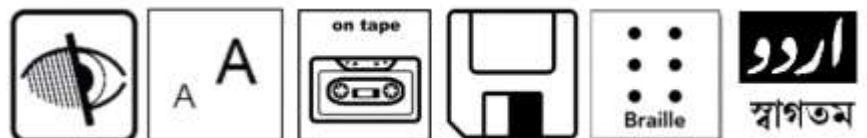


Financial Monitoring Report

2016/17 as at end June 2016

Including a Glossary of terms on page 32



Monthly Financial Monitoring Report 2016/17 – Q1 end June 2016

General Fund Revenue Operations – pages 4 to 21

This first monitoring report on the General Fund for 2016/17 is showing an adverse variance of £476k compared to the original budget of £8,618k. Funding for the original budget included the planned use of £254k from the Business Rates Retention Reserve, £200k from the Empty Homes Reserve and £60k from the Employment & Transport Reserve.

Most of the adverse variance relates to the Empty Homes Scheme and officers are keeping the costs under constant review, both in terms of the revenue operations of the scheme the renovations works required to bring the remaining homes back into use. There are several measures still ongoing to minimise the impacts of the scheme for this Council, including the invitation of tenders to manage the properties on an agency basis, continuous review of renovation proposals and costs to ensure best value and negotiations with partner authorities and property owners to make contributions towards costs. Officers are also still awaiting the outcome of the HCA audit of the scheme. An update will be provided on all these activities at the Q2 report, but until then members are reminded that the Empty Homes Reserve holds £1,252k to support the scheme.

Earmarked Revenue Reserves – page 22 to 23

The total cash-backed Earmarked Reserves brought forward at 1st April 2016 were £8,796k (excluding the Transport Reserve).

As noted above, £514k was planned to be used to support revenue operations within the original budget approved back in February.

The Business Rates Retention Reserve now reflects the in-year variances discussed in detail on page 32, including receipt of £102k of Section 31 grants, less payment of the levy to central government of £12k.

Use of the Bacup THI Reserve has begun with physical works now under way on the scheme. The Reserve is set support revenue costs in this year and in 2017/18 as well as just under £250k of capital works on the project over the coming months.

The Head of Finance is due to bring a report to members in the autumn on the merits of re-financing the Leisure Trust's balance sheet, which could see around £768k of the Leisure Trust Reserve being used in this financial year.

The forecast closing balance at the 31st March 2017 is now £7,997k, but usage over the life of the MTFs, including the Transitional Reserve and the Empty Homes Reserve, will reduce this to £3,662k.

Government Grants Unapplied – page 24

The opening value of Government Grants Unapplied at the 1st April 2016 was £1,193k, including £338k of Housing Capital Pot which will be used to support DFG works in future years. The DFG grant for 2015/16 was not fully used in 2015/16 so £153k has been brought forward to add to the £791k already received from the Better Care Fund for 2016/17 works.

The Clean Bus Technology Fund was a grant of £486k received towards the end of 2015/16 which is in the process of being used to finance environmental upgrades to Rossendale Transport buses over the summer period. The Homelessness grant of £191k is the balance of funding received on behalf of Rossendale and its neighbours for homeless prevention initiatives for 16/17 year olds and this is being drawn down as and when these projects commence.

The forecast balance at March 2017 is now revised to £515k.

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Staff Monitoring – page 24

An estimate of £150k of vacancy savings was included in the original budget. At the end of Q1 there were 12 vacant posts which have already contributed £145.5k towards that requirement, with an additional £14k favourable variance left in departments being used to support other ways of working, such as shared working with other authorities.

The table on page 24 shows the impact of the restructure of the Finance Team, adding 1 FTE post removed in Q4 of 2015/16. The resulting 2 vacancies have been recruited to and both officers were in place by early July.

Treasury & Cash Management - page 25 to 27

At the end of June the total balances had returned to £13.2m from £10.1m at beginning of the year, following the normal annual cash flow patterns. The main treasury management concern is the interest rates forecasts. Based on the end of June rates the accounts looked set to return a favourable variance of £13.8k. However, members may be aware of the Bank of England base rate cut to 0.25% in early August. At the time of writing this report none of the Council's variable rate bank accounts have updated their rates, but our Treasury Management advisors are forecasting a further cut to 0.1% before Christmas which could last until 2018.

To date £1,591k of new invoices have been raised, including £791k for the Better Care DFG grant which was received very promptly. Of the £575k of general debt outstanding, 40% was under 30 days old. Where specific concerns have been raised, provision for doubtful debt has already been charged into the General Fund, and the current doubtful debt provision balance is £106k to meet the doubtful debts value of £130k. Officers will monitor the need for additional doubtful debt contributions.

The above debts exclude the rent on Empty Homes Scheme properties, which continue to be a concern with a Q1 arrears balance of £272k (of which £89k was former tenants). Against this there was a £146k doubtful debt provision brought forward and a £77k contribution expected.

Capital Receipts – page 28

Capital receipts have started very slowly, but are still expected to achieve the target of £75k.

Capital Programme and Funding – page 29 to 30

The capital programme started the year at £955k, to which £4,907k of slippage was added. New projects during 2016/17 now total £354k, including the additional £291k DFG grant to be used. This brings the revised capital programme up to £6,216k.

Activity in Q1 includes 24% of the revised DFG programme, 15% of the Empty Homes renovations and 30% of the Bacup THI works as well as the ongoing Spinning Point planning.

Collection Fund 2016/17 (Council Tax & NNDR) - page 31 to 32

Council Tax collection rates at the end of June are marginally ahead of previous years with a current year forecast surplus of £470k with the Council's share being £72k

Meanwhile current collection rates for Business Rates (NNDR) are marginally behind the previous year. There is no strong evidence to explain this albeit there has been a shift for some business to opt for 12 monthly payments rather than historic 10 months. That aside we are still forecasting an overall full year surplus of £721k which is marginally behind our target of £760k. Members should note that this includes the benefit of £342k from the new Lancashire pooling arrangements – this would previously have resulted in a levy payment to DCLG.

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General Fund Revenue Operations

Service Area (excluding internal recharges)	2016/17 Original Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr 1 (Adv)/Fav £000
Place Directorate					
Customer Services and E-Government	1,365.0	1,375.0	(10.0)	-	(10.0)
Operations	2,396.4	2,352.9	21.8	-	21.8
Business Directorate					
Building Control Services	12.5	29.7	(17.2)	-	(17.2)
Legal & Democratic Services	758.4	773.7	(15.3)	-	(15.3)
Planning Services	(661.9)	(663.9)	2.0	-	2.0
Local Land Charges	(33.2)	(39.7)	6.5	-	6.5
Licensing & Enforcement	(76.8)	(31.8)	(45.0)	-	(45.0)
Health, Housing & Regeneration	1,218.0	1,662.2	(501.9)	-	(501.9)
Corporate Support Services					
Corporate Management	419.2	381.5	14.1	-	14.1
Finance & Property Services	1,308.1	1,310.1	45.4	-	45.4
People and Policy	279.7	264.3	7.8	-	7.8
Non Distributed Costs	1,174.0	1,230.4	(1.0)	-	(1.0)
Capital Financing and Interest	216.8	199.9	16.9	-	16.9
Leisure	241.6	241.6	-	-	-
TOTAL Service Cost	8,617.8	9,085.9	(476.0)		(476.0)
LESS Use of Earmarked Reserves					
NNDR Reserve	(254.0)	(254.0)	-	-	-
Empty Homes Reserve	(200.0)	(200.0)	-	-	-
Employment & Transport Reserve	(60.0)	(60.0)	-	-	-
Net Service Cost	8,103.8	8,571.9	(476.0)		(476.0)

This first monitoring report for 2016/17 is showing a net adverse of £450k. The original budget planned the use of £514k from Reserves as shown in the table above. The amount due to come from the Empty Homes Strategy Reserve was £220k, though this is likely to increase if further savings cannot be found during the remainder of the year to support the current forecast overspend of £590k on the Empty Homes Scheme operations.

In the original budget there was an overall savings target of £150k for staff savings from vacant posts or restructures. To date officers have allocated out £145k of this against actual savings to date in Q1. The forecast savings relating to staff in the table opposite show a further estimated £177k savings to come in Q2 to Q4, though this is subject to some structure decisions which are ongoing at the moment and this may reduce in the Q2 forecast.

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

- The changes evident at the moment in housing benefit payments and subsidy are leading officers to make a prudent forecast of a net adverse variance of £63k.
- The new policies in relation to taxi licensing will possibly result in a net adverse of £82k.
- The operation of the Empty Homes Scheme had an original net budget of £200k, being funded from the specific Earmarked Reserve, but the current forecast is an adverse £590k.
- Fee income is experiencing mixed results - Markets and Building Control are adverse, whereas Cemeteries, Planning Applications, Trade Waste & Estates rentals are favourable. We also expect to receive £16.7k in departure charges from the old bus station whilst the new facility is being built, which was omitted from the original budget.
- Officers are discussing the increase in utility costs with the management group at Whittaker Park Museum and will report back in the Q2 monitoring report.

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Monthly Financial Monitoring Report 2016/17 – Q1 end June 2016

Major Variances in Quarter 1	Favourable /(Adverse)	Net
Customer Services and e-Government		
Recovery of Council Tax & Housing Benefit over payments	7.4	
Housing Subsidy	(62.9)	
Court costs awarded	6.8	
Additional Grants received net of additional costs incurred	28.3	
Disaster Recovery & network testing	(14.2)	
Other minor variances	24.6	(10.0)
Place Operations		
Staff costs (including agency and savings target)	9.5	
Overtime Budgets	23.4	
Fuel	(15.3)	
Vehicle maintenance incl hire of temporary replacements	(22.2)	
Markets income	(24.3)	
Cemeteries Income	10.1	
Tarde Waste income	18.0	
Insurance premiums	16.1	
Other minor variances	6.5	21.8
Business Directorate		
Staff costs	(11.2)	
DCLG Grant income including New Homes Bonus	4.8	
Planning Applications (net of professional support costs)	14.4	
Building Control Fee Income	(22.8)	
Register of Electors costs	(6.3)	
Taxi Licensing income	(82.1)	
Members Allowances savings	8.1	
Other minor variances	26.0	(69.1)
Business - Health, Housing & Regeneration		
Staff costs (excl Empty Homes Team)	108.3	
Empty Homes Scheme (including staffing) & bad debt prov	(590.2)	
Whittaker Park Museum utilities	(15.4)	
Environmental Health -food safety sample costs	8.8	
Other minor variances	(13.4)	(501.9)
Corporate Management		
Staff costs (assumed Apr-Nov only - £9.3k/mth thereafter)	15.4	
Other minor variances	(1.3)	14.1
Finance & Property Services		
Staff costs (incl Empty Homes support) net of savings contrib	(3.3)	
External audit fees	4.2	
Bank Charges for credit card receipts	(6.7)	
Building running costs (gas, electricity, water, NNDR)	(2.2)	
Estates Income	17.6	
Emergency Planning costs	7.2	
Business Centre - room rental	7.7	
Departure charges whilst old bus station remains in place	16.7	
Other minor variances	4.2	45.4
People & Policy (incl P&P & Comm)		
Staff costs	9.7	
Other minor variances	(1.9)	7.8
Non-Distributed Costs & Capital Financing		
Pensions - added years	6.2	
Interest payable/receivable	16.9	
Other minor variances	(7.2)	15.9
Favourable/(adverse) variance on the General Fund		(476.1)

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Customer Services & E-Government - Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Management and Support	73.3	71.6	1.7	-	1.7
Service Assurance Team	123.7	92.8	30.9	-	30.9
Revenues, Benefits and Customer Services					
Local Tax Collection	(342.6)	(360.0)	17.4	-	17.4
Benefits Admin	995.2	995.6	(0.4)	-	(0.4)
Net - Housing Benefit Payments made & Subsidy received	(35.8)	19.8	(55.6)	-	(55.6)
Information and Communications Technology					
Technology	551.2	555.2	(4.1)	-	(4.1)
Pest Control					
Pest Control	-	-	-	-	0.0
Total	1,365.0	1,375.0	(10.0)	-	(10.0)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr Forecast £000	R A G
2016/17 Housing Benefit Subsidy Return		(62.9)	(62.9)	Red
Cash recovery of Housing Benefit overpayments		7.4	7.4	Green
Payment of 2015/16 50% levy to DCLG		(12.0)	(12.0)	Red
Transfer from Retained Business Rates Reserve re. 2015/16 Levy		12.0	12.0	Green
Court Costs Awarded		6.8	6.8	Green
Disaster Recovery provision & network testing		(14.2)	(14.2)	Red
Additional ICT costs arising from Flood @ Hardman's Mill		(5.5)	(5.5)	Yellow
Service Assurance Team Grants (incl Universal Credit Implement)		43.9	43.9	Green
Capita & Northgate changes funded by New Burden Grants above		(15.6)	(15.6)	Red
Staff savings (retirement vacancy) net of £4k contribution to NDC		3.0	3.0	Green
Other savings		27.1	27.1	Green
TOTAL		-	(10.0)	Yellow

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Monthly Financial Monitoring Report 2016/17 – Q1 end June 2016

Customer Service & E-Government Highlight Report – Q1 (end June 2016)

Historic Issues

- None

Current Quarter's Issues

The headline figure is a projected under spend of £10k against the approved budget.

- The Housing Benefit Subsidy return is currently forecasting an adverse variance of £62.9k taking into account increases in benefits paid out and their respective eligibility for subsidy income. This has followed a significant review during the quarter identifying a number of overpayments which result in only a 40% subsidy rate. As the identified errors are actually repaid this will reduce the adverse variance during 2016/17.
- At the end of 2015/16 there was a net levy due to central government for their share of business rates of £12k. The Business Rates Earmarked Reserve holds the funds to pay for this, so the net impact on 2016/17 is nil.
- Disaster recovery costs pertaining to Hardmans Mill and storm Eva have cost a further £5.5k this year, but officers hope to recover this (and costs in 2015/16) when the insurance claim is finally settled. The impact of this on our future disaster recovery protocols and their testing has added a further £14.2k this year.
- The Service Assurance team has received £43.9k in New Burdens grants but expect to pay £15.6k of this over to Capita to fund the works required in relation to these new service/reporting burdens.

Future Issues

- Nothing to report.

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Place Operations - Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Operations Admin / Vehicle Maintenance	412.3	418.5	(6.2)	-	(6.2)
Operational Functions	0.0	-			
Refuse Collection	932.9	973.0	(40.1)	-	(40.1)
Street Sweeping	338.7	323.6	15.2	-	15.2
Markets	(103.1)	(78.7)	(24.3)	-	(24.3)
Parks	0.0	-			
Parks & Open Spaces	918.8	851.6	67.2	-	67.2
Cemeteries	(125.0)	(135.1)	10.1	-	10.1
Total	2,374.7	2,352.9	21.8	-	21.8

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Fuel		(15.3)	(15.3)	
Trade Waste Income		18.0	18.0	
Vacancies at Operations Admin Offices		6.3	6.3	
Parks Salary Variances (Including temporary gardeners)		25.2	25.2	
Street Sweeping Salaries		12.2	12.2	
Refuse Salaries and Agency		(30.8)	(30.8)	
Fleet Management Vacancy and Agency		(3.4)	(3.4)	
Cemeteries income		10.1	10.1	
Overtime Budgets		23.4	23.4	
Refuse Bin Repairs		(7.9)	(7.9)	
Refuse Sacks		9.1	9.1	
Vehicle Tracking Lease		5.3	5.3	
Recycling Income		(6.6)	(6.6)	
Sale of Green Bins		1.8	1.8	
Parks Equipment		6.9	6.9	
Purchase of Tools and Equipment		(6.0)	(6.0)	
Vehicle Hire		(22.2)	(22.2)	
Markets Salaries		10.0	10.0	
Markets Income		(34.3)	(34.3)	
Insurance Related Costs		16.1	16.1	
Other Variances e.g. Vehicle Maintenance Costs		3.9	3.9	
TOTAL	-	21.8	21.8	

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Monthly Financial Monitoring Report 2016/17 – Q1 end June 2016

Operations Highlight Report – Q1 (end of June)

Historic Issues

- Nothing reported

Current Quarter Issues

At the end of June the forecast Operations expenditure shows a favourable variance of £21.8k. The significant variances are:-

- There are vacant posts in areas of Operations Admin, Parks and Street Sweeping pending the restructure noted below. The savings for the remainder of the year are 6.3k, £25.2k and £12.2k respectively.
- The overtime costs across the service areas are anticipated to generate a saving of £23.4k for the year
- Refuse staffing costs are £30.8k above the budget, mainly due to high agency costs in relation to additional resources.
- Fuel is forecasting to overspend by £15.3k; this is due to the increase in fuel prices and a reduction in the fuel budget. A contingency was made in the Corporate budget for future year fuel increases.
- A large customer base is anticipated to generate a favourable variance of £18k from Trade Waste income.
- Markets income projections for the year are £34.3k below the set budget. The main reasons for this is the under occupancy of stalls with Rawtenstall seeing a 19% vacancy rate and Bacup being 35% empty. However, there is a projected saving on the Market Supervisor vacant post of £10k and a potential restructure in the pipeline to redistribute the workload which could save a further £6k (more information should be available at Q2.)
- Vehicle hire costs are forecasting to overspend by £22.2k the main reason for this is due to the suspension of 5 vehicles which were found to be inappropriate in design given their use. A replacement plan is being instigated but will take some time (upto 9 months) due to bespoke design. As a result external vehicles have been hired in temporary arrangements.

Futures Issues

- The Head of Operations has proposed a new establishment restructure which pending approval could create savings
- 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.
- Due to a contractor going into liquidation there is some uncertainty of costs around the Bulky Waste service. This is being done in-house at the moment however this is likely to change when the tendering process begins.

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Business Services - Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Corporate Apprentices	-	0.7	(0.7)	-	(0.7)
Planning	-	-	-	-	-
Development Control	(809.97)	(823.6)	13.6	-	13.6
Forward Planning	148.06	159.6	(11.6)	-	(11.6)
Land Charges	(33.19)	(39.7)	6.5	-	6.5
Building Control	-	-	-	-	-
Building Control - Fee Earning Account	(40.48)	(20.9)	(19.6)	-	(19.6)
Building Control - Statutory Function	45.00	43.4	1.6	-	1.6
Building Control - Street Signs	8.00	7.2	0.8	-	0.8
Legal Services	221.33	244.6	(23.3)	-	(23.3)
Democratic Services	-	-	-	-	-
Electoral Registration	56.37	62.7	(6.3)	-	(6.3)
Elections	64.57	65.3	(0.7)	-	(0.7)
Democratic Representation	361.76	345.5	16.3	-	16.3
Mayoralty	51.87	54.5	(2.6)	-	(2.6)
Town Twinning	2.50	0.5	2.0	-	2.0
Licensing & Enforcement	(76.83)	(31.8)	(45.0)	-	(45.0)
Total	(1.0)	68.0	(69.0)	-	(69.0)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Legal - Additional Agency Costs for Empty Homes Project		(26.8)	(26.8)	
Legal Fees		3.0	3.0	
Members Allowances		8.1	8.1	
Democratic Services salary savings		3.8	3.8	
Freedom Parade - Haslingden		(5.3)	(5.3)	
Register of Electors		(6.3)	(6.3)	
Additional Staffing resource in Planning		(9.8)	(9.8)	
DCLG Grant income including New Homes Bonus		4.8	4.8	
Projected Planning Application Fee Income		14.4	14.4	
Forward Planning - Extension of Temporary Contract cover maternity		(14.6)	(14.6)	
Building Control Fee Income		(22.8)	(22.8)	
Land Charges - Income from search fees		6.5	6.5	
Licensing - Staff vacancy		36.2	36.2	
Taxi Licensing Income & Expenditure		(82.1)	(82.1)	
Miscellaneous Variances		21.9	21.9	
TOTAL	-	(69.0)	(69.0)	

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Monthly Financial Monitoring Report 2016/17 – Q1 end June 2016

Business Highlight Report – Q1 (end June 2016)

Historic Issues

- None

Current Quarter Issues

The Business Services budget is forecast to over spend by £69k

- Salary and Agency costs across the service area are projecting an over spend of £15k. This is partly due to additional resources within Legal, Planning & Forward Planning
- Member's allowances are forecast to under spend by £8.1k. This is in part due to changes in the allocation and eligibility of allowances
- Planning Application fees are projected to over achieve by £14.4k
- Building Control fees are projected to under achieve my £22.8k.
- Taxi Licencing income and expenditure is projected to under achieve by £82.1k. This is in the main due to the new Licencing policies that have been implemented at the start of 2016/17. Time may prove that the adverse budget variance forecast on total fees and charges maybe more severe, however, having discussed with the local management team they consider this to be a reasonable forecast.

Future Issues

- The spend for the Corporate Plan within Forward Planning is expected to be £316k over the next three years. The funding is from the Council's Reserves but there is an expected shortfall of £208k within the Planning reserve.

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Health, Housing & Regeneration - Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Strategic Functions					
Regeneration Mangement & Admin	138.8	140.2	(1.4)	-	(1.4)
Tourism	-	-	-	-	-
Area Forums	20.0	20.0	-	-	-
Dog Warden	24.2	23.7	0.5	-	0.5
Economic Regeneration					
Economic Regeneration	108.6	115.2	(6.6)	-	(6.6)
Whittaker Park Musuem	70.8	86.2	(15.4)	-	(15.4)
Strategic Housing					
Housing Strategy	45.1	23.5	21.6	-	21.6
Homelessness	165.7	162.6	3.2	-	3.2
Private Sector Renewal	33.5	29.0	4.5	-	4.5
Environmental Health					
Environmental Health	353.5	271.7	81.8	-	81.8
Empty Homes Scheme					
HCA	200.0	790.2	(590.2)	-	(590.2)
Total	1,160.3	1,662.2	(501.9)	-	(501.9)

Key changes made during the period 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		(590.2)	(590.2)	
Regeneration Officer Vacancies (net of agency support)		14.1	14.1	
Secondment of Consultant under Regeneration		(13.7)	(13.7)	
Economic Regen expected transfer from Reserve insufficient funds		(13.5)	(13.5)	
Economic Regen grants to outside bodies		8.3	8.3	
Economic Regen - supplies and services (parking discs etc.)		6.9	6.9	
Economic Regen - Warm Homes Healthy People - St Vincent's		(4.4)	(4.4)	
Whittaker Park Museum Utilities Costs		(15.4)	(15.4)	
Housing Strategy staffing		12.0	12.0	
Private Sector Renewal salaries		1.9	1.9	
Environmental Health Staff Vacancies		68.1	68.1	
Environmental Health - Food Consultant / General Office costs		18.6	18.6	
Housing Options Team - staffing		12.2	12.2	
Lower Lodge Terrace		(2.8)	(2.8)	
Private Water Supply		(6.7)	(6.7)	
Other Miscellaneous Variances		2.8	2.8	
TOTAL	-	(501.9)	(501.9)	

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Business - Health, Housing & Regeneration Highlight Report – Q1 (end June 2016)

Historic Issues

- Nothing reported

Current Quarter Issues

Health, Housing and Regeneration have over spent by £501.9k, The significant variances are:

- East Lancs Empty Homes Scheme - current operating costs were budgeted at £200k. The slower pace of renovations and lettings has led officers to forecast an adverse variance of £590.2k. The key costs being those associated with property voids and under occupancy.
- 2 vacancies within the Environmental Health team is anticipated to generate saving of £68.1k in the current financial year.
- Long term vacancy within Regeneration Management team which is anticipated to generate saving of £14.1k in the current financial year. However to negate this we are incurring costs due to Blackburn with Darwen Council for a secondment of Consultant at £13.7k. This post will be reviewed in the restructure noted below.
- There has also been a long term vacancy within Housing Strategy and a vacancy for Housing Options Officer which arose in mid-May. Pending the restructure below the savings for the remainder of this year are £12k and £12.2k respectively.
- Utilities costs, janitorial and other running costs at the Whittaker Park Museum are £15.4k above budget provision, mainly reflecting the increased opening hours at the Museum and associated café.
- Under Economic Regeneration the original budget has included a £20k contribution from the Regeneration Reserve for several years to fund officers. At the beginning of 2016/17 the balance on the Reserve was almost depleted, giving a £13.5k adverse variance for this year. This will also impact on future year budgets.
- The Environmental Health team administration expenses are £18.6k below budget. Within this the Consultant services are forecast 8.8k below budget other supplies and services make up the remainder of savings.
- There is commitment to spend on the Warm Home's Healthy People project with St Vincent's Housing Association which is £4.4k above the balance of the grants available.

Future Issues

- The new Director of Business will be reviewing the staffing establishment of Health, Housing and Regeneration over the coming months. Notably the Head of Regeneration post has been a long term vacant post. At this point it is unlikely that any restructure would be completed and vacancies filled much before the end of the financial year. Therefore, the vacancies noted above have been assumed to exist through to the end of March 2017.
- East Lancashire Empty Homes scheme – Members have agreed to a tender programme to identify a new partner for the management of the Empty Homes Scheme which, amongst other things, is designed to end the majority of revenue costs associated with the running of the scheme. In addition, negotiations continue with East Lancs partners to finalise their contributions to the cost of the project.

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Corporate Management - Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Corporate Management					
Executive Office	287.4	272.8	14.6	-	14.6
Corporate Contingency	-	-	-	-	-
Executive Support & Corporate Subscriptions	71.2	70.6	0.5	-	0.5
Concessionary Fares	4.0	5.0	(1.0)	-	(1.0)
	-	-	-	-	-
Community Safety	33.0	33.0	-	-	-
	-	-	-	-	-
Total	395.5	381.5	14.1	-	14.1

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Agency & Professional Support		15.4	15.4	
Other Misc under / (over) spends		(1.3)	(1.3)	
TOTAL	-	14.1	14.1	

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Corporate Management Highlight Report – Q1 (end June 2016)

Historic Issues

- Nothing reported

Current Quarter Issues

The Corporate Management budget is forecast to under-spend by £14.1k, the main variances being:

- With the conclusion of the Senior Management restructure and the filling of the Director of Business post from May, there is a saving of £15.4k expected in salaries and agency cover.
- In addition interim management support forecast at £60k has been funded this year by a transfer from the fuel allowance budget of £77k.

Futures Issues

- Nothing to report.

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Finance and Property Services - Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Financial Services Team	333.0	335.9	(2.9)	0.0	(2.9)
Internal Audit	70.7	70.2	0.5	0.0	0.5
Corporate Costs	-	-	-	-	-
External Audit Fee	50.0	45.8	4.2	0.0	4.2
Bank Charges (net of fees)	32.2	38.9	(6.7)	0.0	(6.7)
Treasury Management	3.6	4.0	(0.4)	0.0	(0.4)
Property Services					
Property Services Team	332.1	324.9	7.2	0.0	7.2
Corporate Estates	(47.1)	(55.5)	8.4	0.0	8.4
Non Domestic Estates	(108.9)	(116.5)	7.6	0.0	7.6
Office Accommodation	73.9	87.5	(13.6)	0.0	(13.6)
Operational Properties	387.7	372.1	15.6	0.0	15.6
Leisure Properties	57.1	53.8	3.3	0.0	3.3
Bus Shelters	14.8	3.3	11.5	0.0	11.5
Business Centre	156.5	145.7	10.8	0.0	10.8
Total	1,355.5	1,310.1	45.4	-	45.4

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Financial Services Team - support Empty Homes (Q1 only)		(3.3)	(3.3)	Yellow
External Audit - national reduction in fees chargeable		4.2	4.2	Green
Bank Charges - EU ruling on change to debit card collection charges		(6.7)	(6.7)	Yellow
Finance Misc Expenses		0.4	0.4	Green
Electricity		2.1	2.1	Green
Gas		11.0	11.0	Green
NNDR - Rawtenstall bus station delay		(23.6)	(23.6)	Red
Water		8.3	8.3	Green
Estates Income		17.6	17.6	Green
Delayed departure from Hardmans Mill		(2.0)	(2.0)	Yellow
Departure Charges - delay in Demolition of bus station		16.7	16.7	Green
Emergency Planning		7.2	7.2	Green
Courier van diesel		1.8	1.8	Green
Business Centre - room rental		7.7	7.7	Green
Business Centre IT Support		0.5	0.5	Green
Property Misc Expenses		3.5	3.5	Green
TOTAL	-	45.4	45.4	Green

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Finance & Property Services - Monitoring Highlight Report – Q1 (end June 2016)

Financial Services

Historic Issues

- None

Current Quarter Issues

The Financial Services budget is forecast to over spend by £5.4k

- The scale of fees chargeable by external auditors is set nationally at the moment and the 2016/17 fee has been set £4.2k lower than our original budget.
- Bank charges for the use of debit cards have changed nationally, adding £6.7k annual costs.

Futures Issues

- None

Property Services

Historic Issues

- None

Current Months Issues

The Property Services budget is forecast to under spend by £50.8k

- The Electricity and Gas budget is showing an under spend of £13.1k. This is partly due to properties now being tenanted so responsibility for utilities transfers to the tenants. At the same time the Estates income is also projected to over achieve by 17.6k with properties on Kay St now leased and Industrial Units fully occupied.
- The business rates on some of the town centre properties are forecast to cost an additional £23.6k until the Spinning Point project gets under way and business rates cease. However, departure charges for the old bus station (removed from the original budget) will now continue until the new facility is operational, giving a favourable impact of £16.7k to offset against the above costs. The water costs are showing an under spend of £8.3k. (See also Business rates below)
- The Emergency Planning budget is forecast to under spend by £7.2k
- The Business Centre has attracted new tenants and is projected to over achieve by £7.7k

Futures Issues

- The demolition of the town centre buildings is due to commence September 2016 in preparation of the new Bus Station. The forecasts above have taken this into account
- At the time of writing agents for the Council are seeking a refund of Business Rates to the value of £170k in regard to the old Town Hall – this is not in our forecast.

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People and Policy - Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
People & Organisational Development Human Resources	272.1	264.3	7.8	-	7.8
Total	272.1	264.3	7.8	-	7.8

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Staff Vacancies (net of £7.6k contrib to salary savings)		13.5	13.5	
Agency Staff to cover vacancies above		(1.5)	(1.5)	
Health & Safety Support (April 2016 - March 2017)		(2.3)	(2.3)	
Lone working alarms contract		(1.8)	(1.8)	
Publicity / Tourism & Consultation			-	
Miscellaneous variances		(0.1)	(0.1)	
TOTAL	-	7.8	7.8	

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People & Policy Highlight Report – Q1 (end June 2015)

Historic Issues

- None

Current Quarter Issues

- The People & Policy budget is forecasting an underspend of £7.8k in this first monitoring report of 2016/17, with the significant changes being:-
- Continued vacancy of the Policy Officer will generate savings of £13.5k for the year, which explains and partly offsets an overspend of £1.5k on agency cover and £2.3k in HR/Safety advice from neighbouring authorities.

Future Issues

- Nothing to report.

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Non-distributed Costs, Corporate Resources & Leisure Services

Period 3 (June)

Summary	2016/17 Org Budget £000	2016/17 Forecast £000	2016/17 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Non Distributed Costs					
Employee & Pension Costs	1,236.6	1,230.4	6.2	-	6.2
Other Non-distributed Costs	(7.2)	-	(7.2)	-	(7.2)
Capital Financing					
Minimum Revenue Provision	129.5	129.5	-	-	-
Investment Interest	87.3	70.3	16.9	-	16.9
Use of Earmarked Reserves	-	-	-	-	-
Leisure	241.6	241.6	-	-	-
Total	1,687.8	1,671.9	15.9	-	15.9

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Pd £000	Full-Yr £000	R A G
Added Years Pension		6.2	6.2	
Interest expenditure		6.1	6.1	
Interest income from bank accounts and other loans		10.8	10.8	
Supporting HAPPI, as per Full Council in July 2015 - balance of repairs costs £7.7k + £25k loan cfwd at yr-end		32.7	32.7	
Transfers (to)/from Reserves as above for HAPPI		(32.7)	(32.7)	
Other minor variances including MRP		(7.2)	(7.2)	
TOTAL	-	15.9	15.9	

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Non-Distributed Costs & Capital Financing - Highlight Report – Q1 (end June 2016)

Historic Issues

- Nothing reported.

Current Quarter Issues

- Interest income on bank balances is above expectation due to higher balances in the year so far. However, this looks set to change given the Bank of England reduction in base rate in early August and potential future reductions in the months ahead - see page 27 for further information. Officers may also need to revise future budgets for interest income if rates are going to drop and remain low for the next 18-24 months, but at the time of writing this report (early August) no indications of rate reductions in the Council's bank accounts have been received. We hope to have more information in the Q2 monitoring report.
- In 2014/15 Members originally approved a £25k grant to HAPPI for building/facilities repairs and a £25k cash flow operating loan to take effect once the project was up and running, all funded from Earmarked Reserves. By the end of 2015/16 only £17.3k of the repairs grant had been called upon and the balance of the funds allocated remained in the Earmarked Reserves account. To date no further costs have been claimed, but officers have included the remaining costs and reserves allocation here for clarity.

Future Issues

- Officers are continuing work with HAPPI and the Haslingden Swimming Pool project. The next phase being the completion of a stock condition survey and its evaluation.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Employment & Transport Reserve	Director Invest Reserve	----- Business Rates Retention	Transitional Budgetary Support	Planning Reserve	Vehicle Reserve
	AN060103	AN060123	AN060144	AN060129	AN060109 / AN060145	AN060130
Balance at 01/04/2016	1,497.7	0.0	1,241.9	2,403.0	107.2	230.4
Funds Received 2016/17						
2016/17 grants received						
2016/17 grants anticipated						
Revenue income received						
Revenue income anticipated			102.4			
General Fund Surplus Contribution						25.5
					Janice Crawford: Net SBRR S31 Grant	
Total Funds Available	1,497.7	0.0	1,344.3	2,403.0	107.2	255.9
2016-17 Published Budget Utilisation						
General budget support	(60.0)		(254.0)			
2016-17 Other Utilisation Plans						
Transfers between Reserves						
Empty Homes Transfer between Reserves						
Support to Tourism						
SHMA survey & Other Local Plans						
Rogue Landlords						
Active East		(20.0)				
Counter Fraud						
Insurance Tender						
Support to Scout Moor Planning Application						
Legionella Risk Assessment						
Bacup THI Support						
Childrens Trust - Summer Fun						
PCC Comm safety funds from LCC						
2016/17 NNDR Deficit & Autumn Statement Creditor						
2015/16 DGLC levy 50%			(12.0)			
Support to individual Registration						
Support Fwd Planning increased hours						
Scout Moor Support						
Drainage & Flood Prevention						
HCA Empty Homes Scheme						
Pension fund contributions						
Xmas lights refurb cross street decs						
HAPPI grant & loan cover						
Rawtenstall Bus Station	(15.0)					
Reserve Estimates 31/3/2017	1,422.7	(20.0)	1,078.3	2,403.0	107.2	255.9
Future Contributions/Utilisation Plans						
2016/17 Plans						
2017/18 Plans				(191.0)		25.5
2018/19 Plans				(904.0)		(25.5)
2019/20 Plans				(997.0)		(51.0)
2020/21 Plans				(201.0)		25.5
Potential Reserve Balances	1,422.7	(20.0)	1,078.3	110.0	107.2	230.4

Current issues

Funding for the original revenue budget of £8.1m included the use of £514k from the Earmarked Reserves; specifically £254k from the Retained Business Rates Reserve, £200k from the Empty Homes Reserve and £60k from the Employment & Transport Reserve as reflected in the above table.

Over the coming months officers will consider how best to fund the Active East requirement from the Director Investment Reserve, given that the top-slicing exercise in 2015/16 removed those funds to create the Empty Homes Reserve.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Leisure Reserve	Empty Homes Reserve	Bacup THI	Pension Fund Reserve	Operational Reserves	Total
	AN060118/9	AN060148	AN060142	AN060117	AN060121	
	853.1	1,452.0	319.6	165.5	525.2	8,795.6
Funds Received 2015/16						
2016/17 grants received					0.0	0.0
2016/17 grants anticipated					2.0	2.0
Revenue income received					0.0	0.0
Revenue income anticipated					0.0	127.9
General Fund Surplus Contribution						0.0
Total Funds Available	853.1	1,452.0	319.6	165.5	527.2	8,925.5
2016-17 Published Budget Utilisation						
General budget support		(200.0)				(514.0)
2016-17 Other Utilisation Plans						
Transfers between Reserves					0.0	0.0
Empty Homes Transfer between Reserves					0.0	0.0
Support to Tourism					0.0	0.0
SHMA survey					0.0	0.0
Rogue Landlords					0.0	0.0
Active East					0.0	(20.0)
Counter Fraud					(46.3)	(46.3)
Insurance Tender					0.0	0.0
Support to Scout Moor Planning Application					0.0	0.0
Legionella Risk Assessment					0.0	0.0
Bacup THI Support			(286.6)		0.0	(286.6)
Childrens Trust - Summer Fun					(2.0)	(2.0)
PCC Comm safety funds from LCC					0.0	0.0
2016/17 NNDR Deficit & Autumn Statement Creditor					0.0	0.0
2015/16 DGLC levy 50%					0.0	(12.0)
Support to individual Registration					0.0	0.0
Support Fwd Planning increased hours					0.0	0.0
Scout Moor Support					0.0	0.0
Drainage & Flood Prevention					0.0	0.0
HCA Empty Homes Scheme					0.0	0.0
Pension fund contributions					0.0	0.0
Xmas lights refurb cross street decs					0.0	0.0
HAPPI grant & loan cover					(32.7)	(32.7)
Rawtenstall Bus Station					0.0	(15.0)
Reserve Estimates 31/3/2016	853.1	1,252.0	33.0	165.5	446.2	7,996.9
Future Contributions/Utilisation Plans						
2016/17 Plans	(768.0)	(1,252.0)		69.0	(9.2)	(1,960.2)
2017/18 Plans			(33.0)		(23.5)	(222.0)
2018/19 Plans					0.0	(929.5)
2019/20 Plans					0.0	(1,048.0)
2019/20 Plans					0.0	(175.5)
	85.1	0.0	0.0	234.5	413.5	3,661.7

The Bacup THI Reserve is being used to support £40k of revenue costs per annum up to 2018/19, plus £246.6k of capital works in the initial phases between summer 2015 and summer 2016, as noted in the capital programme on pages 28 & 29.

Given the planned self-sustainability of Rossendale Leisure Trust the time would now seem right to clear the Trust's accumulated deficit of £768k. An adjustment will be made as part of the 2016/17 account's closure and is subject to Member approval of a re-financing scheme. As with all Lancashire Pension Fund admitted bodies the Trust will still retain a pension's deficit of £659k (as at 31/03/16).

Some further use of the Empty Homes Reserve is likely in 2016/17 given the current adverse variance predicted.

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Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Commun' for Habitats	Housing Capital Pot *	Disabled Facilities Grants *	Homeless Grant	Clean Bus Technology Grant	Total
Balance at 01/04/2016	25.2	338.3	153.0	191.0	486.0	1,193.5
New Funds Received 2016/17						
Grant due/received			791.0			791.0
Total Funds Available	25.2	338.3	944.0	191.0	486.0	1,984.5
Utilisation in 2015/16						
DFGs planned in Capital Programme			(500.0)			(500.0)
DFGs additional planned grants			(444.0)			(444.0)
Homeless grant passported to authorities				(39.5)		(39.5)
Clean bus technology bids					(486.0)	(486.0)
Anticipated Balance 31/03/2016	25.2	338.3	0.0	151.5	0.0	515.0
Future Utilisation Plans						
2016/17 plans		0.0				0.0
2017/18 plans		0.0				0.0
2018/19 plans		0.0				0.0
Potential Reserve Balances	25.2	338.3	0.0	151.5	0.0	515.0

GVH contributions to DFGs ended in March 2016, but the Better Care Funding stream has increased from £424k to £791k in 2016/17, giving a net increase of £167k in the year. There was already a balance on the grant brought forward from 2015/16 of £153k, making a potential total spend in 2016/17 of £944k. The other two new grants in this area come from 2015/16 activities, being grants received which are due out in 2016/17 onwards to third parties.

Staff Costs, including agency

Employment Costs 2016/17 to end June	YTD Budget £000	YTD Actual £000	full year Variance (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	FTE Original Budget 2016/17	FTE Changes during 2016/17	Current Vacant Posts	Contrib to salary savings target
Place Directorate									
Customer Services	96	88	8	-	8	9.8	0.0	0.0	0.0
Operations Service	545	528	16	-	16	78.7	0.0	3.0	21.7
Business Directorate									
Building Control Services	27	27	1	-	1	3.0	0.0	0.0	0.0
Legal & Democratic Services	75	75	0	-	0	11.8	0.0	1.0	2.2
Planning Services	121	123	(2)	-	(2)	12.8	0.0	0.0	0.0
Local Land Charges	19	20	(0)	-	(0)	1.0	0.0	0.0	0.0
Public Protection	64	55	9	-	9	11.6	0.0	0.0	0.0
Health, Housing & Regen	193	189	4	-	4	21.9	0.0	6.0	57.7
Corporate Services									
Corporate Management	62	51	11	-	11	3.0	0.0	0.0	23.7
Finance & Property Services	106	105	1	-	1	11.6	1.0	2.0	32.6
People & Org. Performance	14	49	(35)	-	(35)	5.5	0.0	1.0	7.6
Total	1,323	1,309	14	-	14	170.7	1.0	13.0	145.5
NB - re the variance column, figures in brackets are adverse variances, those without brackets are favourable variances								Target Staff Savings	150.0
								In NDC - still to find	4.5

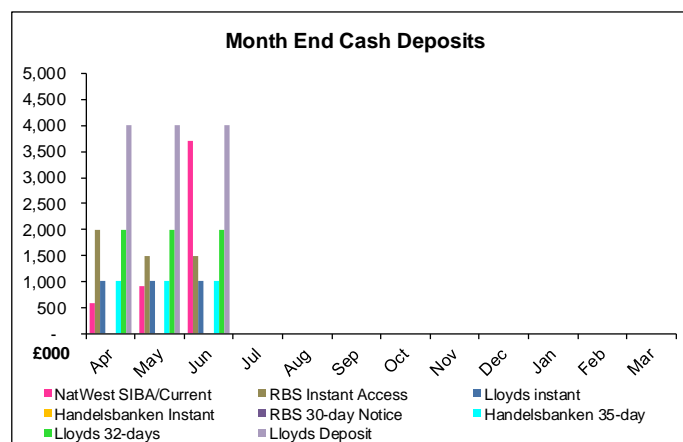
The table above shows the additional 1FTE from the restructure of the Finance team. There are currently 13 vacant posts which have contributed £145k in cash savings to date towards the £150 target in the original budget. On top of this, forecasts for Q2-Q4 estimate a further £177k may be saved, as noted on page 4, of which £14k has been achieved by Q1.

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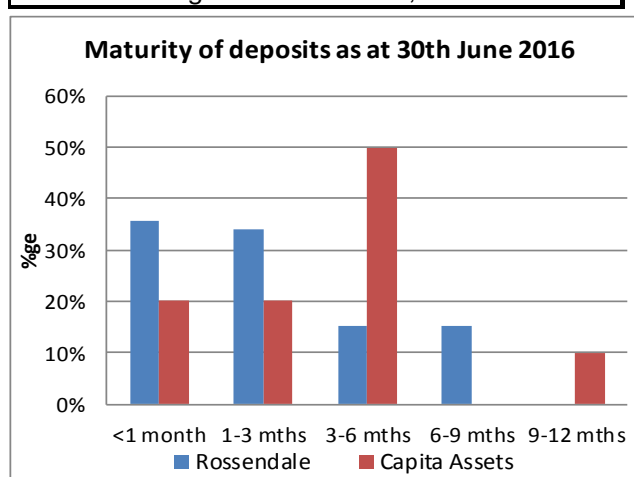
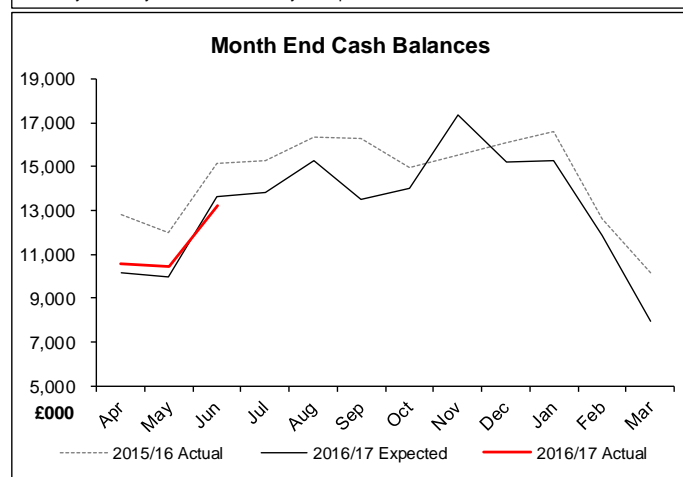
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Treasury Management & Cash Flow Monitoring

At the end of June the bank balances were back up to £13.2m from £10.1m at the end of March following the normal annual cash flow patterns expected for Q1. Since the beginning of the years officers have been keeping funds liquid to support the ongoing Empty Homes renovation works, hence funds have not yet been returned to the Handelsbanken account.



Effective Interest Rates at 30th Jun 2016	Current Balance £k	Effective Interest Rate %
NatWest SIBA	3,710	0.25
RBS Instant Access	-	0.25
RBS 30-day notice	1,500	0.25
Handelsbanken instant	-	0.30
Handelsbanken 35-day	1,000	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	1.05
Total Bal & Avg interest	13,210	0.56



Officers have been advised that the cash bank account rates may fall again soon, below their current 0.25%, and so plans have been confirmed to begin to move some funds back into the Handelsbanken 35-day notice account over the summer months.

Keeping liquid funds high has impacted adversely on the overall rate of return being achieved - which currently stands at 0.56%, below the Capita Asset Management model portfolio return of 0.93% (see the 'Maturity of deposits' comparison above and the Effective Interest Rates table also above). The Treasury Management Strategy (Feb 2016) sets out the need to maintain variety in the range of investments, balancing risk with rate of return. Continuing from last year, the total Lloyds investment is £7m with the average total resources this side of Christmas being around £13m. However, as the year comes to a close, the total balance is expected to drop to around £8m, which will in turn require some of the instant funds to be moved from Lloyds to Handelsbanken.

Interest Earned

Despite the overall balances being as expected, the interest income forecast is above the budget at the moment by £13.8k. If base rate falls, or the interest on the cash accounts falls, as noted above, this may be revised downwards.

Interest Forecast	Budget 2016/17	Forecast 2016/17	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	83.8	13.8	13.8
Net Interest	(89.4)	(75.6)	13.8	13.8

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Economic Outlook (issued 19th July)

The Consumer Prices Index (CPI) rose by 0.5% in the year to June 2016, compared with a 0.3% rise in the year to May. The June rate is a little above the position seen for most of 2016, though it is still relatively low historically.

Rises in air fares, prices for motor fuels and a variety of recreational and cultural goods and services were the main contributors to the increase in the rate. These upward pressures were partially offset by falls in the price of furniture and furnishings and accommodation services.

For the Council the September inflation rate was important as it impacted on the level of benefits and pensions payable from April 2016 onwards. The Council has already benefited from fixing these low interest rates into the Capita contract extension up to September 2019.



Interest rate forward predictions

"In light of the Brexit decision there has been a material down-shift in the yield curve, which Carney's interest rate comment has underpinned. **Markets have priced in an interest rate cut and rates remaining lower for longer.**" *Capita 'Daily Bulletin' 25th July 2016.*

After the Bank of England base rate cut on the 4th August, the Council's Treasury Management advisors have revised their interest predictions again, expecting a further reduction before the end of 2016 which is likely to persist until 2018 (see below). Officers will factor this into the budget considerations going forward and reduce the interest income expectations accordingly.

as at 8th Aug 2016	Sept 2016	Dec 2016	Mar 2017	June 2017	Sept 2017	Dec 2017	Mar 2018	Jun 2018
June Base Rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%
25 July Base Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
8 Aug Base Rate	0.25%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
July 25yr PWLB	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%

Treasury Management Practices (TMPs) and Prudential Indicators

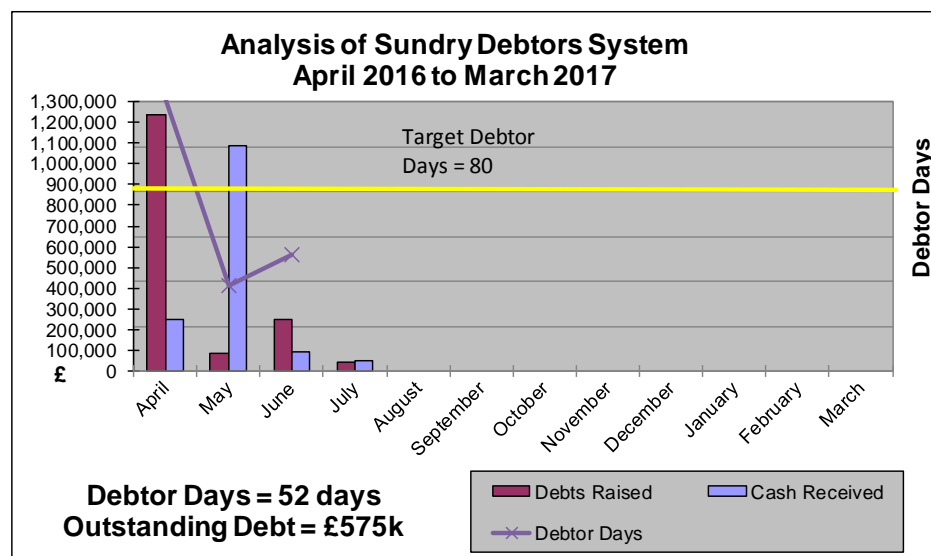
All the Council's investments continue to follow the policies laid down in the Treasury Management Strategy (TMS) document (Full Council, Feb 2016), only using UK high street banks and limiting investments to short-term (ie. 364 days maximum).

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. When overall resources were above £15m, the decision was taken to increase the deposits with Lloyds up to £7m as their interest rates were consistently the best available. The Council's Natwest accounts have remained within the £5m during Q1, with the exception of 3 days each in mid April, May and June directly ahead of both the precepts and the main benefit run being paid out, when officers needed to keep cash in the accounts to support these payments of £2.9m and £1.5m respectively. However, when combined with the RBS call account the group balance has never exceeded the same £7m cap used with the Lloyds group.

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Sundry Debts Monitoring



In the first quarter of 2016/17 £1,591k of new invoices were raised, of which £1,213k (76%) had been collected before the end of the quarter. This activity included one April invoice of £791k to LCC for the Better Care DFG funding which was received in May.

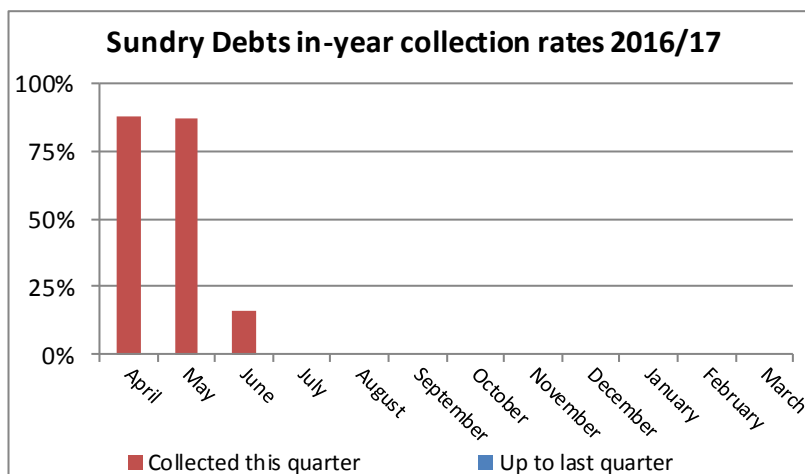
At the end of 2015/16 £337k was outstanding, of which £270k has now been collected, giving a 2015/16 collection rate of 98.5%.

Housing Rent Debts

At 31st March housing rent debts outstanding were £219k, compared to £409k raised in the year. In Q1 of 2016/17 new rent debts were £163k and the total outstanding has risen to £272k. Of this total £89k pertained to former tenants and £184k to current tenants.

Collection rates & Doubtful debts

Debtor Days collection performance for sundry debts stood at 52 days at the end of Q1, compared to 68 days at the same time last year. Debtor days for current housing tenant debt stood at 99 days, compared with 95 days at the end of 2015/16.



Debts Outstanding	Mar 2015	Dec 2015	31 Mar 2016		30 Jun 2016		Doubtful Debts	
	£k	£k	£k	£k	£k	£k	rate	value
Earlier Debt	72.1	60.9		56.3		56.4	100%	56.4
2014/15 Debt	351.6	70.8		64.2		63.9	100%	45.7
2015/16 Debt								
Q1		86.1	27.4		25.4		75%	19.1
Q2		32.2	20.1		5.5		50%	2.8
Q3		226.2	54.5		7.9		50%	4.0
Q4 Jan			3.4		2.2		10%	0.2
Q4 Feb			29.5		1.4		10%	0.1
Q4 Mar			202.0	336.9	23.6	66.0	10%	2.4
2016/17 Debt								
Q1 Apr					146.3		10%	14.6
Q1 May					11.0		10%	1.1
Q1 Jun					220.7	378.0	10%	8.6
Q2 Jul					11.1		10%	1.1
Q2 Aug							10%	0.0
Q2 Sept						11.1	10%	0.0
Total Debt o/s	72.1	476.2		457.4		575.4		130.7

The consideration of doubtful debts rises from 10% at creation to 100% for any debts over 1 year old.

This has resulted in a sundry doubtful element of £130.7k, down from £136k at the year-end. The total doubtful debt provision brought forward was £106.4k.

For housing rent debts the doubtful debt experience is limited. The provision brought forward was £146.7k, which would cover the former tenant arrears and provide for 31% of the current debts outstanding. The need for any further provision will be discussed by officers in the coming months.

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Capital Resources

Table 1 - 2016/17 receipts

Major Receipts:	Original Expect'ns £000	YTD Actual £000	Total Forecast £000	Surplus/ (Deficit) £000
Capital Receipts				
Land & Property Sales	75	2	68	(7)
Ossolete refuse vehicles	-	7	7	7
Cost of sales		-	-	-
Net receipts to table 2	75	9	75	-

Current issues

The income from asset sales in table 1 above includes £7k from the sale of 2 vehicles at auction May and June. The sales of land and property have been slow in Q1, but officers are confident in reaching the original target of £75k income by the year-end.

Financing the Capital Programme

The opening balance of Useable Capital Receipts was £1,800k, though £777k of this was required to finance continuing projects, as shown in the table opposite.

The only changes to the projects and funding so far during 2016/17 are the approval of an additional £60k for the Spinning Point development costs funded from Earmarked Reserves and the receipt of an additional £291k grant from the Better Care Fund for DFG works in 2016/17. This more than covers the former funding from Green Vale Homes now that their arrangement has come to an end.

As shown in detail on the following page, the actual capital programme now stands at £6,216k. The amount being funded through internal borrowing is £1,762k with the Empty Homes renovations and the replacement of two vehicles in Operations. This leaves £4,454k coming from the capital resources above, leaving an expected balance of capital resources of £931k at the end of this year.

Future issues

The first DFG grant through the Better Care Fund for 2015/16 was £434k, of which only £271k was used before the year-end. At the moment officers have no reason to believe that the balance cannot be rolled forward and used in 2016/17, therefore the revised programme for DFGs in 2016/17 at the moment is £944k (2016/17 grant of £791k + balance b fwd of £153k). At the moment there are no plans to use any of the Grant Unapplied balance of the Housing Capital Pot shown on page 24, but there is £383k there should the need arise to use it, or the annual grant reduce in future years.

Table 2 - Useable Capital Receipts

Useable Capital Resources	£ 000
Balance at April 2016	1,800
Capital Grants in 2016/17	2,948
Capital Receipts in 2016/17	75
	4,823
Revenue Contributions	
from Earmarked Reserves	379
from S106 agreements	70
from Revenue Operations	114
Total Capital Resources 2016/17	5,385
Capital Prog funding requirement	(4,454)
Useable Capital Receipts Mar 2017	931
Reserved for housing	(367)
Unreserved balance	564

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Capital Programme Spending

SERVICE AREA	2016/17 Original Capital Programme	2016/17 Revised Capital Programme	June 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	600	17	58	600	92	324	44	140	28
Customer Services & e Govt	0	6	6	0	6	0	3	3	0	0
Regeneration	0	2,412	177	390	2,412	1,912	0	500	0	0
Corporate Support Services										
Finance & Property Services	135	485	58	31	485	0	245	240	0	0
Other PRG Projects	0	17	1	0	17	0	17	0	0	0
Renewable Energy Projects	0	88	2	0	88	0	0	0	88	15
Housing	630	2,608	587	277	2,608	944	130	0	1,534	307
	955	6,216	848	756	6,216	2,948	719	787	1,762	349

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

Capital Programme

The original capital programme approved in February was £955k and slippage brought forward totalled £4,907k as detailed opposite.

There have also been increases to two approved projects so far during Q1. Firstly, the Spinning Point bus station development project has been increased by £60k to be funded from the

Employment & Transport Reserve. Also, the DFG grant allocation for 2016/17 has risen to £791k, adding a potential £291k to the cumulative grant available.

This brings the total revised capital programme to £6,216k, including £1,789k for the ongoing Bacup THI project and £1,534k for the Empty Homes Renovations.

Q1 Activity

- DFGs is moving at pace with £143k spent and a further £91k committed (=25% of prog).
- Empty Homes renovations are well under way, implementing the 3 tenders let in early March and continuing to complete properties. To the end of Q1 £620k (41%) of the planned activity has been committed or completed.
- Fallbarn Rd play area community project is under way now and the outdoor gym at Victoria Park has been committed.
- Spinning Point development works are well under way ahead of the full project plan going before members in the coming weeks.
- Officers have been working on the solar panels projects for Whitworth Civic Hall & Marl Pits pool and the works should be ordered very shortly.

Slippage items b/wd from 2015/16	Costs '£000	Funding Arrangements			
		Grants/ Contrib'n	Capital Receipts	RCCO (reserves or S106)	RBC Int Borrow
Sports Playing Fields	198		198		
Playgrounds (community projects)	110	102		8	
Pathways	6			6	
Cemeteries	96		96		
Crook Hill Wind Farm	50			50	
Intangible software - SDM	3		3		
Ski Slope Investment	477	403		74	
Bacup THI	1,789	1,488		301	
Whitworth land remediation	21	21			
Spinning Point	15			15	
Emergency Works	110		110		
Building Maint (ongoing projects)	240		240		
Signage (funded from PRG Reserve)	17			17	
Renewable Energy - Leisure	88				88
DFGs	153	153			
Empty Homes Renovations	1,534				1,534
	4,907	2,167	647	471	1,622

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Minimum Revenue Provision (MRP)

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

Minimum Revenue Provision (MRP)	MRP Budget 2016/17	Revised MRP Required 2016/17	Potential (Additions) / Savings 2016/17
Refuse Collection	323	282	41
Street Sweeping	50	26	24
Parks	56	31	25
IT	35	31	4
Facilities/Property	19	19	0
Leisure Investment	128	127	1
Corporate Services	9	5	4
Housing	400	400	0
Non-distributed Costs	115	144	-29
	1,135	1,065	70

Replacement of some operational assets is still being considered and may/may not result in a saving on MRP.

Funding of Empty Homes renovation costs is still under review. Any internal borrowing could be funded this way and repaid through MRP over the next 5 years, matched by the application of the Empty Homes Reserve.

Section 106 Receipts Monitoring

Section 106 Agreements 2016/17	Third Party Projects £000	RBC Revenue Projects £000	RBC Capital projects £000	Total Held £000
Balance b/wd at 1st April 2016	637.8	141.6	340.5	1119.9
Deposits received in 2016/17	10			10.0
Deposits applied in 2016/17	(25.5)	(11.6)	(1.2)	(38.3)
Current Balance	622.3	130.0	339.3	1091.6

As one can see from the above no new deposits have been received but some small balances have been applied. The amounts available to support Rossendale Council projects are shown below.

Planning Ref	Area	Site	Purpose	Time Period	Current Balance
RBC Revenue Maintenance:-					
2002/122	Bacup	Former Victoria WMC Bacup	Bus shelters	none stated	2,180
2002/407	Haslingden	Bentgate, Manchester Rd	Play Area upgrade	no time limit	10,000
2004/012	Crawshawbooth	Former Chapel at York St	Contribution to recreation area selected by the council	none stated	6,841
2004/372	Crawshawbooth	Conversion of Con Club to 8 apartments	Bus shelters	none stated	12,000
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	no time limit	94,846
		Others			4,145
				Revenue	130,012
RBC Capital:-					
202/497	Haslingden	Grane Mill, Laneside Rd	Provision & Maint of any areas of POS in Rossendale	no time limit	5,828
2010/433	Whitworth	Eastgate	Affordable housing	Exp Jul 2017	34,957
2010/433	Whitworth	Eastgate	Open Space	Exp Jul 2017	52,918
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public & Open Spaces	Exp July 2020	110,769
2010/0667	Whitworth	Cowm Park Way/ Hall St	Youth & Community		32,549
2011/0046	Helmshore	Holmeffield House	Open Space	Exp Aug 2017	2,424
2011/0046	Helmshore	Holmeffield House	Affordable housing		25,800
2011/0030	Whitworth	Landgate, Shawforth (wind farm - 12)	St John & St Michael P "School" / Residents of Shawforth "body" - Renewal Energy	no time limit	0
2012/0162	Rawtenstall	Rossendale General Hospital	Sports Provision	Exp Nov 2019	25,354
2013/0041	Cloughfold	Land at 449 - 457 Bacup Rd	Play Space/Open Space and/or pedestrian/cycle way		5,000
2013/0277	Waterfoot	Mytholme House (Affordable housing)	POS contribution within the vicinity	no time limit	16,392
2013/0455	Bacup	Bacup Hub	Public open Space within vicinity	no time limit	27,320
				Capital	339,311

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Council Tax & NNDR Collection Rates

Cumulative Collection	Council Tax				Business rate			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
April	11.50	10.16	10.91	10.60	12.25	10.97	11.87	11.25
May	20.40	20.16	19.98	19.73	20.47	21.66	20.80	19.20
June	29.55	29.02	29.22	30.12	30.50	31.50	29.31	28.26
July	39.01	38.43	38.49	37.97	39.43	38.83	43.25	35.55
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	66.18		67.88	68.55	70.27	
November	76.37	75.52	75.45		76.23	75.72	79.88	
December	85.57	84.81	84.52		84.92	82.61	87.02	
January	94.97	91.15	93.73		95.64	90.30	93.17	
February	96.61	95.69	95.41		96.38	94.46	96.85	
March	97.10	96.90	96.80		97.70	97.60	97.40	

Council Tax Collection Fund

The Council Tax Collection projected out-turn is showing an overall surplus of £470k of which RBC's share is £72k.

Council Tax Collection Fund Forecast 2016/17		£'000
Council Tax Collectable after Discounts & Exemptions		33,438
less Bad Debt Provision		(331)
		<u>33,106</u>
less Precepts		
Lancashire County Council		(23,119)
Police		(3,192)
Fire		(1,289)
Rosendale Borough Council		(5,036)
		<u>(32,636)</u>
Surplus		470
RBC Share		72

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 £144k of which RBC share is £58k.

Business Rates Collection Fund 2016/17		£'000
Business Rates Income		13,849 excluding grants to G.Fund
less Precepts paid		<u>(13,993)</u>
Cash Deficit on Business Rates Collected		(144)
RBC Share @ 40%		(58) payable in 2017/18
Central Government share 50%		(72)
LCC and Fire share 10%		(14)

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The second area of variance occurs within the Council's General Fund. Here we must compare the amounts received from business rates with the amount of funding that we would have received under the previous national scheme. In theory RBC retain 40% of business rates, which would be £5,540k, 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 £3,306k.

In addition central government are giving authorities Section 31 grants to cover small business rate reliefs and localism reliefs. This creates a surplus over RBC's baseline funding which due to new pooling arrangements is protected from any DCLG levy

RBC General Fund / Pooling gains	£'000	
Business Rates Income	13,849	
RBC Share @ 40%	5,540	
less tariff paid to Central Government	(3,306)	
plus Enhanced Small Business Relief	424	Due in respect of 2016/17
plus other Section 31 Grants	99	Due in respect of 2016/18
Subtotal	2,757	
RBC Baseline Funding Level	1,998	
Surplus for Levy Calculations	759	
<i>Saving on levy to Central Gov't @ 50%</i>	<i>380</i>	<i>£38 due to LCC due to pooling</i>

To summarise the current forecast variances relating to 2016/17 financial year for business rates, which is marginally behind our target is as follows:

Business Rates Summary	£'000	(Adv)/Fav Variance
Collection fund deficit 2016/17	(58)	Re payable in 2017/18
Precept surplus	294	Re receivable in 2016/17
Section 31 Grants & Localism Relief	523	Re receivable in 2016/17
less LCC pooling share	(38)	
Overall Gain	721	
<i>MTFS Target</i>	<i>760</i>	

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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