

<b>Subject:</b>	Financial Monitoring 2014/15 Update – March 2015	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	4 <sup>th</sup> March 2015
<b>Report of:</b>	Finance Manager	<b>Portfolio Holder:</b>	Finance and Resources
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Community Impact Assessment:</b>	Required:	<del>Yes</del> /No	Attached: <del>Yes</del> /No
<b>Biodiversity Impact Assessment</b>	Required:	<del>Yes</del> /No	Attached: <del>Yes</del> /No
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<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	The Members note the contents of the report.

## 2. PURPOSE OF REPORT

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

## 3. CORPORATE PRIORITIES

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

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

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Financial monitoring of General Fund service departments focuses on the key risk areas of employee costs, income, implementation of agreed budget savings, emerging issues and opportunities and in particular service department net expenditure.
  - Budget setting for future years is now treated as an integral part of financial monitoring during the current year. Progress in identifying and implementing further savings to meet the challenges in the Medium Term Financial Strategy (MTFS) are being reported as they begin to impact upon the 2014/15 out-turn.
  - The budget-setting exercise for 2015/16 and beyond identified a further reduction in

resources over the medium term producing a future in-year deficit now totalling between £0.8m and £1.4m by 2019/20. Members, collectively, continue to face some difficult choices in order to balance expenditure with available resources over the medium term.

- Risks associated with treasury management practices are managed within the Council's Treasury Management Strategy and Treasury Management Practices documents (being updated in February 2015).
- The delivery of capital receipts continues to be a prime area of focus for the Council in supporting its corporate priorities, both in 2014/15 and in the years to come.

## **5. BACKGROUND AND OPTIONS**

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

The Budget for 2014/15 was set back in February at a net £8,905k. At the end of December officers were predicting a net favourable variance of £254k. There have been no notable changes to this forecast during January and February.

### **5.2 Reserves**

Since December there have been no notable changes to the predicted transfers to Earmarked Reserves, hence the predicted total balance of Reserves at the year-end remains at £8,852k.

### **5.3 Government Grants Unapplied**

There have been no changes since December. Predicted year-end balances remain at £237k.

### **5.4 Staffing**

With two staff departures during January the number of vacancies has risen to 7, three of which are in the recruitment process at the moment.

### **5.5 Treasury Management**

As noted in the Q3 report, officers invested a further £2m on the 22<sup>nd</sup> January with Lloyds to earn 1.0% for 364 days. This has improved the interest yield from 0.49% at the end of Q3 to 0.57%, though this is still below the Capita model portfolio of 0.71%. This investment was planned when the Q3 interest income figures were reported and so there is no change in anticipated interest earned.

Collection rates for current year debts continue to perform well and this is reflected in the absence of any doubtful debts over £5k for write off in a separate report being put before this Cabinet.

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

January and February have seen progress in property sales. One land sale has realised £87.5k, bringing the total up to £135k compared to the budget of £100k, and there may also be one other sale completion before the year-end.

Following the purchase of new refuse vehicles in December a staggered delivery schedule has allowed officers to send the obsolete stock to auction gradually over Q4, which ensures that we get the best possible price. The council received a part-exchange offer of around £19.5k back in summer 2014, but officers predicted that they could earn more through

direct auction sales, hence the forecast in the Q3 monitoring report of £200k total sales income.

In contrast the first four vehicles have earned over £140k, with even the oldest achieving a sale price of over £20k. If this level of income continues, the total should be over £125k better than first hoped for. Officers recommend that any additional income remains as general capital receipts to support the capital programme as approved by Full Council on the 25<sup>th</sup> February 2015.

#### 5.7 **Capital Programme**

There have been no new projects since December so the revised programme remains at £4,272k.

#### 5.8 **Collection Fund – Council Tax and Business Rates**

There have been no changes to the Council Tax and Business Rates forecasts for 2014/15. It is too early yet to confirm if the collections during February and March, from householders opting for 12 payments rather than ten, will have any further favourable impact on the surpluses which were reported in the Q3 report to Cabinet in February.

### 6. **SECTION 151 OFFICER**

6.1 Financial matters are noted in the report attached.

### 7. **MONITORING OFFICER**

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

### 8. **POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

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

8.2 Consultation has been carried out with Directors, Heads of Services and Budget Holders.

### 10. **CONCLUSION**

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

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

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