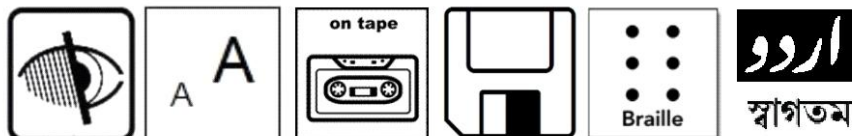


# Monthly Financial Monitoring Report

2014/15 as at end of September 2014

*Including a Glossary of terms on page 32*



## Monthly Financial Monitoring Report 2014/15 – September 2014

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

During 2014/15 this monitoring report will be produced in full at the end of each quarter to tie in with reports to Cabinet. Interim budget monitoring reports are being produced each month and discussed with Budget Managers and Heads of Service.

The Q2 monitoring report on the General Fund for 2014/15 is showing a £106k favourable variance compared to the original budget of £8,905k. This assumes that the planned use of £23k from the Transitional Budget Reserve is deferred to support revenue budgets in future years.

Although we are still in the early stages of the year, it is recommended that the £106k favourable variance is transferred to the Transitional Reserve, thereby keeping the General fund Reserve at the MTFS target of £1m.

### Earmarked Revenue Reserves – page 22 to 23

The total cash-backed Earmarked Reserves brought forward at 1<sup>st</sup> April 2014 were £7,179.9k (excluding the Transport Reserve).

The Transitional Reserve now includes an expected net transfer in of £106k of general underspend shown above along with the £189k additional New Homes Bonus and £486k additional Licensing income as shown on pages 10/11. This brings the value at the end of year up to £2,000k, covering the requirement for £1,992k to support the revenue budgets up to 2017/18 as quoted in the MTFS report to Cabinet back in June.

The Vehicle Reserve not only includes the budgeted contribution of £121k, but also the additional £100k contribution noted on pages 8/9.

The Business Rates Retention Reserve is now predicted to increase by around £300k each year as a result of the Section 31 grant situation, plus any surplus or deficit in cash terms from collections, discounts and increases in the total rateable value of properties in the borough.

The forecast closing balance at the 31<sup>st</sup> March 2015 is now predicted to be £7,904k. Changes to the business rates retention reserve could lead to a balance at March 2019 of £7,130k.

### Government Grants Unapplied – page 24

The opening value of Government Grants Unapplied at the 1<sup>st</sup> April 2014 was £683k. This included £376k of Housing Capital Pot and £270k of Homes and Communities Agency (HCA) Grants.

The HCA scheme is progressing, with £1,966k received in the year to date and £1,255k having been invested in homes across Rossendale and its neighbouring authorities so far with the remaining £981k due in the next six months. The total number of properties brought back into use to date is 368 with 78 (21%) within Rossendale. These figures are expected to reach around 480 for the whole scheme with 113 being in Rossendale.

The forecast balance at March 2015 is now revised to £238k, which is expected to reduce to £25k by March 2017.

### Staff Monitoring – page 24

During the first six months 0.8 FTEs have been removed from the establishment. Of the remaining 162.2 FTEs, there are 5 vacant post at the end of September. These changes have contributed to cash savings on staff costs of £117k, projected to rise to £167k for the full year.

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

Interest rates have fallen further in the first four months of the year and instant access accounts are now only realising 0.25% (less than the Base Rate for the first time). To counteract this officers have opened two alternative accounts with Lloyds which will earn 0.4% for instant access and 0.57% for 32-day notice deposits. This has improved the forecast for interest income by £3k on the last report, but this still leaves an adverse variance of £25k.

At £2,032k, the level of invoices issued since April is 26% up on last year, but the level of outstanding debt has dropped to £521k. Despite the value of invoices issued, the collections rates are continuing to show improvement and the number of debtor days has fallen from 88 at the end of July to 68 days at the end of September.

One S106 agreement for £96k, which is the subject of ongoing negotiations, has been excluded from the calculation of the doubtful debts figure, leaving an estimate of £101k against which the Council has a provision of £88k. Hence, there may be a need to make further bad debt provision by the year-end which will be incorporated at Q3.

### Capital Receipts – page 28

Receipts from asset sales have been slow in the first six months, but officers are still optimistic about achieving the target of £100k.

Following on from the refuse fleet replacement decision, officers also expect to obtain around £200k from the auction of the old fleet in Q4. These funds will be used to reduce the internal borrowing required to support the new fleet.

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

The approved capital programme started the year at £910k, to which £896k of slippage on capital projects crossing the financial year-end has been added. New projects have added a further £1963k to date, with £1,581k of replacement refuse vehicles being added in September. This means that the revised capital programme for 2014/15 now totals £3,767k.

In terms of capital activity, the vehicle replacement tender has been concluded and a purchase order has been issued which should see the new vehicles being delivered in December. The DFG programme now stands at £342k, or 45% complete and other completed projects include the extended Marl Pits pavilion works at a total cost of £124k.

### Collection Fund 2014/15 – page 31 & 32

Collection rate for Council Tax is marginally down on this time last year whilst Business Rates are slightly ahead, but both are predicting a year-end surplus at this stage.

Council Tax has seen policy changes on empty properties and a slow-down in rating appeals which look set to return a surplus of £180k for the Council.

Business Rates variances are explained in detail on page 32. The in-year surplus on the collection fund for business rates are expected to be around £172k for this council, but these funds cannot be accessed until 2015/16. In terms of Section 31 grants and localism reliefs the council has already received an additional £550k, but central government will require £257k of this to be paid back over in March in the form of a levy. All these figures are reflected as transfers in and out of the Business Rates Retention Reserve on page 22.

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### General Fund Revenue Operations

#### General Fund Summary - Quarter 2 (Sept)

Service Area	2014/15 Original Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr 2 (Adv)/Fav £000
<b>Place Directorate</b>					
Customer Services and E-Government	1,386.9	1,359.8	27.1	29.5	(2.4)
Place Operations	2,614.0	2,521.5	92.5	21.3	71.2
<b>Business Directorate</b>					
Building Control Services	6.1	6.3	(0.3)	3.7	(4.0)
Legal & Democratic Services	703.5	672.1	31.3	38.5	(7.2)
Planning Services	(81.5)	(141.3)	59.8	70.0	(10.2)
Local Land Charges	13.5	(1.2)	14.7	12.4	2.3
Licensing & Enforcement	64.8	62.4	2.4	1.2	1.2
Health, Housing & Regeneration	849.7	825.3	24.4	22.9	1.5
<b>Corporate Support Services</b>					
Corporate Management	326.7	260.6	66.1	65.8	0.3
Finance & Property Services	1,424.9	1,473.2	(48.3)	(38.0)	(10.3)
People and Policy	311.3	251.1	60.2	40.6	19.6
Non Distributed Costs	880.3	1,023.8	(143.5)	(143.2)	(0.3)
Capital Financing and Interest	185.9	207.7	(21.8)	(28.0)	6.2
Leisure	241.6	277.3	(35.7)	(35.7)	0.0
Use of Earmarked Reserves	(22.8)	-	(22.8)	(23.0)	0.2
<b>Favourable impact on General Fund</b>	<b>8,905.0</b>	<b>8,798.8</b>	<b>106.2</b>	<b>38.0</b>	<b>68.2</b>

The revenue position at the end of September 2014 takes account of various favourable and adverse variances, including the net transfer of £782k to earmarked reserves and not using £23k from reserves as originally planned, coming to a net favourable £106k.

Total anticipated favourable variance in relation to staff is £167k favourable. The table on page 24 shows a current reduction of 0.8 FTEs against the original establishment of 163.0 FTEs at the start of the year. The cash effect during the first 4 months of the year has been savings of £61k.

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

- Whilst the recovery of benefit overpayments has improved by £14k, the number of current debts being taken to court has reduced, leading to reduced income from court fees though this should reflect an improvement in the level of council tax and business rates being collected.
- Operations staff costs are showing a favourable variance of £42.9k following one retirement and several vacancies.
- Vehicle maintenance forecasts show favourable £36.9k due to lower than expected levels of spend in-year, and the early purchase of the new front line fleet tender.
- Fee income from cemeteries, planning applications, building inspections and markets are all showing adverse movements.
- The costs associated with the Mount Pleasant case have increased by £12k to a forecast total of £89.4k now.
- LCC contributions toward Children's Trust activities undertaken on their behalf have led to a favourable movement of £15k.
- Interest rates on the Council's bank accounts have improved by £5.1k to £25.4k adverse.

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Major movements during Q2	Favourable /(Adverse)	Net
<b>Customer Services and E-Government</b>		
Recover of Benefits overpayments	14.0	
Court Costs	(10.0)	
Other minor variances	(6.4)	(2.4)
<b>Place Operations</b>		
Staff costs	42.9	
Cemeteries Income	(15.0)	
Vehicle Maintenance	36.9	
Other minor variances	6.4	71.2
<b>Business Directorate</b>		
Income from Planning Applications	(15.0)	
Income from Building Inspections	(8.9)	
Professional Support - Legal	8.3	
Other minor variances	(2.2)	(17.8)
<b>Business - Health, Housing &amp; Regeneration</b>		
Markets Income	(7.1)	
Rogue landlords project - recharge of officer time	7.0	
Homelessness Bonds in default cases	(4.2)	
Other minor variances	5.8	1.5
<b>Corporate Management</b>		
Contribution from Whitworth Town Council for Town Clerk	(2.0)	
Other minor variances	2.3	0.3
<b>Finance &amp; Property Services</b>		
Mount Pleasant - house of multiple occupancy	(12.0)	
Other minor variances	1.7	(10.3)
<b>People &amp; Policy (incl P&amp;P &amp; Comm)</b>		
LCC contribution for Children's Trust Duties	15.0	
HR Officer Vacancy	2.5	
Other minor variances	2.1	19.6
<b>Non-Distributed Costs &amp; Capital Financing</b>		
Interest Income	5.1	
Other minor variances	1.1	6.2
<b>This month's favourable/(adverse) variance on the General Fund</b>		<b>68.2</b>

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

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported £000	Change in Quarter 2 (Adv)/Fav £000
<b>Strategic Functions</b>					
Management and Support	69.5	69.9	(0.4)	-	(0.4)
Service Assurance Team	111.9	102.1	9.8	7.2	2.6
<b>Revenues, Benefits and Customer Services</b>					
Local Tax Collection	(337.8)	(354.8)	17.0	27.0	(10.0)
Benefits Admin	1,020.5	1,012.0	8.4	6.1	2.3
Net - Housing Benefit Payments made & Subsidy received	(38.5)	(34.1)	(4.4)	(16.8)	12.4
<b>Information and Communications Technology</b>					
Technology	561.4	565.0	(3.6)	(3.9)	0.3
<b>Pest Control</b>					
Pest Control	-	(0.3)	0.3	4.0	(3.7)
<b>Total</b>	<b>1,386.9</b>	<b>1,359.8</b>	<b>27.1</b>	<b>23.6</b>	<b>3.5</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
Bailiffs fees for Housing Benefit over payments recovered	(2.5)	(1.5)	(4.0)	
Cash recovery of Housing Benefit over payments	(14.7)	14.0	(0.7)	
Court Costs Awarded	25.0	(10.0)	15.0	
Vacant post within the Service Assurance Team	8.6	(0.2)	8.4	
Projected inflationary uplift - Outsourced contract with Capita for provision of revenue collection & Housing Benefit	5.4	-	5.4	
Employee joining pension scheme	(3.0)		(3.0)	
External Computer Centre / Disaster Recovery	(1.0)	4.5	3.5	
Web Development & Maintenance	8.0		8.0	
Intruder Testing - Compliance with PSN testing		(4.5)	(4.5)	
Other Miscellaneous variances	(2.2)	1.2	(1.0)	
<b>TOTAL</b>	<b>23.6</b>	<b>3.5</b>	<b>27.1</b>	

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# Monthly Financial Monitoring Report 2014/15 – September 2014

## Customer Service & E-Government Highlight Report – (September 2014)

### Historic Issues

- A vacancy within the Service Assurance Team (now filled) has generated savings of £8.4k
- The Council has set aside £20k for development and maintenance of its' website, there is a projected saving against this budget of £8k.
- The Capita contract is uplifted by September RPI, there is a projected saving of £5k, reflecting decreases to RPI

### Current Month Issues

- The headline figure is a projected under spend of £27.1 against the approved budget, a favourable movement in month of £3.5k the key variances are discussed below.
- The Council recovers housing benefit over payments via cash repayments or deductions from on-going Housing Benefit entitlement. Higher receipts in the quarter have improved the projected year-end position by £14k. Predicting the cash receipts of Housing benefit overpayments is difficult as one-off large repayments are ad-hoc in their nature.
- The Council is awarded court costs where it takes legal action for non-payment of Council Tax or Business Rates, income from court costs have moved adversely in the quarter by £10k, reflecting in part a more prudent view of future bad debts.

### Future Issues

- Nothing to be reported.

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### Place Operations - Quarter 2 (Sept)

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported £000	Change in Quarter 2 (Adv)/Fav £000
<b>Strategic Functions</b>					
Operations Admin / Vehicle Maintenance	444.5	411.5	33.0	6.3	26.7
<b>Operational Functions</b>					
Refuse Collection	958.4	913.5	44.9	9.9	35.0
Street Sweeping	345.8	367.3	(21.4)	(29.2)	7.8
Parks & Open Spaces	1,008.8	945.3	63.5	46.8	16.7
Cemeteries	(143.5)	(116.0)	(27.4)	(12.4)	(15.0)
<b>Total</b>	<b>2,614.0</b>	<b>2,521.5</b>	<b>92.5</b>	<b>21.4</b>	<b>71.1</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
Vehicle Maintenance	34.8	36.9	71.7	
Fuel	66.4	1.9	68.3	
Parks Salary Variances (Officer Vacancy and Retirement)	26.8	12.1	38.9	
Parks Summer Agency	17.5	-	17.5	
Parks Efficiency Savings Target	(35.0)	-	(35.0)	
Overtime Budgets	17.8	(1.4)	16.4	
Henrietta Street Salary Variances	-	15.3	15.3	
Purchase of Tools and Equipment	14.3	(3.5)	10.8	
Refuse Bin Deliveries	10.0	-	10.0	
Fleet Maintenance Staffing Restructure and Agency Use	-	12.9	12.9	
Reduced Contribution to Healey Dell Park	8.3	-	8.3	
Sale of Obsolete Equipment	4.1	3.1	7.2	
Car Allowances	4.9	-	4.9	
Vehicle Tax	-	4.7	4.7	
Residual/Trade Waste and Bulky Collections Income	-	(3.3)	(3.3)	
Reduced LCC public realm funding	(3.6)	-	(3.6)	
Street sweeping Salaries and Agency use	(8.9)	4.0	(4.9)	
Recycling Income	(22.8)	0.3	(22.5)	
Cemeteries Income	(12.4)	(15.0)	(27.4)	
Transfer to Vehicle Replacement Reserve	(100.0)	-	(100.0)	
Other Variances	(0.8)	3.1	2.3	
<b>TOTAL</b>	<b>21.4</b>	<b>71.1</b>	<b>92.5</b>	

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# Monthly Financial Monitoring Report 2014/15 – September 2014

## Operations Highlight Report – Quarter 2 (September)

### Historic Issues

- Operations fuel budgets are now forecast to underspend by £68.3k, this underspend will help to offset the challenges faced in the council's medium term financial strategy.
- £100k has been moved into the Vehicle Replacement Reserve. This money will fund the outright purchase of any vehicles necessary to support the operational requirements of the department.
- Forecast recycling income is still significantly less than was budgeted; this is due to falling market prices received for our paper and card recycling and a drop in the tonnages of waste being collected.

### Current Quarter Issues

- At the end of September the Operations budget is forecast to under spend by £92.5k, a favourable movement from July of £71.1k. The key movements are discussed below:
- The underspend on Vehicle Maintenance has increased from £34.8k (reported in July) to £71.7k. This favourable movement is due to, lower than expected levels of spend in-year to date, and the early purchase of the new front line fleet tender. The councils new refuse vehicles will begin operational functionality in December; as such the forecast expenditure on maintenance costs has been reduced in line with that expected of a new fleet.
- A parks officer has retired, resulting in a favourable salary variance of £11.5k, this combined with the savings from the vacant posts (£26.8k) are being used to offset the in-year efficiency savings target of £35k.
- Henrietta Street salary costs show a favourable variance of £15.3k; this is predominantly due to one of the support staff moving to a new job within the council and one staff member being on maternity leave.
- One of the vehicle mechanics has left the council and the fleet maintenance department has undergone a small restructure, the saving from this is £12.9k and no posts have been lost.
- Cemeteries income projections have dropped by £15k, resulting in a total adverse variance of £27.4k. The total numbers of burials across the borough are significantly lower than previous years and there appears to be a slight increase in the proportion of people choosing cremation over burials.

### Futures Issues

- The order for a new front line fleet has been placed and receipt of the vehicles will occur during December. Following an estimated receipt of £200k from the auction of the old vehicles the net cost of the fleet (£1,381k) will be funded from internal borrowing, repayable by MRP over a life of 5 years. This revised forecast of MRP for 2015/16 onwards is £7k less than the current MRP budget, as noted on page 30.

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## Business Services - Quarter 2 (Sept)

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported Quarter £000	Change in Quarter 2 (Adv)/Fav £000
<b>Planning</b>					
Development Control	(221.4)	(280.4)	59.0	70.4	(11.4)
Forward Planning	139.9	139.1	0.8	(0.3)	1.1
<b>Land Charges</b>	13.5	(1.2)	14.7	12.4	2.3
<b>Building Control</b>					
Building Control - Fee Earning Account	(46.5)	(44.0)	(2.6)	2.7	(5.3)
Building Control - Statutory Function	44.6	41.9	2.7	2.7	(0.0)
Building Control - Street Signs	8.0	8.3	(0.3)	(1.7)	1.4
<b>Legal Services</b>	154.6	146.4	8.2	7.7	0.5
<b>Democratic Services</b>					
Electoral Registration	54.7	53.2	1.5	0.5	1.0
Elections	69.5	69.5	0.0	10.9	(10.9)
Democratic Representation	364.5	355.8	8.7	7.1	1.6
Mayoralty	57.8	44.8	12.9	12.2	0.7
Town Twinning	2.5	2.5	-	-	-
<b>Licensing &amp; Enforcement</b>	64.8	62.4	2.4	1.2	1.2
<b>Total</b>	<b>706.3</b>	<b>598.4</b>	<b>108.0</b>	<b>125.8</b>	<b>(17.8)</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
Planning Re-structure salary related savings	45.9	1.5	47.4	
Income from Planning Applications	11.1	(15.0)	(3.9)	
Planning - use of external consultants	7.5	1.7	9.2	
New Homes Bonus Income	189.0		189.0	
Transfer New Homes Bonus Surplus to Earmarked reserve	(189.0)		(189.0)	
Forward Planning - Reduced Hours following Maternity Leave	4.5	0.2	4.7	
Land Charges Income / Search fees	15.8		15.8	
Building Control - Car Allowances	4.3	0.1	4.4	
Building Control - Income from Building Inspections	1.9	(8.9)	(7.0)	
Legal - Staff regrade following re-structure	(5.4)		(5.4)	
Legal Income & costs	4.2	(0.1)	4.1	
Legal - Professional Support	7.5	8.3	15.8	
Council Bye -Elections	6.6	(6.6)	-	
Mayoral Attendants - Casual Staff	6.0	(0.2)	5.8	
Members Allowances & other expenses	8.6	4.0	12.6	
Taxi Licensing Income	486.0	7.0	493.0	
Transfer Surplus Taxi Licensing Income to earmarked reserve	(486.0)	(7.0)	(493.0)	
Miscellaneous Licensing Income	1.7		1.7	
Various other under spends	5.8	(3.0)	2.8	
<b>TOTAL</b>	<b>126.0</b>	<b>(18.0)</b>	<b>108.0</b>	

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# Monthly Financial Monitoring Report 2014/15 – September 2014

## Business Highlight Report – (September 2014)

### Historic Issues

- The restructure of the planning department will generate in-year savings of £47.4k
- Income from increased land charges searches are projected to be in excess of budget by £15k.
- Expenditure on members allowances and miscellaneous expenses are projected to be £12.6k below budget.
- Reduced salary expenditure arising from maternity pay will result in a £4.7k favourable variance on the Froward Planning Budget.
- The income from Building Control inspection fees is running behind budget, the projected year end position is £7k below target.

### Current Quarter Issues

- The Business directorate is currently forecast to under spend by £108k, an adverse movement in the Quarter of £17.8k the key variances in month are discussed below.
- Projected income from Planning application and building control inspections have moved adversely in month by £15k and £8.9k respectively. The year-end projections are a simple straight line forecast of the income received to-date. Planning income in particular is difficult to predict and is subject to variation depending of the timing of large planning applications.
- The previous quarter's forecast did not include costs associated with hosting a Council bye-election, the calling of a bye-election has impacted adversely on the budget projection by £6.6k.
- The Council has set aside funds to purchase in additional legal support from a neighbouring authority. However the majority of this support pertains to Taxi License appeals and has been absorbed by the increased Taxi License Income.
- Income from Taxi Licensing income is projected to be £493k above target; these surplus monies will be transferred to the Council's transitional reserve to support the Council's Medium Term Financial strategy in future years.

### Futures Issues

- None.

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### Health, Housing & Regeneration - Quarter 2 (Sept)

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported Quarter £000	Change in Quarter 2 (Adv)/Fav £000
<b>Strategic Functions</b>					
Regeneration Management & Admin	217.0	218.4	(1.3)	(1.5)	0.2
Tourism	-	(0.0)	0.0	-	0.0
Dog Warden	28.2	22.4	5.8	5.9	(0.1)
<b>Economic Regeneration</b>					
Economic Regeneration	105.8	110.7	(4.9)	(2.4)	(2.5)
Area Forum Grants	20.0	20.0	-	-	-
Markets	(110.2)	(91.9)	(18.3)	(11.0)	(7.3)
Whittaker Park Museum	71.2	74.5	(3.4)	(3.0)	(0.4)
<b>Strategic Housing</b>					
Housing Strategy	52.5	47.0	5.5	5.2	0.3
Homelessness	36.5	28.9	7.6	2.3	5.3
Private Sector Renewal	39.6	33.2	6.4	9.9	(3.5)
<b>Environmental Health</b>					
Environmental Health	389.1	362.1	27.0	23.4	3.6
<b>Total</b>	<b>849.7</b>	<b>825.3</b>	<b>24.4</b>	<b>28.8</b>	<b>(4.4)</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
Markets Income	(6.9)	(7.1)	(14.0)	Red
Increased Market Caretaker Hours	(1.3)		(1.3)	Yellow
Dog Warden - reduced call outs	5.9		5.9	Green
Council Tax on Compulsory Purchased Properties	(2.3)		(2.3)	Yellow
Private Sector Renewals - Flexible Retirements	6.0	0.4	6.4	Green
Private Sector Renewals - various non pay budgets	4.9	(4.7)	0.2	Green
Housing Strategy - purchase of additional annual leave	1.4		1.4	Green
Homelessness Bonds in default cases		(4.2)	(4.2)	Yellow
Environmental Health - Travel related costs	6.0		6.0	Green
Environmental Health - Use of external contractors	6.5		6.5	Green
Environmental Health - Employee not in pension scheme	5.6		5.6	Green
Environmental Health - Recharge of Officer time to Rogue Landlords Projects / vacancy	5.5	7.0	12.5	Green
Other Miscellaneous variances	(2.5)	4.2	1.7	Green
<b>TOTAL</b>	<b>28.8</b>	<b>(4.4)</b>	<b>24.4</b>	Green

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### Business - Health, Housing & Regeneration Highlight Report – (September 2014)

#### Historic Issues

- An employee leaving the pension scheme has resulted in projected savings of £5.6k
- The use of external contractors to support the council in its statutory duty inspecting permitted processes is projected to be £6k below budget.
- A Flexi retirement within the Private Sector Renewals team is generating savings of £6.4k.
- Officer time within the Environmental Health team recharged to the externally funded Rogue Landlords project is anticipated to generate savings of circa £6k.
- Calls outs to the Council's Dog Warden service are below previous years, consequently there is a projected under spend on this contract of £5.9k.

#### Current Quarter Issues

- Health, Housing and Regeneration are forecast to under spend by £24.4k, an adverse movement of £4.4k from the previous quarter the significant variances are:-
- Projected income from the rental of market stalls has moved adversely by £7k in the quarter reflecting vacancies across the three market sites.
- The projected salary under spend on the Environmental Health budget has moved favourably by £7k as a result of an early retirement and a vacant post.
- Around £6k of fee income on DFGs over and above the original budget will now be transferred as Revenue Contributions to the Capital Programme.

#### Future Issues

- Nothing to report

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### Corporate Management - Quarter 2 (Sept)

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported Quarter 2 £000	Change in Quarter 2 (Adv)/Fav £000
<b>Corporate Management</b>					
Executive Office	237.9	157.7	80.3	80.0	0.3
Corporate Contingency	-	19.7	(19.7)	(19.7)	(0.0)
Executive Support & Corporate Subscriptions	44.3	44.3	0.0	-	0.0
Concessionary Fares	4.0	6.0	(2.0)	(2.0)	-
Community Safety	40.5	33.0	7.5	7.5	(0.0)
<b>Total</b>	<b>326.7</b>	<b>260.6</b>	<b>66.1</b>	<b>65.8</b>	<b>0.3</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
Recharge of Chief Executive Salary to LCC - Joint Working	61.0	(0.6)	60.4	
Director of Communities Vacancy	15.0		15.0	
Contributions from Whitworth Town Council for Town Clerk Function	4.0	(2.0)	2.0	
Contribution to RTB Partnership	(20.0)		(20.0)	
Residual Community Safety budget - no longer required	6.6		6.6	
Other Misc. under /(over) spends	(0.8)	2.9	2.1	
<b>TOTAL</b>	<b>65.8</b>	<b>0.3</b>	<b>66.1</b>	

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# Monthly Financial Monitoring Report 2014/15 – September 2014

## Corporate Management Highlight Report – (September 2014)

### Historic Issues

- The Chief Executive is working in conjunction with LCC, and a proportion of her salary is being recharged to the County Council resulting in a saving against budget of £60k.
- There is in-year savings from the Director of Communities vacancy of £15k which remains unfilled.
- The Council has made a £20k contribution to a Partnership Arrangement with Barnfield looking at developing properties throughout Rossendale.

### Current Quarter Issues

- The Corporate Management budget is forecast to under-spend by £66.1k, there are no significant variances from the previous Quarter's budget monitoring.

### Futures Issues

- Nothing to report.

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### Finance and Property Services - Quarter 2 (Sept)

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported Quarter £000	Change in Quarter 2 (Adv)/Fav £000
<b>Financial Services Team</b>	328.1	320.3	7.8	8.9	(1.1)
<b>Internal Audit</b>	70.7	65.5	5.2	5.2	0.0
<b>Corporate Costs</b>					
External Audit Fee	66.0	66.0	-	-	-
Bank Charges (net of fees)	17.2	16.4	0.8	0.8	(0.0)
Treasury Management	6.6	6.6	-	-	-
<b>Property Services</b>					
Property Services Team	363.1	334.0	29.1	28.1	1.0
Corporate Estates	(11.1)	74.2	(85.3)	(78.2)	(7.1)
Non Domestic Estates	(103.2)	(102.6)	(0.6)	5.2	(5.8)
Office Accommodation	126.7	135.9	(9.2)	(10.6)	1.4
Operational Properties	371.0	329.7	41.3	37.5	3.8
Leisure Properties	79.2	80.6	(1.5)	(0.3)	(1.2)
Bus Shelters	8.8	8.5	0.3	(1.2)	1.5
Business Centre	101.9	138.2	(36.3)	(33.4)	(2.9)
<b>Total</b>	<b>1,424.9</b>	<b>1,473.2</b>	<b>(48.3)</b>	<b>(38.0)</b>	<b>(10.3)</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
Internal Audit Contract with LCC	5.2		5.2	
Miscellaneous Finance savings	9.7	(1.1)	8.6	
Repairs & Maintenance	3.3	(1.5)	1.8	
Electricity	0.6	(1.6)	(1.0)	
Gas	8.7	(1.3)	7.4	
NNDR	1.5	3.0	4.5	
Water	13.7	(0.1)	13.6	
Estates Income	(6.0)	1.9	(4.1)	
Emergency Planning / CCTV	15.3	0.3	15.6	
Cancellation of BT lines	1.4		1.4	
Mount Pleasant - House of Multiple Occupancy	(77.4)	(12.0)	(89.4)	
Delayed Departure from Hardman's Mill (relocation of servers)	(11.2)		(11.2)	
Legionella	(1.9)	1.1	(0.8)	
Boilers / Alarms etc.	1.5	(0.5)	1.0	
Business Centre Manager	18.7		18.7	
Business Centre Income - reduce number of tenants	(27.3)		(27.3)	
Business Centre Cleaners	(2.2)		(2.2)	
Business Centre Misc. Expenses	3.7		3.7	
Property Misc. Expenses	4.7	1.5	6.2	
<b>TOTAL</b>	<b>(38.0)</b>	<b>(10.3)</b>	<b>(48.3)</b>	

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# Monthly Financial Monitoring Report 2014/15 – September 2014

## Finance & Property Services - Monitoring Highlight Report – Quarter 2 (Sept)

### Financial Services

#### Historic Issues

- None

#### Current Quarter Issues

- The Council contract with Lancashire County Council is anticipated to generate saving of £4.5k in 2014/15

#### Futures Issues

- None

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### Property Services

#### Historic Issues

- The Council undertook legal proceeding to obtain an IMO (Interim Management Order) to directly manage a HMO (House of Multiple Occupancy). Upon receipt of the IMO the Council has invested in bringing the property up-to acceptable standards. Some of these costs will be recovered via Housing Benefit rental income. It is currently projected that £89.4k will be unrecovered at the end of the current financial year. The strategy to recover these costs will be from rents over a 5-year management agreement or a charge on the property.
- The Business Centre has lost 4 tenants during the start of the financial year. The room rental income is predicting a shortfall of £27.3k
- The disestablishment of the Business Centre Manager post has made a saving of £18.7k within the Service Area

#### Current Quarter Issues

- The Property Services budget is forecast to over spend by £62.1k
- The Repairs & Maintenance budget is showing an under spend of 1.8k
- The Electricity budget is showing over spend of £1k
- The Gas budget is showing under spend of 7.4k
- The NNDR budget has moved favourably by £3k due to a refund for Stubbylee Hall
- The water charge budgets are showing an under spend of £13.6k. The new charges for Surface Water & Highway Drainage applied by United Utilities have not been implemented again this year, these should have been phased-in in 2013/14
- Emergency Planning and CCTV Maintenance budgets are forecast to underspend by £15.6k
- The Estates income is under achieving by £4.1k. This is, in part, due to Bridge End House now being occupied
- The Expenses at Mount Pleasant has increased by £12k within the quarter
- The relocation of the Servers has been delayed for 12 months. Causing an over spend of £11.2k rental and £6.4k for utilities and NNDR (captured in Utility and NNDR figures)

#### Futures Issues

- The forecast for the rental income for Heys St Industrial units is based upon the insurance company paying for loss of rental income whilst the units are unfit for commercial use.

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### People and Policy - Quarter 2 (Sept)

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported Quarter £000	Change in Quarter 2 (Adv)/Fav £000
People & Organisational Development Human Resources	311.3	251.1	60.2	40.6	19.6
<b>Total</b>	<b>311.3</b>	<b>251.1</b>	<b>60.2</b>	<b>40.6</b>	<b>19.6</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
Recharge of Officer Time to Rogue Landlords Projects	4.5		4.5	
HR Officer vacancy		2.5	2.5	
Training	18.0		18.0	
New Health & Safety Contract	17.2		17.2	
LCC contribution for Children's Trust duties on its behalf		15.0	15.0	
Miscellaneous variances	0.9	2.1	3.0	
<b>TOTAL</b>	<b>40.6</b>	<b>19.6</b>	<b>60.2</b>	

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### People & Policy Highlight Report – (September 2014)

#### Historic Issues

- The Training budget is projected to under spend by £18k, reflecting past investment in training and the reducing head count of the Council.
- The Council has entered into a new contract for the provision of Health & Safety services, with projected year-end savings of £17.2k
- A proportion of an officer time within the People & Policy unit is recharged to the Rogue Landlords project which is externally funded resulting in savings of £4.5k.

#### Current Quarter Issues

- The People & Policy budget is forecast to under spend by £60.6k, a favourable movement in the quarter of £19.6k the key movement in the quarter being a receipt of £15k funding from LCC for the Children's Trust duties undertaken on their behalf by the RBC Policy Team.

#### Future Issues

- None

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## Monthly Financial Monitoring Report 2014/15 – September 2014

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

Quarter 2 (Sept)

Summary	2014/15 Org Budget £000	2014/15 Forecast £000	2014/15 Variance (Adv)/Fav £000	Variance last reported Quarter £000	Change in Quarter 2 (Adv)/Fav £000
<b>Non Distributed Costs</b>					
Employee & Pension Costs	882.6	1,020.9	(138.3)	(138.0)	(0.3)
Other Non-distributed Costs	(2.2)	2.9	(5.2)	(5.2)	0.0
<b>Capital Financing</b>					
Minimum Revenue Provision	114.5	114.5	-	-	-
Investment Interest	71.4	93.2	(21.8)	(28.0)	6.2
Use of earmarked reserve			(23.0)	(23.0)	
<b>Leisure</b>	241.6	277.3	(35.7)	(35.7)	0.0
<b>Total</b>	<b>1,307.9</b>	<b>1,508.8</b>	<b>(223.9)</b>	<b>(229.9)</b>	<b>6.0</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
Restructure costs - Rossendale Leisure Trust	(35.6)		(35.6)	
Superannuation added years	11.0	0.6	11.6	
Vat Shelter monies - Greenvale Homes	(150.0)		(150.0)	
Non Utilisation of reserves to support revenue budgets	(23.0)		(23.0)	
Interest income	(30.5)	5.1	(25.4)	
Other minor variances	(1.8)	0.3	(1.5)	
<b>TOTAL</b>	<b>(229.9)</b>	<b>6.0</b>	<b>(223.9)</b>	

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### Non-Distributed Costs & Capital Financing - Highlight Report – (September 2014)

#### Historic Issues

- The Council is to bear the Head Office restructure costs of Rossendale Leisure Trust, at a cost of £35.6k.
- The Council continues to bear the legacy costs of former employees who left its employment with added pension years' entitlement. The Council has not funded the costs of added pension years for over 9 years. Consequently as the number of former employees receiving added years naturally declines, the Council's financial burden has started to reduce. There is a projected saving of £11.6k in 2014/15.
- When the Council transferred its housing stock to Greenvale Homes, it entered into a VAT shelter agreement. Essentially RBC would be reimbursed the VAT incurred as Greenvale Homes invested in improving the Housing Stock transferred to it. As the scale of this investment reduces the value of the VAT Shelter to the Council reduces. VAT shelter receipts in 2014/15 are predicted to be £150k less than budget.

#### Current Quarter Issues

- The projected adverse variance on the Non Distributed budgets is £223.9k.
- Use of new Lloyds accounts opened during quarter 2, along with higher than anticipated balances, have led to an improvement of £5.1k in the projected interest income the Council can obtain from its investments, the projected shortfall for 2014/15 is now £25.4k.

#### Future Issues

- VAT Shelter receipts are expected to be down again for 2015/16 in what will be the 10<sup>th</sup> and final year of the arrangement.

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Change Manag't	Director Invest Reserve	Budget Volatility Reserve	Business Rates Retention	Transitional Budgetary Support	Regen Reserve & Planning AN060109 / AN060145	Homeless' Reserve AN060127	Vehicle Reserve AN060130
<b>Balance at 01/04/2014</b>	<b>1,577.7</b>	<b>169.5</b>	<b>267.1</b>	<b>311.8</b>	<b>1,219.6</b>	<b>265.8</b>	<b>134.9</b>	<b>411.8</b>
<b>Funds Received 2014/15</b>								
2014/15 grants								
Revenue income received								
Revenue income anticipated				549.8	788.0		18.0	221.3
<b>Total Funds Available</b>	<b>1,577.7</b>	<b>169.5</b>	<b>267.1</b>	<b>861.6</b>	<b>2,007.6</b>	<b>265.8</b>	<b>152.9</b>	<b>633.1</b>
<b>2014-15 Published Budget Utilisation</b>								
General budget support								
Admin Support to Regeneration						(22.8)		
<b>2014-15 Other Utilisation Plans</b>								
Warm Homes Healthy people Packs								
Bacup Cemetery Drainage works								
Purchase of Pavement Sweepers								(138.5)
Support to Tourism								
Strategic Housing Market Assessment						(39.0)		
Insurance Tender								
Hardmans Mill								
Legionella Risk								
Add'l Vehicle Maintenance spend year 5								(104.0)
Bacup THI Support								
Youth Homelessness funding							(40.0)	
Childrens Trust - Summer Fun								
2013/14 NNDR Deficit				(151.2)				
2014/15 DGLC levy 50%				(257.0)				
Additional pension payments								
Transfer to /(from) Tourism Reserve								
Corporate Support Apprentices		(10.0)						
Valuation of former Valley Centre Development		(10.0)						
Drainage & Flood Prevention		(50.0)						
Active East		(20.0)						
Credit Union - Financial Inclusion								
<b>Reserve Estimates 31/3/2015</b>	<b>1,577.7</b>	<b>79.5</b>	<b>267.1</b>	<b>453.4</b>	<b>2,007.6</b>	<b>204.0</b>	<b>112.9</b>	<b>390.6</b>
<b>Future Contributions/Utilisation Plans</b>								
2015/16 Plans				400.0	(284.0)	(202.9)		35.5
2016/17 Plans				400.0	(1,024.0)			35.5
2017/18 Plans				400.0	(684.0)			
2018/19 Plans				400.0				
<b>Potential Reserve Balances</b>	<b>1,577.7</b>	<b>79.5</b>	<b>267.1</b>	<b>2,053.4</b>	<b>15.6</b>	<b>1.1</b>	<b>112.9</b>	<b>461.6</b>

The Business Rates Retention Reserve now reflects the in-year variances discussed in detail on page 32. This includes receipts in 2014/15 of £550k Section 31 grants less payment of the levy to central government of £257k. These transactions are unlikely to be one-off in nature and so officers currently anticipate c£300k favourable each financial year from this Section 31 grant.

Under the new business rates regulations in any one financial year the net surplus or deficit on the NDR Collection Fund cannot be realised by the local authority until after the year-end, ie. the following year. Hence, the table above reflects the 2013/14 deficit as a cost on the Business Rates Retention Reserve but the predicted surplus of £172k for 2014/15 will be within the anticipated favourable transactions in 2015/16.

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### Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Leisure Reserve AN060118/9	PRIDE Reserve AN060126	Perform Reward Grant AN060120	Bacup THI AN060142	Pension Fund Reserve AN060117	Operational Reserves AN060121	Total
<b>Balance at 01/04/2014</b>	<b>750.0</b>	<b>7.6</b>	<b>238.9</b>	<b>400.6</b>	<b>721.5</b>	<b>703.1</b>	<b>7,179.9</b>
<b>Funds Received 2014/15</b>							
2014/15 grants						16.4	16.4
Revenue income received						39.3	39.3
Revenue income anticipated					63.3	0.0	1,640.4
<b>Total Funds Available</b>	<b>750.0</b>	<b>7.6</b>	<b>238.9</b>	<b>400.6</b>	<b>784.8</b>	<b>758.8</b>	<b>8,876.0</b>
<b>2014-15 Published Budget Utilisation</b>							
General budget support							0.0
Admin Support to Regeneration						0.0	(22.8)
<b>2014-15 Other Utilisation Plans</b>							
Warm Homes Healthy People Packs						(19.5)	(19.5)
Bacup Cemetery Drainage works						(8.4)	(8.4)
Purchase of Pavement Sweepers						0.0	(138.5)
Support to Tourism						(8.0)	(8.0)
Strategic Housing Market Assessment						0.0	(39.0)
Insurance Tender						(5.0)	(5.0)
Hardmans Mill						(2.2)	(2.2)
Legionella Risk						(4.0)	(4.0)
Add'l Vehicle Maintenance spend year 5						0.0	(104.0)
Bacup THI				(80.0)		0.0	(80.0)
Youth Homelessness funding						0.0	(40.0)
Childrens Trust - Summer Fun						(2.0)	(2.0)
2013/14 NNDR Deficit						0.0	(151.2)
2014/15 DGLC levy 50%						0.0	(257.0)
Additional pension payments						0.0	0.0
Transfer to Tourism Reserve						0.0	0.0
Corporate Support Apprentices						0.0	(10.0)
Valuation of former Valley Centre Development						0.0	(10.0)
Drainage & Flood Prevention						0.0	(50.0)
Active East						0.0	(20.0)
Credit Union - Financial Inclusion						0.0	0.0
<b>Reserve Estimates 31/3/2015</b>	<b>750.0</b>	<b>7.6</b>	<b>238.9</b>	<b>320.6</b>	<b>784.8</b>	<b>709.7</b>	<b>7,904.4</b>
<b>Future Contributions/Utilisation Plans</b>							
2015/16 Plans	(9.6)			(80.0)	66.0	(21.7)	(96.7)
2016/17 Plans				(80.0)	69.0	(33.5)	(633.0)
2017/18 Plans				(80.0)		0.0	(364.0)
2018/19 Plans				(80.0)		0.0	320.0
	<b>740.4</b>	<b>7.6</b>	<b>238.9</b>	<b>0.6</b>	<b>919.8</b>	<b>654.5</b>	<b>7,130.7</b>

### Current issues

The expected usage of the earmarked reserves for 2014/15 and the coming years has been reflected above.

Since the General Fund Reserve has already reached the target of £1m set in the MTFs, any favourable variances generated during 2014/15 will be transferred to earmarked reserves, principally to the Transitional Budget Reserve to support the Medium Term Financial Strategy.

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## Monthly Financial Monitoring Report 2014/15 – September 2014

### Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Commun' for Habitats	Housing Capital Pot *	Disabled Facilities Grants *	Regen Grants (HMR)*	HCA Empty Homes	DEFRA Grant	Total
<b>Balance at 01/04/2014</b>	<b>25.2</b>	<b>376.0</b>	<b>0.0</b>	<b>11.6</b>	<b>270.4</b>	<b>0.0</b>	<b>683.2</b>
<b>New Funds Received 2014/15</b>							
Grant received			366.0		1,966.0	22.0	2,354.0
Other contributions			200.0				200.0
<b>Total Funds Available</b>	<b>25.2</b>	<b>376.0</b>	<b>566.0</b>	<b>11.6</b>	<b>2,236.4</b>	<b>22.0</b>	<b>3,237.2</b>
<b>Planned Utilisation in 2014/15</b>							
Bacup THI							0.0
DFGs brought forward from 2013/14		(91.1)	(18.0)				(109.1)
DFGs original Capital Prog 2014/15		(72.4)	(366.0)	(11.6)			(450.0)
<b>Additional Utilisation in 2014/15</b>							0.0
DFGs additional GVH element			(182.0)				(182.0)
Released to fund capital works					(2,236.4)	(22.0)	(2,258.4)
Released to GF Revenue							0.0
<b>Anticipated Balance 31/3/15</b>	<b>25.2</b>	<b>212.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>237.7</b>
<b>Future Utilisation Plans</b>							
2015/16 DFGs		(64.7)			0.0		(64.7)
2016/17 DFGs		(147.8)					(147.8)
<b>Potential Reserve Balances</b>	<b>25.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.2</b>

During 2014/15 confirmation has been received that GVH will continue their contributions towards disabled facilities grants for their tenants. With the £109k of ongoing works b/fwd, this gives a total potential spend on disabled adaptations in 2014/15 of £741.1k.

There was £270k of grant from the HCA for Empty Homes Initiatives in hand at the end of 2013/14. Added to this, a further £1,966k has been received to date and all these funds are to be used by the end of 2014/15. To date 368 properties have been brought back into use (78 in Rossendale, but this should reach around 480 by the scheme (113 being in Rossendale).

### Staff Costs, including agency

Between April and September, one part-time post has been disestablished and one post has been transferred from Corporate Management to Operations. The total favourable variance in cash to date is £117k, but this is expected to rise to £167k for the full year.

Employment Costs Quarter 2 -Sept 2014	YTD Budget £000	YTD Actual £000	In year Variance (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	Original Budget Staff FTEs	FTE Changes during 2014/15	Current Vacant Posts
<b>Place Directorate</b>								
Customer Services	165	152	12	7	6	8.8	0.0	1.0
Operations Service	1,094	1,050	44	20	24	78.3	1.0	2.0
<b>Business Directorate</b>								
Building Control Services	52	51	1	1	0	3.0	0.0	0.0
Legal & Democratic Services	141	145	(3)	(2)	(2)	11.5	0.0	0.0
Planning Services	225	198	27	17	10	10.8	0.0	1.0
Local Land Charges	19	20	(0)	(0)	-	2.0	0.0	0.0
Public Protection	80	87	(7)	(4)	(3)	5.6	0.0	0.0
Health, Housing & Regen	402	386	17	6	10	21.3	0.0	1.0
<b>Corporate Services</b>								
Corporate Management	125	118	7	4	3	4.0	-1.0	0.0
Finance & Property Services	225	215	11	7	4	12.2	-0.8	0.0
People & Org. Performance	94	84	10	6	3	5.5	0.0	0.0
<b>Total</b>	<b>2,621</b>	<b>2,503</b>	<b>117</b>	<b>61</b>	<b>56</b>	<b>163.0</b>	<b>-0.8</b>	<b>5.0</b>

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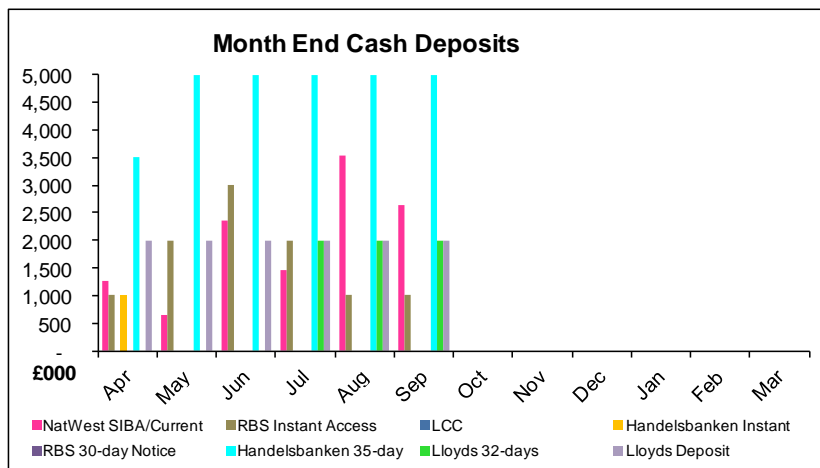


# Monthly Financial Monitoring Report 2014/15 – September 2014

## Treasury Management & Cash Flow Monitoring

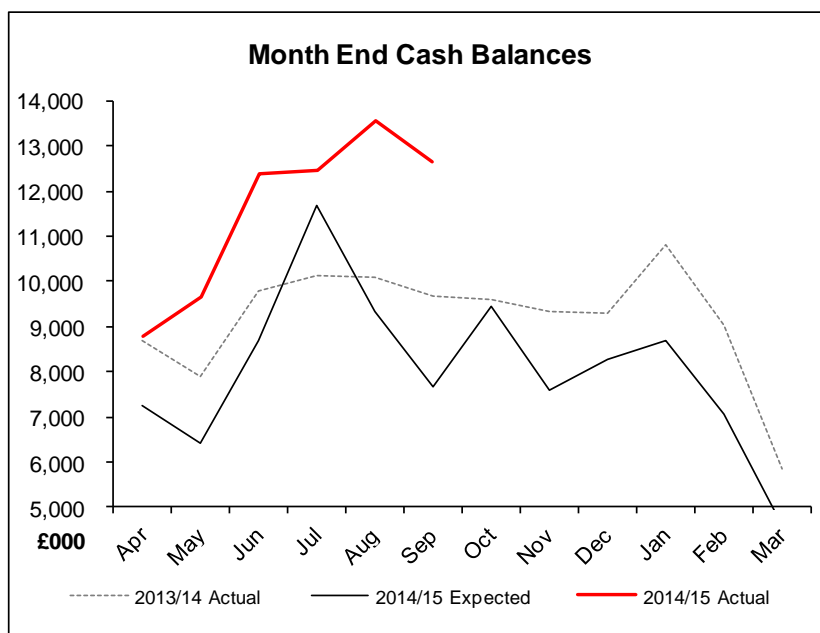
### Cash Flow Management

At the end of September the bank balances stood at £12.6m from £12.4m last reported at the end of July. This is above the expected balances, mainly thanks to the out-turn for 2013/14 financial year returning a £2.5m favourable variance on the original budget.



Following interest rate reductions in Q1, officers have opened two new accounts with the Lloyds bank.

as at 30 Sept 2014	Current Balance	Effective Interest Rate %
	£k	
NatWest SIBA	2,642	0.25
RBS Instant Access	1,000	0.25
RBS 30-day notice	-	0.25
Handelsbanken instant	-	0.50
Handelsbanken 35-day	5,000	0.60
Lloyds instant access	-	0.40
Lloyds 32-day notice	2,000	0.57
Lloyds Deposit 6mths	2,000	0.70
<b>Total Bal &amp; Avg interest</b>	<b>12,642</b>	<b>0.51</b>



Capita Asset Management recommends deposits are kept short-term, though they have invested 10% of their model portfolio for 9 months with DZ Bank to earn 0.96%. In comparison the longest term deposit now held by RBC is for 6-months, earning 0.7%, which matures on the 2<sup>nd</sup> January. As a result our effective interest rate of 0.51% is now below the new Capital model portfolio benchmark of 0.711%.

The deposit profile of the Council's bank balances as at 30<sup>th</sup> September are shown overleaf.

### Interest Earned

Though the bank balances are higher than originally predicted following the 2013/14 favourable out-turn, the repetitive drops in interest rates in the first quarter of 2014 are expected to have a £25.4k adverse impact on the interest income for the year.

Interest Forecast	Budget 2014/15	Forecast 2014/15	Variance Fav/(Adv)	Change Fav/(Adv)
<b>Revenue</b>				
Interest payable (PWLb)	(162.4)	(162.4)	0.0	0.0
Misc Interest income	3.0	4.5	1.5	4.5
Bank Interest income	89.0	63.6	(25.4)	2.8
<b>Net Interest</b>	<b>(70.4)</b>	<b>(94.3)</b>	<b>(23.9)</b>	<b>7.3</b>

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### Economic Outlook (issued 16th Sept)

The rate of inflation faced by households stood at 1.5% in the year to August 2014, down slightly from 1.6% in July. The latest information continues the trend of below 2.0% inflation during 2014 although there has been some volatility in the rate, fluctuating between 1.5% and 1.9% over recent months.

Falls in the price of motor fuels and food & non-alcoholic drinks produced the main downward effects but offsetting these were upward effects from clothing, transport services and alcohol.



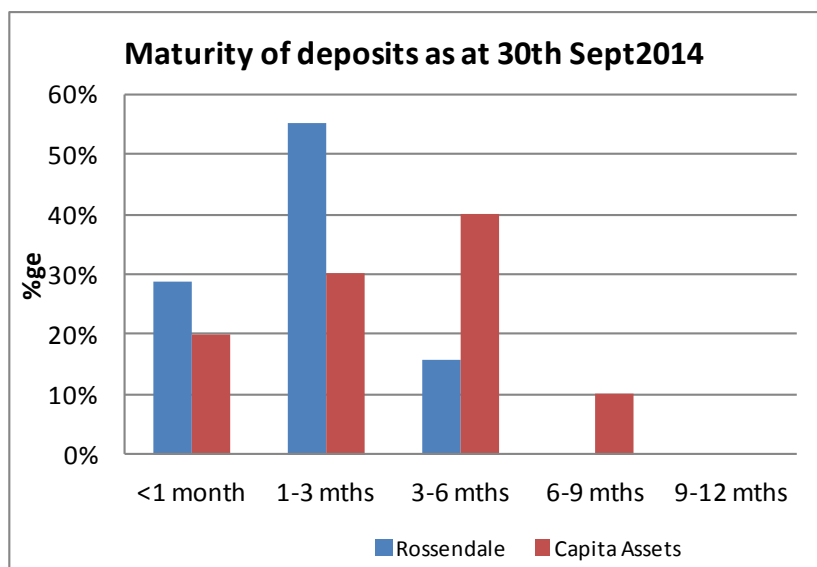
### Interest rate forward predictions

Capita Asset Services (formerly Sector) latest forecast of the increase in interest rates has varied little from that reported back in July.

as at end	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar
Sept 2014	2014	2015	2015	2015	2015	2016	2016	2016	2016	2017
<b>Base Rate</b>	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%
<b>25yr PWLB</b>	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%

### Treasury Management Practices and Prudential Indicators

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



The Council's Treasury Management Practices 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.

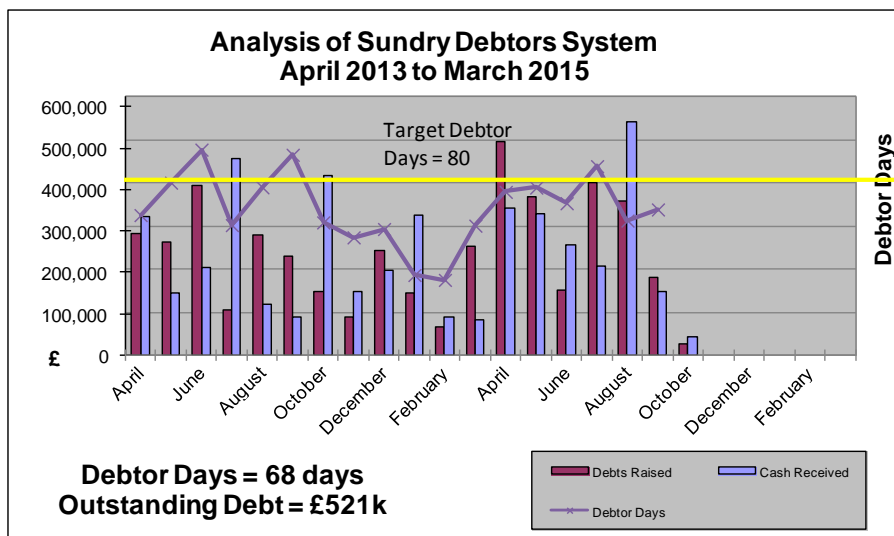
The Council's Natwest accounts exceeded this limit for 2 days in September when they reached £5,133k. Officers accepted this, in the knowledge that £4,287k was due to be paid out of the account over the following 2 days.

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## Sundry Debts Monitoring

To the end of Q2 £2,032k of new invoices were raised, almost 26% more than the first half of last year.



In Q2 staff have recovered £2.5k of prior year debts to leave £180.1k outstanding. This includes one S106 debt of £96k for which officers are in negotiations with the developer.

The remaining £341.4k outstanding for 2014/15 includes £123.5k raised within September, therefore not yet overdue, and around £50k of invoices issued in April which are collectable through installments over the rest of the year.

Despite the volume of debts raised in the year to date, the Debtor days performance has improved from the 88 days reported back in July, to 68 days at the end of September. This is compared to the target of 80 days and 93 days at the end of September 2013.

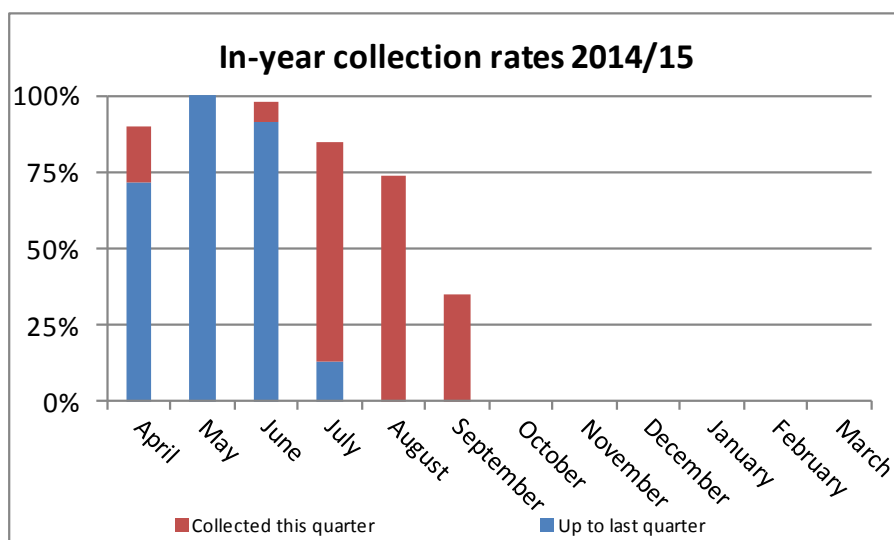
### Doubtful debts

In calculating the amount of doubtful debts officers have excluded the S106 agreement discussed above and any debts for LCC relating to waste collection and disposal.

Against the remaining debts the doubtful element is anticipated as £101.1k, compared to the balance on the bad debt provision of £88k. Officers will continue to chase outstanding debts during the year, but there may be a requirement to make further provisions to meet these requirements.

### Secured Debts

In Q3 officers collected a major default work debt, leaving one debt of £11.4k secured on the premises to which the costs relate. This is not included in the table opposite.



Debts Outstanding	Mar 2013	31 July 2014		30 Sept 2014		Doubtful Debts	
	£k	£k	£k	£k	£k	rate	value
<b>Earlier Debt</b>	555.8		66.4		65.4	100%	58.3
<b>2013/14 Debt</b>							
Q1			7.4		7.1	100%	7.1
Q2			98.8		98.7	100%	2.7
Q3			7.7		7.0	75%	5.3
Q4 Jan		1.7		1.4		50%	0.7
Q4 Feb		0.0		0.0		50%	0.0
Q4 Mar		0.6	2.3	0.5	1.9	50%	0.3
<b>2014/15 Debt</b>							
Q1 Apr		144.6		53.9		10%	5.4
Q1 May		0.8		0.8		10%	0.1
Q1 Jun		14.1	159.5	3.1	57.8	10%	0.3
Q2 Jul		360.4		62.4		10%	6.2
Q2 Aug				97.7		10%	2.3
Q2 Sept			360.4	123.5	283.6	10%	12.4
<b>Total Debt o/s</b>	<b>555.8</b>		<b>702.5</b>		<b>521.5</b>		<b>101.1</b>

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### Capital Resources

**Table 1 - 2014/15 receipts**

Major Receipts:	Original Expect'ns £000	YTD Actual £000	Total Forecast £000	Surplus / (Deficit) £000
<b>Capital Receipts</b>				
Land & Property Sales	100	38	100	-
Osolete refuse vehicles			200	200
Cost of sales		-	-	-
Net receipts to table 2	100	38	300	200

**Table 2 - Useable Capital Receipts**

Useable Capital Resources	£ 000
Balance at April 2014	1,207
Capital Grants in 2014/15	856
Capital Receipts in 2014/15	300
	<b>2,363</b>
Revenue Contributions (RCCO)	
from Earmarked Reserves	230
from S106 agreements	-
from Revenue Operations	206
<b>Total Capital Resources 2014/15</b>	<b>2,799</b>
Capital Programme spend	(2,378)
<b>Useable Capital Receipts Mar 2015</b>	<b>421</b>
Reserved for housing	(370)
Unreserved balance	51

### Current issues

The income from asset sales in table 1 above now includes £200k anticipated from the sale of refuse vehicles at auction in Q4. The predictions for sale of land and property remain that the full year forecast will meet the original expectations of £100k.

*RCCO is Revenue Contribution to Capital Outlay*

### Financing the Capital Programme

The opening balance of Useable Capital Receipts was £1,207k, though £517k of this was required to finance continuing projects, as shown in earlier reports.

With the addition of £436k from revenue resources during the year (Section 106 agreements, revenue operations and earmarked reserves as shown above) the total capital resources available are predicted to be £2,799k.

Following the use of £2,378k as shown above and on the following page, the estimate of unreserved general fund capital receipts at March 2015 is £421k, £370k of which is ring-fenced for future housing projects, such as DFGs.

### Future issues

The DFG grant allowance for 2014/15 has been confirmed at the level anticipated. However, DFG grant beyond 2015/16 remains uncertain and for prudence the future capital programme proposals assume no DFG grants beyond March 2016. Similarly the GVH support of £200k for DFG works to ex-council house properties is only confirmed annually. This potential drop in DFG grant funding was reflected in the capital programme for 2014/15 to 2016/17 approved by Full Council back in February.

Members should also note that the level of property sales income being reported above is not sustainable in the future. The potential drop in both of these capital funding streams was also reflected in the resources available for the proposed capital programme for 2014/15 to 2016/17 back in February.

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### Capital Programme Spending

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

SERVICE AREA	2014/15 Original Capital Programme	2014/15 Revised Capital Programme	September MONITORING		Full YR Forecast	Revised Programme Funding Arrangements				
	Total £000	Total £000	Spend £000	Committ £000	Forecast £000	Grants/ Contrib'n	Capital Receipts	Reserves /RCCO	RBC Int Borrow	MRP Effect
<b>Place Directorate</b>										
Communities & Operations	30	547	224	1,585	2,128	19	477	251	1,381	276
Customer Services & e Govt	0	0	22	6	0	0	0	0	0	0
Regeneration	0	121	0	0	121	21	0	100	0	0
<b>Corporate Support Services</b>										
Finance & Property Services	300	600	160	0	600	60	479	61	0	0
Other PRG Projects	0	18	0	0	18	0	0	18	0	0
<b>Housing</b>	580	892	314	28	892	756	130	6	0	0
	<b>910</b>	<b>2,178</b>	<b>720</b>	<b>1,619</b>	<b>3,759</b>	<b>856</b>	<b>1,086</b>	<b>436</b>	<b>1,381</b>	<b>276</b>

### Capital Programme

The original capital programme for 2014/15 approved in February was £910k, to which £896k of ongoing projects has been added, as per previous reports. The new projects added since April can be seen in the list opposite, including the replacement of the refuse fleet. This brings the revised capital programme for the year up to £3,759k.

Capital Programme 2014/15	£000	Funded by
Original Capital Programme	910	
Slippage from 2013/14 projects	886	
New projects in 2014/15		
Additional DFG funding GVH	182	grant
Additional DFG funding LCC	21	grant
Whitworth projects re Crook Hill	100	RCCO receipts
Marl Pits pavilion additional wks	60	grants
Veterans in Communities (Arts)	19	grant
Replacement of Refuse Fleet	1,581	£200k receipts plus internal borrowing
<b>Revised Capital Programme</b>	<b>3,759</b>	

### Current Issues

The latest updates to the capital programme are

- 4 extra DFG grants, at a cost of £21.4k, which are being paid for specifically by contributions from LCC.
- Replacement of the refuse fleet – following a lengthy tender process the decision has now been taken to replace the refuse fleet in December. It is expected that the old vehicles will achieve £200k at auction in Q4 and this will be used to reduce the internal borrowing. The MRP required to repay the internal borrowing is already included within the base revenue budgets for the Operations services.

Progress on the capital programme during Q2 included

- The purchase order for the replacement refuse vehicles has now been issued with delivery due in mid December.
- Works to Marl Pits pavilion are now complete, including the additional £60k of works funded through external grants from Sport England and the users.
- A further £182k of DFG works have been completed and paid for, bringing the completed rate up to 41%.

Against the revised programme of £3,759k costs paid or committed to date are £2,339k (62%).

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### Minimum Revenue Provision

The capital programme on the previous page includes plans to finance the replacement refuse collection fleet from internal borrowing in 2014/15, following the conclusion of the payments for the current fleet. Internal borrowing is paid back over the life of the assets from the revenue account (known as the Minimum Revenue Provision or MRP) and the budget for this in 2014/15 is £679k. The effect on the revenue costs of the vehicle replacement decisions for 2014/15 is a one-year saving of £67k followed by annual savings of £7k.

There are other asset repayments coming to a conclusion during 2014/15 and 2015/16 in Street Sweeping and Parks. At the moment the budgets have not been adjusted, thus providing the option for future replacements to be funded in the same way. Should replacements not be required, or be delayed, then further savings of £39k and £37k respectively could be made in 2015/16 onwards. However, given the decreasing capital resources, members should consider maintaining the MRP budget at a level which will allow some asset replacement in future years.

Minimum Revenue Provision (MRP)	Original MRP Budget 2014/15	Revised Budget 2014/15	Variance (Adv)/Fav 2014/15	Original MRP Budget 2015/16	Revised MRP Required 2015/16	Budget (Additions) / Savings 2015/16
Refuse Collection	323	256	67	323	316	7
Street Sweeping	50	37	13	50	11	39
Parks	56	56	0	56	19	37
IT	35	30	5	35	30	5
Facilities	14	14	0	14	14	0
Leisure Investment	87	87	0	87	87	0
Non-distributed Costs	114	117	-3	115	109	6
	679	597	82	680	586	94

### Section 106 Receipts Monitoring

Section 106 Agreements	Third Party Projects £000	RBC Revenue Projects £000	RBC Capital projects £000	Total Held £000
Balance b fwd at 1st April 2014	473.9	147.7	44.5	666.1
Deposits received in 2014/15			50	50.0
Deposits applied in 2014/15	(74.9)	(20.0)	(1.2)	(96.1)
<b>Current Balance</b>	<b>399.0</b>	<b>127.7</b>	<b>93.3</b>	<b>620.0</b>

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

Planning Ref	Area	Site	Purpose	Time Period	Currant Balance
<b>RBC Maintenance:-</b>					
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	none stated	114,846
2002/407	Haslingden	Bentgate, Manchester Rd	Play Area upgrade	none stated	10,000
2006/696	Whitewell Bottom	Whitewell Bottom open space	Edgeside Park / Millenium Steps		1,968
2008/587	Borough	PCT, Bacup Rd, Rawtenstall	Irwell Sculpture Trail	none stated	977
					<b>127,791</b>
<b>RBC Capital:-</b>					
2007/737	Edenfield	Market St	Edenfield Community Centre	Exp May 2018	549
2010/433	Whitworth	Eastgate	Open Spaces/ Affordable housing	Exp Jul 2017	87,875
2011/0046	Helmshore	Holmeffield House	Open Space	Exp Aug 2017	4,864
					<b>93,288</b>

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### Council Tax & NNDR Collection Rates

Cumulative collection rates	LI 9 Council Tax			LI 10 NNDR		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
April	11.16	11.15	10.16	14.31	12.25	10.97
May	20.51	20.40	20.16	23.33	20.47	21.66
June	29.62	29.55	29.02	31.44	30.5	31.1
July	39.10	39.01	38.43	40.33	39.43	38.83
August	48.60	48.13	47.63	53.3	51.6	51.6
September	57.76	57.47	57.00	61.76	60.92	61.01
October	67.41	66.98		68.6	67.88	
November	76.91	76.37		78.39	76.23	
December	86.30	85.57		86.4	84.92	
January	95.48	94.97		94.61	95.64	
February	96.75	96.61		95.63	96.38	
March	97.50	97.10		96.70	97.2	

The Council Tax collection rate at Q2 was 57%, slightly below that at the same time last year. This is mainly due to reduced collection rates for Local Council Tax Support.

Business Rates (NNDR) collection rate at 61.01% is slightly ahead of the same period in 2013/14. However, given that officers are experiencing some collection issues with one major commercial property owner in particular, we will continue to take a prudent approach to bad debt provisions.

### Council Tax Collection Fund

	£'000
Council Tax Collectable after Discounts & Exemptions	30,914
less Bad Debt Provision	(252)
less Precepts	
Lancashire County	(20,667)
Police	(2,910)
Fire	(1,188)
Rossendale Council	(4,784)
Subtotal	(29,548)
Surplus	1,114
RBC Share	180

The Council Tax Collection fund is projecting a surplus of £1,114k of which RBC's share is £180k. The three main factors contributing to this surplus are:

- In order to reduce empty property numbers the exemptions offered were scaled back. The change in policy resulted in an additional £500k being collectable. Due to timing issues it was not included in the Collection Fund Budget.
- Projected costs arising from banding appeals are £233k below target, however these are difficult to predict both in terms of volume and timing.
- Conversely there was an error in setting the tax base for the 2014/15 Collection Fund with regards to Local Council Tax Support. The tax base setting exercise did not incorporate the reduction in support offered from 92.5 to 80%.

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### 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 collection fund for business rates is currently projecting a cash surplus of £429k for 2014/15. This is due in part to changes in gross billing, discounts, banding appeals and bad debt provisions etc. Rossendale Borough Council can retain 40% of this surplus, but it cannot access those funds until 2015/16 and they must be included in the budget decisions made in February 2015.

<b>Business Rates Collection Fund 2014/15</b>	£'000	
Business Rates Income	12,868	excluding grants to Gfund
less Precepts paid	<b>(12,439)</b>	
Cash Surplus on Business Rates Collected	<b>429</b>	
<b>RBC Share @ 40%</b>	<b>172</b>	<b>Receivable in 2015/16</b>
Central Government share 50%	215	
LCC and Fire share 10%	43	

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 should retain 40% of business rates, which would be £5,147k, but this is reduced to a baseline figure by a central government tariff so that no individual authority could gain an undue benefit from the new scheme - for RBC this is £3,217k.

In addition central government are giving authorities Section 31 grants to cover small business rate reliefs and localism reliefs. If these grants push any authority over the original baseline figure, then central government impose a 50% levy. For RBC this means that we have received £524k in S31 grants but will have to repay £257k. Both these transactions will occur in 2014/15.

<b>RBC General Fund</b>	£'000	
Business Rates Income	12,868	
RBC Share @ 40%	5,147	
less tariff paid to Central Government	<b>(3,217)</b>	
plus Enhanced Small Business Relief	415	Received in 2014/15
plus Localism Relief	109	Received in 2014/15
Subtotal	2,454	
RBC Baseline Funding Level	1,941	
Surplus for Levy Calculations	513	
<b>Levy to Central Gov't @ 50%</b>	<b>257</b>	<b>Payable in 2014/15</b>

To summarise the variances relating to 2014/15 financial year for business rates:-

<b>Business Rates Summary</b>	£'000	(Adv)/Fav Variance
Collection fund surplus 2014/15	172	Receivable in 2015/16
Section 31 Grants & Localism Relief	550	Received in 2014/15
less Central Gov't Levy	<b>(257)</b>	Payable in 2014/15
<b>Overall Favourable Movement re 2014/15</b>	<b>465</b>	

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

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## Glossary

### Capita Asset Services (formerly Sector)

Capita Asset Services (formerly Sector) is the company which provides the Council with Treasury Management advice, including daily market reports and predictions, credit rating updates, interest rate forecasts and annual reviews of our strategy and practices ahead of the February reports to Full Council. The Capita model investment portfolio is the benchmark by which we measure our investment performance.

### Capital expenditure

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

### Capital Receipts

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

### Cash & Cash Equivalents

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

### Consumer Price Index (CPI)

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

### Compulsory Purchase Order (CPO)

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

### Earmarked Reserves

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

### Full Time Equivalent (FTE)

Each full-time post within the Council works 37 hours per week. Part-time posts are expressed in relation to this, for example a post working 4 days a week would be 0.8FTE.

### General Fund

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

### Government Grants Unapplied

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

### Housing Market Renewal (HMR)

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

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### Investments

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

### Local Authority Business Growth Incentive Scheme (LABGIS)

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

### Local Strategic Partnership (LSP)

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

### Medium Term Financial Strategy (MTFS)

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

### Minimum Revenue Provision (MRP)

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

### National non-domestic rates (NDR)

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

### Provision

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

### Provisional

Best forecast given current knowledge.

### Reserve

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

### Revenue account

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

### Retail Price index (RPI) and (RPIX)

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

RPIX is the RPI excluding mortgage interest payments.

### Section 106 Agreement

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

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