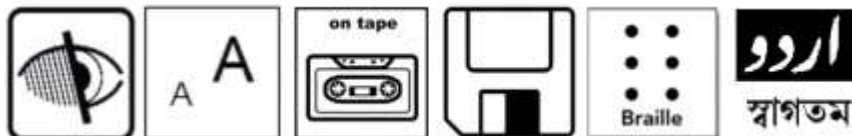


Financial Monitoring Report

2018/19 Q1 as at end of June 2018

Including a Glossary of terms on page 29



Monthly Financial Monitoring Report 2018/19 Q1 - end June 2018

General Fund Revenue Operations – pages 4 to 17

This first report on the General Fund for 2018/19 is showing a favourable variance of £24k compared to the original budget of £10,032k. However, members should note that £113k adverse variance is being predicted on the Knowsley Road depot site (being a combination of business rates payable and income lost) as the Council considers options to sell the site.

Earmarked Revenue Reserves – page 18 to 19

The total cash-backed Earmarked Reserves brought forward at 1st April 2018 were £6,164k (excluding the Transport Reserve).

The opening balance on the Transitional Reserve was £2,767k, to which £684k of New Homes Bonus grant will be added. The original budget included the application of the same £684k from New Homes Bonus and a further £795k as general budgetary support. At the moment the £24k favourable variance on the General Fund would be transferred back into the Transitional Reserve, leaving a net balance of £231k after the planned MTFs support up to 2020/21 .

The Business Rates Retention Reserve now reflects the in-year variances discussed in detail on page 28, including the renewable energy income of £164k for the year and the S31 Grant income of £818k. Funding for the original 2018/19 budget included the application of £800k from this reserve.

The Planning Reserve has been called upon to support £153k of costs in relation to the Local Plan, leaving just £41k to fund further costs in 2019/20.

The closing balance at the 31st March 2019 is now predicted to be £5,069k, but planned usage, particularly of the Transitional Reserve through the life of the MTFs, will reduce this to £3,113k by March 2022.

Government Grants Unapplied – page 20

The opening value of Government Grants Unapplied at the 1st April 2018 was £889k, including £708k of Disabled Facilities Grant carried forward into 2018/19. The allocation of Better Care funding for DFGs in 2018/19 is £947k, giving total resources for 2018/19 of almost £1,656k.

The Homelessness grant of £68k is the balance of funding received by Rossendale as administrator of the young persons homelessness grant, which will be distributed amongst the participating parties in 2018/19.

The Transforming Lives and Hoarding Grants are a joint project with the Police & Crime Commissioner to tackle problems early and the balance of funds received during 2016/17 have been spent in quarter 1 of 2018/19.

Assuming full use of DFG funds, the balance of unapplied Grants at March 2019 will be £nil.

Staff Monitoring – page 20

The table on page 20 shows the cash saved on salaries in Q1 has been £51k. However, the table on page 4 is a more complete picture of the net projected savings for the year, giving a favourable variance of £76.9k. The target for staff savings built into the original budget was £150k, so there is still £73.1k to find.

Treasury & Cash Management - page 25 to 27

At the end of June the bank balances were £12,337k up from the opening balance on the 1st April of £8,601k. There have been no changes in the individual interest rates on the accounts in Q1, but the proportion of funds being held in the instant access and 32- or 35- day notice

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accounts has risen as officers keep funds more liquid in order to manage the cash available for the ongoing capital commitments. This means that the effective overall interest rate has dropped slightly to 0.4% compared to the target rate of 0.65%. Base interest rates are now expected to remain static at 0.5% until the end of the calendar year.

Of the £518k 2017/18 sundry debtor invoices outstanding at the end of March, £430k has been received in Q1, bringing the current collection rate for the 2017/18 invoices up to 97.95%.

The provision for doubtful debt at the 1st of April was £87k, compared to a potential doubtful debt estimate at the end of Q1 of £102.2k. Officers have therefore anticipated an additional provision requirement of £20k, as noted on page 16.

Capital Receipts – page 24

The Usable Capital Receipts brought forward at the 1st April totalled £2,625 of which £649k was required for projects carried over into 2018/19.

Capital Grants due for projects in 2018/19 are expected to total £7,300 of which £5,123k has already been received. This includes an allocation of £947k from the Better Care Fund in 2018/19 for Disabled Facilities Grants, an increase of £78k (9%) on the 2017/18 levels, as noted in Government Grants Unapplied above.

Officers are considering applying around £660k of the unallocated capital receipts to make an additional Minimum Revenue Payment (MRP). This would reduce the annual MRP charge by £145k per annum, representing a 22% return on the use of those funds. The concern lies in the alternative aspirations for the use of those resources. Member's views are sought.

Capital Programme and Funding – page 25 to 26

The original Capital Programme for 2018/19 was £1,443, including £500k for DFGs and £693k for replacement operational vehicles. The slippage from 2017/18 was £7,489k, the bulk relating to the ongoing Bacup THI, Spinning Point Phase 1 and the DFGs. The only addition to the programme in Q1 was the extra allocation of Better Care Funding for DFGs.

The revised capital programme for 2018/19 at the end of Q1 is £9,264k against which £5,756k has either been spent or committed to date, equating to 62%.

Collection Fund 2018/19 (Council Tax & NNDR) - page 27 to 28

Collection rates at the end Q1 are slightly behind those achieved in the past few years, for both Council Tax and Business Rates.

The Council Tax account is showing a predicted surplus of £105k, the main change being an additional £196k of Council Tax liability for homeowners and an additional £105k expected in the Doubtful Debt provision. Rossendale Borough Council will keep 14.86% of this, ie. £16k.

Business Rates forecast at the end of Q1 is for a full-year surplus of £383k, of which RBC would keep £153k. The key drivers of this predicted surplus are two-fold - an increase in the opening liability and a reduction in the level of likely doubtful debt provision. Following on from the banding changes determined by the Valuation Office back in Q4 of 2017/18, the opening liability for businesses in the valley was £234k higher than predicted in the NNDR1 estimate in January. At that time officers predicted a likely doubtful debt provision contribution of £380k but, as in 2017/18, improvements in debt collection performance leads us to believe that the contribution set aside in 2018/19 could be reduced by £112k to £268k.

The S31 Grants from the MHCLG to cover various reliefs have increased by £71k from the estimates back in January. Once the Lancashire Pooling levy is taken into account, this means an overall gain of £1,037k for RBC, compared to the MTFS target of £800k.

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General Fund Summary - Period 3 (June)

Service Area (excluding internal recharges)	2018/19 Org Budget excl Int'l Market £000	2018/19 Forecast £000	2018/19 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr 1 (Adv)/Fav £000
Communities Directorate					
Customer Services and E-Government	1,469.9	1,447.0	22.9	-	22.9
Operational Functions	2,100.7	2,064.2	36.6	-	36.6
Communities	719.8	684.6	35.1	-	35.1
Public Protection Unit	120.3	120.2	0.0	-	0.0
Environmental Health	256.3	209.1	47.3	-	47.3
Licensing & Enforcement	157.3	120.9	36.4	-	36.4
Housing	206.9	192.2	14.7	-	14.7
Economic Development Directorate					
Planning Services	292.1	272.1	20.0	-	20.0
Building Control Services	(31.8)	(31.1)	(0.8)	-	(0.8)
Regeneration	368.1	357.3	10.8	-	10.8
Property Services	741.7	834.9	(93.2)	-	(93.2)
Corporate Management Directorate					
Corporate Management	447.5	430.5	17.0	-	17.0
Legal Services	189.7	189.1	0.6	-	0.6
Local Land Charges	(26.2)	(18.9)	(7.3)	-	(7.3)
Democratic Services	552.0	545.6	6.4	-	6.4
Financial Services	488.8	487.6	1.2	-	1.2
People and Policy	506.6	487.9	18.7	-	18.7
Non Distributed Costs	1,086.4	1,226.4	(140.0)	-	(140.0)
Capital Financing and Interest	385.9	388.5	(2.6)	-	(2.6)
TOTAL Service Cost	10,032.0	10,008.1	23.9	-	23.9
LESS Use of Earmarked Reserves					
Retained Business Rates Reserve	(800.0)	(800.0)	-	-	-
Transitional Budgetary Reserve	(795.0)	(795.0)	-	-	-
Net Service Cost	8,437.0	8,413.1	23.9	-	23.9

This first report for 2018/19 is showing a net favourable variance of £23.9k, though this includes £113.3k adverse on the Knowsley Road depot in NNDR and rental income.

The original budget included a target of £150k for staff vacancy savings. The current Q1 staffing forecasts are showing a £76.9k favourable variance, which means that there is still £73.1k of savings to find.

The other main areas of movements during Q1 in the table opposite are:-

- Recovered court costs appear to be on target for a £21k favourable variance.
- Vehicle maintenance is costing an extra £77.6k, but this is netted off by MRP savings
- Recycling income is following the 2017/18 pattern, showing an adverse variance of £36.6k
- Licensing income is predicting an adverse variance of £74.9k, though the section is making staff savings to offset this.
- Reallocation of the pension pre-payment savings by the actuaries has deferred £37.7k from 2017/18 in to 2018/19.
- Additional doubtful debt provision advised of £20k.

Staffing Variances		Q1
Customer Services		(2.3)
Operations		(58.2)
Public Protection		118.3
Economic Development		(17.1)
Corporate Management		36.2
Savings anticipated		76.9
Original savings target		(150.0)
Savings still to find		(73.1)

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Annual Variances	Q1 Fav/(Adv)	Total Fav/(Adv)	
Customer Services and e-Government			
Staff costs	(2.3)	(2.3)	
Housing Benefits subsidy	(9.6)	(9.6)	
Other benefits administration grants	17.8	17.8	
Benefits bailiff fees for overpaid benefits debts	(11.7)	(11.7)	
Court costs recovered	21.0	21.0	
Service Assurance team grants (net of assoc costs)	7.3	7.3	
Pest control services (net of fee income)	(6.4)	(6.4)	
Other minor variances	6.8	6.8	22.9
Operations			
Staff costs (including agency and overtime)	(58.2)	(58.2)	
Fuel	(6.9)	(6.9)	
Vehicle maintenance incl hire of temporary vehicles	(77.6)	(77.6)	
MRP Savings on Fleet Investment	76.6	76.6	
Recycling income (due to contamination/ market rates drop)	(36.6)	(36.6)	
Refuse stock bins and sacks	10.8	10.8	
Garden Waste income	139.7	139.7	
General parks (including playgrounds) running costs	21.9	21.9	
Dog Warden costs	11.5	11.5	
Markets Income & Running expenses	(21.0)	(21.0)	
Bulks Net income	7.9	7.9	
Other minor variances	3.6	3.6	71.7
Public Protection			
Staff costs	118.3	118.3	
Environmental Health administration expenses	12.5	12.5	
Homelessness Net Overheads	36.8	36.8	
Private Hire income & expenditure	(16.5)	(16.5)	
Hackney income & expenditure	(58.4)	(58.4)	
Taxi misc income	4.0	4.0	
Other minor variances	1.7	1.7	98.4
Economic Development			
Staff costs	(17.1)	(17.1)	
Brownfield Grant & Custom Build Grant	35.4	35.4	
Planning Application Fee Income	(2.2)	(2.2)	
Building Control Fee Income	23.2	23.2	
Knowsley Industrial Unit NNDR and income shortfall	(113.3)	(113.3)	
FIT Tarrif (re solar panels)	4.0	4.0	
Other minor variances	6.9	6.9	(63.1)
Corporate Management			
Staff costs (including professional support)	36.2	36.2	
Mayoralty Savings	4.2	4.2	
Land Charges income	(8.2)	(8.2)	
Research	3.4	3.4	
Other minor variances	1.0	1.0	36.6
Non-Distributed Costs & Capital Financing			
Original staff savings target (see net savings of £76.9k above)	(150.0)	(150.0)	
Added years pension strain	(8.5)	(8.5)	
Pensions pre-payment savings	37.7	37.7	
Doubtful Debt Provision	(20.0)	(20.0)	
Interest	(2.5)	(2.5)	
Other minor variances	0.7	0.7	(142.6)
Favourable/(adverse) variance	23.9	23.9	23.9

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Communities Directorate

Period 3 (June)

Customer Services & ICT	2018/19 Org Budget £000	2018/19 Forecast £000	2018/19 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Customer Services					
Benefits Administration	(260.1)	(277.6)	17.5	-	17.5
Benefits Granted	(3.8)	17.5	(21.3)	-	(21.3)
Local Tax Collection	(378.6)	(403.1)	24.5	-	24.5
Revenues & Benefits Partnership	1,158.3	1,153.6	4.7	-	4.7
Strategic Functions					
Management and Support	69.8	69.7	0.1	-	0.1
Service Assurance Team	129.6	118.4	11.2	-	11.2
Central Telephones	5.1	4.8	0.3	-	0.3
Central Printing	-	(2.4)	2.4	-	2.4
ICT Support	617.0	627.1	(10.1)	-	(10.1)
Leisure Services	133.0	133.0	-	-	-
Pest Control	(0.4)	6.0	(6.4)	-	(6.4)
Total	1,469.9	1,447.0	22.9	-	22.9

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr Forecast £000	R A G
Staff	-	(2.3)	(2.3)	A
Housing Benefit administration grant	-	3.9	3.9	G
Housing Benefit Subsidy (net grant position from Mid-yr Estimate)	-	(9.6)	(9.6)	A
Housing Benefit Local Council Tax support grant	-	13.9	13.9	G
Housing Benefit bailiff fees	-	(11.7)	(11.7)	R
Revenues & Benefits administration contract	-	4.7	4.7	G
Council Tax & Business Rates - court costs recovered	-	21.0	21.0	G
Business Rates - net costs of collection	-	3.5	3.5	G
Business Rates received on Renewable Energy installations	-	163.9	163.9	G
Business Rates S31 Grants	-	766.2	766.2	G
Business Rates transfer to Retained Business Rates Reserve	-	(930.1)	(930.1)	G
IT - Introduction of GPDR	-	(3.0)	(3.0)	A
IT - Disaster Recovery provision & network testing	-	(1.0)	(1.0)	A
SAT Team counter fraud work	-	0.9	0.9	G
SAT Team Grants received (incl Universal Credit)	-	7.3	7.3	G
Pest Control services (net of income)	-	(6.4)	(6.4)	A
Other savings	-	(0.6)	(0.6)	A
TOTAL	-	22.9	22.9	G

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Customer Service & ICT Highlight Report – Q1 (end June 2018)

Historic Issues

- None reported

Current Quarter's Issues

The adverse variance reported in the first quarter is £22.9k, the main changes being:-

- The Housing Benefit Subsidy forecast is currently showing a net adverse variance of £9.6k, though this is a very volatile area. This forecast is a prudent view after the fourth 4-weekly payment run (on the 12th July) and includes a contingency of £70k in the value of benefits paid. The Q2 report will include 7 out of the 13 annual big payment runs, so the predictions will have a greater degree of certainty than they do at the moment.
- Offsetting this, officers have been informed that the DWP administration grant for the local Council Tax Support Scheme has been allocated at £13.9k more than expected in the original budget.
- Efforts to reduce fraud and recover overpaid benefits have led to a potential adverse variance of £11.7k in bailiffs fees, but it is too early to assume any further increase on the levels of debt recovery above those already included in the original budget.
- In terms of business rates, the renewable energy income of £163.9k and expected S31 grants of £879k will be transferred into the Retained Business Rates Earmarked Reserve, from which the original budget planned to take £800k to support the overall revenue costs. The net increase in the Reserve bodes well for meeting the future MTFs challenges.
- Recovery of court costs related to both council tax and business rates is expected to be around £21k favourable.
- The introduction of the new General Data Protection Regulations (GDPR) in June has so far cost £3k in ICT-related costs which were not planned into the budget.
- The Service Assurance Team has received new burdens and Universal Credit introduction grants of over £50k so far, against which they expect to pay out around £43k for additional services or software changes, leaving a net favourable variance of £7.3k.

Future Issues

- Nothing to report.

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Communities Directorate

Period 3 (June)

Operations & Communities	2018/19 Org Budget £000	2018/19 Forecast £000	2018/19 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Operational Functions					
Operations Admin & Vehicle Maintenance	345.9	396.4	(50.5)	-	(50.5)
Refuse & Recycling	1,479.0	1,410.3	68.7	-	68.7
Street Sweeping	354.2	321.5	32.7	-	32.7
Markets	(78.4)	(64.0)	(14.3)	-	(14.3)
Communities					
Parks & Open Spaces	917.5	891.3	26.2	-	26.2
Cemeteries	(222.0)	(219.4)	(2.6)	-	(2.6)
Dog Warden	24.2	12.7	11.5	-	11.5
Total	2,820.5	2,748.8	71.7	-	71.7

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancies at Operations Admin Offices	-	3.7	3.7	
Parks Salary Variances (Including temporary gardeners)	-	4.4	4.4	
Street Sweeping Salaries	-	5.9	5.9	
Refuse Salaries and Agency	-	(47.7)	(47.7)	
Fleet Management Vacancy and Agency	-	(23.5)	(23.5)	
Markets Salary Vacancies	-	24.0	24.0	
Overtime Budgets	-	(25.0)	(25.0)	
Vehicle Maintenance (including tyres/ parts)	-	(30.8)	(30.8)	
Vehicle Hire	-	(46.8)	(46.8)	
Actions re variances - MRP Savings on Vehicles	-	76.6	76.6	
Fuel	-	(6.9)	(6.9)	
Trade Waste Net income	-	(3.5)	(3.5)	
Bulks Net income	-	7.9	7.9	
Refuse Sacks	-	9.0	9.0	
Sale of Green Bins	-	1.8	1.8	
Recycling Papers and Plastics	-	(36.6)	(36.6)	
Garden Waste income	-	139.8	139.8	
Cemeteries Net income	-	(2.6)	(2.6)	
Markets Income & Running expenses	-	(21.0)	(21.0)	
Dog Warden costs	-	11.5	11.5	
General other Park Running Costs	-	21.9	21.9	
Other Variances	-	9.6	9.6	
TOTAL	-	71.7	71.7	

colour indicates related items

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Operations Highlight Report – Q1 (end of June 2018)

Historic Issues

- Vehicle hire costs are projected to overspend by £47k in 2018/19. As in 2017/18, the main reason for this is that a revised vehicle replacement plan has been delayed, leading to additional maintenance and hire costs in the interim to keep services running. The vehicle replacement plan has now begun with the purchase of two refuse vehicles, but the majority will take place around October 2018 due to bespoke design. As a result, external vehicles continue to be hired under temporary arrangements.

Current Quarter Issues

At the end of Q1 the Operations and Communities forecast shows a favourable variance of £71.7k, with the main movements being:

- The Garden Waste service has now become a charged service with an original budget for income of £87.5k based upon 2,500 subscriptions. To date officers have taken around 6,500 applications which will result in £227.3k in income for 2018/19, leading to a surplus of £139.7k in 2018/19.
- Overall staffing costs including agency and overtime are projected to overspend by £58k. The adverse variance on Fleet Management was due to a long term sickness absence of a garage fitter with costly agency backfill now being extended into 2018/19. A large adverse variance on overtime being allocated to Markets as a result of a policy change in TOIL.
- Vehicle Maintenance costs and temporary vehicle hires are projected to overspend by £78k mainly due to expected works to older fleet vehicles. There is an assumed saving of £77k on MRP due to delayed investment in fleet. The Operations staff are in the process of trying to obtain replacement vehicles so in time maintenance costs should reduce.
- Fuel is projected to overspend by £7k for the financial year; this is due to an 8% increase in fuel prices since March 2018. A small contingency is in place in the Corporate budget for future year fuel increases.
- Recycling income is virtually none-existent at the moment, due to the market downturn and contamination issues. Unless things pick up again, this will result in an adverse variance of £37k for the financial year. Rossendale are working together with LCC to reduce the significant ongoing costs of recycling to RBC.
- Cemeteries income are projected to return a break even variance. Cemeteries fees did increase considerably in 2018 and the income targets have also increased 2018/19.
- Markets income projected to be £21k below the set budget. The main reasons for this is the under occupancy of stalls with Rawtenstall seeing a 17% vacancy rate and Bacup being 43% empty. However, there is a projected saving on the Market Staffing costs of £9k and a potential restructure in the pipeline to redistribute the workload

Futures Issues

- The Bulky Waste service external contractor went into liquidation in 2017 and the service is being done in-house at the moment. This will be subject to a tendering process in due course which may lead to changes in the 2018/19 costs.
- The Head of Service has proposed a new staffing restructure which, pending consultation will result in re-profiling the agency and salaries budget.

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Communities Directorate

Period 3 (June)

Public Protection & Housing	2018/19 Org Budget £000	2018/19 Forecast £000	2018/19 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Public Protection Unit	120.3	120.2	0.0		0.0
Environmental Health	256.3	209.1	47.3	-	47.3
Licensing & Enforcement	157.3	120.9	36.4	-	36.4
Strategic Housing					
Housing Strategy	85.7	83.5	2.2	-	2.2
Private Sector Housing Renewals	-	-	-	-	-
Homelessness	121.2	108.7	12.5	-	12.5
Empty Homes Scheme	-	-	-	-	-
Total	740.8	642.4	98.4	-	98.4

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Environmental Health - staffing and consultant	-	25.6	25.6	
Public Protection - staffing	-	9.3	9.3	
Housing Strategy - staffing	-	1.4	1.4	
Homelessness - staffing	-	(24.3)	(24.3)	
Licensing & Enforcement - staffing	-	106.3	106.3	
Environmental Health administration	-	12.5	12.5	
Flexible Homelessness Support Grant	-	64.9	64.9	
Homelessness Temporary Accommodation (B&B)	-	(21.6)	(21.6)	
Refund payments of Bonds	-	(4.0)	(4.0)	
Kay Street Safe Housing running costs	-	(0.6)	(0.6)	
Contributions to outside bodies re Homelessness	-	(17.7)	(17.7)	
Transfers from Homelessness reserve to fund 16/17 yr old project	-	15.8	15.8	
Private Hire income & expenditure	-	(16.5)	(16.5)	
Hackney income & expenditure	-	(58.4)	(58.4)	
Taxi misc income	-	4.0	4.0	
Other Variances	-	1.7	1.7	
TOTAL	-	98.4	98.4	

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Public Protection and Housing Highlight Report – Q1 (end June 2018)

Historic Issues

- Nothing reported

Current Quarter Issues

At the end of Q1 the Public Protection Unit and Housing Services budgets shows a favourable variance of £98.4k, with the main movements being:-

- There are a number of favourable changes within the staffing of the new Public Protection Unit
 - There is now one Manager post for the combined Public Protection Unit, saving £50.6k between the Licensing and Environmental Health sections.
 - Salaries within Environmental Health are projected to save £26k following a retirement back in May.
 - Salaries within Licensing are showing a favourable variance of £55.7k. Following the drop in income levels, when 2 officers left the organisation they were not replaced.
 - Salaries within Homelessness service are showing an adverse variance of £24k due to a creation of a fixed term homeless officer post. However, this is being funded from the Flexible Homelessness grant from MCHLG.
- Environmental Health administration expenditure and fees and charges income, such as the new charge for retesting of hygiene ratings for food businesses, are showing a combined favourable variance of £12.5k.
- Licencing income and expenditure is showing an under achievement of £54.4k. The budgets were set on the basis of reduced licenses being renewed but in the first quarter they look to be falling quicker than expected.

Future Issues

- The salary savings within the Licensing team and the new Public Protection Unit are part of the future MTFS savings plans.

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Economic Development Directorate

Period 3 (June)

Economic Development & Regeneration Services	2018/19 Org Budget £000	2018/19 Forecast £000	2018/19 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Planning					
Development Control	151.5	133.9	17.6	-	17.6
Forward Planning	140.6	138.2	2.4	-	2.4
Building Control					
Building Control - Fee Earning Account	(67.0)	(62.4)	(4.5)	-	(4.5)
Building Control - Statutory Function	29.7	30.2	(0.5)	-	(0.5)
Building Control - Street Signs	5.4	1.2	4.2	-	4.2
Regeneration					
Regeneration Mangement	140.0	127.9	12.1	-	12.1
Economic Regeneration	91.2	91.2	0.0	-	0.0
Whitaker Park Museum	81.9	83.3	(1.3)	-	(1.3)
Tourisms	40.0	40.0	-	-	-
Area Forums	15.0	15.0	-	-	-
Property Services					
Property Services Team	286.2	290.5	(4.3)	-	(4.3)
Corporate Estates	(56.3)	67.2	(123.5)	-	(123.5)
Non Domestic Estates	(109.1)	(127.0)	18.0	-	18.0
Office Accommodation	56.1	44.7	11.4	-	11.4
Operational Properties	366.2	371.1	(5.0)	-	(5.0)
Leisure Properties	51.8	45.4	6.4	-	6.4
Bus Shelters	11.0	10.0	1.0	-	1.0
Business Centre	135.8	132.9	2.9	-	2.9
Total	1,370.1	1,433.2	(63.1)	-	(63.1)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Regeneration staffing	-	6.3	6.3	
Economic Development staffing	-	5.5	5.5	
Planning staffing	-	(13.9)	(13.9)	
Building Control staffing	-	(23.9)	(23.9)	
Property Services staffing	-	8.9	8.9	
Economic development admin costs	-	(4.8)	(4.8)	
Whittaker Park Museum Utilities Costs	-	(1.3)	(1.3)	
Childrens Partnership Board Grant	-	5.5	5.5	
Brownfield Grant & Custom Build Grant	-	35.4	35.4	
Planning Application Fee Income	-	(2.2)	(2.2)	
Building Control Fee Income	-	23.2	23.2	
Rerpairs & Maintenance	-	0.4	0.4	
Electricity	-	(4.9)	(4.9)	
Gas	-	0.4	0.4	
Water	-	3.0	3.0	
NNDR - Knowsley Industrial Unit 9mths	-	(38.3)	(38.3)	
Knowsley Industrial Unit - income shortfall	-	(75.0)	(75.0)	
Estates Income	-	3.0	3.0	
Haslingden Pool - professional fees HAPPI	-	(2.1)	(2.1)	
Emergency Planning	-	1.6	1.6	
Sale of small land	-	3.0	3.0	
Kay St properties - new boilers	-	(3.8)	(3.8)	
FIT Tarrif	-	4.0	4.0	
Car Parks	-	1.0	1.0	
Other Miscellaneous Variances	-	6.0	6.0	
TOTAL	-	(63.1)	(63.1)	

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Economic Development & Regeneration Highlight Report – Q1 (end June 2018)

Historic Issues

- **39 Burnley Rd, Rawtenstall, collapsed culvert under property** – Back in 2017/18 the owner defaulted on a court order to either make the house safe or demolish within 52 days. The council has undertaken work to demolish the property at a current cost of £23.8k, funded from the Emergency Capital budget back in 2017/18. However, further works may be required in the coming months.

Current Quarter Issues

Economic Development and Regeneration are currently forecasting a favourable variance of £11k, the main movements being:-

- The previous staffing establishment for Economic Development was completed in 2017/18 and is now in place. A saving of £6k in salaries is mainly due to an ED officer being temporarily funded out of the Bacup THI grant.
- The Regeneration service salaries is showing a projected saving of £6k due to a member of staff reducing core hours. A job share will be in place to cover the workloads.

Property Services is currently expecting an adverse variance of £93.1k.

- There are savings in the salary costs of £8.9k. The Property Manager has given notice to leave the authority and the post is vacant at present
- Knowsley Industrial Unit (Bus Depot) was purchased at the end of 2017/18. Until a buyer for the site can be found there are NNDR cost of £38.3k and assumed 6mths rental income shortfall of £75k.
- The building utility costs are showing a minor adverse variance of £1.1k
- Estates income is showing a favourable variance of £3k

Planning and Building Control is currently expecting a favourable variance of £18.6k

- Appointments to vacant posts are proving unsuccessful therefore agency has been used to cover the posts until permanent staff can be appointed. This has resulted in a projected over spend of £37.8k.
- The surplus Building Control Income of £23.2k along with some of the Brownfield and Custom Build Grants (35.4k) will be used to offset these costs.

Future Issues

- The Whittaker Museum utilities budget is being reviewed as this is projected to be overspent. Officers are working with the museum on drawing up a commercial lease with a separate funding agreement
- Other ways of working within Property Services are being explored and the post of Property Services Manager is being reviewed when the current officer leaves in July.
- The acquisition of the Knowsley Road depot had been forecast to generate £150k net income for the MTFs. Given the decision to sell this asset the income is unlikely, unless the receipt can be used to generate similar commercial activity in the future.

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Corporate Services Directorate

Period 3 (June)

Corporate Management	2018/19 Org Budget £000	2018/19 Forecast £000	2018/19 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Corporate Management					
Executive Office	336.1	318.1	18.0	-	18.0
Corporate Contingency	50.0	50.0	-	-	-
Exec Support & Corporate Subscriptions	61.4	62.4	(1.0)	-	(1.0)
Community Safety	-	-	-	-	-
Legal Services	189.7	189.1	0.6	-	0.6
Land Charges	(26.2)	(18.9)	(7.3)	-	(7.3)
Democratic Services					
Electoral Registration	67.3	67.3	(0.0)	-	(0.0)
Elections	72.4	72.4	0.0	-	0.0
Democratic Support	360.1	358.9	1.2	-	1.2
Mayoralty & Civic Events	49.7	44.5	5.2	-	5.2
Town Twinning	2.5	2.5	0.0	-	0.0
Financial Services					
Treasury Management	80.6	80.5	0.1	-	0.1
Insurance, Risk & Audit Fees	71.7	69.7	2.0	-	2.0
Financial Services Team	336.5	337.4	(0.9)	-	(0.9)
People & Policy					
Human Resources	297.0	295.9	1.1	-	1.1
Corporate Support	205.6	191.4	14.2	-	14.2
Publicity	4.0	0.6	3.4	-	3.4
Total	2,158.4	2,121.8	36.6	-	36.6

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Staff Savings	-	34.0	34.0	G
Legal Salary	-	26.9	26.9	G
Legal Agency costs	-	(24.7)	(24.7)	R
LCC Audit Fees (balance of 2017/18 work)	-	2.0	2.0	G
Members costs - IC Individual Registration	-	(1.2)	(1.2)	A
Mayoralty savings	-	4.2	4.2	G
Register of Electors	-	-	-	G
Land Charges Income	-	(8.2)	(8.2)	A
Research	-	3.4	3.4	G
Other Misc under / (over) spends	-	0.2	0.2	G
TOTAL	-	36.6	36.6	G

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Corporate Management Highlight Report – Q1 (end June 2018)

Historic Issues

- Noting reported.

Current Quarter Issues

The Corporate Management out-turn is now expected to under-spend by £36.6k, the main movements being:-

- Staff changes
 - Corporate Management savings of £18k coming from the scale points of the current directors.
 - The legal team has a vacancy for a trainee solicitor, but the budget for this post is currently funding agency support within the team.
 - People & policy team staff savings of £1.2k in the H.R. team and £14.3k in the Corporate Support team
- There is a projected saving of £2k on the accrual for LCC internal audit fees at the end of 2017/18
- Local Land Charges income is down on previous years, leading officers to predict a full-year adverse variance of £8.2k.

Futures Issues

- The Elections budgets are showing a nil variance, but both the Registration budget and Local Election budget are being supported by reserves and provisions. In 2018/19 and 2019/20 the current understanding is that there will be no joint elections where the costs can be shared. The true cost of a Local Election is £62.7k against a budget of £51k. There is enough in the reserves to cover 2018/19 year but there will be a pressure in 2019/20.
- No savings as yet have been made against the Corporate Contingency budget. To date there has been £12.6k incurred against the contingency.

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Corporate Services Directorate

Period 3 (June)

Non-Distributed Costs & Capital Financing	2018/19 Org Budget £000	2018/19 Forecast £000	2018/19 Variance (Adv)/Fav £000	Variance last reported £000	Change in Qtr (Adv)/Fav £000
Non Distributed Costs					
Employee & Pension Costs	1,069.7	1,190.5	(120.8)	-	(120.8)
Other Non-distributed Costs	16.7	35.9	(19.2)	-	(19.2)
Capital Financing					
Minimum Revenue Provision	298.6	298.5	0.1	-	0.1
Interest (net)	87.3	90.0	(2.7)	-	(2.7)
Total	1,472.3	1,614.9	(142.6)	-	(142.6)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancy control savings target		(150.0)	(150.0)	R
Added Years Pension Strain		(8.5)	(8.5)	A
Savings on pensions arising from payment in advance		37.7	37.7	G
Interest expenditure		1.0	1.0	G
Interest income from bank accounts		(3.5)	(3.5)	A
Additional doubtful debt provision		(20.0)	(20.0)	R
Other minor variances		0.7	0.7	G
TOTAL	-	(142.6)	(142.6)	R

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Non-Distributed Costs & Capital Financing Highlight Report – Q1 (end June 2018)

Historic Issues

- When the Council pre-paid the next 3 years of pension costs up-front to LCC in April 2017 officers made assumptions about the annual savings which would be allocated to each year by the actuaries and included those savings in the 2018/19 and 2019/20 budgets. At the end of March the actuarial report for the final accounts apportioned a lower figure to 2017/18, which will result in an estimated additional saving of £37.7k in 2018/19 and at least £30k 2019/20.

Current Quarter Issues

This first report in 2018/19 is forecasting a net adverse variance of £142.6k, the main movements being:-

- The original budget staff savings target was £150k. At the moment £76.9k has been identified throughout the departments (as shown in the table on page 4). This leaves a net £73.1k to find. The salaries monitoring table on page 20 shows that £51k of savings have been achieved in cash terms by the end of Q1.
- A slow-down in the annual reduction in historical added year pension costs, leading to an adverse variance of £8.5k.
- Pension pre-payment savings increase of £37.7k (see above).
- Interest income is expected to be down £3.5k on the original budget target.
- The doubtful debt provision is expected to require a further £20k top-up in the year (see the explanation on page 23).

Future Issues

- The Council incurs c£1m per annum on pension deficit contributions. Officers are currently engaged with the Pension Fund to explore options to reduce this annual cost.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Employment & Transport Reserve	Director Invest Reserve	Local Business Rates Retention	Transitional Budgetary Support	Planning Reserve
	AN060103	AN060123	AN060144	AN060129	AN060109 / AN060145
Balance at 01/04/2018	1,156.2	5.1	1,082.4	2,766.7	194.1
Funds Received 2018/19					
Collection Fund - Surplus 2018/19					
Collection Fund - S31 Grants			818.1		
Collection Fund - Renewable Energy			163.9		
New Homes Bonus				684.0	
Other Revenue income received					
General Fund Surplus Contribution				23.9	
Total Funds Available	1,156.2	5.1	2,064.4	3,474.6	194.1
2018-19 Published Budget Utilisation					
Retained Business Rates			(800.0)		
New Homes Bonus				(684.0)	
General budget support				(795.0)	
2018-19 Other Utilisation Plans					
Transfers between Reserves	(25.2)				25.2
Bacup THI Support					
Civica receipting software upgrade					
Counter Fraud & RV Analysis					
Support Forward Plan					(178.2)
Business Rates Pooling Levy for 2017/18			(52.0)		
Economic Development Projects	(84.0)				
Living Well, Living Better Project					
Haslingden Task Force					
Tourism and special events					
Reserve Estimates 31/3/2019	1,047.0	5.1	1,212.4	1,995.6	41.1
Future Contributions/Utilisation Plans					
2018/19 Plans		(5.1)			
2019/20 Plans				(1,194.0)	(41.1)
2020/21 Plans				(571.0)	
2021/22 Plans				0.0	
Potential Reserve Balances	1,047.0	0.0	1,212.4	230.6	0.0

Usage as per MTFS Feb 2018

Current issues

Funding for the original revenue budget included the use of £800k from the Retained Business Rates Reserve as well as £684k of New Homes Bonus Grant and £795k from the balance on the Transitional Budget Reserve, as reflected in the above table. As noted on page 2, officers expect to contribute £24k back to the Transitional Reserve in 2018/19 from the General Fund projected favourable variance.

Officers recommend the application of £25.2k Communities for Habitat grant received back in 2009/10 to the Earmarked Planning Reserve, and then using this to reverse part of the £200k taken from the Employment and Transport Reserve back in 2016/17. This will still leave £41.1k to support Local Plan costs in 2019/20.

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Earmarked Reserves

Earmarked Reserves (cash-backed items only)	Vehicle Reserve	Leisure Reserve	Bacup THI	Operational Reserves	Total
	AN060130	AN060118	AN060142	AN060121	
	Balance at 01/04/2018	230.5	64.2	72.2	
Funds Received 2018/19					
Collection Fund - Surplus 2018/19				0.0	0.0
Collection Fund - S31 Grants				0.0	818.1
Collection Fund - Renewable Energy				0.0	163.9
New Homes Bonus				0.0	684.0
Other Revenue income received				0.0	0.0
General Fund Surplus Contribution				0.0	23.9
Total Funds Available	230.5	64.2	72.2	592.6	7,854.0
2018-19 Published Budget Utilisation					
Retained Business Rates				0.0	(800.0)
New Homes Bonus				0.0	(684.0)
General budget support				0.0	(795.0)
2018-19 Other Utilisation Plans					
Transfers between Reserves				0.0	0.0
Bacup THI Support			(72.2)	0.0	(72.2)
Civica receipting software upgrade				(10.0)	(10.0)
Counter Fraud & RV Analysis				(10.0)	(10.0)
Support Forward Plan				0.0	(178.2)
Business Rates Pooling Levy for 2017/18				0.0	(52.0)
Economic Development Projects				(9.3)	(93.3)
Living Well, Living Better Project				(60.0)	(60.0)
Haslingden Task Force				(20.0)	(20.0)
Tourism and special events				(10.0)	(10.0)
Reserve Estimates 31/3/2019	230.5	64.2	0.0	473.3	5,069.3
Future Contributions/Utilisation Plans					
2018/19 Plans	(25.5)			0.0	5,038.7
2019/20 Plans	(51.0)			(71.5)	3,681.1
2020/21 Plans	25.5			(22.4)	3,113.2
2021/22 Plans				0.0	3,113.2
Potential Reserve Balances	179.5	64.2	0.0	379.4	3,113.2

Officers will be reviewing the requirements from the Vehicle Maintenance Reserve during Q2 to clearly understand the relationship between replacement costs, MRP funding and maintenance costs over the life of the MTFs ahead of the commencement of the 2019/20 budget cycle.

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Grants Unapplied

Grants Unapplied (* denotes a capital grant)	Commun' for Habitats	Disabled Facilities Grants *	Homeless Grant	Domestic Abuse Grant	Transform' Lives Grant	Hoarding Grant	Total
Balance at 01/04/2018	25.2	708.4	68.7	35.9	40.9	10.5	889.6
New Funds Received 2018/19							
Grant due/received		947.5		49.6			997.1
Total Funds Available	25.2	1,655.9	68.7	85.5	40.9	10.5	1,886.7
Utilisation in 2018/19							
DFGs planned in Capital Programme		(500.0)					(500.0)
DFGs Additional Grant allocation		(447.5)					(447.5)
DFGs slippage from 2017/18		(708.4)					(708.4)
Transfer to Planning Reserve	(25.2)						(25.2)
Transforming Lives/Hoarding Projects					(40.9)	(10.5)	(51.4)
Homelessness Project			(68.7)				(68.7)
Domestic Abuse Projects				(85.5)			(85.5)
Anticipated Balance 31/03/2019	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Officers recommend the transfer of the Communities for Habitats grant to the Earmarked Planning Reserve to support work on the Local Plan.

There was an additional grant during Q4 of 2017/18 from the Ministry for Housing, Communities and Local Government (MHCLG, formerly the DCLG) for work on domestic abuse projects in the borough which are continuing into 2018/19.

Officers worked hard to ensure that as much as possible of the DFG grant available in 2017/18 was used during the year, but £708.4k has been carried forward at the year-end. The allocation for 2018/19 is £947.5k, a 9% increase on that received in 2017/18, giving total DFG resources of over £1,655k which is almost four times the funds available back in 2015/16.

Staff Costs, including agency

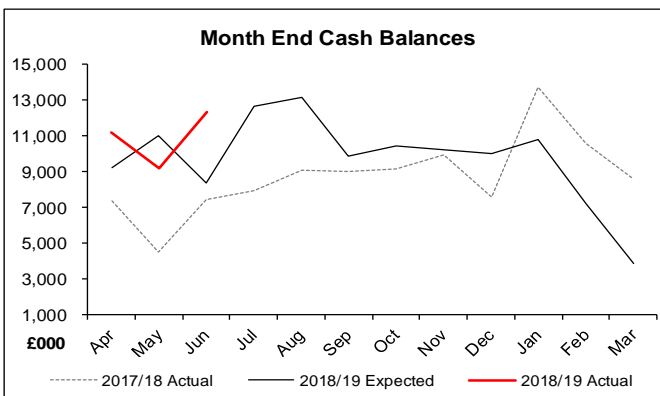
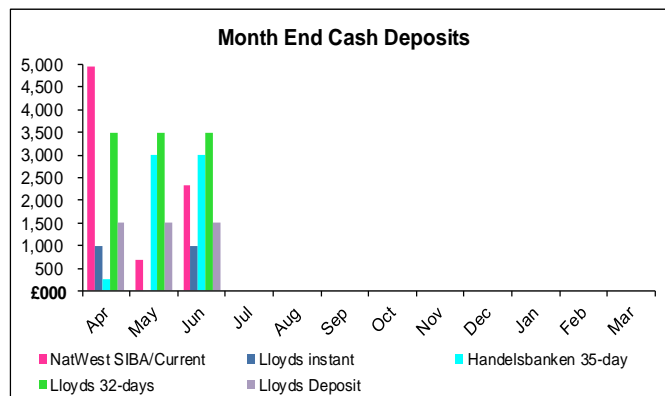
Employment Costs 2018/19 to end June	YTD Budget £000	YTD Actual £000	YTD Variance (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	FTE Original Budget 2018/19	FTE Changes during 2018/19	Current Vacant Posts	Contrib vacancy target £000
Communities Directorate									
Customer Services	80	76	5	-	5	8.1	0.0	0.5	5.0
Operations Service	377	379	(2)	-	(2)	52.1	0.0	1	0.0
Communities	160	158	2	-	2	25.2	0.0	1	0.0
Environmental Health	54	49	5	-	5	7.4	0.0	1	5.0
Licensing & Enforcement	105	86	19	-	19	11.0	0.0	1	10.0
Housing	57	70	(13)	-	(13)	6.0	1.0	1	0.0
Economic Development Directorate									
Planning Services	109	112	(3)	-	(3)	11.3	0.0	1	0.0
Building Control Services	22	27	(6)	-	(6)	2.0	0.0	0	0.0
Regeneration	57	22	35	-	35	4.0	0.0	2	25.0
Property Services	38	35	3	-	3	4.4	0.0	0	3.0
Corporate Services									
Corporate Management	89	84	5	-	5	4.0	0.0	0	5.0
Legal Services	39	40	(2)	-	(2)	4.0	0.0	1	0.0
Local Land Charges	9	9	-	-	-	1.0	0.0	0	0.0
Democratic Services	61	61	1	-	1	7.9	0.0	0	0.0
Financial Services	78	81	(3)	-	(3)	7.7	0.0	0	0.0
People & Policy	113	108	6	-	6	16.2	0.0	1	6.0
Total	1,447	1,396	51	-	51	172.3	1.0	10.5	59.0
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	91.0

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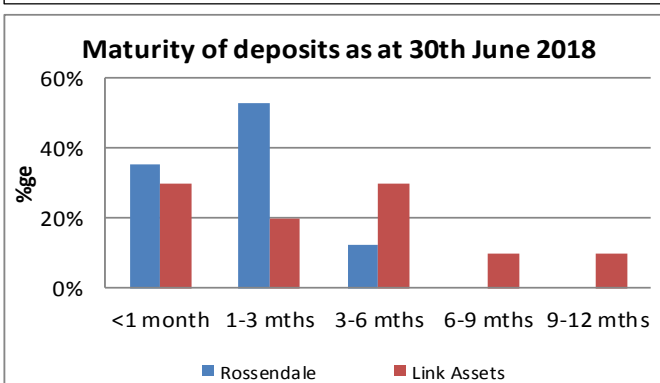
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Treasury Management & Cash Flow Monitoring

At the end of June the bank balances were £12,337k up from the year-end balance of £8,601k. The £2.7m cash receipt from the sale of Rossendale Transport Ltd in January explains the difference between month-end cash balances in April 2018 and that back in April 2017. The projected decrease in cash in the second half of 2018/19 is the result of development costs of the Spinning Point Phase 1 development.



Balances & Interest Rates at 30/06/2018	Current Balance £k	Interest Rate %
NatWest SIBA	2,337	0.15
Handelsbanken instant	1,000	0.20
Handelsbanken 35-day	3,000	0.25
Lloyds instant access	1,000	0.40
Lloyds 32-day notice	3,500	0.57
Lloyds Deposit 12mths	1,500	0.85
Total Bal & Avg interest	12,337	0.40



Officers are keeping funds comparatively liquid again during 2018/19 to support the costs of the Spinning Point development, and this is having an impact upon the average interest earnings. The average effective interest rate has dropped from 0.47% at the end of the March, to 0.40% at the end of Q1. This is not due to any reduction in the individual interest rates being earned, but rather because a greater proportion of the total resources are being held in the instant access or 32/35-day notice accounts than was the case at the end of March, when the Council had a lower level of overall resources. The performance indicator for treasury management was set at Base Rate + 0.15% which gives a current target of 0.65%.

The 365-day fixed-term deposit rates being offered by Lloyds have risen to 1% and so at this point officers have assumed that the £1.5m currently with Lloyds will be rolled over when it matures in December, and thereafter earn 1%, rather than the current 0.85%.

Interest Earned

The interest budget for 2018/19 is a net cost of £87.5k. At Q1, is an adverse variance of £3.5k, even presuming the fixed rate of 1% from December 2018 as noted above.

Interest Forecast	Budget 2018/19	Forecast 2018/19	Variance Fav/(Adv)	Change Fav/(Adv)
Revenue				
Interest payable (PWLb)	(137.9)	(137.9)	0.0	0.0
Other interest payable	(1.0)	(1.0)	0.0	0.0
Misc Interest income	0.0	0.0	0.0	0.0
Bank Interest income	51.4	47.9	(3.5)	(3.5)
Net Interest	(87.5)	(91.0)	(3.5)	(3.5)

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Economic Outlook

(issued 13th June)

The Consumer Prices Index including owner occupier's housing costs (CPIH) 12-month rate was 2.3% in May 2018, up from 2.2% in April 2018, but down from 2.5 back in March.

Rising motor fuel prices produced the largest upward contribution, along with air and sea fares. This was offset by downward

movements in games, domestic electricity, food and non-alcoholic beverages, furniture and furnishings.



Interest rate forward predictions

The Council's treasury management advisors, Link Asset Services, have released the following statement covering their interest rate predictions for the rest of the year:

"A UK rate hike in May was all but a done deal at the start of the month, but the weakness of data dripped through the month and relegated this to a non-event, and with August also looking too early for the MPC to act. A move in November is being factored in but much may depend on how the Brexit negotiations stand, and what levels of uncertainty there are about our future engagement with the EU, with the withdrawal date just a few months later."

at 31st May 2018	Current Rates	Jun 2018	Sept 2018	Dec 2018	Mar 2019	Jun 2019	Sept 2019	Dec 2019	Mar 2020
Base Rate est	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	1.00%	0.75%	1.00%
25yr PWLB est	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.10%	3.20%

Treasury Management Practices (TMPs) and Prudential Indicators

With funds hovering around the £11 to £12m mark, officers have kept the Lloyds banking group investments at around £6m, including a maximum of £1m in the instant access account earning 0.4%.

In Q1 the NatWest account exceeded £6m for 3 days in mid-April until the 4-weekly benefits run went out on the 19th of April. At the time total resources were over £12.5m, so the Council's Treasury Management Practices were not contravened.

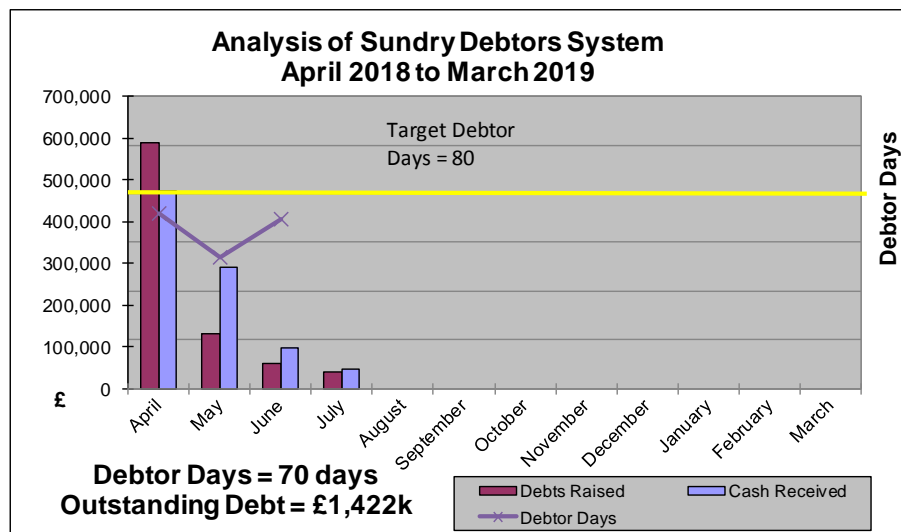
An update of the MTFs Cash flow is shown opposite, including the follow-on 3-year pre-payment of pensions in April 2020 at c£4.5m.

Cash Flow over the MTFs as at 30th June 2018	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Cash Balances at 1st April b/fwd	8,601	5,353	4,672	1,873
Cash-flow adjs to Revenue Budget:				
Minimum Revenue Provision	927	888	830	830
Annual Pensions charge	1,500	1,500	1,500	1,500
3-yr cash pre-payment of Pensions	-	-	(4,500)	-
Revenue Contribution to Capital Outlay	100	100	100	100
Application of Reserves				
Transitional Reserve to balance MTFs	(795)	(1,194)	(571)	-
Other Reserves	(660)	(93)	26	-
Capital Programme				
Vehicles	(639)	(468)	-	-
Spinning Point Phase 1	(3,297)	-	-	-
Annual Programme	(300)	(130)	(100)	(100)
Capital receipts	100	100	100	100
Application of grants	-	(1,200)	-	-
PWLB borrowing repayments	(184)	(184)	(184)	(184)
Cash Balances at 31st March c/fwd	5,353	4,672	1,873	4,119

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Sundry Debts Monitoring



Invoices raised in 2017/18 totalled £4,268k. By the end of Q1 the debt had reduced to £87.4k, representing a rise in the collection rate to 97.95%. Of the 2017/18 balances still outstanding £26.8k is with a partner organisation and should be received shortly, which will increase the 2017/18 collection rate to 98.6%.

In Q1 £1,795k of invoices have been raised, the biggest being £947k to LCC in June for the DFG grants. £126k of the April Waste collection fees is being

paid monthly by direct debit instalments. The total debt balance is £1,422k.

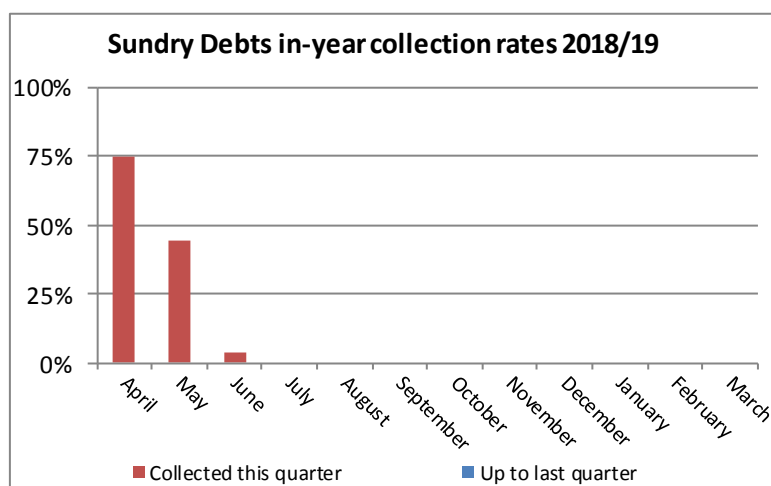
Housing Rent Debts

Of the £327k of housing rent debts brought forward in April 2018 the Council has a provision of £288.5k brought forward for doubtful debts, leaving a net £39k debt still to chase.

Doubtful debts

In Q1 £2.5k of old debt was collected, plus £430.5k of 2017/18 debt.

Debtor Days collection performance for sundry debts has moved from 66 days in March 2018 to 70 days at the end of June, against a target of 80 days. This calculation is excluding the £947k invoice for DFGs as this would unfairly skew the results and is still



under 30 days old. This invoice is also being excluded from the doubtful debt calculation below.

Debts Outstanding	Mar 2017	31 Mar 2018		30 June 2018		Doubtful Debts	
	£k	£k	£k	£k	£k	rate	value
Earlier Debt	45.5		34.0		33.3	100%	20.9
2014/15 Debt	38.5		37.3		37.3	100%	21.5
2015/16 Debt	12.8		7.8		7.1	100%	2.6
2016/17 Debt	418.0		36.0		34.9	100%	0.0
2017/18 Debt							
Q1			5.1		4.8	75%	3.6
Q2			31.3		30.5	75%	22.9
Q3			5.6		4.6	50%	2.3
Q4			475.9		47.5	50%	10.4
2018/19 Debt							
Q1 Apr				146.4		10%	2.5
Q1 May				73.1		10%	7.3
Q1 Jun			0.0	998.7	1,218.2	10%	6.3
Q2 Jul				3.8		50%	1.9
Q2 Aug						50%	0.0
Q2 Sept			0.0		3.8	50%	0.0
Total Debt o/s	514.8		633.0		1,422.0		102.2

Of the £1,422k outstanding, £947k is excluded and £121.6 is being collected by instalments. Ignoring these invoices, the doubtful element of the total debt is now £102.2k.

The impairment provision brought forward in April 2018 was £87k. Officers assume that a further provision of £20k will be required in 2018/19 and this is included on page 20.

Of the sundry debts opposite £35k are held on the Local Land Charges Register.

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Capital Resources

Table 1 - 2018/19 receipts

Major Receipts:	Original Budget £000	Year to Date £000	Revised Forecast £000
Capital Receipts			
Land & Property Sales	50	135	150
Obsolete refuse vehicles	54	7	54
Net receipts to table 2	104	142	204

Current issues

In Q1 the council has received a final payment of £135k relating to the sale of the Rosso shares, and sold one obsolete vehicle. However, the forecast above excludes any potential receipt from the sale of the Knowsley Road Depot acquired as part of the Rosso sale back in January. An agent has been appointed in Q1 to manage the sale and a further update will be included in the Q2 monitoring report in October, however, final disposal may take until December.

Financing the Capital Programme

The Useable Capital Receipts Reserve holds the balance of funds from the sale of Council assets the balance brought forward at the 1st April 2018 was £2,625k, though £649k of this was required to finance continuing projects, as shown in the slippage table reported opposite and £367k was ring-fenced for housing schemes like purchases under CPO powers.

The original capital programme for 2018/19 approved in February was £1443k, to which £7,439k of slippage was added from ongoing projects at the end of March 2018. This included £874k for the Bacup THI project and £4,442k for the Spinning Point Phase 1 building works.

The total grant income expected for the revised capital programme is £7,300k, of which £5,123k has already been received. This includes an allocation of £947k from the Better Care Fund in 2018/19 for Disabled Facilities Grants, an increase of £78k (9%) on the 2017/18 levels. When added to the £705k balance of DFG grant brought forward at year-end, this means the total resources for DFGs in 2018/19 is now £1,652k, almost 4 times the 2015/16 programme.

Revenue resources being applied in 2018/19 are expected to be £297k, of which £169k is coming from Earmarked Reserves, £28k is being funded from S106 agreements and £100k has been built into the 2018/19 revenue budget.

The total in the Useable Capital Receipts Reserve at the end of 2018/19 is currently expected to be £2,085k, of which £367k is still ring-fenced for housing schemes. That leaves £1,718k of capital receipts unallocated at the present time.

Future issues

Officers are considering applying around £660k of the unallocated capital receipts to make an additional Minimum Revenue Payment (MRP). This would reduce the annual MRP charge in the revenue budget by £145k per annum, representing a 22% return on the use of those funds. The concern lies in the impact upon alternative aspirations for the use of those resources.

Table 2 - Useable Capital Resources

Useable Capital Resources	£ 000
Balance at April 2018	2,625
Capital Grants in 2018/19	7,300
Capital Receipts in 2018/19	204
	10,129
Revenue Contributions	
from Earmarked Reserves	169
from S106 agreements	28
from Revenue Operations	100
Total Capital Resources 2017/18	10,426
Capital Prog funding applied	(8,341)
Total Capital Resources March 2018	2,085
Capital Receipts Reserve (housing)	367
Capital Receipts Reserve (unalloc)	1,718

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Capital Programme Spending

SERVICE AREA	Original Cap Prog £000	Revised Cap Prog £000	Spent/ Ordered £000	Full-Year Forecast £000	Forecast Funding Arrangements				
					Grants/ Contrib'n	Capital Receipts	Reserves /RCCO	RBC Int Borrow	MRP Impact
Communities Directorate									
IT Software & Equipment	0	0	0	0	0	0	0	0	0
Operations	693	871	356	871	0	54	0	817	163
Communities	30	467	37	467	69	370	28	0	0
Housing	620	1,772	336	1,772	1,652	120	0	0	0
Economic Dev Directorate									
Bacup THI	0	874	449	874	722	0	152	0	0
Ski Rossendale	0	400	0	400	400	0	0	0	0
Spinning Point	0	4,442	4,414	4,442	4,386	0	0	56	2
Property Repairs & Maint	100	300	152	300	0	200	100	0	0
Other minor projects	0	88	12	88	71	0	17	0	0
	1,443	9,214	5,756	9,214	7,300	744	297	873	165

Capital Programme

The original Capital Programme approved in February was £1,443k, including £693k of replacement vehicles and £500k of DFGs.

To this was added £7,439k of slippage from 2017/18 as shown opposite, including the balances of Spinning Point Phase 1 and the Bacup THI project.

During Q1 the only changes to this programme have been the notification of DFG grant for 2018/19 at £947k, rather than the budget

estimate of £500k and the correction of a duplication of the CPO purchase/resale programme between the slippage and in-year budget. This gives a revised capital programme for 2018/19 of £9,214k.

Slippage items c/wd at end of 2017/18	Costs '£000	Funding Arrangements			
		Grants/ Contrib'n	Capital Receipts	RCCO (reserves or S106)	RBC Int Borrow
Communities Directorate					
Operational Vehicles	178				178
Playgrounds (community projects)	103	93		10	
Cemeteries	96		96		
Pathways	28		28		
Sports Playing Fields	207		207		
DFGs	705	705			
CPOs	118		118		
	1,435	798	449	10	178
Economic Development Directorate					
Bacup THI	874	844		30	
Ski Slope Investment	400	400			
Spinning Point Phase 1	4,442	4,386			56
Emergency Works	100		100		
Building Maint (uncommitted)	100		100		
Whitworth land remediation	21	21			
CCTV	50	50			
Signage (fund from PRG Reserve)	17			17	
	6,004	5,701	200	47	56
	7,439	6,499	649	57	234

Capital project activity

- DFGs paid or committed £336k against the revised resources of £1,652k (i.e. 20%).
- Bacup THI has paid or committed £449k so far, just over 51% of the project balance. Owner contributions of £37k are outstanding from phase 1 and a further £136k is expected towards the Phase 2 works, which is included in the Grants & Contributions column above.
- Parks projects ongoing at Loveclough and Mullards at Waterfoot, show progress of c40%.
- Officers have also placed an order at the end of the quarter for 2 replacement vehicles at a cost of £356k with a lead-in time of around 12-weeks. The remaining procurement requirements are still being finalised.
- Spinning Point Phase 1 work on the conversion of the old Town Hall is now all but complete and work has begun on the new bus terminal.

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Minimum Revenue Provision (MRP)

Minimum Revenue Provision (MRP)	MRP Budget 2018/19	Revised MRP Required 2018/19	Potential (Additions) / Savings 2018/19
Refuse Collection	290	257	33
Street Sweeping	44	24	20
Parks	54	32	22
IT	36	36	0
Facilities/Property	19	19	0
Leisure Investment	178	178	0
Corporate Services	9	9	0
Non-distributed Costs	298	298	0
	928	853	75

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

Delays in purchasing refuse and parks vehicles are expected to lead to MRP savings in 2018/19 of £75k (see notes on pages 8 & 9).

Section 106 Receipts Monitoring not updated yet

Section 106 Agreements 2018/19	Third Party Projects	RBC Revenue Projects	RBC Capital projects	Total Held
	£000	£000	£000	£000
Balance b fwd at 1st April 2018	407.5	141.6	193.2	742.3
Deposits received in 2018/19	0	0.0	0.0	0.0
Deposits applied in 2018/19	(49.2)	(10.0)	0.0	(59.2)
Current Balance	358.3	131.6	193.2	683.1

The value of S106 agreements brought forward on the 1st April was £742.3k. During Q1 £18.2k of new S106 invoices have been issued but not yet received, therefore not included in the above table, but they are part of the outstanding debts on page 23.

Members and officers are currently considering options for funding the Stubbylee Dell project, one option being the application of the remaining S106 monies from the Cloughfold development.

Planning Ref	Area	Site	Purpose	Time Period	Current Balance
RBC Revenue Maintenance:-					
2004/012	Craw'booth	Former Chapel at York St	For recreation area selected by the Council	no time limit	3,841
2004/401	Bacup	Douglas Rd/ Tong Lane	Land Maintenance	no time limit	124,846
		Others		Exp Jan 2021	2,945
				Revenue	131,632
RBC Capital:-					
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public & Open Spaces	Exp Jul 2020	110,769
2010/0667	Whitworth	Cowm Park Way/ Hall St	Youth & Community	Exp Jul 2020	32,549
2010/0667	Whitworth	Cowm Park Way/ Hall St	Youth & Community	Exp Mar 2023	10,264
2011/0046	Helmshore	Holmefield House	Affordable housing	Exp Sep 2020	25,800
2013/0041	Cloughfold	Land at 449 - 457 Bacup Rd	Play or Open Space and/or pedestrian/cycle way	no time limit	13,702
				Capital	193,084

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Council Tax & NNDR Collection Rates

Collection Rates	Council Tax					Business rate				
	2014/15	2015/16	2016/17	2017/18	2018/19	2014/15	2015/16	2016/17	2017/18	2018/19
April	10.16	10.91	10.60	10.39	10.41	10.97	11.87	11.25	10.34	11.26
May	20.16	19.98	19.73	19.53	19.72	21.66	20.80	19.20	19.14	18.93
June	29.02	29.22	30.12	28.81	28.79	31.50	29.31	28.26	27.51	27.28
July	38.43	38.49	37.97	37.91		38.83	43.25	35.55	36.85	
August	47.63	47.54	47.21	47.10		51.60	54.82	43.60	48.98	
September	57.00	56.80	56.35	56.20		61.01	62.70	58.92	57.60	
October	66.30	66.18	65.58	65.58		68.55	70.27	67.00	65.57	
November	75.52	75.45	74.73	74.81		75.72	79.88	74.40	74.28	
December	84.81	84.52	83.85	84.03		82.61	87.02	82.08	82.46	
January	91.15	93.73	93.01	92.93		90.30	93.17	90.20	91.18	
February	95.69	95.41	94.84	94.90		94.46	96.85	94.06	95.10	
March	96.90	96.80	96.20	96.40		97.60	97.40	97.20	98.40	

Collection rates for both council Tax and Business rates have ended Q1 slightly behind last year's performance.

Council Tax Collection Fund

At this Q1 report officers predict a surplus on the Council Tax collection fund of £105k, of which RBC's share would be £16k.

In Q1 there have been £50k net downward banding changes so far and £147k additional awards of single occupancy discounts compared to 2017/18.

Though no additional set-aside was required in 2017/18, officers are currently predicting a doubtful debt provision requirement of £363k for 2018/19. If this requirement reduces over the coming months, then the overall surplus would increase.

Council Tax Forecast 2018/19	Q1 £'000
Council Tax Collectable (after Discounts & Exemptions)	37,054
less Doubtful Debt Provision	(363)
	36,691
less Precepts for 2018/19	
Lancashire County Council	(26,195)
Police	(3,590)
Fire	(1,365)
Rosendale Borough Council	(5,437)
	(36,586)
Surplus / (Deficit)	105
RBC Share = 14.86%	16

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.

This first report for 2018/19 is predicting a cash surplus of £383k of which RBC's share is £153k. This assumes a doubtful debt provision of £268k and a further appeals provision of £600k, albeit this is likely to be too prudent an assumption.

The main features of the Q1 activity include

- an increase of £324k in the opening liability following 2017/18 banding decisions
- additional reliefs awarded of £38k
- reduction in the Doubtful Debt Provision from £380k budget to £268k now
- maintaining the planned £600k contribution to the Appeals Provision

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Business Rates Collection Fund 2018/19		NNDR1 £000	Q1 £000
Net Liability Due		13,160	13,711
Less Transitional Payments due to MHCLG		(139)	(210)
Less Cost of Collection Allowance		(98)	(98)
Less Doubtful Debt Provision		(380)	(268)
Less Appeals Provision		(600)	(600)
Less Renewables 100% to RBC		(164)	(164)
Net NNDR due	A	11,779	12,371
Less Trans surcharge	B	(139)	(209)
Less Precepts		(11,779)	(11,779)
Cash Surplus/(Deficit)	C	(139)	383
RBC Share = C x 40%	D	(56)	153
Central Government share 50%			192
LCC and Fire share 10%			38

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 retains 40% of business rates, which would be £4,949k, but this is reduced by a central government tariff. For RBC the 2018/19 tariff has been amended by the Valuation Office in January 2018 to £2,610k.

RBC General Fund / Pooling gains		NNDR1 £000	Q1 £000
Business Rates Income	A+B	11,640	12,162
RBC Share = 40%		4,712	4,865
less tariff paid to Lancashire Pool		(2,610)	(2,610)
add S31 Grants	E	747	818
Subtotal		2,849	3,073
RBC Baseline Funding Level used in Budget		2,097	2,097
Surplus for Levy Calculations	F	752	976
Levy due to the Lancashire Pool = F x 10%	G	(75)	(98)

Central government also give authorities Section 31 grants to cover small business rate reliefs and other government-backed schemes. In the NNDR1 estimate those grants totalled £747k, but the level of reliefs at Q1 lead officers to predict £818k income of £818k. This creates a surplus of £976k

over RBC's baseline funding which, due to new pooling arrangements, is now protected from any MHCLG levy.

To summarise, the Q1 forecast for 2018/19 business rates shows an overall gain of £1,037k compared to the MTFS target of £800k

Business Rates Summary		NNDR1 £000	Q1 £000
Business Rates Surplus/(Deficit) 2018/19	D	(56)	153
Section 31 Grants & Localism Relief	E	747	818
less Lancashire Pooling Levy	G	(75)	(98)
Renewable Energy		164	164
Overall Gain		780	1,037
Business Rates Retention Reserve Bfwd		1,082	1,082
Less Budgeted Utilisation of Reserve		(800)	(800)
Business Rates Retention Reserve C fwd		1,062	1,319

The variances above are all recommended to be transferred to the Business Rates Retention Reserve – see page 22. This bodes well for the MTFS. All things being equal, a prudent estimate would be to anticipate a further £200k per annum on-going annual surplus from the Council's share of NNDR.

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Glossary

Accrual

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

Capital expenditure

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

Capital Grants Received in Advance

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

Capital Receipts

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

Cash & Cash Equivalents

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

Collection Fund

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

Compulsory Purchase Order (CPO)

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

Consumer Price Index (CPI)

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

Earmarked Reserves

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

Full Time Equivalent (FTE)

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.

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General Fund

The main revenue fund of the Council.

Grants Unapplied

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

Homes and Communities Agency (HCA)

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

Investments

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

Link Asset Services (formerly Capita & Sector)

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

Medium Term Financial Strategy (MTFS)

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

Minimum Revenue Provision (MRP)

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

Ministry of Housing, Communities and Local Government (MHCLG)

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

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

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

Provision

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

Provisional

Best forecast given current knowledge.

Public Works Loans Board (PWLB)

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

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Reserve

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

Revenue account

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

Section 106 Agreement

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

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