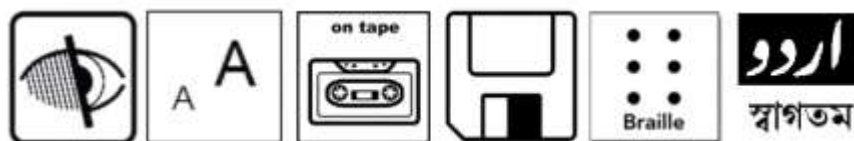


Financial Monitoring Report

2018/19 Q2 as at end of September 2018

Including a Glossary of terms on page 29



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General Fund Revenue Operations – pages 4 to 17

This second report on the General Fund for 2018/19 is showing a favourable variance of £117k compared to the original budget of £10,032k. This favourable variance will be netted off to the Transitional Reserve at the year-end.

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 £117k favourable variance on the General Fund would be transferred back into the Transitional Reserve, leaving a net balance of £318k after the planned MTFs support up to 2020/21.

The Business Rates Retention Reserve reflects the in-year variances discussed in detail on page 28, including the renewable energy income of £164k and the S31 Grant income of £880k. Funding for the 2018/19 budget included the application of £800k from this reserve.

The Planning Reserve has been called upon to support £178k of costs in relation to the Local Plan, leaving just £15.9k to fund further costs in 2019/20.

The closing balance at the 31st March 2019 is now predicted to be £5,201k, but planned usage, particularly of the Transitional Reserve through the life of the MTFs, will reduce this to £3,168k 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 Q2 has been £54k. However, the table on page 4 is a more complete picture of the net projected savings for the year, giving savings identified to date as £92.5k, plus £24.2k of additional leave purchased by staff. The target for staff savings built into the original budget was £150k, so there is still £33.3k to find.

Treasury & Cash Management - page 25 to 27

At the end of September the bank balances were £13,315k up from the Q1 balance of £12,337k. The Council's main bank account increased the interest rate as at the 1st October, but this is still below the current base rate. Though officers have tried to keep funds liquid in order to manage the cash available for the ongoing capital commitments, a further £2m was

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placed on deposit with the Natwest for 6 months earning 0.71%. This means that the effective overall interest rate has increased slightly to 0.48%. Following the rise in August, base interest rates are now expected to remain static at 0.75% for around the next 12 months.

Of the £2,266k sundry debts raised in the first half of 2018/19, £1,948k have already been collected (86%) and a further £80k is being collected in instalments.

The provision for doubtful debt at the 1st of April was £87k, compared to a potential doubtful debt estimate at the end of Q2 of £103.1k. 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 £2,480 of which £649k was required for projects carried over into 2018/19.

Capital Grants due for projects in 2018/19 are expected to total £7,377 of which £5,229k 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 have implemented the Q1 decision to apply £657k of the unallocated capital receipts to make an additional Minimum Revenue Payment (MRP). This will reduce the future annual MRP charge by £150.5k per annum, representing an initial 22.9% return on the use of those funds.

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. Additions to the programme in Q2 have been related to Stubbylee Dell and the Ski Rossendale investment, both funded by external grants and contributions.

The revised capital programme for 2018/19 at the end of Q2 is £9,355k against which £6,600k has either been spent or committed to date, equating to 71%.

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

Collection rates at the end Q2 are comparable with those achieved in the past few years.

The Council Tax account is showing a predicted surplus of £266k, a £161k favourable movement in Q2. The main changes have been banding increases of £17k and a reduction of £52k in Council Tax Support, which have contributed to a net collectable increase of £98k. In addition, the expected Doubtful Debt provision looks like it can be reduced by £63k. Rossendale Borough Council will keep 14.86% of this, ie. £40k.

Business Rates forecast surplus at the end of Q2 has dropped by £159k to £224k, of which RBC would keep £90k, down £63k on the Q1 forecast. The main features of the Q2 activity include £59k of banding reductions, additional reliefs awarded of £61k and an £18k reduction in the required Doubtful Debt Provision.

Coincidentally, the S31 Grants from the MHCLG to cover various reliefs have increased by £62k from the estimates back in the Q1 report. Therefore, once the Lancashire Pooling levy is taken into account, the net overall gain for RBC remains at £1,037k, so the surplus going into Reserves are likely to be £237k above the MTFS target withdrawal of £800k.

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General Fund Summary - Period 6 (September)

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 2 (Adv)/Fav £000
Communities Directorate					
Customer Services and E-Government	1,469.9	1,398.0	71.9	22.9	49.0
Operational Functions	2,100.7	2,112.3	(11.6)	36.6	(48.2)
Communities	719.8	679.9	39.9	35.1	4.7
Public Protection Unit	120.3	120.2	0.0		0.0
Environmental Health	256.3	205.4	50.9	47.3	3.6
Licensing & Enforcement	157.3	170.5	(13.3)	36.4	(49.7)
Housing	208.2	188.5	19.7	14.7	5.0
Economic Development Directorate					
Planning Services	293.9	259.9	33.9	20.0	13.9
Building Control Services	(31.8)	(23.6)	(8.2)	(0.8)	(7.5)
Regeneration	366.9	365.7	1.2	10.8	(9.7)
Property Services	741.7	842.3	(100.7)	(93.2)	(7.5)
Corporate Management Directorate					
Corporate Management	447.5	439.7	7.8	17.0	(9.2)
Legal Services	187.9	183.6	4.3	0.6	3.8
Local Land Charges	(26.2)	(18.5)	(7.7)	(7.3)	(0.4)
Democratic Services	552.0	544.5	7.5	6.4	1.1
Financial Services	488.8	481.9	6.9	1.2	5.7
People and Policy	506.6	486.4	20.2	18.7	1.5
Non Distributed Costs	1,086.4	1,098.1	(11.7)	(140.0)	128.3
Capital Financing and Interest	385.9	379.6	6.3	(2.6)	8.9
TOTAL Service Cost	10,032.0	9,914.7	117.3	23.9	93.4
LESS Use of Earmarked Reserves					
Retained Business Rates Reserve	(800.0)	(800.0)	-	-	-
Transitional Budgetary Reserve	(795.0)	(795.0)	(117.3)	(23.9)	(93.4)
Net Service Cost	8,437.0	8,319.7	-	-	-

This Q2 report for 2018/19 is showing an improvement of £117.3k in the favourable variance being forecast, net of a £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. Q2 staffing forecasts are showing a £92.5k favourable variance across departments, and £24.2k of additional purchased leave purchased, leaving £33.3k savings still to find.

The other main areas of movements during Q2 in the table opposite are:-

- Housing benefits subsidy is forecasting a favourable variance of £19.8k.
- Recovered court costs appear to be on target for at least a £40k favourable variance.
- Vehicle insurance costs are now forecast at £11.9k above the original budget.
- Licensing income is predicting further adverse variances of £38.7k, though the section is making further staff savings to partially offset this.
- Grants and Planning fee income are expected to cover the planning staff/agency costs.
- The budget of £100k for the one-off cost of staff changes in the year will not be required.
- Pensions costs have further improved by a net £5k in Q2, to £34.2k favourable overall.

Staffing Variances	Q1	Cum Q2
Customer Services	(2.3)	(1.6)
Operations	(58.2)	(69.0)
Public Protection	118.3	129.2
Economic Development	18.3	0.6
Corporate Management	36.2	33.3
Savings anticipated	112.3	92.5
Original savings target	(150.0)	(150.0)
Additional Leave	-	24.2
Savings to find	(37.7)	(33.3)

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Annual Variances	Q1	Q2	Total	
	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	
Customer Services and e-Government				
Staff costs	(2.3)	0.7	(1.6)	
Housing Benefits subsidy	(9.6)	29.4	19.8	
Other benefits administration grants	17.8	-	17.8	
Benefits bailiff fees for overpaid benefits debts	(11.7)	10.2	(1.5)	
Court costs recovered	21.0	19.0	40.0	
Service Assurance team grants (net of assoc costs)	7.3	-	7.3	
IT (incl penetration testing)	(4.0)	(10.6)	(14.6)	
Pest control services (net of fee income)	(6.4)	1.0	(5.4)	
Other minor variances	10.8	(0.7)	10.1	71.9
Operations				
Staff costs (including agency and overtime)	(58.2)	(10.8)	(69.0)	
Fuel	(6.9)	-	(6.9)	
Vehicle maintenance incl hire of temporary vehicles	(77.6)	(6.4)	(84.0)	
MRP Savings on Fleet Investment	76.6	-	76.6	
Insurance costs	-	(11.9)	(11.9)	
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	5.5	145.2	
General parks (including playgrounds) running costs	21.9	-	21.9	
Dog Warden costs	11.5	(0.6)	10.9	
Markets Income & Running expenses	(21.0)	(5.9)	(26.9)	
Bulks Net income	7.9	0.9	8.8	
Other minor variances	3.6	(14.2)	(10.6)	28.3
Public Protection				
Staff costs	118.3	10.9	129.2	
Environmental Health administration expenses	12.5	(2.2)	10.3	
Homelessness (additional costs net of grant)	36.8	(7.9)	28.9	
Private Hire income & expenditure	(16.5)	(22.6)	(39.1)	
Hackney income & expenditure	(58.4)	(16.1)	(74.5)	
Taxi misc income	4.0	-	4.0	
Other minor variances	1.7	(3.2)	(1.5)	57.3
Economic Development				
Staff costs (net of grant & fee income)	18.3	(17.7)	0.6	
Planning Application Fee Income	(2.2)	36.6	34.4	
Building Control Fee Income	23.2	(6.6)	16.6	
Knowsley Industrial Unit NNDR and income shortfall	(113.3)	-	(113.3)	
FIT Tarrif (re solar panels)	4.0	-	4.0	
Operational property running costs	-	(21.9)	(21.9)	
Other minor variances	6.9	(1.1)	5.8	(73.8)
Corporate Management				
Staff costs (including professional support)	36.2	(2.9)	33.3	
Mayoralty Savings	4.2	3.0	7.2	
Land Charges income	(8.2)	0.5	(7.7)	
Internal Audit Fees	2.0	9.0	11.0	
Research	3.4	-	3.4	
Other minor variances	(1.0)	(7.2)	(8.2)	39.0
Non-Distributed Costs & Capital Financing				
Original staff savings target (see net savings of £76.9k above)	(150.0)	24.2	(125.8)	
Budget for cost of one-off staff changes not required	-	100.0	100.0	
Historical pension commitments	(8.5)	35.3	26.8	
Pensions pre-payment savings	37.7	(30.3)	7.4	
Doubtful Debt Provision	(20.0)	-	(20.0)	
Interest	(2.5)	8.9	6.4	
Other minor variances	0.7	(0.9)	(0.2)	(5.4)
Favourable/(adverse) variance	23.9	93.4	117.3	117.3

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Communities Directorate

Period 6 (Sept)

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)	(276.6)	16.5	17.5	(1.0)
Benefits Granted	(3.8)	(22.1)	18.3	(21.3)	39.6
Local Tax Collection	(378.6)	(421.2)	42.6	24.5	18.1
Revenues & Benefits Partnership	1,158.3	1,153.5	4.8	4.7	0.1
Strategic Functions					
Management and Support	69.8	69.8	-	0.1	(0.1)
Service Assurance Team	129.6	114.5	15.1	11.2	3.9
Central Telephones	5.1	4.8	0.3	0.3	-
Central Printing	-	0.2	(0.2)	2.4	(2.6)
ICT Support	617.0	637.1	(20.1)	(10.1)	(10.0)
Leisure Services	133.0	133.0	-	-	-
Pest Control	(0.4)	5.0	(5.4)	(6.4)	1.0
Total	1,469.9	1,398.0	71.9	22.9	49.0

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)	0.7	(1.6)	O
Housing Benefit administration grant	3.9		3.9	G
Housing Benefit Subsidy (net grant position from Mid-yr Estimate)	(9.6)	29.4	19.8	G
Housing Benefit Local Council Tax support grant	13.9		13.9	G
Housing Benefit bailiff fees	(11.7)	10.2	(1.5)	O
Revenues & Benefits administration contract	4.7		4.7	G
Council Tax & Business Rates - court costs recovered	21.0	19.0	40.0	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	114.3	880.5	G
Business Rates transfer to Retained Business Rates Reserve	(930.1)	(114.3)	(1,044.4)	O
IT - Introduction of GDPR	(3.0)	(2.0)	(5.0)	O
IT - external PSN testing	(1.0)	(8.6)	(9.6)	O
SAT Team counter fraud work	0.9		0.9	G
SAT Team Grants received (incl Universal Credit) net of costs	7.3	2.9	10.2	G
Pest Control services (net of income)	(6.4)	1.0	(5.4)	O
Other minor variances	(0.6)	(2.9)	(3.5)	O
TOTAL	22.9	49.0	71.9	G

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Customer Service & ICT Highlight Report – Q2 (end Sept 2018)

Historic Issues

- 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.

Current Quarter's Issues

At Q2 the favourable variance has improved from £22.9k to £65.9k, the main changes being:-

- Following the mid-year estimate the Housing Benefit Subsidy forecast is currently showing a net favourable variance of £19.8k, though this is a very volatile area. This forecast is a prudent view after 7 of the 13 4-weekly payment runs (on the 1st October) and includes a contingency of around £70k in the value of benefits paid.
- Efforts to reduce fraud and recover overpaid benefits led to an adverse variance of £11.7k in bailiffs fees at Q1, but this has since stabilised and looks like the annual costs will be much closer to the budget. Current overpayment recovery is a little ahead of the original budget, but a prudent view at this stage is to assume that the budget target will be achieved, with a further update at Q3.
- In terms of business rates, the renewable energy income of £163.9k and expected S31 grants of £880.5k 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, subject to the final scheme for 20/21 onwards.
- Recovery of court costs related to both council tax and business rates continues to out-perform the original budget, increasing by a further £19k during Q2 to a prudent favourable variance forecast of £40k.
- The introduction of the new General Data Protection Regulations (GDPR) in June has so far cost £5k in ICT-related costs which were not planned into the budget.
- Costs of ensuring that the Council's IT systems are secure, including penetration testing, have increased, though the budget had not been updated to a realistic level. The cumulative effect is an adverse variance of £8.6k.
- The Service Assurance Team has received new burdens and Universal Credit introduction grants of over £58k so far, against which they expect to pay out around £48k for additional services or software changes, leaving a net favourable variance of £10.2k.

Future Issues

- Nothing to report.

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Communities Directorate			Period 6 (Sept)			
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	405.8	(60.0)	(50.5)	(9.4)	
Refuse & Recycling	1,479.0	1,421.1	58.0	68.7	(10.8)	
Street Sweeping	354.2	342.0	12.2	32.7	(20.5)	
Markets	(78.4)	(56.6)	(21.7)	(14.3)	(7.4)	
Communities						
Parks & Open Spaces	917.5	882.0	35.5	26.2	9.3	
Cemeteries	(222.0)	(215.4)	(6.5)	(2.6)	(4.0)	
Dog Warden	24.2	13.3	10.9	11.5	(0.6)	
Total	2,820.5	2,792.2	28.3	71.7	(43.4)	
Key changes made during the period to the full year forecast			Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Vacancies at Operations Admin Offices			3.7	0.6	4.3	
Parks Salary Variances (Including temporary gardeners)			4.4	(1.4)	3.0	
Street Sweeping Salaries			5.9	0.2	6.1	
Refuse Salaries and Agency			(47.7)	(7.1)	(54.8)	
Fleet Management Vacancy and Agency			(23.5)	(1.1)	(24.6)	
Markets Salary Vacancies			24.0	-	24.0	
Overtime Budgets			(25.0)	(2.0)	(27.0)	
Vehicle Maintenance (including tyres/ parts)			(30.8)	(6.4)	(37.2)	
Vehicle Hire			(46.8)	-	(46.8)	
Actions re variances - MRP Savings on Vehicles			76.6	-	76.6	
Fuel			(6.9)	(2.5)	(9.4)	
Insurance Related Costs			0.1	(11.9)	(11.8)	
Trade Waste Net income			(3.5)	4.0	0.5	
Bulks Net income			7.9	0.9	8.8	
Refuse Sacks			9.0	(2.6)	6.4	
Sale of Green Bins			1.8	2.2	4.0	
Recycling Papers and Plastics			(36.6)	-	(36.6)	
Garden Waste income			139.8	5.5	145.3	
Cemeteries Net income			(2.6)	(4.0)	(6.6)	
Markets Income & Running expenses			(21.0)	(5.9)	(26.9)	
Dog Warden costs			11.5	(0.6)	10.9	
General other Park Running Costs			21.9	4.1	26.0	
Other Variances			9.6	(15.4)	(5.8)	
TOTAL			71.8	(43.5)	28.3	

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Operations Highlight Report – Q2 (end of Sept 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 Q2 the Operations and Communities forecast shows a favourable variance of £28.3k 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 6,650 applications which will result in £232.9k in income for 2018/19, leading to a surplus of £145.3k in 2018/19.
- Overall staffing costs including agency and overtime are projected to overspend by £69k. 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. The cost of agency has also increased due to “parity rate” increases.
- 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 £9.4k 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 non-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 slight adverse variance of £6.6k. Cemeteries fees did increase considerably in 2018 and the income targets have also increased 2018/19.
- Markets income projected to be £27k below the set budget. The main reasons for this is the under occupancy of stalls with Rawtenstall seeing a 50% vacancy rate and Bacup being 55% empty. However, there is a projected saving on the Market Staffing costs of £5k.

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 could be subject to a tendering process in due course which may lead to changes in the 2018/19 costs.

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Communities Directorate

Period 6 (Sept)

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	0.0
Environmental Health	256.3	205.4	50.9	47.3	3.6
Licensing & Enforcement	157.3	170.5	(13.3)	36.4	(49.7)
Strategic Housing					
Housing Strategy	87.0	85.0	2.0	2.2	(0.2)
Private Sector Housing Renewals	-	(0.0)	0.0	-	0.0
Homelessness	121.2	103.5	17.7	12.5	5.2
Empty Homes Scheme	-	-	-	-	-
Total	742.0	684.7	57.3	98.4	(41.1)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Environmental Health - staffing and consultant	25.6	7.0	32.6	
Public Protection - staffing	9.3	(0.1)	9.2	
Housing Strategy - staffing	1.4	(0.1)	1.3	
Homelessness - staffing	(24.3)	7.0	(17.3)	
Licensing & Enforcement - staffing	106.3	(2.9)	103.4	
Environmental Health administration	12.5	(2.2)	10.3	
Flexible Homelessness Support Grant	64.9	-	64.9	
Homelessness Temporary Accommodation (B&B)	(21.6)	(4.1)	(25.7)	
Refund payments of Bonds	(4.0)	(3.8)	(7.8)	
Kay Street Safe Housing running costs	(0.6)	2.7	2.1	
Private Hire income & expenditure	(16.5)	(22.6)	(39.1)	
Hackney income & expenditure	(58.4)	(16.1)	(74.5)	
Taxi misc income	4.0	-	4.0	
Other Variances	(0.2)	(6.0)	(6.2)	
TOTAL	98.4	(41.2)	57.3	

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Public Protection and Housing Highlight Report – Q2 (end Sept 2018)

Historic Issues

- Nothing reported

Current Quarter Issues

At the end of Q2 the Public Protection Unit and Housing Services budgets shows a favourable variance of £57.3k, 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 £32k following a retirement back in May and a 3 month vacancy for Senior Environmental Health Officer.
 - Salaries within Licensing are showing a favourable variance of £103.3k. 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 £17k 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 £10.3k.
- Licencing income and expenditure is showing an under achievement of £113.6k. The budgets were set on the basis of reduced licenses being renewed, they have reduced more rapidly than expected over the first 2 quarters

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 6 (Sept)

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	153.3	127.8	25.4	17.6	7.8
Forward Planning	140.6	132.1	8.5	2.4	6.1
Building Control					
Building Control - Fee Earning Account	(67.0)	(53.6)	(13.4)	(4.5)	(8.8)
Building Control - Statutory Function	29.7	30.3	(0.6)	(0.5)	(0.1)
Building Control - Street Signs	5.4	(0.2)	5.7	4.2	1.4
Regeneration					
Regeneration Mangement	138.8	131.2	7.5	12.1	(4.6)
Economic Regeneration	91.2	96.2	(5.0)	0.0	(5.0)
Whittaker Park Museum	81.9	83.3	(1.4)	(1.3)	(0.1)
Tourisms	40.0	40.0	0.0	-	0.0
Area Forums	15.0	15.0	-	-	-
Property Services					
Property Services Team	286.2	286.2	(0.0)	(4.3)	4.3
Corporate Estates	(56.3)	66.7	(123.0)	(123.5)	0.5
Non Domestic Estates	(109.1)	(130.5)	21.4	18.0	3.4
Office Accommodation	56.1	49.8	6.3	11.4	(5.1)
Operational Properties	366.2	377.0	(10.9)	(5.0)	(5.9)
Leisure Properties	51.8	53.5	(1.8)	6.4	(8.1)
Bus Shelters	11.0	9.7	1.4	1.0	0.4
Business Centre	135.8	129.9	5.9	2.9	3.0
Total	1,370.6	1,444.4	(73.8)	(63.1)	(10.7)

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Regeneration staffing	6.3	(3.4)	2.9	
Economic Development staffing	5.5	-	5.5	
Planning staffing	(13.9)	26.5	12.6	
Planning Agency	-	(81.8)	(81.8)	
Application of 20% additional income - Fixing our broken housing market	-	33.8	33.8	
Brownfield Grant & Custom Build Grant	35.4	-	35.4	
Building Control staffing	(23.9)	(1.0)	(24.9)	
Property Services staffing	8.9	25.2	34.1	
Taylor Weaver Chartered Surveyors	-	(17.0)	(17.0)	
Economic development admin costs	(4.8)	(4.1)	(8.9)	
Whittaker Park Museum Utilities Costs	(1.3)	(0.1)	(1.4)	
Childrens Partnership Board Grant	5.5	-	5.5	
Planning Application Fee Income (excluding additonal 20% broken housing market	(3.9)	36.6	32.7	
Building Control Fee Income	23.2	(6.6)	16.6	
Property Running Costs:				
Repairs & Maintenance	0.4	0.4	0.8	
Electricity	(4.9)	1.4	(3.5)	
Gas	0.4	0.8	1.2	
Water	3.0	(5.2)	(2.2)	
Boilers / Alarms across buildigns	-	(5.6)	(5.6)	
Kay St properties - refurbishments	(3.8)	(5.0)	(8.8)	
Japanese Knotweed unmaintained land	-	(5.1)	(5.1)	
Rawtenstall Market Insurance Excess	-	(2.5)	(2.5)	
NNDR - Knowsley Industrial Unit 9mths	(38.3)	-	(38.3)	
Knowsley Industrial Unit - income shortfall	(75.0)	-	(75.0)	
Estates Income	3.0	6.4	9.4	
Haslingden Pool - professional fees HAPPI	(2.1)	-	(2.1)	
Sale of small land	3.0	-	3.0	
FIT Tarrif	4.0	-	4.0	
Other Miscellaneous Variances	10.3	(4.5)	5.8	
TOTAL	(63.1)	(10.7)	(73.8)	

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Economic Development & Regeneration Highlight Report – Q2 (end Sept 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 demolished the property at a cost of £23.8k, funded from the Emergency Capital budget back in 2017/18. The Environment Agency are consulting on the future of this property and the adjacent ones, with an update expected in Q3.

Current Quarter Issues

Economic Development and Regeneration are currently forecasting a favourable variance of £1.2k, the movements being:-

- The previous staffing establishment for Economic Development was completed in 2017/18 and is now in place. A saving of £5.5k in salaries is mainly due to an Economic Development officer being temporarily funded out of the Bacup THI grant.
- The Regeneration service salaries is showing a projected saving of £3k due to a member of staff reducing core hours with a job share covering the workloads.

Property Services is currently expecting an adverse variance of £103.3k.

- There are net savings in the staffing costs of £17.1k. The Property Manager left the authority in August and a Chartered Surveyor company has taken on part of the role.
- 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 £42.6k and assumed 6mths rental income shortfall of £75k.
- Property running costs are showing an adverse variance of £18.1k
- Estates income is showing a favourable variance of £9.4k
- The treatment of Japanese Knotweed on unmaintained land is showing a cost of £5.1k

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 £69.2k. The use of the additional income from the 20% broken housing market and the custom/brownfield grants have been used to offset these costs
- Planning income has seen two exceptional months this quarter. The projected over achievement is £32k, excluding the additional 20% broken housing market income being transferred to provisions.

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
- The acquisition of the Knowsley Road depot had been forecast to generate £150k net income for the MTFs. The Council maintains a flexible approach to either the sale or lease of the Knowsley Road depot, with a preference for lease to address this shortfall. Otherwise, the revenue will be derived from re-investing the capital receipt from the depot site.

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Corporate Services Directorate

Period 6 (Sept)

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	324.6	11.5	18.0	(6.5)
Corporate Contingency	50.0	50.0	-	-	-
Exec Support & Corporate Subscriptions	61.4	65.1	(3.7)	(1.0)	(2.7)
Community Safety	-	-	-	-	-
Legal Services	187.9	183.6	4.3	0.6	3.8
Land Charges	(26.2)	(18.5)	(7.7)	(7.3)	(0.4)
Democratic Services					
Electoral Registration	67.3	67.3	(0.0)	(0.0)	0.0
Elections	72.4	72.4	0.0	0.0	0.0
Democratic Support	360.1	358.6	1.5	1.2	0.3
Mayoralty & Civic Events	49.7	43.8	6.0	5.2	0.8
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	60.5	11.2	2.0	9.2
Financial Services Team	336.5	340.9	(4.4)	(0.9)	(3.5)
People & Policy					
Human Resources	297.0	293.0	4.0	1.1	2.9
Corporate Support	205.6	192.8	12.8	14.2	(1.4)
Publicity	4.0	0.6	3.4	3.4	-
Total	2,156.6	2,117.6	39.0	36.6	2.4

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Staff Savings	60.9	(5.6)	55.3	Green
Agency costs	(24.7)	8.2	(16.5)	Red
Corporate Subscriptions	-	(2.5)	(2.5)	Yellow
Professional Fees / Reference books	-	(5.5)	(5.5)	Yellow
LCC Audit Fees (balance of 2017/18 work)	2.0	9.0	11.0	Green
Members costs - IC registration and Mobile Phones	(1.2)	(1.7)	(2.9)	Yellow
Democratic & Mayoralty savings	4.9	3.0	7.9	Green
Register of Electors	-	-	-	Green
Land Charges Income	(8.2)	0.2	(8.0)	Yellow
Research	3.4	-	3.4	Green
Employee-related Insurance	-	(2.1)	(2.1)	Yellow
Other Misc under / (over) spends	(0.5)	(0.6)	(1.1)	Yellow
TOTAL	36.6	2.4	39.0	Green

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Corporate Management Highlight Report – Q2 (end Sept 2018)

Historic Issues

- Local Land Charges income is down on previous years, leading officers to predict a full-year adverse variance of £8.2k.

Current Quarter Issues

The Corporate Management out-turn is now expected an under-spend of £39k, the main movements being:-

- Staff changes
 - Corporate Management savings of £18k forecast at Q1 were before the Chief officer pay rise was applied and ahead of an increment, leading to a £5.9k reduction in the favourable forecast at the end of Q2.
 - The legal team has a vacancy for a trainee solicitor, but the budget for this post has been funding agency support within the team for the first few months of the year. This agency support has now concluded, leading to an £8.1 favourable movement in the Q2 forecast.
- Now that the 2017/18 internal audit work has been concluded, the real favourable variance in the accrual brought forward has turned out to be £11k, an improvement of £9k on that predicted back at Q1.
- An additional subscription to the Local Government Information Unit (LGIU) has been approved at an annual cost of £2.5k.
- Following the end of agency support in the legal team some additional professional fees have been incurred at a cost of £5.5k.

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 £25k incurred against the contingency, including £10k for support in the tender process for the Revenues & Benefits service contract.
- In 2019 we will be hosting the delegates from Bocholt, this will incur costs for accommodation, transport and gifts which will be funded from the town twinning budget.

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Corporate Services Directorate

Period 6 (Sept)

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	1,062.2	7.5	(120.8)	128.3
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	81.1	6.2	(2.7)	8.9
Total	1,472.3	1,477.7	(5.4)	(142.6)	137.2

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
Budget for costs of one-off staff changes not required	-	100.0	100.0	A
Purchased additional leave		24.2	24.2	G
Historical pension costs	(8.5)	35.3	26.8	G
Savings on pensions arising from payment in advance	37.7	(30.3)	7.4	G
Interest expenditure	1.0	-	1.0	G
Interest income from bank accounts	(3.5)	8.9	5.4	G
Additional doubtful debt provision	(20.0)	-	(20.0)	R
Other minor variances	0.7	(0.9)	(0.2)	A
TOTAL	(142.6)	137.2	(5.4)	A

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Non-Distributed Costs & Capital Financing Highlight Report – Q2 (end Sept 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. these savings projection were based upon pensionable pay forecasts made in December 2016, which are now almost 2 years out of date.
- The doubtful debt provision is expected to require a further £20k top-up in the year (see the explanation on page 23).

Current Quarter Issues

This second report in 2018/19 is forecasting a net adverse variance of £5.4k, an improvement of £37.2k in Q2 with the main movements being:-

- The original budget staff savings target was £150k. At the moment £92.5k has been identified throughout the departments (as shown in the table on page 4). Added to this is around £24.2k of savings from current applications for additional leave. This leaves a net £33.3k to find. The salaries monitoring table on page 20 shows that £106k of savings have been achieved in cash terms by the end of Q2.
- A budget of £100k to cover one-off costs of staff changes will no longer be required, presenting a saving in 2018/19.
- Pension pre-payment savings has been revised to take into account the difference between pensionable pay projected almost 2 years ago and that now forecast. This has reduced the 2018/19 favourable variance forecast back in June from £37.7k to £7.4k.
- A slow-down in the annual reduction in historical added year pension costs, leading to an adverse variance of £8.5k.
- Interest income has now improved by £8.9k to a net favourable forecast of £5.4k.

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.
- Officers suspect that the insurance provision for mesothelioma cases will require a further top-up in 2018/19, following a couple of new cases being reported over the summer.

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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			880.5		
Collection Fund - Renewable Energy			163.9		
New Homes Bonus				684.0	
Other Revenue income received					25.2
General Fund Surplus Contribution				117.3	
Total Funds Available	1,156.2	5.1	2,126.8	3,568.0	219.3
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	(133.1)				
Living Well, Living Better Project					
Haslingden Task Force					
Tourism and special events					
Reserve Estimates 31/3/2019	1,048.2	5.1	1,274.8	2,089.0	15.9
Future Contributions/Utilisation Plans					
2018/19 Plans		(5.1)			
2019/20 Plans				(1,194.0)	(15.9)
2020/21 Plans				(571.0)	
2021/22 Plans				0.0	
Potential Reserve Balances	1,048.2	0.0	1,274.8	324.0	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 £117.3k 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	880.5
Collection Fund - Renewable Energy				0.0	163.9
New Homes Bonus				0.0	684.0
Other Revenue income received				0.0	25.2
General Fund Surplus Contribution				0.0	117.3
Total Funds Available	230.5	64.2	72.2	592.6	8,035.0
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)	(142.4)
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	5,201.1
Future Contributions/Utilisation Plans					
2018/19 Plans				0.0	5,196.0
2019/20 Plans	(16.0)			(71.5)	3,898.6
2020/21 Plans	(70.0)			(22.4)	3,235.2
2021/22 Plans	(67.0)			0.0	3,168.2
Potential Reserve Balances	77.5	64.2	0.0	379.4	3,168.2

Officers have reviewed the requirements from the Vehicle Maintenance Reserve during Q2 clarifying the replacement costs, MRP funding and maintenance costs over the life of the MTFs. This has led to the above plans to utilise £153k from the Reserve and leave £77.5k to support any additional maintenance requirements over the same time frame.

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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)					
DFGs slippage from 2017/18		(708.4)					(708.4)
Transfer to Planning Reserve	(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 and in April of 2018 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

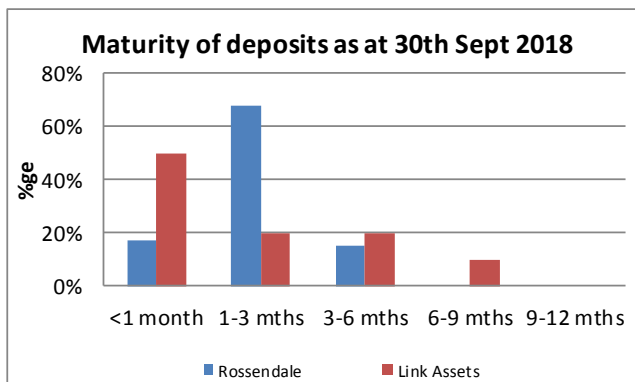
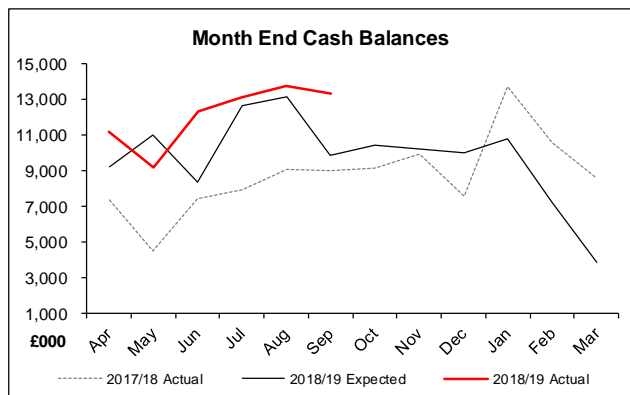
Employment Costs 2018/19 to end September	YTD Budget £000	YTD Actual £000	YTD Variance (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	FTE Original Budget 2018/19	FTE Changes during 2018/19	Current Vacant Posts
Communities Directorate								
Customer Services	161	154	6	5	1	8.1	0.0	0.5
Operations Service	754	761	(8)	(2)	(6)	52.1	0.0	1
Communities	1,073	1,088	(15)	2	(17)	25.2	0.0	1
Environmental Health	109	88	21	5	16	7.4	0.0	0
Licensing & Enforcement	209	163	46	19	27	11.0	0.0	1
Housing	115	136	(21)	(13)	(8)	6.0	1.0	0
Economic Development Directorate								
Planning Services	218	239	(22)	(3)	(19)	11.3	0.0	0
Building Control Services	43	56	(13)	(6)	(7)	2.0	0.0	0
Regeneration	460	394	66	35	31	4.0	0.0	0
Property Services	76	62	13	3	10	4.4	0.0	0
Corporate Services								
Corporate Management	177	172	5	5	0	4.0	0.0	0
Legal Services	77	81	(4)	(2)	(2)	4.0	0.0	1
Local Land Charges	17	17	-	-	-	1.0	0.0	0
Democratic Services	123	120	3	1	2	7.9	0.0	0
Financial Services	232	225	7	(3)	10	7.7	0.0	0
People & Policy	227	207	19	6	13	16.2	0.0	1
Total	4,067	3,962	106	52	54	172.3	1.0	5.5

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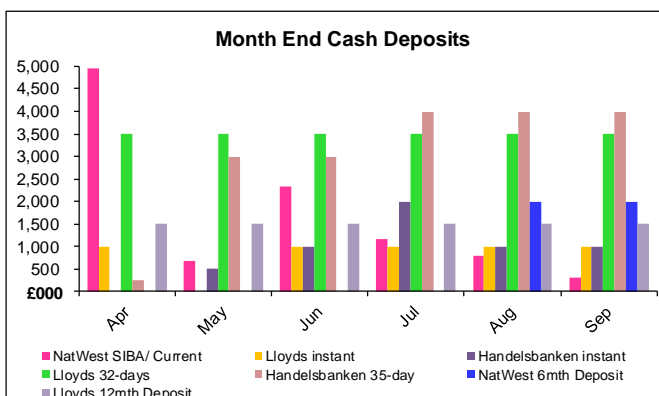
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Treasury Management & Cash Flow Monitoring

At the end of September the bank balances were £13,315k up from £12,337k at the end of Q1. The balances remain above those projected originally as the net of two factors - the return of any Empty Homes Grant has yet to be claimed by the Homes and Communities Agency but the reclaim of around £900k of Flood Resilience Grants is being held up by MHCLG.



Balances & Interest Rates at 30/09/2018	Current Balance £k	Interest Rate %
NatWest SIBA	315	0.25
NatWest 6mth Deposit	2,000	0.71
Handelsbanken instant	1,000	0.20
Handelsbanken 35-day	4,000	0.25
Lloyds instant access	1,000	0.40
Lloyds 32-day notice	3,500	0.57
Lloyds 12mth Deposit	1,500	0.85
Total Bal & Avg interest	13,315	0.48



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 increased from 0.40% at the end of Q1 to 0.48% at the end of Q2. Following the Bank of England Base Rate increase to 0.75% on the 2nd August the rates applicable to the Council's main bank accounts will increase on the 1st October to 0.3% if the balance is over £1m or 0.2% if the balance is under £1m (shown as an average 0.25% in the table above). This has been factored into the cash flow predictions model for the rest of the year, contributing to the increase in interest income shown in the table below.

The performance indicator for treasury management was set at Base Rate + 0.15% which gives a current target of 0.80%. During Q2 officers have invested £2m with Natwest on fixed 6-month term earning 0.71% interest, which has helped the current average interest rate to rise to 0.48%

Interest Paid/Received

The budget for interest in 2018/19 is a net cost of £87.5k.

At Q1, the forecast was showing an adverse variance of £3.5k, but the higher balances in Q2 and the increase in the average interest rate has led to a £8.9k improvement to a favourable forecast of £5.4k.

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	56.8	5.4	8.9
Net Interest	(87.5)	(82.1)	5.4	8.9

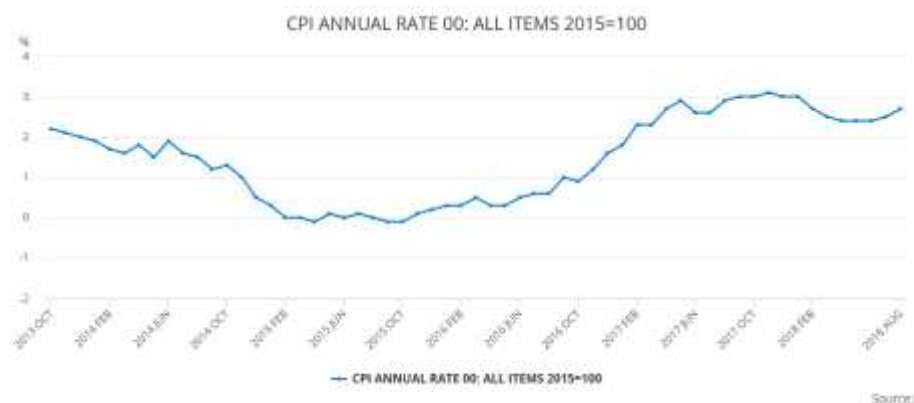
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Economic Outlook

(issued 19th September)

The Consumer Prices Index including owner occupier's housing costs (CPIH) 12-month rate was 2.4% in August 2018, up from 2.3% in July 2018, but down from 2.5% back in March.



Rising prices for a range of recreational and cultural goods and services, transport services and clothing produced the largest upward contributions to the change in the rate between July and August 2018.

These were partially offset by movements in furniture, household goods, and telecommunications where prices rose between July and August 2018 but by less than a year ago.

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:

Concerns over Brexit and the impact on the economy have led to their model portfolio being held more in the short-term at the end of September, awaiting the outcome of the next Monetary Policy Committee meeting. However, they do not envisage any further change in the bank base rate until summer 2019.

at 30th Sept 2018	Current Rates	Dec 2018	Mar 2019	Jun 2019	Sept 2019	Dec 2019	Mar 2020	June 2020	Sept 2020
Base Rate est	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
25yr PWLB est	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%

Treasury Management Practices (TMPs) and Prudential Indicators

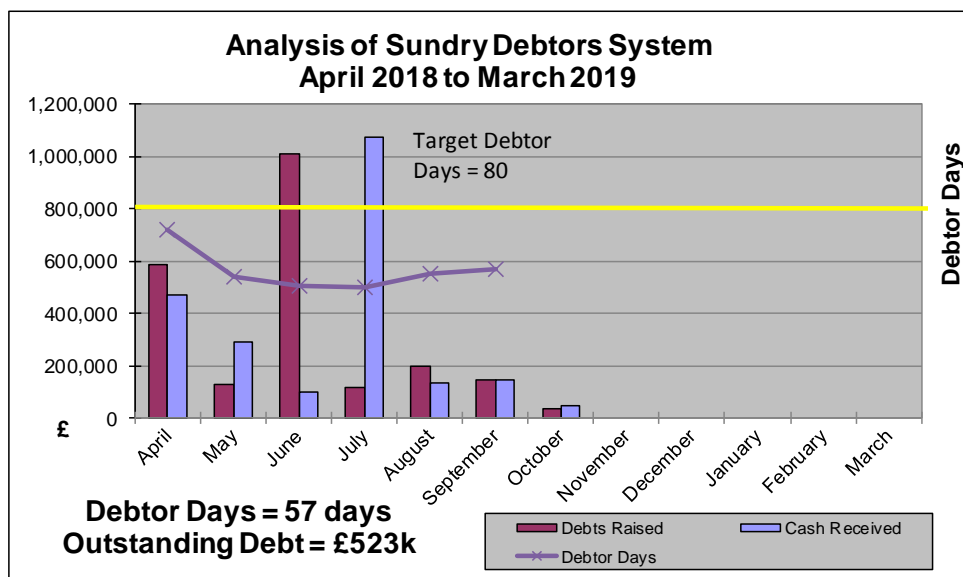
During Q2 the average bank resources were £13.4m, so officers have kept the Lloyds banking group investments at a maximum of £6m, including a maximum of £1m in the instant access account earning 0.4%.

In Q2 there were no breaches in the TMPs maximum of £5m in any one account. The lowest that the Council's instant access cash resources reached in Q2 was £535k on the 14th September before the Council Tax and Business Rates direct debit collection on Monday the 17th September raised the cash levels by almost £2.7m.

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Sundry Debts Monitoring



Invoices raised in 2018/19 have reached £2,267k, of which £1,949k has already been collected. the biggest invoice was £947k DFGs invoice to LCC in June which was received in July.

Almost all the £80k outstanding from April is being paid by direct debit instalments and £88k of the remaining 2018/19 debts relate to S106 agreements.

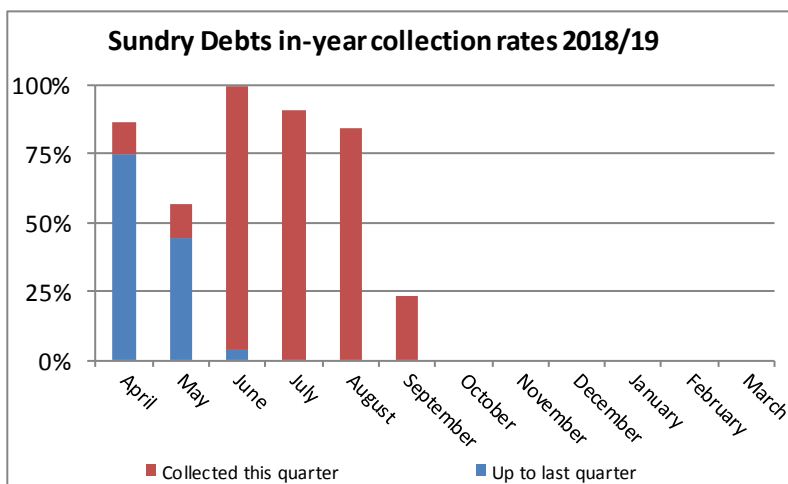
Housing Rent Debts

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

Debtor Days collection performance for sundry debts has moved from 51 days in June 2018 to 57 days at the end of September, against a target of 80 days.

Of the £523k outstanding, £80k is being



Debts Outstanding	Mar 2017	Mar 2018	30 June 2018		30 Sept 2018		Doubtful Debts	
	£k	£k	£k	£k	£k	£k	rate	value
Earlier Debt	45.5	34.0		33.3		33.7	100%	21.3
2014/15 Debt	38.5	37.3		37.3		37.3	100%	21.5
2015/16 Debt	12.8	7.8		7.1		6.9	100%	2.4
2016/17 Debt	418.0	36.0		34.9		34.9	100%	0.0
2017/18 Debt								
Q1		5.1		4.8		1.4	100%	1.4
Q2		31.3		30.5		30.5	100%	30.5
Q3		5.6		4.6		4.1	75%	3.1
Q4		475.9		47.5		44.9	50%	9.1
2018/19 Debt								
Q1 Apr			146.4		80.7		10%	0.0
Q1 May			73.1		57.3		10%	2.5
Q1 Jun			998.7	1,218.2	0.7	138.7	10%	0.1
Q2 Jul			3.8		12.3		10%	1.2
Q2 Aug					30.5		10%	3.1
Q2 Sept				3.8	136.5	179.3	10%	5.7
Q3 Oct					11.8		10%	1.2
Q3 Nov							10%	0.0
Q3 Dec				0.0		11.8	10%	0.0
Total Debt o/s	514.8	633.0	1,422.0		523.5			103.1

collected by instalments. Ignoring these invoices, the doubtful element of the total debt is now £103.1k.

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

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 to manage the sale and a number of expressions of interest in the site are being considered.

Table 2 - Useable Capital Resources

Useable Capital Resources	£ 000
Balance at April 2018	2,480
Capital Grants in 2018/19	7,379
Capital Receipts in 2018/19	204
	10,063
Revenue Contributions	
from Earmarked Reserves	221
from S106 agreements	28
from Revenue Operations	100
Total Capital Resources 2017/18	10,412
Capital Prog funding applied	(8,482)
Additional MRP payment (per Q1)	(657)
Total Capital Resources March 2018	1,273
Capital Receipts Reserve (housing)	367
Capital Receipts Reserve (unalloc)	906

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 £2,480k, though £649k of this is 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 £1,443k, 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 now £7,377k, of which £5,229k has already been received. This includes an allocation of £947k from the Better Care Fund in 2018/19 for Disabled Facilities Grants. Given the increase in DFG grant funding Members have considered and approved revised DFG policies over the summer and this should help officers to release more grants in the coming months.

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.

In Q1 members approved an additional repayment of MRP from the capital receipts of up to £660k. Officers have now completed that exercise and this will reduce initial future MRP requirements by £150.5k. In this Q2 report the full costs of the CCCTV upgrade project have been included, (approved at Cabinet back in March 2018), including a £52k revenue contributed from the Transport & Employment Reserve.

The total in the Useable Capital Receipts Reserve at the end of 2018/19 is currently expected to be £1,930k, of which £367k is still ring-fenced for housing schemes. That leaves £1,563k of capital receipts unallocated at the present time.

Future issues

Nothing to report.

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Capital Programme Spending

Capital Programme 2018/19	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	465	871	0	54	0	817	163
Communities	30	490	67	490	82	380	28	0	0
Housing	620	1,772	495	1,772	1,652	120	0	0	0
Economic Dev Directorate									
Bacup THI	0	874	487	874	722	0	152	0	0
Ski Rossendale	0	464	494	464	464	0	0	0	0
Spinning Point	0	4,442	4,415	4,442	4,386	0	0	56	2
Property Repairs & Maint	100	300	165	300	0	200	100	0	0
Other minor projects	0	142	12	142	73	0	69	0	0
	1,443	9,355	6,600	9,355	7,379	754	349	873	165

Capital Programme

Capital Programme 2018/19	£000
Original Capital Programme	1,443
Slippage from 2017/18 project	7,439
New capital projects in 2018/19	
Additional DFGs Grant	447
CPO enforced sales b/wd	-118
Stubbylee Dell	30
Ski Rossendale	64
CCTV	54
Other changes	-4
Revised Capital Programme	9,355

The original Capital Programme was £1,443k, including £693k of 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.

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

The main changes to this programme in Q2 have been an additional £30k for Stubbylee Dell works, funded by £20k external grant and £10k from the Trust fund balance, plus an additional £64k of costs for the Ski Rossendale investment project, funded again from external sources. The CCTV upgrade, now out to tender, has been amended to include the RBC 50% matched funding element. This gives a revised capital programme for 2018/19 of £9,355k.

Capital project activity

- DFGs paid or committed £495k against the revised resources of £1,652k (i.e. 30%).
- Bacup THI has paid or committed £487k so far, almost 56% 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 include Loveclough, Mullards at Waterfoot and the Stubbylee Dell, show progress of c40%.
- Spinning Point Phase 1 is now 22% complete & 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	259	31
Street Sweeping	44	21	23
Parks	54	25	29
IT	36	36	0
Facilities/Property	19	19	0
Leisure Investment	178	178	0
Corporate Services	9	4	5
Non-distributed Costs	298	326	-28
Additional MRP contribution as per Q1	0	657	0
	928	1,525	60

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 £83k (see notes on pages 8 & 9).

Following the Q1 report members approved an additional repayment of MRP from the capital receipts above of up to £660k. Officers have now completed that exercise which will reduce future MRP requirements initially by £150.5k per annum. This will be reflected in the 2019/20 budgets in the coming months.

Section 106 Receipts Monitoring

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	(52.6)	(10.0)	14.8	(47.8)
Current Balance	354.9	131.6	208.0	694.5

The value of S106 agreements brought forward on the 1st April was £742.3k. To the end of September £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
2015/0238	Edenfield	Hilbre Projects LLP	Local recreational/play facilities	Exp July 2023	14,759
				Capital	207,843

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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	37.97	38.83	43.25	35.55	36.85	36.25
August	47.63	47.54	47.21	47.10	47.03	51.60	54.82	43.60	48.98	49.93
September	57.00	56.80	56.35	56.20	56.05	61.01	62.70	58.92	57.60	58.43
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 Council Tax have ended Q2 slightly behind last year's performance, but Business Rates have improved since last year.

Council Tax Collection Fund

At this Q2 report the predicted surplus on the Council Tax collection fund has risen by £161k to £266k, of which RBC's share would be £40k.

In Q2 the net value of banding changes has been £17k favourable and the level of Council Tax Support has gone down by £52k.

No additional set-aside was required in 2017/18, and officers are currently predicting that the doubtful debt provision requirement of £363k for 2018/19 could come down to £300k. If

this requirement reduces even further over the coming months, then the overall surplus would increase.

Council Tax Forecast 2018/19	Q1 £'000	Q2 £'000
Council Tax Collectable (after Discounts & Exemptions)	37,054	37,152
less Doubtful Debt Provision	(363)	(300)
	36,691	36,852
less Precepts for 2018/19		
Lancashire County Council	(26,195)	(26,195)
Police	(3,590)	(3,590)
Fire	(1,365)	(1,365)
Rosendale Borough Council	(5,437)	(5,437)
	(36,586)	(36,586)
Surplus / (Deficit)	105	266
RBC Share = 14.86%	16	40

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 Q1 report for 2018/19 predicted a cash surplus of £383k of which RBC's share would be £153k. In Q2 the net liability has dropped by £188k to £13,523k, which has reduced the cash surplus to £224k, of which RBC's share is £90k. This assumes a doubtful debt provision of £250k and a further appeals provision of £600k, albeit this is likely to be too prudent an assumption.

The main features of the Q2 activity include

- additional reliefs awarded of £61k
- reduction in the Doubtful Debt Provision from £268k budget to £250k now
- maintaining the planned £600k contribution to the Appeals Provision

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Business Rates Collection Fund 2018/19	NNDR1 £000	Q1 £000	Q2 £000
Net Liability Due	13,160	13,711	13,523
Less Transitional Payments due to MHCLG	(139)	(210)	(209)
Less Cost of Collection Allowance	(98)	(98)	(98)
Less Doubtful Debt Provision	(380)	(268)	(250)
Less Appeals Provision	(600)	(600)	(600)
Less Renewables 100% to RBC	(164)	(164)	(164)
Net NNDR due A	11,779	12,371	12,202
Less Trans surcharge B	(139)	(209)	(199)
Less Precepts	(11,779)	(11,779)	(11,779)
Cash Surplus/(Deficit) C	(139)	383	224
RBC Share = C x 40% D	(56)	153	90
Central Government share 50%		192	112
LCC and Fire share 10%		38	22

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 £4,801k, 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	Q2 £000
Business Rates Income	A+B	11,640	12,162	12,003
RBC Share = 40%		4,712	4,865	4,801
less tariff paid to Lancashire Pool		(2,610)	(2,610)	(2,610)
add S31 Grants	E	747	818	880
Subtotal		2,849	3,073	3,071
RBC Baseline Funding Level used in Budget		2,097	2,097	2,097
Surplus for Levy Calculations	F	752	976	974
Levy due to the Lancashire Pool = F x 10%	G	(75)	(98)	(97)

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

Business Rates Summary		NNDR1 £000	Q1 £000	Q2 £000
Business Rates Surplus/(Deficit) 2018/19	D	(56)	153	90
Section 31 Grants & Localism Relief	E	747	818	880
less Lancashire Pooling Levy	G	(75)	(98)	(97)
Renewable Energy		164	164	164
Overall Gain		780	1,037	1,037
Business Rates Retention Reserve Bfwd		1,082	1,082	1,082
Less Budgeted Utilisation of Reserve		(800)	(800)	(800)
Business Rates Retention Reserve Cfwd		1,062	1,319	1,319

at Q2 lead officers to predict £880k income. This creates a surplus of £974k over RBC's baseline funding which, due to new pooling arrangements, is now protected from any MHCLG levy.

To summarise, the Q2 changes net off to nil and the forecast for 2018/19 business rates still shows an overall gain of £1,037k compared to the MTFs target of £800k.

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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آپ کو ان معلومات کا خلاصہ سے صرف میں آڈیو کیسٹ پر، یا انگریزی کے علاوہ کسی اور زبان میں دیکھا جاسکتا ہے۔ اسے
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انڈرھ کرے 01706 217777 ای ناسٹارے اٹھا یا کمیڈنیکیشن سیکشن، ڈاڈن سڈٹار
اڈیس، رڈسٹڈل بی.بی.8 ۹ اڈل. ڈیڈ، ای ڈیکانای ڈوگاڈوگا کررہا۔

Other formats available on request.

Tel: 01706 217777 or contact:

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