with high quality Counterparties eg Central Government, Other Local Authorities. The strategy is considered prudent in the context of CIPFA's Prudential Code which prioritises Security and Liquidity over Yield (SLY).

At 30<sup>th</sup> June 2023, the Council's portfolio mix consists of £3m in an LCC call account, £1m in a Lloyds instant access account, £2m on deposit with the DMO for 3 months and liquid funds of £3.7m.

Interest Forecast	Budget 2023/24	Forecast 2023/24	Variance Fav/(Adv)	Change Fav/(Adv)
<b>Revenue</b>				
Interest payable (PWLB)	(127.0)	(120.0)	7.0	7.0
Other interest payable	(1.0)	2.4	3.4	3.4
Misc Interest income	0.0	0.0	0.0	0.0
Bank Interest income	9.0	195.0	186.0	186.0
<b>Net Interest</b>	<b>(119.0)</b>	<b>77.4</b>	<b>196.4</b>	<b>196.4</b>

The average effective interest rate at the end of Q1 was 3%.

### Interest Paid/Received

The budget for interest in 2023/24 is a net income of £3k, current estimates are that the outturn will be on budget. However if interest rates continue to rise this net income should increase.

### Economic Outlook

#### (Released July 2023)

The Consumer Prices Index rose by 6.8% in the 12 months to July 2023, down from 7.9% in June. The largest upward contributions to the annual CPIH inflation rate in July 2023 came from Food and non alcoholic beverages (14.9 percentage points), and restaurants and hotels and alcohol and tobacco all increasing by 9.8 percentage points.

Average petrol prices stood at 143.5 pence per litre in July 2023, compared with 191.5 pence per litre a year earlier. The average price of diesel in July 2023 was 144.4 pence per litre. The 12-month rate for motor fuels and lubricants was 6.8%, down from 34.8% a year previous, which was the highest since before the start of the constructed historical series in January 1989.

These increases are likely to impact on the original forward planning assumptions approved when setting the budget for 2023/24 and Medium Term Financial Strategy (MTFS), and particularly budgets for utility supplies, fuel for fleet vehicles, any contractual obligations linked to CPI uplifts and potentially future pay award for Council staff.

Work continues to assess and review the MTFS as part of the closure of the Councils accounts for 2022/23.

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## Borrowing

The Council has an identified a 'prudential' borrowing need to finance its Capital expenditure plans, in the sum of £6.2m, over the plan period to 2023/24 - 2026/27.

The increase to Bank Rate during the quarter has affected the borrowing rates on offer from PWLB.

Given the updated cashflow forecast above, the Council's Capital plans, and in accordance with the approved Treasury Management Strategy, the Council continues to assess its borrowing options and timing of any external borrowing, given the delay to the repayment of sums to Government, and the positive impact on its working capital.

## Interest rate forward predictions

The Council's treasury management advisors, Link, have reviewed their interest rate forecast over the next 12 months following Bank Rate change at the end of Q1, suggestions of future rate rises in the short-term and rising inflation rates.

Interest Rate Forecasts								
Bank Rate	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Link	5.50%	5.50%	5.50%	5.25%	4.75%	4.25%	3.75%	3.25%
Cap Econ	5.50%	5.50%	5.50%	5.50%	5.00%	4.50%	4.00%	3.50%
5Y PWLB RATE								
Link	5.60%	5.30%	5.10%	4.80%	4.50%	4.20%	3.90%	3.60%
Cap Econ	5.10%	4.70%	4.50%	4.40%	4.20%	4.00%	4.00%	3.90%
10Y PWLB RATE								
Link	5.20%	5.00%	4.90%	4.70%	4.40%	4.20%	3.90%	3.70%
Cap Econ	5.10%	4.60%	4.50%	4.30%	4.20%	4.10%	4.00%	3.90%
25Y PWLB RATE								
Link	5.40%	5.20%	5.10%	4.90%	4.70%	4.50%	4.20%	4.00%
Cap Econ	5.30%	4.90%	4.70%	4.60%	4.50%	4.30%	4.30%	4.20%
50Y PWLB RATE								
Link	5.10%	5.00%	4.90%	4.70%	4.50%	4.30%	4.00%	3.80%
Cap Econ	4.90%	4.70%	4.60%	4.50%	4.40%	4.30%	4.20%	4.10%

Link also provide their view of 25 year borrowing rates from the Public Works Loan Board (PWLB). This forecast is based on a concessionary rate reduction to the standard rate for new loans, known as the 'Certainty Rate'. This discount is currently equal to a 20 basis point reduction to the standard rate. For completeness, the above table includes both the Certainty Rate\* and standard rate for comparison.

The Council completed the annual application for access to the Certainty rate for 2024/25 to support its Capital borrowing plans on the most favourable terms available.

## Treasury Management Practices (TMPs) and Prudential Indicators

The Council's Treasury Management Strategy Statement 2023/24 was approved by Council on 28th February 2023.

## Prudential Indicators

The updated Prudential Indicators – taking into account the Q1 Monitoring position are shown below.

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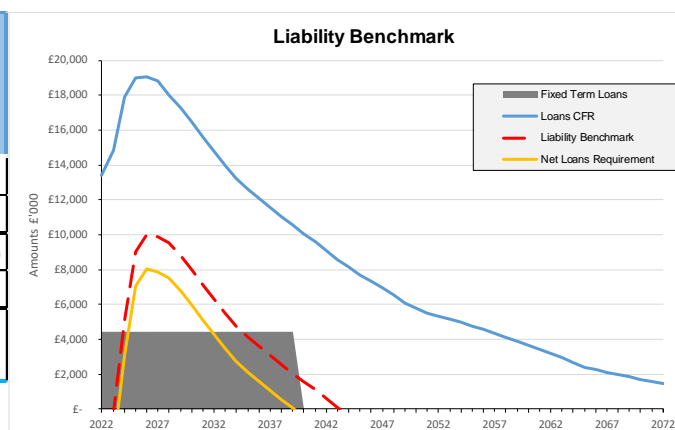
Capital Expenditure	Original 2023/24 £'000	Q1 Revised 2023/24 £'000
Operations & Communities	594	1,403
Corporate Services & Buildings	524	289
Housing	1,500	1,500
Regeneration	3,095	905
Climate change	250	200
<b>Total</b>	<b>5,963</b>	<b>4,297</b>

Financing of Capital Expenditure	Original 2023/24 £'000	Q1 Revised 2023/24 £'000
Capital Receipts	200	37
Capital Grants	2,297	2,123
S106		234
Capital Reserves	-	-
Earmarked Reserves	-	-
<b>Total in-year resources</b>	<b>2,497</b>	<b>2,394</b>
<b>Net Financing need for year</b>	<b>3,466</b>	<b>1,903</b>

CFR	Original 2023/24 £'000	Q1 Revised 2023/24 £'000
<b>Total CFR</b>	<b>19,542</b>	<b>16,685</b>

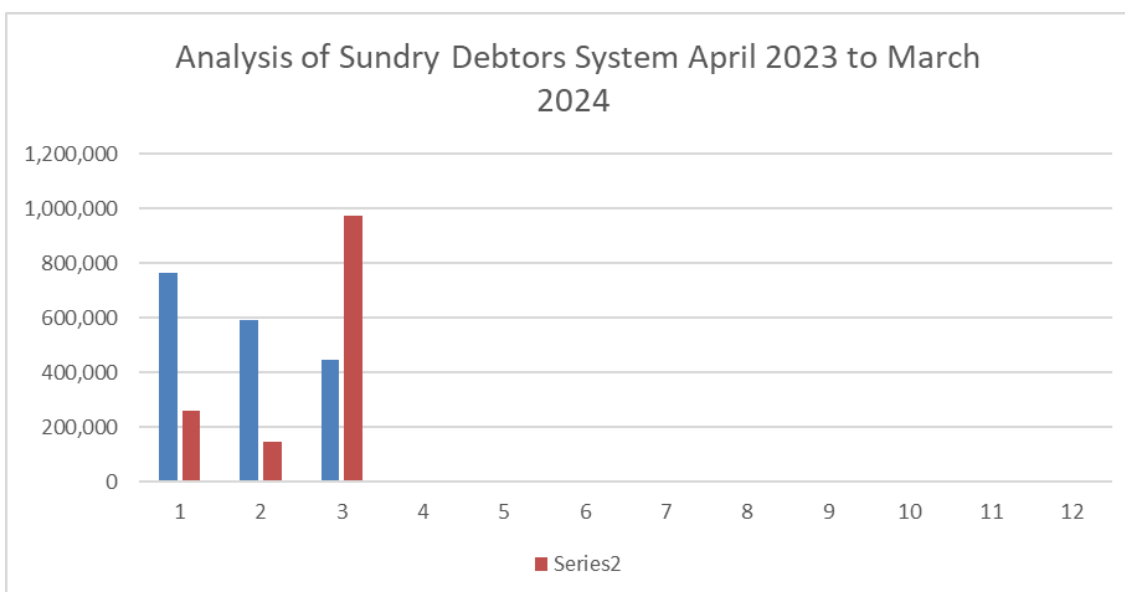
Operational Boundary & Authorised Limit	Original 2023/24 £'000	Q1 Revised 2023/24 £'000
Operational Boundary	20,500	20,500
Authorised Limit	22,500	22,500

Ratio of financing costs to net revenue stream	Original 2023/24 £'000	Q1 Revised 2023/24 £'000
Interest Payable - Services	274	127
Interest Receivable	(120)	(130)
<b>Net cost of capital</b>	<b>154</b>	<b>(3)</b>
Net Revenue Stream	10,227	10,227
<b>Ratio of financing costs to net revenue stream</b>	<b>1.51%</b>	<b>-0.03%</b>



### Sundry Debts Monitoring

Invoices raised in the year, to the end of Q1 totalled £1,803k. As at June 2023, £769k (43%) of new debts raised in the year were considered outstanding or overdue giving a derived collection rate of 57%.

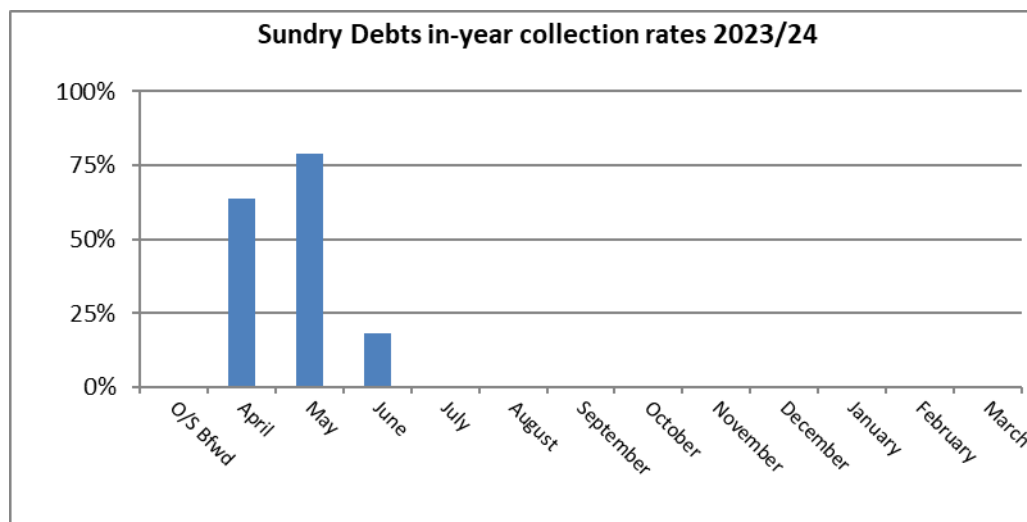


### Housing Rent Debts

Of the £662k of housing rent debts brought forward at April 2023 the Council has a provision of £288.5k brought forward for doubtful debts (43%), leaving a net £373k not currently provided for.

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### **Doubtful debts**

The debtor days in Q1, based on a rolling 12 month average has increased from 94 days to 99 days, for collection of sums due. This figure exceeds the target average of 80 days and is being investigated.

However, this increase is likely to be linked to slower recovery of 'aged' debt, for which the Council has set aside sufficient sums in the event of non-recovery (100%). The Council will consider any decision to write-off sums in due course following an analysis of recovery attempts eg Debtor has 'gone away' or sums are considered uneconomical to pursue further. Any such decision will be reported to Cabinet in accordance with the Council's Constitution.

Following a significant increase to the level of cover for bad and doubtful debts during 2020/21, the Council has a provision of c84% for debts its considered to be at risk of going unpaid (impairment) and c54% for total debt issued and considered overdue.

Given the subsequent collection performance of Q4 debts into 2023/24, the current level of provision is therefore adequate but will be maintained under review throughout 2023/24, given the ongoing, challenging economic conditions for individuals and businesses.

The general impairment provision carried forward at 31 March 2023 remains at £380.6k, with an additional £5.4k for Licensing debts.

Of the sundry debts below, £26k are held on the Local Land Charges Register.

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Debts Outstanding	Sep 2022	Dec 2022	Mar 2023		30 June 2023		Doubtful Debts at 30 June 2023	
	£k	£k	£k	£k	£k	£k	Rate	Value
Earlier Debt	54.7	54.7		54.7		54.7	100%	54.7
2017/18 Debt	68.4	68.4		64.5		64.5	100%	64.5
2018/19 Debt	61.5	60.7		59.9		59.7	100%	59.7
2019/20 Debt	25.3	24.2		23.7		21.4	100%	21.4
2020/21 Debt	125.5	116.6		116.8		112.4	100%	112.4
2021/22 Debt	79.8	63.8		87.2		56.2	75%	42.2
2022/23 Debt	585.1	722.6		1,420.3		361.6	50%	180.8
2023/24 Debt :								
Q1 Apr						278.8	15%	41.8
Q1 May						126.7	15%	19.0
Q1 Jun						365.6	15%	54.8
<b>Total Debt o/s</b>	<b>1,000.3</b>	<b>1,111.0</b>		<b>1,827.1</b>		<b>1,501.6</b>		<b>651.3</b>

### Capital

#### Capital Resources

**Table 1 - 2023/24 receipts**

Major Receipts:	Original Budget	Year to Date Forecast	
	£000	£000	£000
<b>Capital Receipts</b>			
Land & Property Sales	50	37	29
Obsolete refuse vehicles	50	20	90
<b>Net receipts to table 2</b>	<b>100</b>	<b>57</b>	<b>119</b>

**Table 2 - Useable Capital Resources**

Useable Capital Resources	£ 000
Balance at April 2023	278
Capital Grants in 2023/24	1,273
Capital Receipts in 2023/24	57
	<b>1,608</b>
Revenue Contributions	
from Earmarked Reserves	
from Revenue Operations	-
<b>Total Capital Resources 2023/24</b>	<b>1,608</b>
Capital Prog funding applied	(1,130)
<b>Total Capital Resources March 2024</b>	<b>478</b>
Capital Receipts Reserve (housing)	-
Capital Receipts Reserve (Whitworth)	76
Capital Receipts Reserve (Haslingden)	236
Capital Receipts Reserve (unalloc)	166

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### Current issues

None

### Financing the Capital Programme

The Useable Capital Receipts Reserve holds the balance of the funds generated by the sale of Council assets; the estimated balance brought forward at 1<sup>st</sup> April 2023 is £278k. This figure is still subject to the effect of the post-audit amendments to the 2017/18 accounts and subsequent years impact and the financing of 2021/22 Capital expenditure.

The original Capital Programme for 2022/23 approved in February 2023 was £5,963k, to which £6,002k (£2,567k DFG's) of slippage was added, relating to projects which were ongoing at the end of 2022/23.

The original 2023/24 estimate for DFGs included in the programme was £1,000k. The actual grant receivable in the year is £1,160k, so an additional £160k has been added to the base programme.

The total grant income expected for the approved capital programme is £2,045k. Current funding for the slippage carried forward into the 2023/24 capital programme consists of a mixture of resources, namely £4,317k of grants, capital receipts and (internal) borrowing. The most effective method of funding the Council's capital programme will be determined by the end of the financial year. Commentary on the projected Capital outturn can be seen on page x.

The total in the Useable Capital Receipts Reserve at the end of 2023/24 is currently expected to be £478k. This represents the most effective method of financing the planned Capital spend in 2023/24. It is noted that Capital resources remain earmarked for Whitworth projects (£76k), and Haslingden Regeneration (£236k) respectively and that the Council will assess the most effective method of financing these projects as they fall due.

### Future Issues

Slippage on schemes approved in the 2022/23 programme will be moved into 2023/24 where appropriate, along with the estimated source of financing.

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## Capital Programme Spending

Capital Programme 2023/24	Original Cap Prog	Revised Cap Prog	Spent	Full-Year Forecast	Variance (Adv)/Fav	Estimated Slippage	Adj Variance (Adv)/Fav	Indicative Funding Arrangements				
	£000	£000	£000	£000	£000	£000	£000	Grants/Contrib'n	Capital Receipts	Reserves /RCCO	RBC Int Borrow	
<b>Communities Directorate</b>												
IT Software & Equipment	14	117	60	60	57	57	-	-	-	-	-	60
Operations	399	399	692	770	(371)	(371)	-	-	200	-	-	570
Communities	365	731	213	711	20	20	-	563	37	31	-	80
Stubbylee Skate Park	-	42	42	42	-	-	-	-	-	-	-	42
Stubbylee Tennis Courts	-	57	13	13	44	44	-	13	-	-	-	-
Parks Parking	30	30	-	30	-	-	-	-	-	-	-	30
Whitaker Park	85	131	93	93	38	38	-	93	-	-	-	-
Marl Pits - Running Track	-	-	(1)	-	-	-	-	-	-	-	-	-
Edgeside Park	-	34	32	34	-	-	-	34	-	-	-	-
<b>Economic Devt Directorate</b>												
Housing	1,780	4,607	659	1,503	3,104	3,104	-	800	-	203	-	500
Stubbylee Hall	-	-	4	4	(4)	(4)	-	-	-	-	-	4
Henrietta Street Depot Improvements	-	115	3	4	111	111	-	-	-	-	-	4
Futures Park	-	525	1	25	500	500	-	-	-	-	-	25
Spinning Point (Bus Station)	-	20	-	-	20	20	-	-	-	-	-	-
Property Repairs & Maint	100	165	-	101	64	64	-	-	-	-	-	101
Car Parks General 22-26 MTFS	30	80	2	37	43	43	-	-	-	-	-	37
Bacup Historic England	285	350	42	285	65	65	-	225	60	-	-	-
Haslingden 2040 NLHF	725	1,980	95	250	1,730	1,730	-	198	52	-	-	-
Museum Improvements	-	-	15	15	(15)	(15)	-	-	-	-	-	15
Rawtenstall Market Electrical Works	-	101	-	-	101	101	-	-	-	-	-	-
Rawtenstall Market External Cabins	-	6	6	6	-	-	-	-	-	-	-	6
Hareholme Viaduct	-	100	6	6	94	94	-	-	-	-	-	6
Carbon Reduction Fund	250	627	83	200	427	427	-	-	-	-	-	200
Christmas Lighting Catenary	-	33	-	33	-	-	-	-	-	-	-	33
Leisure Facilities Upgrade and Liabilities	-	108	43	54	54	54	-	34	-	-	-	20
Legacy Liabilities	100	200	-	-	200	200	-	-	-	-	-	-
Levelling Up Projects	1,800	1,800	1	85	1,715	1,715	-	85	-	-	-	-
	<b>5,963</b>	<b>12,358</b>	<b>2,104</b>	<b>4,361</b>	<b>7,997</b>	<b>7,997</b>		<b>2,045</b>	<b>349</b>	<b>234</b>		<b>1,733</b>

Capital Programme 2023/24	£000	Funded by
Original Capital Programme	5,963	
Slippage from 2022/23	6,002	see list
<b>Increase to capital projects in 2023/24</b>		
Weir Play Area	130	Grant / Capital Receipts
Stubbylee Tennis Courts	57	External Grants
Whitaker Park Tennis Courts	46	External Grants
DFGs	160	External Grants
<b>Revised Capital Programme</b>	<b>12,358</b>	

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Slippage items cfwd at end of 2022/23	Costs '£000	Funding Arrangements			
		Grants/ Contrib'n	Capital Receipts	RCCO (reserves or S106)	RBC Int Borrow
<b>Customer Services &amp; IT :</b>					
Digital Access	73		73		
Printer Replacement	30		30		
<b>Communities Directorate :</b>					
Playgrounds (Various)	5		5		
Cemeteries	15				15
Pathways (Various)	34				34
Victoria Park Improvements	22				22
Edgeside Park	34	34			
Stubbylee Skate Park	42				42
Moller Ring Play Area Project	160	129		31	
	<b>415</b>	<b>163</b>	<b>108</b>	<b>31</b>	<b>113</b>
<b>Economic Development Directorate</b>					
Housing	2,667	2,667			
Carbon Reduction Fund	377				377
Futures Park	525	525			
Spinning Point (Bus Station)	20				20
Bacup High St Heritage Action Zone	65	65			
Haslingden 2040 NLHF	1,255	1,255			
Property Repairs & Maintenance	65		65		
Henrietta Street Depot Improvements	115				115
Car Parks General	50				50
Christmas Lighting Catenary	33				33
Rawtenstall Market Electrical Works	101				101
Rawtenstall Market External Cabins	6				6
Hareholme Viaduct	100				100
Leisure Facilities	108				108
Legacy Liabilities (Various)	100				100
	<b>5,587</b>	<b>4,512</b>	<b>65</b>	<b>0</b>	<b>1,010</b>
	<b>6,002</b>	<b>4,675</b>	<b>173</b>	<b>31</b>	<b>1,123</b>

### Capital Programme

The original Capital Programme was £4,064k, including £329k for the replacement of Vehicles and Equipment, and a provisional estimate of £1,000k for DFGs.

To this was added slippage of £1,750k from 2022/23, including the Carbon Reduction Fund. A revised estimate for DFGs has been made following confirmation of the 2023/24 grant allocation with a net increase of £160k. Additional projects have been added in respect of the Weir Play Area (£130k), Stubbylee Tennis Courts (£57k), Whitaker Park Tennis Courts (£46k), and UK Shared Prosperity Fund projects (£557k). An assessment of the timing of 'spend' has been

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undertaken as part of the development of the MTFs and cost estimates re-profiled over the medium term. The revised 2023/24 Capital Programme is now estimated at £6,764k. More details are provided in the tables above.

The indicative outturn for the Council's Capital expenditure programme at 31<sup>st</sup> March 2024 is £4,297k. The Council is currently assessing the most cost effective method of financing this expenditure from available resources, namely external grants and contributions, capital receipts and 'prudential' (internal/external) borrowing. The Council's current strategy is to finance expenditure from capital receipts where it is able to do so, in order to limit the future impact upon the Council's Revenue Account e.g. sums set aside for future repayment of loan principal and interest. However, it is acknowledged that the Council has an underlying need to borrow to finance its capital plans and proceeds from the disposal of assets are a finite resource.

As outlined above, the revised Capital Programme was re-profiled as part of the development of the MTFs, with the likely timing of the expenditure estimated. The actual timing of spend as at 31<sup>st</sup> March 2022 has caused an adverse variation against this estimate which will see future years' estimated spend adjusted to reflect spend being incurred earlier than anticipated.

Items of estimated slippage and the associated funding arrangements are shown in the table above.

The revised Capital Programme over the life of the MTFs will be amended to reflect the timing variation as outlined above and finalisation of slippage adjustments

### Minimum Revenue Provision (MRP)

Minimum Revenue Provision (MRP)	MRP Budget	Revised MRP Required	Potential (Additions) / Savings
	2023/24	2023/24	2023/24
	£000	£000	£000
Corporate	549.6	549.3	0.3
	549.6	549.3	0.3

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

The MRP cost is currently estimated to be on budget.

### Section 106 Receipts Monitoring

Section 106 Agreements	Third Party Projects	RBC Revenue Projects	RBC Capital projects	Total Held
<b>2022/23</b>				
	£000	£000	£000	£000
Balance b fwd at 1st April 2022	326.6	104.6	770.3	<b>1,201.5</b>
Deposits received in 2022/23			22.3	<b>22.3</b>
Deposits applied in 2022/23	(0.8)	(10.0)		<b>(10.8)</b>
<b>Current Balance</b>	<b>325.8</b>	<b>94.6</b>	<b>792.6</b>	<b>1,213.0</b>

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<b>Section 106 Agreements 2022/23</b>	<b>Third Party Projects</b>	<b>RBC Revenue Projects</b>	<b>RBC Capital projects</b>	<b>Total Held</b>
	£000	£000	£000	£000
Balance b fwd at 1st April 2022	326.6	104.6	770.3	1,201.5
Deposits received in 2022/23			22.3	22.3
Deposits applied in 2022/23	(0.8)	(10.0)		(10.8)
<b>Current Balance</b>	<b>325.8</b>	<b>94.6</b>	<b>792.6</b>	<b>1,213.0</b>

The value of S106 agreements brought forward on the 1<sup>st</sup> April was £1,201.5k. To the end of June 2022, £22.3k of new S106 deposits have been received and £10.8k of monies held have been applied to fund expenditure.

<b>Section 106 Agreements in detail</b>	<b>Third Party Projects</b>	<b>RBC Revenue Projects</b>	<b>RBC Capital projects</b>	<b>Total Held</b>
<b>Balance b fwd at 1st April 2022</b>	<b>326.6</b>	<b>104.6</b>	<b>770.3</b>	<b>1,201.5</b>
Douglas Rd		(10.0)		(10.0)
Scout Moor	(0.8)			(0.8)
Station Rd, Whitworth			22.3	22.3
	<b>325.8</b>	<b>94.6</b>	<b>792.6</b>	<b>1,213.0</b>

### Council Tax & NNDR Collection Rates

Cumulative Collection	Council Tax						Business Rates					
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
April	10.41	10.51	10.04	10.90	10.44	10.11	11.26	12.22	10.24	8.60	12.78	12.79
May	19.72	19.70	18.96	19.70	19.44	19.48	18.93	21.07	18.89	16.20	31.81	21.29
June	28.79	28.63	27.62	28.70	28.35	28.19	27.28	28.68	25.62	24.30	28.16	28.19
July	37.97	37.86	36.56	37.66	37.21	37.09	36.25	37.37	33.92	33.96	35.83	35.87
August	47.03	46.90	45.24	46.71	46.21		49.93	50.82	48.55	47.63	47.86	
September	56.05	56.01	54.29	55.43	55.64		58.43	58.34	57.84	56.05	55.54	
October	65.32	65.23	63.29	71.16	64.55		67.95	67.52	68.97	64.90	64.73	
November	74.52	74.78	72.30	78.43	73.49		74.77	74.26	77.15	73.09	74.88	
December	83.55	83.33	80.90	82.12	82.25		83.00	82.70	85.92	81.41	81.91	
January	92.72	92.48	89.90	90.96	91.22		91.11	90.91	90.17	89.30	94.79	
February	94.90	94.60	92.37	93.43	93.85		95.73	95.00	93.66	95.13	94.73	
March	96.70	96.32	95.72	95.59	95.95		98.47	97.78	94.19	98.15	98.85	

Collection rates for Council Tax are recovering but are not yet back at pre-pandemic levels with collection performance for 2023/24 slightly below that of 2021/22 (-0.53%). This remains an area of focus into 2023/24 given the 'Cost of Living Crisis' and potential impact on future collection.

For Business Rates however, the situation is harder to gauge as collection rates were distorted in 2022/23 by the Covid relief the Government distributed. 2023/24 are also distorted by the

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transitional reliefs given to businesses due to the Business Rates revaluation, which kicked in from April 2023.

### Council Tax Collection Fund

At the time of this report the estimated surplus on the Council Tax collection fund is forecast at £1,012k. This includes a £500k contribution for doubtful debts. It must be noted, we are only a quarter of the way through the year and based on the current economic climate this position could change significantly as the year progresses. This year RBC's share of the Council Tax is 13.55%, equating to £137k of the forecast surplus.

Council Tax Forecast 2023/24	Q1 £'000
Council Tax Collectable (after Discounts & Exemptions)	47,559
less Doubtful Debt Provision	(500)
	<b>47,059</b>
less Precepts for 2022/23	
Lancashire County Council	(32,798)
Police	(5,237)
Fire	(1,714)
Rosendale Borough Council	(6,238)
Whitworth Town Council	(60)
	<b>(46,047)</b>
<b>Surplus / (Deficit)</b>	<b>1,012</b>
<b>RBC Share = 13.55%</b>	<b>137</b>

### Local retention of Business Rates (NNDR)

Under the 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 business rates collection fund is now predicting a deficit of £581k in 2023/24, the Council retains a local share of any surplus or deficit arising at year-end from activity on the fund, in the sum of 40%, thus the Council's share of the deficit is £233k. This is largely due to a further successful business rates appeal relating to Tesco, which have resulted in reducing their rateable values significantly, backdated to 2010. Whilst there is an

Business Rates Collection Fund 2023/24 (50% Pool)	NNDR1 £000	Q1 £000
Net Liability Due	13,602	12,975
Use of Appeals Provision	0	0
Less Cost of Collection Allowance	(97)	(96)
Less Doubtful Debt Provision	(300)	(300)
Less Appeals Provision	(500)	(500)
Less Renewables 100% to RBC	(228)	(183)
<b>Net NNDR due</b>	<b>12,477</b>	<b>11,896</b>
Transitional reliefs	1,787	1,787
Less Precepts	(14,264)	(14,264)
Cash Surplus/(Deficit)	0	(581)
<b>RBC Share = C x 40%</b>	0	<b>(233)</b>
Central Government share 50%		(291)
LCC and Fire share 10%		(58)

appeals provision within the Collection fund to cover the cash refund due, the rateable value reduction will adversely affect the Council's in-year cashflow, because although the net liability due from the businesses has decreased, under existing legislation, the Council is required to make good its payments to major preceptors as originally assumed, despite a reduction in Collection Fund income.

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RBC General Fund / Pooling gains		NNDR1 £000	Q1 £000
Business Rates Income	A+B	14,264	13,683
RBC Share = 40%		4,517	5,473
less tariff paid to Lancashire Pool		(3,482)	(3,482)
add S31 Grants (for Levy calculation)	E	2,456	2,456
Subtotal		3,491	4,447
RBC Baseline Funding Level used in Budget		2,261	2,261
<b>Surplus for Levy Calculations</b>	<b>F</b>	<b>1,230</b>	<b>2,186</b>
Levy due for non Pool membership 50%		(615)	(1,093)
Levy payable as Pool member 10% of above	G	(62)	(109)
<b>Retained Levy through Pool membership</b>		<b>554</b>	<b>984</b>

The Council, is part of the Lancashire Business Rates Pool, each year the Council is subject to a levy payment of 50% of calculated business rates growth, above its baseline funding level, as determined annually in the Local Government Finance Settlement. Membership of the Pool restricts this levy to 10% (of the 50% levy) and allows the Council to hold the balance as 'retained levy'

thus reducing the total value of sums paid over to central Government, to apply locally. Therefore even though it is anticipated the Council will suffer a collection fund loss of £233k a pooling gain is estimated of £984k. The February 2023 MTFS included a contribution of an estimated pooling gain of £500k, whilst we are still early in the year if the current forecast materialises it will result in a £484k surplus against that income budget.

Central government also gives authorities Section 31 grants to cover small business reliefs and other government-backed schemes. In the NNDR1 budget submission in January 2023 the estimate for those grants totalled £1,787k.

The table shows the potential impact on the Business Rates Retention Reserve, although it must be noted the reserve includes funds provided by Government to cover the impact of the 2020/21 & 2021/22 Collection Fund deficits arising from the additional Covid reliefs awarded to businesses throughout the pandemic that will not fully unwind until the end of 2023/24.

Business Rates Summary		NNDR1 £000	Q1 £000
Business Rates Surplus/(Deficit) 2022/23	F	1,230	2,186
less Lancashire Pooling Levy	G	(62)	(109)
Renewable Energy		183	183
<b>Overall Gain/(loss)</b>	<b>H</b>	<b>1,352</b>	<b>2,260</b>
Business Rates Retention Reserve Bfwd		1,906	1,906
Business Rates Cash Surplus/(Deficit) 2022/23		(182)	(1,913)
Business Rates Cash Surplus/(Deficit) 2023/24	H	1,352	2,260
Less Budgeted Utilisation		0	0
<b>Total Retained Business Rates Resources Cfwd</b>		<b>3,076</b>	<b>2,253</b>

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## Glossary

### Accrual

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

### Capital expenditure

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

### Capital Grants Received in Advance

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

### Capital Receipts

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

### Cash & Cash Equivalents

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

### Collection Fund

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

### Compulsory Purchase Order (CPO)

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

### Consumer Price Index (CPI)

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

### Earmarked Reserves

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

### Full Time Equivalent (FTE)

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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.

### Grants Unapplied

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

### Homes and Communities Agency (HCA)

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

### Investments

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

### Link Asset Services (formerly Capita & Sector)

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

### Medium Term Financial Strategy (MTFS)

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

### Minimum Revenue Provision (MRP)

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

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

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

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

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

### Provision

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

### Provisional

Best forecast given current knowledge.

### Public Works Loans Board (PWLB)

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

### Reserve

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

### Revenue account

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

### Section 106 Agreement

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

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