

Monthly Financial Monitoring Report

2015/16 as at end September 2015

Including a Glossary of terms on page 32



Monthly Financial Monitoring Report 2015/16 – as at end September 2015

General Fund Revenue Operations – pages 4 to 21

This quarter 2 monitoring report on the General Fund for 2015/16 is showing a £495k favourable variance compared to the original budget of £8,901k. Funding for the original budget included the planned use of £182k from the Transitional Budget Reserve and £78k from the Business Rates Retention Reserve.

The General Fund Reserve remains at its £1m target, and the Transitional Reserve already has enough resources to meet the demands of the MTFs up until 2020/21 (£2,369k) as reported to Cabinet in October. Therefore, officers recommend that any favourable General Fund variance in 2015/16 is transferred to the Empty Homes Reserve.

Earmarked Revenue Reserves – page 22 to 23

The total cash-backed Earmarked Reserves brought forward at 1st April 2015 were £9,847k (excluding the Transport Reserve).

As noted above, the Transitional Reserve already has enough funds to support the MTFs requirements up to March 2021 (see Cabinet report October 2015). The Empty Homes Reserve is expected to receive around £338k in recycled HCA grant during the year and officers propose to transfer any General Fund favourable variance into this reserve. Hence, total resources currently anticipated to support costs of the scheme are £1,293k.

In accordance with the resolution at Full Council on 25th February 2015 the former Change Management Reserve has now been re-designated as the Employment & Transport Reserve and the surplus funds transferred to the Empty Homes Reserve.

The Business Rates Retention Reserve now reflects the in-year variances discussed in detail on page 32, including receipt of £655k Section 31 grants, less payment of the levy to central government of £423k. In 2016/17 the MTFs expects to use £400k from this reserve.

The Bacup THI Reserve will be required soon as work is due to commence shortly on the physical phases of the scheme, leaving £40k for staff support of the future phases.

Requirements to support leisure services will now take £58k from the Leisure Reserve and £50k from the Business Directorate Reserve, as noted on pages 20 & 21, though the closing balance on the Leisure Reserve will need to be reviewed at the year-end.

The forecast closing balance at the 31st March 2016 is now £10,455k, but use of the Transitional Reserve to support the MTFs up to 2020/21 will reduce this to £7,346k.

Government Grants Unapplied – page 24

The opening value of Government Grants Unapplied at the 1st April 2015 was £363k, principally £338k of Housing Capital Pot which will be used to support DFG works in 2015/16 and future years. The DFG grant for 2015/16 has been received in full and contributions from Green Vale Homes are claimed quarterly based on actual usage.

The forecast balance at March 2016 is now revised to £138k, which is expected to reduce to £25k by March 2018.

Staff Monitoring – page 24

At the end of September there were 10 vacant posts contributing to a net favourable variance of £43k for the year to date. This figure is net of £96k in additional staffing costs for two areas, namely planning (see page 10) and housing Empty Homes team (see page 12). Together these sections have added £96k to the current costs.

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The table on page 24 shows the impact of the concluded restructure of the People and Policy Team, adding 1 FTE post, but bringing back in-house the Health & Safety role. The Senior Management team restructure is still under review.

Treasury & Cash Management - page 25 to 27

At the end of September the bank balances had risen to £16.3m from £15.3m at the end of July following the normal annual cash flow patterns. This is above the expected balances, thanks in part to the revenue savings on the General Fund and the level of capital project slippage into 2015/16. Despite the low interest rates, the higher balances are contributing to an expected favourable variance on the interest income for the year of £25.2k, though this will depend upon the profile of capital spend over the next few months.

To date £2,303k of new invoices have been raised and the total outstanding debts are £691k. Collection of the rent on Empty Homes Scheme properties continues to be a concern where these are not covered by benefits and this is contributing to an adverse movement in the Debtor Days indicator from 56 days in July to 69 days at the end of September.

Of the £691k debt outstanding 32% was under 30 days old. Where specific concerns have been raised, provision for doubtful debt has already been made, and the current doubtful debt provision balance is £200k to meet the doubtful debts value of £196k. Officers will be carefully monitoring any need to make additional doubtful debt contributions.

Capital Receipts – page 28

Receipts from land & property sales in the first six months total £66k of the original budget £75k, officers are therefore confident that the original target of £75k will be achieved. In addition the last 2 refuse vehicles have been sold at auction for £49k in total.

Capital Programme and Funding – page 28 to 30

The capital programme started the year at £825k, to which £1,901k of slippage was added. New projects during 2015/16 now total £2,250k, with the quarter 2 addition of a community-led project at Rosemount Woodlands being funded by grants and the application of Section 106 monies to fund works at Greenfield Gardens. This means that the revised capital programme for 2015/16 is £4,976k.

In terms of expenditure the capital activity slowed down over the summer, with only £164k being spent of committed over and above that reported in July. This means that the total spent or committed is now £1,066k which represents 21% of the revised programme.

Collection Fund 2014/15 – page 31 & 32

The Council Tax Collection projected out-turn is showing an overall surplus of £294k of which RBC's share is £48k, which includes a prudent view of future banding appeals, with a further £242k being predicted before the year end.

The projected outturn for Business Rates Collection is a cash deficit of £949k of which RBC share is £380k. A national decision pertaining to the rating of Health Centres has adversely impacted on Business Rates collection at a cost of £450k, however, the 2014/15 appeals provision accounted for this judgement. Further banding appeals in 2015/16 have reduced the collection of business rates income by £400k. At the same time the Council will receive an additional £655k in S31 grants but have to pay £266k of this back in extra Levy.

With a favourable adjustment of £256k in the amount to be taken in Precept this means an overall net favourable movement of £265k for the Council.

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General Fund Revenue Operations

Service Area (excluding internal recharges)	2015/16 Original Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Q2 (Adv)/Fav £000
Place Directorate					
Customer Services and E-Government Operations	1,503.6 2,380.1	1,434.2 2,244.5	69.4 135.6	55.4 97.1	14.0 38.5
Business Directorate					
Building Control Services	9.1	24.7	(15.6)	3.3	(18.9)
Legal & Democratic Services	690.6	669.5	21.1	23.3	(2.2)
Planning Services	(176.5)	(541.5)	365.0	353.0	12.0
Local Land Charges	(34.3)	(77.1)	42.8	25.4	17.4
Licensing & Enforcement	24.5	(391.8)	416.3	521.8	(105.5)
Health, Housing & Regeneration	988.6	1,649.5	(660.9)	(544.5)	(116.4)
Corporate Support Services					
Corporate Management	354.1	314.0	40.0	78.6	(38.6)
Finance & Property Services	1,372.0	1,409.0	(37.1)	(19.7)	(17.3)
People and Policy	272.8	248.7	24.0	17.5	6.6
Non Distributed Costs	1,015.0	947.8	67.2	1.3	65.9
Capital Financing and Interest	210.1	182.2	27.9	19.0	8.9
Leisure	291.6	291.6	-	-	-
Favourable impact on General Fund	8,901.1	8,405.3	495.8	631.5	(135.7)

This revenue position at the end of September 2015 takes account of various favourable and adverse variances. The original budget planned the use of £182k from the Transitional Reserve and £78k from the NNDR Reserve. In the updated MTFS considered by members at Cabinet in October, it was suggested that the requirement from the Transitional Reserve between 2016/17 and 2020/21 would be £2,369k in total. Given that the Transitional Reserve already holds this amount, officers recommend that the general favourable variance above is transferred into the Empty Homes Reserve.

Total annual variance in relation to current staff costs has increased by £29.3k to £166.1k favourable. The table on page 24 shows that £43k of this has been realised in cash terms to date and there has been an increase of 1FTE following the HR restructure, giving an overall establishment of 162.5 FTEs of which 10 posts were vacant at the end of September.

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

- The pace of bringing Empty Homes back into use is not as previously anticipated and this is likely to increase the revenue costs in 2015/16 by £137k.
- Licensing income forecast has reduced by £110k to £410k favourable, partly reflecting changes in the charging regime and a slow-down in the number of applications over the summer.
- The original budget for the Pension Fund deficit top-up payment was overstated by £65.9k

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Major Variances in Quarter 2 (Aug & Sept)	Favourable /(Adverse)	Net
Customer Services and e-Government		
Recovery of Council Tax & Housing Benefit over payments	37.0	
Delayed move of data centre from Hardmans Mill	(3.0)	
Contract savings re inflation expectations	(2.0)	
Software Licences	(11.0)	
Other minor variances	(7.0)	14.0
Place Operations		
Staff costs (including overtime and savings target)	8.9	
Fuel	4.9	
Vehicle maintenance	7.2	
Purchase of Tools & Equipment	6.0	
Recycling income	6.8	
Markets income	3.5	
Cemeteries income	(4.4)	
Other minor variances	5.6	38.5
Business Directorate		
Members allowances	6.0	
Planning Applications (net of professional support costs)	9.0	
Building Control fee income	(19.0)	
Taxi Licensing income	(110.0)	
Land charges S31 New Burdens grant	15.0	
Other minor variances	1.8	(97.2)
Business - Health, Housing & Regeneration		
Staff costs (excl Empty Homes Team)	23.6	
Empty Homes Scheme (including staffing)	(137.0)	
Other minor variances	(3.0)	(116.4)
Corporate Management		
Senior Management support	(37.9)	
Other minor variances	(0.7)	(38.6)
Finance & Property Services		
Staff costs	(6.5)	
Internal & external audit costs	(14.3)	
Building running costs (gas, electricity, water, NNDR)	9.2	
Estates rental income	2.9	
Business Centre IT Connectivity	(7.0)	
HMO income in 15/16 (contribution to 14/15 costs)	(2.6)	
Other minor variances	0.9	(17.4)
People & Policy (incl P&P & Comm)		
Staff costs	3.5	
Temporary HR support	(2.0)	
Health & Safety support	5.1	6.6
Non-Distributed Costs & Capital Financing		
Pension fund top-up budget overstated	65.9	
Interest payable/receivable	9.7	
Other minor variances	(0.8)	74.8
Favourable/(adverse) variance on the General Fund		(135.7)

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Customer Services & E-Government - Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Management and Support	71.4	71.7	(0.3)	(0.5)	0.2
Service Assurance Team	150.6	151.9	(1.3)	1.5	(2.8)
Revenues, Benefits and Customer Services					
	-	-			
Local Tax Collection	(342.6)	(387.2)	44.7	40.0	4.7
Benefits Admin	1,107.8	1,097.6	10.2	17.1	(6.9)
Net - Housing Benefit Payments made & Subsidy received	(35.8)	(65.1)	29.3	(0.7)	30.0
Information and Communications Technology					
	552.1	564.1	(12.0)	1.7	(13.7)
Pest Control					
	-	1.2	(1.2)	(3.7)	2.6
Total	1,503.6	1,434.2	69.4	55.4	14.0

Key changes made during the quarter to the full year forecast	Variance	Variance	Full-Yr Forecast	R
	Bfwd £000	this Pd £000	£000	A G
Recovery of previous year Council Tax Benefit o/payments	40.0	5.0	45.0	
Cash recovery of Housing Benefit overpayments		32.0	32.0	
Delayed movement of data centre from Hardman's Mill	(9.0)	(3.0)	(12.0)	
Government Connect / Peneration Testing	(3.0)	(3.7)	(6.7)	
Inflation saving on Capita Contract	19.0	6.0	25.0	
Software Licenses		(11.0)	(11.0)	
Set-up costs re extension of Captia Contract		(8.0)	(8.0)	
Other IT related savings	8.4	(3.3)	5.1	
TOTAL	55.4	14.0	69.4	

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Customer Service & E-Government Highlight Report – (September 2015)

Historic Issues

- None

Current Quarter's Issues

- The headline figure is a projected under spend of £69.4k against the approved budget; an increase in the quarter of £14k
- The Council continues to collect previous years' overpayments of Council Tax benefits the projected recovery in 2015/16 is £45k; an increase of £5k from the previous forecast in July.
- Delays in moving the Council's data centre from Hardman's Mill are projected to cost 12k, an increase of £3k since July.
- The Council's contract with Capita for the collection of Council Tax and the administration of Housing Benefits has been extended; the contract is subject to an inflationary uplift which is below the current budget provision. The project underspend on the contract in 2015/16 is £25k which will be factored into future budgets. However, associated legal and professional one-off costs pertaining to the contract extension are £8k.
- The cash recovery of previous years Housing Benefit over payments is anticipated to be £32k above budget.

Future Issues

- Nothing to report.

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Place Operations - Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Quarter (Adv)/Fav £000
Strategic Functions					
Operations Admin / Vehicle Maintenance	421.4	402.5	18.9	16.0	3.0
Operational Functions					
Refuse Collection	905.2	826.4	78.7	53.6	25.1
Street Sweeping	345.1	337.1	8.0	6.9	1.1
Markets	(97.5)	(78.0)	(19.5)	(23.3)	3.7
Parks					
Parks & Open Spaces	931.0	887.9	43.1	33.2	9.9
Cemeteries	(125.0)	(131.3)	6.3	10.7	(4.4)
Total	2,380.1	2,244.5	135.6	97.1	38.5

Key changes made during the quarter to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Fuel	44.5	4.9	49.4	
Trade Waste Income	42.4	1.7	44.2	
Parks Salary Variances (Vacancy & Retirement)	29.9	2.4	32.3	
Street Sweeping Salaries and Agency	19.0	-	19.0	
Cemeteries income	10.7	(4.4)	6.3	
Fleet Management Vacancy and Agency	8.2	-	8.2	
Overtime Budgets	-	6.5	6.5	
Vehicle Tracking Lease	5.4	-	5.4	
Shared Management with Hyndburn	5.0	-	5.0	
Underspend on new route calendars	4.5	-	4.5	
Sale of Green Bins	-	4.5	4.5	
Parks Equipment	4.4	1.4	5.8	
Purchase of Tools and Equipment	(8.9)	6.0	(3.0)	
Vehicle Maintenance	(13.5)	7.2	(6.3)	
Markets Income	(23.3)	3.5	(19.8)	
Recycling income	(33.3)	6.8	(26.5)	
Other Variances	2.3	(2.1)	0.2	
TOTAL	97.2	38.4	135.6	

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Operations Highlight Report – Quarter 2 (end of September)

Historic Issues

- The resignation of the parks locality manager has resulted in a saving of £32.3k.
- Fuel is forecasting to underspend by £49.4k; this represents a drop in fuel prices of approximately £0.17 per litre.
- Significant increase in customer base has led to a favourable variance of £44.2k from Trade Waste income.
- Markets income projections for the year are £19.8k below the set budget. The main reasons for this are £5.8k additional running costs and £14k lost income from under occupancy of stalls and increasing arrears for market traders (outside of the debts shown on page 27).

Current Quarter Issues

- At the end of September the forecast Operations expenditure shows a favourable variance of £135.6k, a further improvement of £38.5k from July's reported underspend of £97.2k. The key variances are discussed below:
- The forecast overspend on vehicle maintenance has reduced by £7.2k during quarter 2. Activity in q2 has returned to normal levels after being higher than expected during q1. The forecast overspend on vehicle maintenance is now £6.3k.
- The forecast overspend on purchase of tools and equipment has reduced by £6.0k during quarter 2 to £3k. Again, monthly expenditure has returned to expected values after being higher than anticipated in q1.
- Re-negotiation of our interim recycling contract has resulted in a favourable variance on recycling income, in the quarter, of £6.8k. Overall recycling income is still forecasting an adverse variance of £26.5k.

Futures Issues

- There is a high level of uncertainty regarding future recycling income, the Operation manager is involved in frequent negotiations with the council's recycling agent to try and ensure we obtain the best prices possible given the current state of the global recycling market.
- There are several high level vacant posts and two members of staff who are on long term sick, with the implication that we could see additional agency costs.

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Business Services - Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Corporate Apprentices	-	8.3	(8.3)	(8.0)	(0.3)
Planning					
Development Control	(320.1)	(709.4)	389.3	367.5	21.7
Forward Planning	143.6	167.9	(24.2)	(14.5)	(9.7)
Land Charges	(34.3)	(77.1)	42.8	25.4	17.4
Building Control					
Building Control - Fee Earning Account	(42.7)	(24.1)	(18.6)	2.3	(20.9)
Building Control - Statutory Function	43.7	42.9	0.8	0.7	0.1
Building Control - Street Signs	8.0	5.9	2.1	0.2	1.9
Legal Services	156.7	148.7	8.0	7.3	0.7
Democratic Services					
Electoral Registration	55.6	58.3	(2.8)	(2.5)	(0.3)
Elections	63.8	56.6	7.2	6.7	0.4
Democratic Representation	360.9	349.4	11.4	15.3	(3.9)
Mayoralty	51.2	45.7	5.5	4.5	1.1
Town Twinning	2.5	2.5	-	-	-
Licensing & Enforcement	24.5	(391.8)	416.3	521.8	(105.5)
Total	513.3	(316.3)	829.6	926.8	(97.2)

Key changes made during the quarter to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Members Allowances	13.0	(5.0)	8.0	
Mayoral Attendants	2.4	(1.0)	1.4	
European Elections recovery of costs already included in RBC budgets	7.0		7.0	
New Homes Bonus Income	368.0		368.0	
Projected Planning Application Fee Income	19.0	16.0	35.0	
Additional Staffing resource in Planning	(28.0)		(28.0)	
Forward Planning - Extension of Temporary Contract	(10.0)		(10.0)	
Forward Planning - Professional Fees		(7.0)	(7.0)	
Building Control Fee Income		(19.0)	(19.0)	
Land Charges - Income from search fees		6.0	6.0	
Land Charges S31 - New Burden Funding - Property Searches (Tinker Case)	24.0	15.0	39.0	
Licensing - Staff vacancy		6.0	6.0	
Taxi Licensing Income & Expenditure	520.0	(110.0)	410.0	
Other Miscellaneous Variances	11.4	1.8	13.2	
TOTAL	926.8	(97.2)	829.6	

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Business Highlight Report – (September 2015)

Historic Issues

- The Council receives New Homes Bonus funding as a reward for the building of new houses and reducing the number of empty homes. The grant funding received in 2015/16 is £368k above budget.
- Adjustments to committee structures are contributing to a projected under spend on member allowances, though this has dropped from £13k to £8k during Q2.

Current Quarter Issues

- The Business directorate is projecting an underspend of £830k, the significant variances are detailed below.
- Income from planning applications is projected to be £35k above budget, which is partly offset by additional staffing resources (cost circa £28k) required to assist with the increased volume of applications
- Additional staffing resources were identified to support the work of the Development Control team at the conclusion of combined working with Hyndburn Council. The additional staffing costs are £37k.
- Building Control income is currently projected to be £19k below budget
- The Council has received additional Section 31 New Burdens” funding of £24k in respect of expenditure previously incurred regarding the national adjudication of compensation to personal search companies. In addition it is projected that accruals at the end of the previous year were overstated in respect of Council’s share of associated costs, to the tune of £15k.
- Income from Taxi licensing is projected to be £410k above budget, a decrease in the quarter of £110k, partly reflecting changes to the charging regime and reduced volumes of applications in the current quarter. This income will be subject to a reapportionment of shared costs and overheads given the additional workload volumes.

Future Issues

- Nothing to report

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Health, Housing & Regeneration - Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Regeneration Mangement & Admin	189.1	168.3	20.8	1.8	19.0
Tourism	-	-	-	-	-
Area Forums	20.0	13.0	7.0	7.0	0.0
Dog Warden	24.2	17.4	6.8	6.6	0.1
Economic Regeneration					
Economic Regeneration	107.1	102.5	4.6	0.9	3.6
Whittaker Park Musuem	70.8	82.4	(11.7)	(9.9)	(1.8)
Strategic Housing					
Housing Strategy	51.2	40.4	10.7	13.1	(2.3)
Homelessness	122.3	129.0	(6.7)	(12.8)	6.1
Private Sector Renewal	41.7	4.5	37.2	36.9	0.3
Environmental Health					
Environmental Health	362.2	345.2	17.0	21.0	(4.0)
Empty Homes Scheme					
HCA	-	746.7	(746.7)	(609.1)	(137.6)
Total	988.6	1,649.5	(660.9)	(544.5)	(116.4)

Key changes made during the quarter to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Housing related costs arising from the demise of AAAW	(609.0)	(137.0)	(746.0)	
Housing Strategy staffing costs - long term sickness	12.3	(2.3)	10.0	
Regeneration Officer Vacancy		25.9	25.9	
Private Sector Renewal vacancy	34.0		34.0	
Reduced grant allocation - area forums	7.0		7.0	
Projected under spend - Dog Warden	6.6	0.1	6.7	
Whittaker Park Museum Utilities Costs	(9.0)	(2.3)	(11.3)	
Environmental Health staffing saving long term sickness	6.0		6.0	
Environmental Health - Professional Fees	7.0		7.0	
Environmental Health - Miscellaneous budgets	8.0		8.0	
Housing Options Team - additonal staffing	(26.0)		(26.0)	
Reduced contribution to St Vincent's Handymam service	10.0		10.0	
Other Miscellaneous Variances	8.6	(0.8)	7.8	
TOTAL	(544.5)	(116.4)	(660.9)	

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Business - Health, Housing & Regeneration Highlight Report – (Sept 2015)

Historic Issues

- A long term vacancy within the Private Sector Renewal team is projected to generate saving against budget of £34k.
- Utilities costs at the Whittaker Park Museum are £11.3k above budget provision reflecting the increased opening hours at the Museum and associated café, a further adverse movement of £2.3k in q2.
- A long term sickness within the Environmental Health is projected to generate savings of £6k.
- The contribution to the St Vincent's Handyman Service has been reduced by £10k in 2015/16 but due to an oversight this was not reflected in the budget set back in February.
- Projected spend on professional fees in respect of Food Safety inspections is £6.3k below budget.
- In March 2015 a Scheme of Delegation approved the creation of an additional Housing Options Post East at a cost of £26k, the 2015/16 budgets had already been formally approved at this point.

Current Quarter Issues

- Health, Housing and Regeneration have over spent by £660.9k, The significant variances are:-
- The revenue costs associated with the management of the East Lancashire Empty Homes Revolving Loan scheme properties in 2015/16 are now projected to be £746k, though this is dependent on some key assumptions around the pace of bringing empty properties back into use, occupancy rates and rent collection statistics. The movement of £137k during q2 reflects a longer lead-in period to the property renovation plans than previously anticipated and the cost of day to day maintenance. The actual cash spent up to the end of September was £475.7k.
- A Regeneration Officer vacancy is anticipated to generate saving of £25.9k in the current financial year.

Future Issues

- East Lancashire Empty Homes scheme – in addition to the revenue implications noted above other costs will require accounting for from the reserve created from recycled grants
 - Potential return of Homes & Communities Agency grant funding
 - Potential write-off of amounts owing from property owners
 - Capital recovery programme (for which officers are yet to agree the appropriate funding & accounting treatment).Officers currently estimate a shortfall on the recycled grants of c£1m.

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Corporate Management - Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Corporate Management					
Executive Office	246.6	209.1	37.5	75.4	(37.9)
Corporate Contingency	-	1.6	(1.6)	(0.5)	(1.2)
Executive Support & Corporate Subscriptions	70.4	67.7	2.8	2.3	0.5
Concessionary Fares	4.0	2.6	1.4	1.4	-
Community Safety	33.0	33.0	-	-	-
Total	354.1	314.0	40.0	78.6	(38.6)

Key changes made during the quarter to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Director of Business vacancy	63.1	(0.2)	62.9	
Senior management restructure/support	11.3	(37.7)	(26.4)	
Contribution to RTB Partnership	-	-	-	
Other Misc under / (over) spends	4.2	(0.7)	3.5	
TOTAL	78.6	(38.6)	40.0	

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Corporate Management Highlight Report – (September 2015)

Historic Issues

- Following the recruitment to the new Chief Executive, the post of Director of Business currently lies vacant and this first forecast includes £63.1k savings. This acknowledges that a senior management restructure is under way but that any resulting posts are unlikely to be filled until at least December. For every month that the current Director of Business post is vacant beyond December the favourable variance will increase by c£7.6k. However, this does not take into account any financial impacts from the ongoing review.

Current Quarter Issues

- The Corporate Management budget is forecast to under-spend by £40k, the main variances being:-
- There has been only a minor amendment to the calculation of costs for the vacant Director of Business post from December onwards. The senior management team restructure has not yet been concluded.
- In the July monitoring report a favourable movement of £11.3k was forecast, but since then additional senior management support is estimated to cost £37.7k.

Futures Issues

- Nothing to report.

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Finance and Property Services - Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Financial Services Team	337.2	353.9	(16.7)	(8.6)	(8.2)
Internal Audit	70.7	76.3	(5.6)	8.7	(14.4)
Corporate Costs	-	-			
External Audit Fee	68.0	46.6	21.4	22.2	(0.8)
Bank Charges (net of fees)	17.2	30.4	(13.2)	(11.8)	(1.4)
Treasury Management	6.6	(0.8)	7.3	2.2	5.2
Property Services					
Property Services Team	345.6	334.4	11.2	12.1	(0.9)
Corporate Estates	(35.1)	(47.9)	12.7	16.1	(3.4)
Non Domestic Estates	(109.4)	(112.0)	2.6	2.9	(0.3)
Office Accommodation	83.5	130.2	(46.7)	(52.4)	5.7
Operational Properties	378.5	365.0	13.4	11.9	1.5
Leisure Properties	56.8	56.6	0.2	(8.6)	8.8
Bus Shelters	9.0	10.6	(1.6)	(2.1)	0.5
Business Centre	143.7	165.8	(22.1)	(12.3)	(9.8)
Total	1,372.0	1,409.0	(37.1)	(19.7)	(17.3)

Key changes made during the quarter to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Financial Services Team - HCA recovery project	(8.1)		(8.1)	
Financial Services Team - trainee post (for modern apprentice)		(6.5)	(6.5)	
External Audit - national reduction in fees chargeable	22.2		22.2	
Bank Charges - EU ruling on change to debit card collection charges	(11.8)	1.6	(10.2)	
Internal Audit - 2014/15 savings& prov' bfwd but HCA audit costs	8.7	(14.3)	(5.6)	
Finance Misc Expenses	1.7	(0.3)	1.4	
Repairs & Maintenance	0.2	1.3	1.5	
Electricity	0.4	0.9	1.3	
Gas	8.0	0.6	8.6	
NNDR - Rawtenstall bus station delay	(41.9)		(41.9)	
Water	3.1	7.7	10.8	
Estates Income	2.3	2.9	5.2	
Property Services disestablished post	3.2		3.2	
Marl Pits Pavilion - cleaning	(9.4)	0.6	(8.8)	
Allotments	(4.8)		(4.8)	
Delayed Departure from Hardman's Mill (relocation of servers)	(11.2)		(11.2)	
Departure Charges	(2.6)	0.4	(2.2)	
Emergency Planning	4.5	1.0	5.5	
Legionella	-	(0.8)	(0.8)	
Mount Pleasant - house of multiple occupancy	23.4	(2.6)	20.8	
Business Centre - new IT connectivity for tenants	-	(7.0)	(7.0)	
Business Centre Cleaners	(3.3)	(0.4)	(3.7)	
Business Centre recharges	(2.0)		(2.0)	
Property Misc Expenses	(2.3)	(2.5)	(4.8)	
TOTAL	(19.7)	(17.4)	(37.1)	

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Finance & Property Services - Monitoring Highlight Report – (Sept 2015)

Financial Services

Historic Issues

- The external audit fees show a reduction of £22.2k in expected costs for 2015/16 and in future.
- HCA project staffing costs and interim cover £8.2k adverse variance.

Current Quarter Issues

- LCC charge for the HCA internal audit review is now expected to cost £14.3k.
- The cost of collecting via bank cards has been revised downwards by £1.6k to £10.2k adverse.
- The 2014-2015 apprentice has done well in his studies and is being kept on for another year.

Futures Issues

- Nothing to report.

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.
- The Property Support Assistant post has become vacant with a saving of £3.2k for the year
- The Business Rates is forecast to over spend by £41.9k due to delays in the development of the bus station in Rawtenstall and the purchase of the police station
- The transfer of servers from New Hall Hey has been delayed costing £11.2k in property rent.

Current Months Issues

- The Property Services budget is forecast to over spend by £51.1k
- The gas budget is showing an under spend of £8k, mainly due to refunds and ceased accounts.
- The water costs are showing an under spend of £10.8k, a favourable movement of £7.7k due to a refund for Kay St properties and reduced surface water charges following a policy change by UU.
- The Estates income is projected to under achieve by £5.2k
- The Council are currently paying for cleaning at Marl Pits Pavilion at a cost of £8.8k per annum.
- A budget oversight means that cleaning costs at The Business Centre will over spend by £3.7k.
- The IT connectivity at the Business Centre has been upgraded, increasing costs for the year by £7k of which £6.6k will be ongoing pressure on future budgets.

Futures Issues

- The surplus monies on the Mount Pleasant budget (currently projected to be £23.4k) will be used offset the 2014/15 debt noted above. This is subject to any future agreements with the property owners.

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People and Policy - Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
People & Organisational Development					
Human Resources	272.8	248.7	24.0	17.5	6.6
Total	272.8	248.7	24.0	17.5	6.6

Key changes made during the quarter to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Staff Vacancies (per approved restructure vacancies filled from Nov)	22.5	3.5	26.0	Green
Temporary HR support (until new structure is filled)	(2.0)	(2.0)	(4.0)	Yellow
Health & Safety Support (to end c Oct 2015 - see restructure)		5.0	5.0	Green
Rawtenstall Gateway improvements - re tourism activity	(2.5)		(2.5)	Yellow
Miscellaneous variances	(0.5)		(0.5)	Yellow
TOTAL	17.5	6.5	24.0	Green

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People & Policy Highlight Report – (September 2015)

Historic Issues

- Linking in with the recent tourism and branding activity, Civic Pride have assisted in providing improvements to the bypass gateway into Rawtenstall, supported by £2.5k from the Council.

Current Quarter Issues

- The People & Policy budget is forecasting an underspend of £24k, with the significant changes in Q2 being:-
- The section has now completed a restructure and the vacancies reported previously have now been formalised. Job adverts have already gone out to fill the approved posts as soon as possible, therefore costs are anticipated to begin from November. This has led to an increase of £3.5k on the savings forecast back in July, but is expected to incur a further £2k in external support until the structure is filled.
- Following the restructure health and safety will be covered by an employee in the section. Officers have begun the process to fill this post already, therefore, external health & safety support is anticipated to end in October, or when the new post is filled, saving approximately £5k.

Future Issues

- Nothing to report.

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Non-distributed Costs, Corporate Resources & Leisure Services

Q2 (September)

Summary	2015/16 Org Budget £000	2015/16 Forecast £000	2015/16 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Non Distributed Costs					
Employee & Pension Costs	1,268.4	1,237.0	31.4	(34.5)	65.9
Other Non-distributed Costs	(253.4)	(289.2)	35.8	35.8	-
Capital Financing					
Minimum Revenue Provision	114.5	115.3	(0.8)	-	(0.8)
Investment Interest	95.6	66.8	28.7	19.0	9.7
Use of Earmarked Reserves	-	-	-	-	-
Leisure	291.6	291.6	-	-	-
Total	1,516.7	1,421.6	95.1	20.3	74.8

Key changes made during the quarter to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Pension Fund deficit top-up payments	-	65.9	65.9	
Interest expenditure	3.5		3.5	
Interest income from bank accounts	15.5	9.7	25.2	
Restructure costs - Rossendale Leisure Trust	(53.3)		(53.3)	
Supporting HAPPI, as per Full Council in July	(50.0)		(50.0)	
Transfers (to)/from Reserves	103.3		103.3	
Other minor variances	1.3	(0.8)	0.5	
TOTAL	20.3	74.8	95.1	

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Non-Distributed Costs & Capital Financing - Highlight Report – (Q2 September 2015)

Historic Issues

- Other interest expenditure of £3.5k is not expected to match the original budgets.
- Restructuring costs of £53.3k for Rossendale Leisure Trust are being supported from the Leisure Services Reserve, however at year end the value of this Reserve will be reviewed to ensure that it covers the Trust's Balance Sheet.
- Support for the HAPPI project, £50k as per Full Council in July, is being funded from the Business Directorate Reserve.

Current Quarter Issues

- The level of overall cash resources has benefited from General Fund savings and an additional £664k received in collection fund income compared with the position at Q2 last year. This means that bank interest earned in 2015/16 is expected to result in an additional £25.2k due to the value of balances being held.
- The Council pays Pension Fund deficit top-up annually to LCC and 14% for employer contribution on current employees. The budget for the second payment in 2015/16 has been overstated by £65.9k in comparison to the actual payment made at the beginning of September. At the moment this is being shown as a contribution to the overall General Fund favourable variance. However, officers are considering the merits of redirecting this saving to the Pension Reserve in light of the potential future year pressures on the deficit recovery strategy.
- Following pension fund valuation confirmation, the Leisure Trust's 2013/14 accounts have now been concluded, reporting an increase in the balance sheet deficit to £848.4k. As a result, the Council needs to increase its Leisure Reserve by £121.4k to match that deficit. Given the nature of this increase officers propose to fund this from the Council's existing Pension Reserve, so there will be no adverse impact on the 2015/16 General Fund.

Future Issues

- The Council holds a provision for future need to support the costs of historic insurance claims through Municipal Mutual Insurance (MMI). There have been independent reports on the potential deficit of the MMI funds which suggest that the provision may need to rise from the current £200k which represents 20% of all Rossendale's claims, up to 50%. This could require an additional provision of £260k, for which officers will consider options closer to the end of the financial year.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Employment & Transport Reserve	Director Invest Reserve	Budget Volatility Reserve	Business Rates Retention	Transitional Budgetary Support	Regen Reserve & Planning AN060109 / AN060145	Homeless' Reserve	Vehicle Reserve
	AN060103	AN060123	AN060110	AN060144	AN060129	AN060145	AN060127	AN060130
Balance at 01/04/2015	1,577.7	85.5	267.1	464.0	2,679.3	236.2	295.6	361.4
Funds Received 2015/16								
2015/16 grants				655.0	S31 grants			
Revenue income received								76.2
Revenue income anticipated				191.0	NNDR Surplus			
General Fund Surplus Contribution								
Total Funds Available	1,577.7	85.5	267.1	1,310.0	2,679.3	236.2	295.6	437.6
2015-16 Published Budget Utilisation								
General budget support				(23.0)	(182.0)			
2015-16 Other Utilisation Plans								
Transfers between Reserves	(77.7)					(53.4)		
Support to Tourism								
SHMA survey & Other Local Plans								
Rogue Landlords								
Strategic Housing Market & L'scape Assesment								
PDG funded projects								
Economic Regeneration								
Public Health Grant								
Insurance Tender								
Support to Scout Moor Planning Application								
Legionella Risk								
Bacup THI Support								
Youth Homelessness funding								
Childrens Trust - Summer Fun								
PCC Comm safety funds from LCC								
2015/16 NNDR Deficit & Autumn Statement Creditor								
2015/16 DGLC levy 50%				(423.0)				
Additional pension payments								
Support Fwd Planning Staffing Hours Increase								
Valuation of former Valley Centre Development								
Drainage & Flood Prevention		(50.0)						
Active East		(20.0)						
Individual Registration								
Refurb of Rossendale Museum								
Apprentice Scheme		(20.1)						
STAN / Counter Fraud								
Redundancy costs at RLT								
HCA Empty Homes Scheme								
HAPPI grant & loan cover								
Reserve Estimates 31/3/2016	1,500.0	(4.6)	267.1	864.0	2,497.3	182.8	295.6	437.6
Future Contributions/Utilisation Plans								
2015/16 Plans						(202.9)		
2016/17 Plans				(400.0)	(458.0)			25.5
2017/18 Plans					(57.0)			25.5
2018/19 Plans					(512.0)			(25.5)
2019/20 Plans					(664.0)			(51.0)
2020/21 Plans					(678.0)			(51.0)
Potential Reserve Balances	1,500.0	(4.6)	267.1	464.0	128.3	(20.1)	295.6	361.1

The planned usage of the Transitional Reserve is as per the updated MTFS reported to Cabinet in October 2015. Given that this Reserve now holds enough resources to meet the MTFS requirements, officers recommend that any general favourable variances are transferred into the Empty Homes Reserve. In addition, the Empty Homes Reserve receives recycled grant income throughout the year, of which £105.8 k having been recycled up to the end of September and a further £232k anticipated (though this depends on the pace of bringing properties back into use).

In accordance with the resolution at Full Council on 25th February 2015 the former Change Management Reserve has now been re-designated as the Employment & Transport Reserve and the surplus funds transferred to the Empty Homes Reserve.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Leisure Reserve AN060118/9	PRIDE Reserve AN060126	Empty Homes Reserve AN060148	Perform Reward Grant AN060120	Bacup THI AN060142	Pension Fund Reserve AN060117	Operational Reserves AN060121	Total
Balance at 01/04/2015	785.0	15.0	458.9	236.3	400.6	784.9	1,199.7	9,847.3
Funds Received 2015/16								
2015/16 grants							39.0	694.0
Revenue income received			105.8				51.6	233.6
Revenue income anticipated			232.0	HCA recycled grant			0.0	423.0
General Fund Surplus Contribution			495.8	General Fav variance			0.0	495.8
Total Funds Available	785.0	15.0	1,292.5	236.3	400.6	784.9	1,290.3	11,693.7
2015-16 Published Budget Utilisation								
General budget support								(205.0)
2015-16 Other Utilisation Plans								
Transfers between Reserves	121.4		77.7			(121.4)	53.4	0.0
Support to Tourism							0.0	0.0
SHMA survey							0.0	0.0
Rogue Landlords							0.0	0.0
Strategic Housing Market & L'scape Assesment							0.0	0.0
PDG funded projects							0.0	0.0
Economic Regeneration							0.0	0.0
Public Health Grant							0.0	0.0
Insurance Tender							0.0	0.0
Support to Scout Moor Planning Application							0.0	0.0
Legionella Risk							0.0	0.0
Bacup THI Support					(280.6)		0.0	(280.6)
Youth Homelessness funding							0.0	0.0
Childrens Trust - Summer Fun							(4.0)	(4.0)
PCC Comm safety funds from LCC							(4.8)	(4.8)
2015/15 NNDR Deficit & Autumn Statement Creditor							0.0	0.0
2015/16 DGLC levy 50%							0.0	(423.0)
Additional pension payments							0.0	0.0
Support Fwd Planning Staffing Hours Increase							(2.0)	(2.0)
Valuation of former Valley Centre Development							0.0	0.0
Drainage & Flood Prevention							0.0	(50.0)
Active East							0.0	(20.0)
Individual Registration							0.0	0.0
Refurb of Rossendale Museum							0.0	0.0
Apprentice Scheme							0.0	(20.1)
Credit Union - Financial Inclusion / STAN							(44.3)	(44.3)
Redundancy costs at RLT	(58.0)						0.0	(58.0)
HCA Empty Homes Scheme			(77.0)				0.0	(77.0)
HAPPI grant & loan cover							(50.0)	(50.0)
Reserve Estimates 31/3/2016	848.4	15.0	1,293.2	236.3	120.0	663.5	1,238.5	10,454.9
Future Contributions/Utilisation Plans								
2015/16 Plans							(10.0)	(212.9)
2016/17 Plans					(40.0)	69.0	0.0	(803.5)
2017/18 Plans					(40.0)		0.0	(71.5)
2018/19 Plans					(40.0)		0.0	(577.5)
2019/20 Plans							0.0	(715.0)
2019/20 Plans							0.0	(729.0)
	848.4	15.0	1,293.2	236.3	0.0	732.5	1,228.5	7,345.5

Current issues

Funding for the original budget of £8.9m approved in February included the use of £182k from the Transitional Reserve and £78k from the Business Rates Retention Reserve as reflected in the above table.

The Bacup THI Reserve is being used to support £40k of revenue costs per annum up to 2018/19, plus £240.6k of capital works in the initial phases between summer 2015 and summer 2016, as noted in the capital programme on pages 28 & 29.

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Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Commun' for Habitats	Housing Capital Pot *	Disabled Facilities Grants *	Total
Balance at 01/04/2015	25.2	338.3	0.0	363.5
New Funds Received 2015/16				
Grant received			424.0	424.0
Other contributions			150.0	150.0
Total Funds Available	25.2	338.3	574.0	937.5
Planned Utilisation in 2015/16				
DFGs brought forward from 2014/15		(149.0)	(18.0)	(167.0)
DFGs original Capital Prog 2015/16		(76.0)	(424.0)	(500.0)
Additional Utilisation in 2015/16				
DFGs additional works			(132.0)	(132.0)
Anticipated Balance 31/03/2016	25.2	113.3	0.0	138.5
Future Utilisation Plans				
2016/17 DFGs		(76.0)		(76.0)
2017/18 DFGs		(37.3)		(37.3)
2018/19 DFGs		0.0		0.0
Potential Reserve Balances	25.2	0.0	0.0	25.2

The funds held from the old Housing Capital Pot grant scheme look set to run out in 2017/18. Beyond this the only funds available for DFG works will be the annual grant from the Better Care Fund and any contribution from Green Vale Homes for works to their properties.

Staff Costs, including agency

At the end of September there were 10 vacant posts contributing to a net favourable cash variance of £43k for the year to date. This figure is net of £96k in additional staffing costs for two areas, namely planning (see page 10) and housing Empty Homes team (see page 12).

Employment Costs 2015/16 to end Sept	YTD Budget £000	YTD Actual £000	full year Variance (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	Original Budget Staff FTEs	FTE Changes during 2015/16	Current Vacant Posts
Place Directorate								
Customer Services	187	178	9	8	1	8.8	0.0	0.0
Operations Service	1,060	1,012	48	57	(9)	77.5	0.0	3.0
Business Directorate								
Building Control Services	53	52	1	1	0	3.0	0.0	0.0
Legal & Democratic Services	148	150	(2)	(2)	(0)	11.8	0.0	0.0
Planning Services	201	226	(25)	(24)	(1)	9.8	0.0	0.0
Local Land Charges	19	20	(0)	(0)	-	1.0	0.0	0.0
Public Protection	103	99	5	18	(13)	11.6	0.0	0.0
Health, Housing & Regen	355	426	(71)	(38)	(33)	17.9	0.0	3.0
Corporate Services								
Corporate Management	121	79	42	32	10	3.0	0.0	1.0
Finance & Property Services	223	228	(5)	(5)	0	11.6	0.0	0.0
People & Org. Performance	90	49	41	30	11	5.5	1.0	3.0
Total	2,560	2,517	43	77	(34)	161.5	1.0	10.0

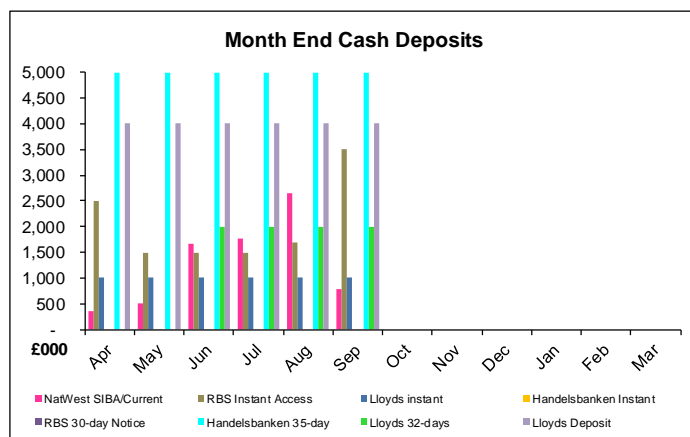
The table above shows the additional 1FTE from the restructure of the People and Policy Team, with bringing the Health & Safety role back in-house. The Senior Management team restructure is still under review.

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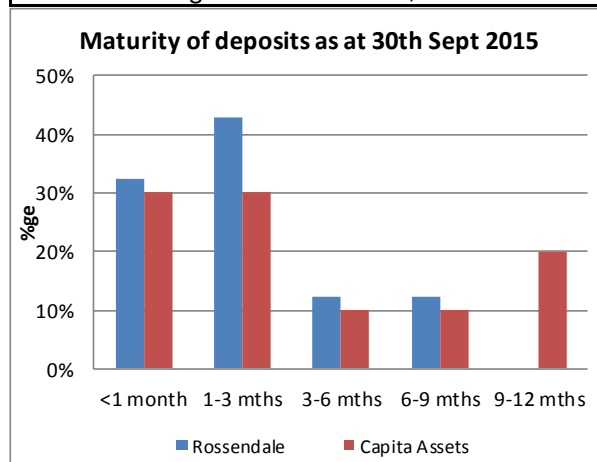
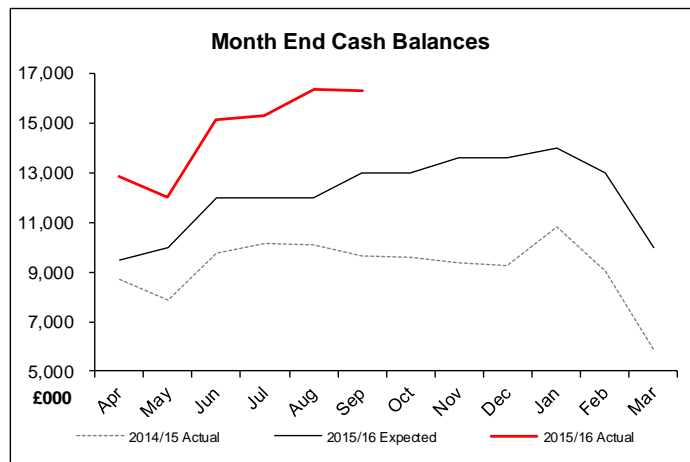
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Treasury Management & Cash Flow Monitoring

By the end of September the bank balances had risen to £16.3m from £15.3m at the end of July following the normal annual cash flow patterns. This is above the expected balances, thanks in part to the revenue savings on the General around £660k improvement in collection fund receipts during the first half of the year.



as at 30th Sept 2015	Current Balance £k	Effective Interest Rate %
NatWest SIBA	798	0.25
RBS Instant Access	3,500	0.25
RBS 30-day notice	-	0.25
Handelsbanken instant	-	0.30
Handelsbanken 35-day	5,000	0.50
Lloyds instant access	1,000	0.40
Lloyds 32-day notice	2,000	0.57
Lloyds Deposit 12mths	2,000	1.00
Lloyds Deposit 12mths	2,000	1.00
Total Bal & Avg interest	16,298	0.56



With some uncertainty around cash flow requirements for capital projects in the coming months and the impact of any potential base rate rise in summer 2016, officers are keeping further investments as short-term as possible, using the Lloyds 32-day notice account which is paying 0.57%. Though this has raised the total deposits with Lloyds to £7m, it still falls within the Treasury Management limits given that the overall resources are above £16m (see page 26).

As the 12-month investments move towards maturity the overall return rate drops. It currently stands at 0.56%, which is below the Capita Asset Management model portfolio return of 0.77%. Officers are considering the interest rates available in the 6-9months period given that the year-end resources are now expected to be at least over £10m.

Interest Earned

Interest Forecast	Budget 2015/16	Forecast 2015/16	Variance Fav/(Adv)	Change Fav/(Adv)
Revenue				
Interest payable (PWLB)	(162.4)	(162.4)	0.0	0.0
Misc Interest income	3.0	3.0	0.0	0.0
Bank Interest income	70.0	95.2	25.2	25.2
Net Interest	(89.4)	(64.2)	25.2	25.2

The overall balances are higher than anticipated so the interest income is currently expected to out-perform the original budget by around £25.2k despite poor interest rates.

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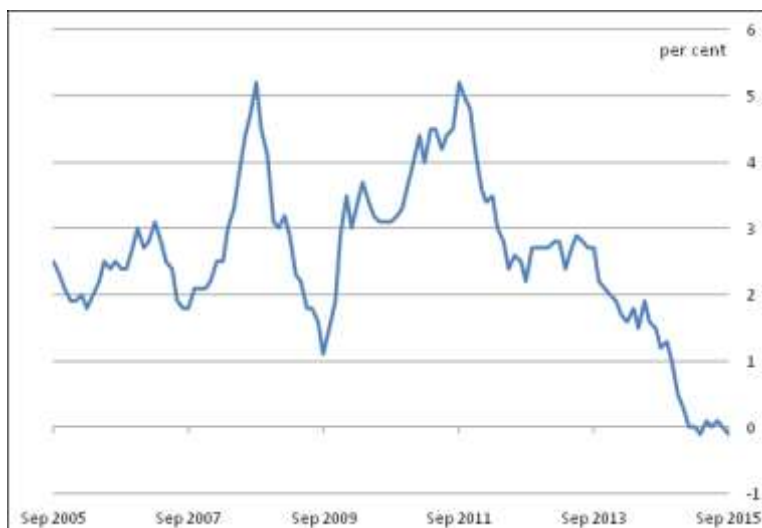
Economic Outlook (issued 13th Oct)

The Consumer Prices Index (CPI) fell to -0.1% in the year to September 2015 compared with a 0.1% rise in the year to August. Annual inflation (the overall rate at which prices have increased over the last year) has been at or around 0% since February this year.

The decrease in the rate of inflation from 0.1% to -0.1% was largely due to price movements in the clothing, footwear and motor fuel. When the autumn ranges of clothing & footwear entered the shops their prices rose less than in previous years and at the same time the end of summer season sales saw greater reductions than usual.

For the Council the September inflation rate is important as it will impact on the level of benefits and pensions payable from April 2016 onwards. Just how much this will influence those costs will be determined in quarter 3. However, the Council has already benefited from fixing these low interest rates into the Capita contract extension up to September 2019.

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Interest rate forward predictions

“The Bank of England’s Monetary Policy Committee has not given firm indications that it is likely to raise interest rates in the near term, but there does seem to be a slightly more hawkish tone to comments... The turmoil in the markets (the rout on the Chinese stock markets and subsequent decline in the Chinese manufacturing) and the likely delay in a US rate rise should ensure that a move in rates is unlikely until Q2 next year at the earliest.”

Capita Asset Services ‘Citywatch’ September 2015.

as at end	Dec	Mar	Jun	Sept	Dec	Mar	June	Sept	Dec
Sept 2015	2015	2016	2016	2016	2016	2017	2017	2017	2017
Base Rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%
25yr PWLB	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%

Treasury Management Practices (TMPs) and Prudential Indicators

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

The Council’s TMPs provide operational limits for the maximum investment with any single institution as the greater of £5m or 50% of total funds available at the time of the deposit, and £10m across a single group. Up the end of 2014/15 the practice had been to adhere to the £5m limit, but with overall resources now consistently above £15m, a carefully considered decision was taken to increase the deposits with Lloyds by placing £2m in their 32-day notice account to earn a return of 0.57%.

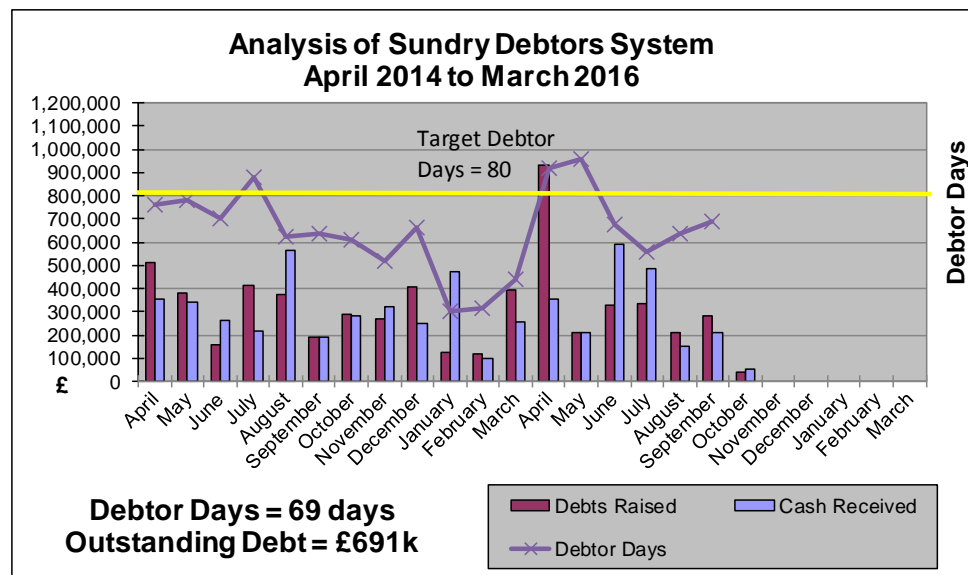
The Council’s Natwest accounts exceeded £5m for one day in mid- September before the £3m of precepts were paid out. However, given that the total resources available at the time were above £21m, the above TMPs were not contravened.

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Sundry Debts Monitoring

In 2015/16 £2,303k of new invoices were raised in the first 6 months and the total outstanding debts are £691k.



The new year debt outstanding of £528.6k includes £89.5k of service invoices raised in April which will be collected in instalments throughout the year. Collection of invoices raised in May and June have already reached 92% and 94%.

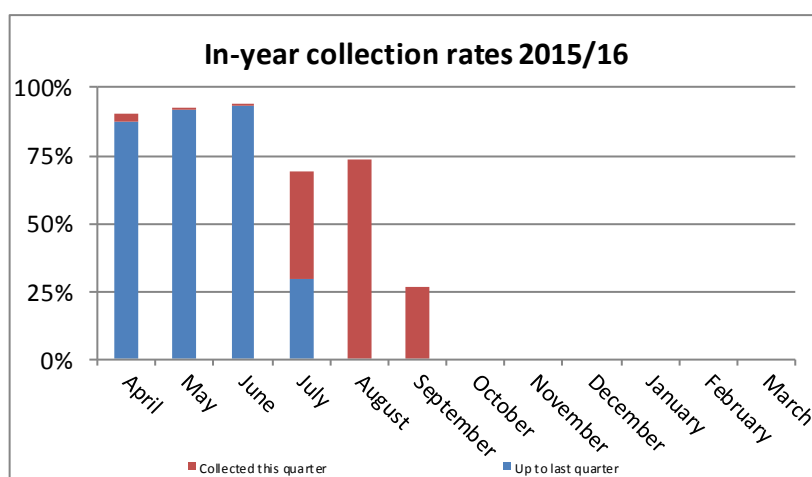
Around £391k of housing rent invoices have been raised in the first 6 months, of which £124.6k remains outstanding.

Collection performance remains a focus and at the end of September the Debtor Days indicator has worsened to 69 days from 56 days at the end of July this year and 63 days at the end of July last year.

Doubtful debts

Officers are currently assuming a level of 15% against all housing rent debts raised, though this is subject to change with experience over the coming months.

In all other cases the potential for doubtful debts rises from 10% at origin, to 50% after 6 months, 75% after 9 months and 100% for any debts over 1 year old. This has resulted in a doubtful element of £196.1k, against a current doubtful debt provision of £200.8k.



Officers will continue to monitor the requirement to make further bad debt provisions.

Debts Outstanding	Mar 2014	Mar 2015	31 July 2015		30 Sept 2015		Doubtful Debts	
	£k	£k	£k	£k	£k	£k	rate	value
Earlier Debt	420.2	76.7		70.9		69.2	100%	69.2
2014/15 Debt								
Q1		13.3		2.9		3.1	100%	3.1
Q2		13.1		9.5		9.3	100%	9.3
Q3		52.1		24.3		23.5	75%	17.6
Q4		125.1		62.9		57.5	50%	33.4
2015/16 Debt								
Q1 Apr			141.0		106.0		3%*	11.9
Q1 May			17.7		17.0		10%*	11.2
Q1 Jun			23.6	182.3	19.9	142.9	10%*	8.1
Q2 Jul			245.9		107.3		10%*	14.9
Q2 Aug			31.7		56.1		10%	9.1
Q2 Sept					277.6	375.3	10%	7.4
Q3 Oct					10.4		10%	1.0
Q3 Nov							10%	0.0
Q3 Dec				0.0		10.4	10%	0.0
Total Debt o/s	420.2	280.3		630.4		691.2		196.1

Secured Debts

In addition to the debts opposite, a major default work debt of £11.4k remains outstanding, secured against the premises. Officers are in the process of trying to recover this debt through the legal systems.

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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
Capital Receipts				
Land & Property Sales	75	66	75	-
Osolete refuse vehicles	-	49	49	49
Cost of sales		-	-	-
Net receipts to table 2	75	115	124	49

Current issues

The income from asset sales in table 1 above includes £49k from the sale of the last 2 refuse vehicles at auction in April. The land and property capital income includes monies from the sale of land at Commercial Street, Loveclough. Officers are still confident in reaching at least £75k of land sales income by the year-end. Therefore, the net favourable variance forecast on capital receipts is therefore £49k.

Table 2 - Useable Capital Receipts

Useable Capital Resources	£ 000
Balance at April 2015	1,736
Capital Grants in 2015/16	2,562
Capital Receipts in 2015/16	124
	4,422
Revenue Contributions (RCCO)	
from Earmarked Reserves	253
from S106 agreements	205
from Revenue Operations	125
Total Capital Resources 2014/15	5,005
Capital Programme spend	(4,097)
Useable Capital Receipts Mar 2015	909
Reserved for housing	(377)
Unreserved balance	532

RCCO is Revenue Contribution to Capital Outlay

Financing the Capital Programme

The opening balance of Useable Capital Receipts was £1,736k, though £943k of this was required to finance continuing projects, as shown in earlier reports.

During the year revenue resources are expected to contribute a further £583k alongside the capital receipts anticipated above, including the use of £46k from the Grane Mill S106 agreement to fund works at Greenfield Gardens.

Capital Grants and contributions expected this year are now £2,562k including £799k for Disabled Facilities Grants (of which £150k is from Green Vale Homes), £403k for the redevelopment at the Ski Slope and £1,269 relating to the Bacup THI project from the Heritage Lottery Fund, LCC and property owners. The two new contributions are £9k from the Lumb Millennium Green Trust to fund outdoor gym equipment and £50k for works to Rosemount Woodlands from the Stacksteads Park Group being LEF and Big Lottery grants that they have secured for the project.

The total capital resources available in 2015/16 are therefore expected to be £5,005k.

As shown in detail on the following page, the actual capital programme now stands at £4,976k with £879k being funded through internal borrowing and £4,097k coming from the capital resources above, leaving an expected balance of capital resources of £909k at the end of this year.

Future issues

The first DFG grant through the Better Care Fund has now been received, for 2015/16 at the same value as originally budgeted of £424k but GVH have indicated that their contribution for the year will not exceed £150k (down from previous years). Any indications for future grants will be notified to members as soon as possible.

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Capital Programme Spending

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

SERVICE AREA	2015/16 Original Capital Programme	2015/16 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
Place Directorate										
Communities & Operations	190	623	43	74	623	72	335	76	140	28
Customer Services & e Govt	0	28	28	0	28	0	0	0	28	9
Regeneration	0	2,086	0	0	2,086	1,692	0	394	0	0
Corporate Support Services										
Finance & Property Services	135	1,039	579	54	1,039	0	486	95	458	77
Other PRG Projects	0	18	1	0	18	0	0	18	0	0
Renewable Energy Projects	0	253	0	0	253	0	0	0	253	55
Housing	500	929	218	69	929	799	130	0	0	0
	825	4,976	869	197	4,976	2,563	951	583	879	169

Capital Programme

The original capital programme approved in February was £825k and slippage brought forward totalled £1,901k (for details of the projects please refer to the July monitoring report).

Additional projects approved since April are shown in the table opposite, bringing the total programme up to £4,976k.

Capital Programme 2015/15	£000	Funded by
Original Capital Programme	825	
Slippage from 2014/15 projects	1,901	see July report
New projects in 2015/16		
Haslingden Grip & Go + bldg wk	330	£25k RCCO&
Valley Centre - Police Stn	152	Internal Borrowing
DFGs - additional GVH funds	132	3rd party receipts
Printers & MFDs	28	Internal Borrowing
Bacup THI (buildings phases 1-3)	1,503	mainly HLF
Greenfield Gardens	46	S106 receipt
Lumb Millenium Green gym	9	vol contributions
Rosemount Woodlands	50	grants via SCPG
Revised Capital Programme	4,976	

New in Q2 are three parks projects:- Greenfield Gardens is an internal project which is being funded from S106 receipts re Grane Road. In addition two community projects have been given the go-ahead on Council land, namely an outdoor gym at Lumb Millennium Green and works at Rosemount Woodlands off Huttock End road in Stacksteads. These are being led by local community groups and funded from voluntary sector contributions and grants that they have been awarded by organisation such Lancashire Environment Futures and the Big Lottery.

Current Issues

There has been little physical progress over the summer holidays :-

- Another £73k of DFG grants have been approved and the orders placed, bringing the year to date total up to £287k, of which £218k have been completed. This represents 36% of the revised annual programme.
- Final invoices for the Grip & Go equipment have been paid, including £10k of safety equipment not on the original project but required nonetheless.
- All the new printers/MFDs are now installed, working and paid for.
- A £33k project to provide alterations and replace damaged flooring at Marl Pits wet changing rooms has suffered some delays over the summer. Contractors have been waiting for the sub-floor to completely dry out before laying the replacement surface. This is almost complete now.

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Minimum Revenue Provision

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 original budget for this in 2015/16 was £685k. Changes in 2015/16 include the Leisure Trust's Grip & Go project at £20k which is being repaid by the Trust, therefore the budget has been amended. MRP for the printers will cost £5k and this will replace the former lease budgets in the IT section. Funding of the purchase of the Police Station is adding £15k to non-distributed MRP costs from 2016/17 on.

There are other asset repayments coming to a conclusion during 2015/16 the Parks section. These MRP budgets of £79k have been maintained at current levels to provide the option for future replacements to be funded in the same way.

Minimum Revenue Provision (MRP)	MRP		Variance (Adv)/Fav 2015/16	MRP		Potential (Additions) / Savings 2016/17
	Budget 2015/16	Forecast 2015/16		Budget 2016/17	Revised MRP Required 2016/17	
Refuse Collection	323	309	14	323	309	14
Street Sweeping	50	26	24	50	25	25
Parks	56	18	38	56	18	38
IT	35	30	5	35	30	5
Facilities/Property	19	20	-1	19	19	0
Leisure Investment	107	107	0	146	146	0
Corporate Services	5	5	0	9	9	0
Non-distributed Costs	114	116	-2	115	130	-15
	709	631	78	753	686	67

Section 106 Receipts Monitoring

Section 106 Agreements	Third Party Projects	RBC	RBC	Total Held
		Revenue Projects	Capital projects	
	£000	£000	£000	£000
Balance fwd at 1st April 2015	418.8	152.7	199.9	771.4
Deposits received in 2015/16	23.4	2.6	127.32	153.3
Deposits applied in 2015/16	(15.0)	(11.2)	(26.2)	(52.4)
Current Balance	427.2	144.1	301.0	872.4

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

Planning Ref	Area	Site	Purpose	Time Period	Currant Balance
2002/407	Bacup	Former Victoria WMC Bacup	Bus Shelters	none stated	5,000
2002/407	Haslingden	Bentgate, Manchester Rd	Play Area upgrade	no time limit	10,000
2004/012	Crawshawbooth	Former Chapel, Crawshawbooth	Recreation Area	no time limit	6,841
2004/372	Crawshawbooth	Conversion of Crawsbooth Con Club to 8 appts	Bus Shelters	none stated	12,000
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	no time limit	104,846
		Others			5,551
RBC Revenue Maintenance Projects					144,238
2007/737	Edenfield	Market St	Edenfield Community Centre	Exp May 2018	549
2002/497	Haslingden	Grane Mill, Laneside Rd	Provision & Maintenance of any other areas of	no time limit	46,000
2010/433	Whitworth	Eastgate	Open Spaces/ Affordable housing	Exp Jul 2017	87,875
2010/0667	Whitworth	Orama Mill	Public & Open Spaces	Exp June 2020	57,800
2011/0046	Helmshore	Holmeffield House	Open Space	Exp Aug 2017	3,644
2011/0046	Helmshore	Holmeffield House	??		25,800
2012/0162	Rawtenstall	Rossendale General Hospital	Sports Provision	Exp Nov 2019	35,581
2013/0277	Waterfoot	Waterfoot	POS within the vicinity	no time limit	16,392
2013/0455	Bacup	Bacup	POS within the vicinity	no time limit	27,320
RBC Capital Projects					300,961

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Council Tax & NNDR Collection Rates

Cumulative collection rates	LI 9 Council Tax			LI 10 NNDR		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/15
	April	11.15	10.16	10.91	12.25	10.97
May	20.40	20.16	19.98	20.47	21.66	20.80
June	29.55	29.02	29.22	30.50	31.10	29.31
July	39.01	38.43	38.49	39.43	38.83	43.25
August	48.13	47.63	47.54	51.60	51.60	54.82
September	57.47	57.00	56.80	60.92	61.01	62.70
October	66.98	66.30		67.88	68.55	
November	76.37	75.52		76.23	75.72	
December	85.57	84.81		84.92	82.61	
January	94.97	94.15		95.64	90.30	
February	96.61	95.69		96.38	94.46	
March	97.10	96.90		97.20	97.60	

Business rates collections are ahead of last year at the end of September, but council tax is down slightly on last year.

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

The Council Tax Collection projected out-turn is showing an overall surplus of £294k of which RBC's share is £48k. This includes

- A prudent view of future banding appeals, with a further £242k being predicted before the year end.

	£'000
Council Tax Collectable after	
Discounts & Exemptions	31,881
less Bad Debt Provision	(519)
	<u>31,362</u>
less Precepts	
Lancashire County	(21,808)
Police	(3,070)
Fire	(1,252)
Rossendale Council	(4,939)
	<u>(31,068)</u>
Surplus	294
RBC Share	48

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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 projected outturn for Business Rates Collection is a cash deficit of £27k of which RBC share is £11k. This is due to a national decision pertaining to the rating of Health Centres has adversely impacted on Business Rates collection at a cost of £450k, the 2014/15 appeals provision accounted for this judgement. There has been further banding appeals reducing business rates income by £400k in 2015/16.

Business Rates Collection Fund 2015/16	£'000
Business Rates Income	12,833 excluding grants to Gfund
less Precepts paid	(13,782) includes allocation of 2014/15 declared surplus
Cash Deficit on Business Rates Collected	(949)
RBC Share @ 40%	(380) payable in 2016/17
Central Government share 50%	(475)
LCC and Fire share 10%	(95)

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 £5,447k, 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 £3,278k.

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 in 2015/16 we will receive £655k in S31 grants but will have to pay a levy of £423k.

RBC General Fund	£'000
Business Rates Income	12,833
RBC Share @ 40%	5,133
less tariff paid to Central Government	(3,278)
plus Enhanced Small Business Relief	420 Due in respect of 2015/16
plus other Section 31 Grants	235 Due in respect of 2015/16
Subtotal	2,510
RBC Baseline Funding Level	1,978
Surplus for Levy Calculations	532
Levy to Central Gov't @ 50%	266 Payable in 2015/16

To summarise the variances relating to 2015/16 financial year for business rates:-

Business Rates Summary	£'000 (Adv)/Fav Variance
Collection fund deficit 2015/16	(380) Re 2015/16 payable in 2016/17
Precept surplus	256 Re 2015/16 receivable in 2015/16
Section 31 Grants & Localism Relief	655 Re 2015/16 receivable in 2015/16
less Central Gov't Levy	(266) Re 2015/16 payable in 2015/16
Overall Favourable Movement	265

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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