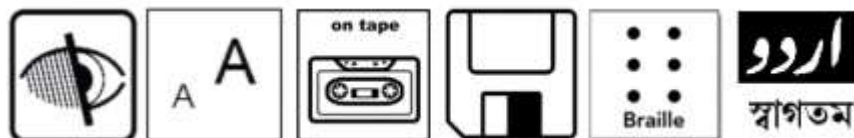


Financial Monitoring Report

2018/19 Q4 Draft Out-turn

Including a Glossary of terms on page 29



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General Fund Revenue Operations – pages 4 to 17

This draft out-turn report on the General Fund for 2018/19 is showing a favourable variance of £348k compared to the original budget of £10,032k, a further improvement of £78k in Q4. 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. The draft favourable variance on the General Fund of £348k will be transferred back into the Transitional Reserve, leaving a net balance of £1,156k after the planned MTFs support up to 2021/22.

The Business Rates Retention Reserve reflects the in-year variances discussed in detail on page 28, including the renewable energy income of £163k and the S31 Grant income of £984k. Funding for the 2018/19 budget included the application of £800k from this reserve.

The Planning Reserve is expected to be required to support £216k of costs in relation to the current Local Plan, leaving £50k to fund further costs beyond 2021/22.

The closing balance at the 31st March 2019 is now predicted to be £6,415k, but planned usage, particularly of the Transitional Reserve through the life of the MTFs, will reduce this to £4,465k 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 original allocation of Better Care funding for DFGs in 2018/19 was £947k with a further £116k being received early in January 2019, giving total DFG resources for 2018/19 of almost £1,772k. By the year-end £890k of this had been used, leaving slippage of £882k to be used in 2019/20.

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 and 2019/20.

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.

Staff Monitoring – page 20

The table on page 20 shows the cash saved on salaries in the year has been £211k. This is made up of around £175k from general staff turnover and vacancies, plus £36k from purchased additional leave.

Treasury & Cash Management - page 25 to 27

At the end of March the bank balances were £10,656k down from the Q3 balance of £13,315k. The Council's main bank account increased the interest rate as at the 1st October, but this is still below the current base rate. Officers have tried to keep funds liquid throughout the year in order to manage the cash available for the ongoing capital commitments. This means that the effective overall interest rate has not performed as well as might have been expected, but higher balances have resulted in an overall increase in interest income of £13k.

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Of the £3,176k sundry debts raised in 2018/19, £2,940k have already been collected (92.5%). However, £94.4k of this was not yet over 30-days old at the year-end and so a more accurate picture would exclude the March debts completely (both raised and outstanding), which raises the in-year collection rate to 95.1%.

The provision for doubtful debt at the 1st of April was £87k, plus a further £3.3k set aside for licensing debt. Officers have considered both the general impairment rate and some specific older debts which are being pursued through the courts. In addition to the anticipated additional provision requirement of £20k forecast earlier in the year, officers now recommend a further £62k in relation to these specific issues.

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 were expected to total £7,495k of which £5,229k has already been received. This includes an allocation of £1,063k from the Better Care Fund in 2018/19 for Disabled Facilities Grants, as noted in Government Grants Unapplied above.

The slippage being carried forward will be funded by £4,227k of grant of which £3,983k has already been received. The Capital Receipts Reserve is expected to total £1,856k at the year-end, of which £868k has not been allocated yet.

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 TH1, Spinning Point Phase 1 and the DFGs. Additions to the programme have mainly been the increase in DFG funding and community parks/play projects..

The revised capital programme for 2018/19 at the end of the year was £9,584k against which £4,184k has either been spent, and £5,303k is being carried forward to 2019/20 in ongoing projects.

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

Collection rates for both Council Tax and Business Rates have ended 2018/19 slightly ahead of previous years.

The Council Tax account is showing a predicted surplus of £72k, a £103k adverse movement in Q3. The main changes have been £50k of additional exemptions and £50k of empty discounts as well as £24k of band decreases. In contrast the doubtful debt provision has dropped £27k. Rossendale Borough Council will keep 14.86% of this, ie. £11k.

Business Rates forecast surplus has increased to £970k. The bulk of the £265k improvement comes from a net £nil requirement for any contribution to the appeals provision, saving £300k

The S31 Grants from the MHCLG to cover various reliefs have increased by another £49k from the estimates back in the Q3 report. Therefore, once the Lancashire Pooling levy is taken into account, the net overall gain for RBC has risen to £1,466k. So, after the budgeted withdrawal of £800k, the net surplus for the year going into Reserves is likely to be £666k.

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General Fund Summary - Period 12 (March)

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 4 (Adv)/Fav £000
Communities Directorate					
Customer Services and E-Government	1,469.9	1,275.5	194.4	122.6	71.8
Operational Functions	2,100.7	2,123.7	(23.0)	(35.1)	12.2
Communities	719.8	698.3	21.5	37.6	(16.1)
Public Protection Unit	120.3	123.3	(3.0)	(2.2)	(0.8)
Environmental Health	258.3	193.0	65.3	59.7	5.6
Licensing & Enforcement	155.3	121.5	33.9	2.8	31.1
Housing	208.2	155.0	53.2	23.4	29.7
Economic Development Directorate					
Planning Services	293.9	222.4	71.5	66.0	5.5
Building Control Services	(31.8)	(1.0)	(30.8)	(13.8)	(17.0)
Regeneration	366.9	352.1	14.8	9.3	5.5
Property Services	741.7	783.0	(41.3)	(46.3)	4.9
Corporate Management Directorate					
Corporate Management	447.5	441.5	6.0	7.3	(1.3)
Legal Services	187.9	172.6	15.3	10.5	4.8
Local Land Charges	(26.5)	(17.4)	(9.1)	(8.0)	(1.1)
Democratic Services	552.0	542.5	9.5	9.3	0.2
Financial Services	488.8	482.3	6.5	7.1	(0.6)
People and Policy	506.6	466.6	40.0	26.2	13.8
Non Distributed Costs	1,086.4	1,179.5	(93.1)	(18.0)	(75.1)
Capital Financing and Interest	385.9	369.6	16.3	11.2	5.1
TOTAL Service Cost	10,031.7	9,683.9	347.7	269.6	78.1
LESS Use of Earmarked Reserves					
Retained Business Rates Reserve	(800.0)	(800.0)	-	-	-
Transitional Budgetary Reserve	(795.0)	(447.3)	(347.7)	(269.6)	(78.1)
Net Service Cost	8,436.7	8,436.7	-	-	-

This Draft Out-turn report for 2018/19 is showing a predicted year-end favourable variance of £348k, a further favourable movement of £78k during Q4.

The main Q4 variances are shown in the table opposite and these include:-

- A further £41.6k in benefit subsidy and £40.5k in other benefit grant as well as £14k in overpaid benefits recovered.
- Grant income, net of costs, relating to homelessness of £11.2k.
- Staff cost reductions of £51.8k due to vacancies in the Service Assurance Team, Public Protection Unit, Property Services and People & Policy
- An increase of £62.4k in the required contribution to the doubtful debt provision in relation to specific debts.
- A net increase of £8.4k in the costs of external audit relating to additional costs for prior years, net of the release of a £14k provision.

Of the total favourable variance of £356.7k, there is now £182.1k attributable to staff savings, well above the budget requirement to find £150k. This is in addition to the budget for one-off costs of restructures of £100k. There has also been a total saving of £36.3k on staff costs as a result of employees purchasing additional leave. This makes a net reduction of £68.4k in staffing costs over and above the original target.

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Annual Variances	Q1	Q2	Q3	Q4	Total	
	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	Fav/(Adv)	
Customer Services and e-Government						
Staff costs	(2.3)	0.7	-	7.8	6.2	
Housing Benefits subsidy	(9.6)	29.4	41.8	41.6	103.2	
Other benefits grants	17.8	-	(1.7)	40.5	56.6	
Overpaid Benefits recovered (net of bailiff costs)	(11.7)	10.2	15.0	14.0	27.5	
Court costs recovered (net of bad debt provision)	21.0	19.0	-	(59.0)	(19.0)	
Service Assurance team grants (net of assoc costs)	7.3	2.9	(7.4)	-	2.8	
IT (incl GDPR & penetration testing)	(4.0)	(10.6)	3.4	(15.5)	(26.7)	
Pest control services (net of fee income)	(6.4)	1.0	-	2.0	(3.4)	
Other minor variances	10.8	(3.6)	(0.4)	40.4	47.2	194.4
Operations						
Staff costs (including agency and overtime)	(58.2)	(10.8)	(7.8)	27.3	(49.5)	
Fuel	(6.9)	(2.5)	(2.0)	(2.5)	(13.9)	
Vehicle maintenance incl hire of temporary vehicles	(77.6)	(6.4)	(3.4)	(26.9)	(114.3)	
MRP Savings on Fleet Investment	76.6	-	-	(4.4)	72.2	
Insurance costs	-	(11.9)	(1.2)	(1.3)	(14.4)	
Recycling income (due to contamination/ market rates drop)	(36.6)	-	(1.6)	-	(38.2)	
Refuse stock bins and sacks	10.8	(0.5)	(4.5)	1.9	7.7	
Garden Waste income	139.7	5.5	5.1	0.3	150.6	
General parks (including playgrounds) running costs	21.9	4.1	(5.9)	(7.4)	12.7	
Dog Warden costs	11.5	(0.6)	0.1	2.5	13.5	
Markets Income & Running expenses	(21.0)	(5.9)	(1.0)	2.5	(25.4)	
Bulks Net income	7.9	0.9	1.1	(0.6)	9.3	
Other minor variances	3.6	(15.4)	(4.7)	4.7	(11.8)	(1.5)
Public Protection						
Staff costs	118.3	10.9	11.9	18.1	159.2	
Environmental Health administration expenses	12.5	(2.2)	(3.6)	5.8	12.5	
Homelessness (additional costs net of grant)	36.8	(7.9)	7.8	11.2	47.9	
Private Hire income & expenditure	(16.5)	(22.6)	3.8	0.9	(34.4)	
Hackney income & expenditure	(58.4)	(16.1)	6.2	8.6	(59.7)	
Taxi misc income	4.0	-	2.2	3.0	9.2	
Computer Software Licensing	-	-	-	8.3	8.3	
Other minor variances	1.7	(3.2)	(1.9)	9.7	6.3	149.3
Economic Development						
Staff costs (net of grant & fee income)	18.3	(17.7)	(10.2)	9.0	(0.6)	
Planning Application Fee Income	(2.2)	36.6	68.0	5.4	107.8	
Building Control Fee Income	23.2	(6.6)	(4.3)	(14.0)	(1.7)	
Knowsley Industrial Unit NNDR and income shortfall	(113.3)	(4.3)	(21.6)	-	(139.2)	
NNDR - Refund ex Liberal Club/ Costs	-	4.3	84.7	-	89.0	
Operational property running costs and repairs	-	(21.9)	(4.0)	(11.7)	(37.6)	
Brownfield Grant & Custom Build	-	35.4	(35.4)	-	-	
Estates Income (mainly Town Hall)	-	-	-	27.7	27.7	
Other minor variances	10.9	(36.7)	12.0	(8.5)	(22.3)	23.1
Corporate Management						
Staff costs (including professional support)	36.2	(2.9)	20.1	10.3	63.7	
Professional Fees / Reference Books	-	(5.5)	6.1	-	0.6	
Mayoralty Savings	4.2	3.0	-	-	7.2	
Land Charges income	(8.2)	0.5	-	-	(7.7)	
Internal/External Audit Fees	2.0	9.0	-	(8.4)	2.6	
Research	3.4	-	-	-	3.4	
Other minor variances	(1.0)	(1.7)	(12.8)	13.9	(1.6)	68.2
Non-Distributed Costs & Capital Financing						
Original staff savings target (see net savings of £76.9k above)	(150.0)	24.2	-	12.1	(113.7)	
Budget for cost of one-off staff changes not required	-	100.0	-	-	100.0	
Historical pension commitments	(8.5)	35.3	-	(0.1)	26.7	
MMI Insurance Levy	-	-	(6.3)	(12.4)	(18.7)	
Pensions pre-payment savings	37.7	(30.3)	-	-	7.4	
Doubtful Debt Provision	(20.0)	-	-	(62.4)	(82.4)	
Interest	(2.5)	8.9	5.0	5.0	16.4	
Other minor variances	0.7	(0.9)	(0.1)	(12.3)	(12.6)	(76.9)
Favourable/(adverse) variance	23.9	93.1	152.6	87.1	356.7	356.7

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Communities Directorate

Period 12 (March)

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	(278.4)	(294.6)	16.2	15.8	0.4
Benefits Granted	(3.8)	(146.6)	142.8	75.0	67.8
Local Tax Collection	(360.3)	(399.8)	39.5	39.5	-
Revenues & Benefits Partnership	1,158.3	1,150.8	7.5	4.8	2.7
Strategic Functions					
Management and Support	69.8	69.7	0.1	(0.1)	0.2
Service Assurance Team	129.6	111.2	18.4	7.7	10.7
Central Telephones	5.1	3.0	2.1	0.3	1.8
Central Printing	-	-	-	(0.2)	0.2
ICT Support	617.0	658.0	(41.0)	(16.0)	(25.0)
Leisure Services	133.0	122.0	11.0	-	11.0
Pest Control	(0.4)	1.8	(2.2)	(4.2)	2.0
Total	1,469.9	1,275.5	194.4	122.6	71.8

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	(1.6)	7.8	6.2	
Housing Benefit administration grant	3.9	0.4	4.3	
Housing Benefit Subsidy (net grant position from Mid-yr Estimate)	61.6	41.6	103.2	
Housing Benefit Local Council Tax support grant	12.2	3.9	16.1	
Housing Benefit overpayments recovered	15.0	14.0	29.0	
Housing Benefit bailiff fees	(1.5)		(1.5)	
Revenues & Benefits administration contract	4.7	2.7	7.4	
Council Tax Benefit - clawback		36.6	36.6	
CTax & BRates - court costs (net of bad debt provision)	40.0	(59.0)	(19.0)	
Business Rates - net costs of collection	3.5	16.4	19.9	
Renewable Energy Business Rates income	163.3		163.3	
Business Rates S31 Grants	843.5	140.8	984.3	
Business Rates transfer to Retained Business Rates Reserve	(1,007.4)	(140.8)	(1,148.2)	
IT - Introduction of GDPR	(7.6)		(7.6)	
IT - external PSN testing & disaster recovery preparation	(3.6)	(15.5)	(19.1)	
SAT Team counter fraud work	0.9		0.9	
SAT Team Grants received (incl Universal Credit) net of costs	2.8	2.9	5.7	
Recovery of MRP in Leisure Renewable energy investment		11.0	11.0	
Pest Control services (net of income)	(5.4)	2.0	(3.4)	
Other minor variances	(3.3)	14.8	11.5	
TOTAL	122.6	71.8	194.4	

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Customer Service & ICT Highlight Report – Q4 (end Mar 2019)

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.
- Recovery of court costs related to both council tax and business rates continued to out-perform the original budget, increasing to a favourable variance forecast of £40k by the end of Q2. There were no changes during Q3 but recovery during Q4 has fallen by £10.1k to a closing favourable variance of £29.9k

Current Quarter's Issues

At Q4 the favourable variance has improved from £122.6k to £194.4k, the main changes being:-

- An increase of £41.6k in the subsidy out-turn to £103.2k
- In terms of business rates, the renewable energy income of £163.3k and expected S31 grants will be transferred into the Retained Business Rates Earmarked Reserve - the S31 grants have risen to £984k based upon the level of discounts and exemptions which have been allowed. This means that the total being transferred to the Reserve in the year will be £1,148.2k.
- The introduction of the new General Data Protection Regulations (GDPR) in June has so far cost £7.6k 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 by £15.5k.
- The Service Assurance Team has received new burdens and Universal Credit introduction grants of over £81k so far, but almost all of these grants are have been used to fund additional work of software changes or administration either in 2018/19 or the beginning of 2019/20, so the favourable net variance is £6.8k
- At the end of the year officers have considered the requirement to top up the doubtful debt provision for court costs raised in the collection of Council Tax and Business Rates. An extra £30k of costs had been raised during the year, but £60k has been written off. This meant that the provision needed to be increased by around £49k, giving a net decrease of £19k for the year on court costs income.

Future Issues

- At the time of writing this report officers are concluding contract negotiations with Capita for the provision of Revenues and Benefits service as from 1st October 2019, following a lengthy tender process during 2018/19.

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Communities Directorate			Period 12 (March)			
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	386.3	(40.4)	(60.4)	20.0	
Refuse & Recycling	1,479.0	1,461.8	17.2	42.7	(25.4)	
Street Sweeping	354.2	332.7	21.5	6.1	15.4	
Markets	(78.4)	(57.0)	(21.3)	(23.4)	2.1	
Communities						
Parks & Open Spaces	917.5	882.4	35.2	33.7	1.4	
Cemeteries	(222.0)	(194.3)	(27.7)	(7.1)	(20.6)	
Dog Warden	24.2	10.2	14.0	11.0	3.0	
Total	2,820.5	2,822.0	(1.5)	2.5	(4.0)	
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			5.3	12.0	17.3	
Parks Salary Variances (Including temporary gardeners)			6.1	10.1	16.2	
Street Sweeping Salaries			1.8	0.0	1.8	
Refuse Salaries and Agency			(58.7)	(4.7)	(63.3)	
Fleet Management Vacancy and Agency			(24.8)	3.2	(21.6)	
Markets Salary Vacancies			24.0	0.0	24.0	
Overtime Budgets			(30.5)	6.6	(23.8)	
Vehicle Maintenance (including tyres/ parts)			(40.8)	1.4	(39.4)	
Procurement of Winter Tyres			-	(16.1)	(16.1)	
Vehicle Hire			(46.5)	(12.2)	(58.7)	
Actions re variances - MRP Savings on Vehicles			76.6	(4.4)	72.2	
Fuel			(11.4)	(2.5)	(13.9)	
Insurance Related Costs			(13.1)	(1.3)	(14.4)	
Trade Waste Net income			(0.3)	8.8	8.5	
Bulks Net income			9.8	(0.6)	9.3	
Refuse Sacks			0.2	1.0	1.2	
Sale of Green Bins			5.6	0.9	6.5	
Recycling Papers and Plastics			(38.2)	-	(38.2)	
Garden Waste income			150.4	0.3	150.7	
Cemeteries Net income			(7.1)	(20.6)	(27.7)	
Markets Income & Running expenses			(27.9)	2.5	(25.4)	
Dog Warden costs			11.0	3.0	14.0	
General other Park Running Costs			20.1	(7.4)	12.7	
Henrietta Street Admin and other Running Costs			(3.1)	7.9	4.8	
Other Variances			(6.1)	8.0	1.9	
TOTAL			2.4	(4.0)	(1.6)	

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Operations Highlight Report – Q4 (end of Mar 2019)

Historic Issues

- Vehicle hire costs have overspent by £59k 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 three refuse vehicles, but the majority will take place around 2019/20 due to bespoke design. As a result, external vehicles continue to be hired under temporary arrangements.

Current Quarter Issues

At the end of Q4 the Operations and Communities forecast showed a slight adverse variance of £1.5k 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 6,800 applications which will result in £238k in income for 2018/19, leading to a favourable variance of £151k in 2018/19.
- Overall staffing costs including agency and overtime have overspent by £47k. 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 have overspent by £98k mainly due to reactive works to older fleet vehicles. In addition management decision to procure Winter Tyres has also led to an increase of costs of £16k. There is however a saving of £117.6k on MRP due to delayed investment in fleet of which £19.4k will be transferred to the vehicle reserve due to postponement of fleet procurement in 18/19. The Operations staff are in the process of trying to obtain replacement vehicles so in time maintenance costs should reduce.
- Fuel has overspent the budget by £13.9k for the financial year; this is due to an increase in fuel prices since March 2018. A small contingency is in place in the Corporate budget for future year fuel increases.
- Cemeteries income has returned an adverse variance of £28k. Cemeteries fees did increase considerably in 2018 and the income targets have also increased 2018/19. There had been a downturn in new grave deeds from previous years.
- Markets income ended £25k 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 £4k.

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 2019/20 costs.
- Recycling income is virtually non-existent at the moment, due to the market downturn and contamination issues. Unless things pick up again, this has resulted in an adverse variance of £38k for 18/19. Rossendale are working together with LCC to reduce the significant ongoing costs of recycling to RBC. However there could be a pressure in 2019/20.

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Communities Directorate

Period 12 (March)

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	123.3	(3.0)	(2.2)	(0.8)
Environmental Health	258.3	193.0	65.3	59.7	5.6
Licensing & Enforcement	155.3	121.5	33.9	2.8	31.1
Strategic Housing					
Housing Strategy	87.0	69.6	17.4	1.7	15.7
Private Sector Housing Renewals	-	0.0	(0.0)	(0.0)	(0.0)
Homelessness	121.2	85.4	35.8	21.7	14.0
Empty Homes Scheme	-	-	-	-	-
Total	742.0	592.7	149.4	83.7	65.7

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Environmental Health - staffing and consultant	44.9	(0.3)	44.6	
Public Protection Unit - staffing	8.4	(0.5)	7.8	
Housing Strategy - staffing	(0.0)	13.7	13.7	
Homelessness - staffing	(14.8)	(0.2)	(15.0)	
Licensing & Enforcement - staffing	102.6	5.5	108.1	
Environmental Health administration	6.7	5.8	12.5	
Flexible Homelessness Support & Prevention Grant	64.9	39.0	104.0	
Transfer Flexible Homelessness Grant to Reserves	-	(51.8)	(51.8)	
Homelessness Temporary Accommodation (B&B)	(20.2)	19.8	(0.4)	
Refund payments of Bonds	(8.0)	4.2	(3.8)	
Kay Street Safe Housing running costs	2.7	4.6	7.3	
Private Hire income & expenditure	(35.3)	0.9	(34.4)	
Hackney income & expenditure	(68.3)	8.6	(59.7)	
Taxi misc income	6.2	3.0	9.2	
Computer Software Licensing	-	8.3	8.3	
Other Variances	(6.0)	5.2	(0.8)	
TOTAL	83.7	65.7	149.4	

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Public Protection and Housing Highlight Report – Q4 (end Mar 2019)

Historic Issues

- 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 £52.8k between the Licensing and Environmental Health sections.
 - Salaries within Environmental Health returned a saving of £45k following a retirement back in May.
 - Salaries within Licensing are showing a favourable variance of £108.1k. 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 £15k due to a creation of a fixed term homeless officer post. However, this is being funded from the Flexible Homelessness grant from MCHLG.

Current Quarter Issues

At the end of Q4 the Public Protection Unit and Housing Services budgets shows a favourable variance of £149.8k, with the main movements being:-

- Salaries within Housing Strategy returned a saving of £13.7k given that Regeneration Project Officers time was grant funded towards the Syrian Resettlement project.
- 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 has shown an under achievement of £76.6k. The budgets were set on the basis of reduced licenses being renewed; they have reduced more rapidly than expected, though there has been some improvement during Q4.

Future Issues

- The salary savings within the Licensing team and the new Public Protection Unit are part of the future MTFs savings plans. A Scheme of Delegation has been agreed showing the disestablishment of the two vacant posts.

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Economic Development Directorate

Period 12 (March)

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	85.4	67.9	63.1	4.8
Forward Planning	140.6	136.0	4.6	2.9	1.8
Building Control					
Building Control - Fee Earning Account	(67.0)	(28.9)	(38.1)	(19.4)	(18.6)
Building Control - Statutory Function	29.7	29.7	(0.0)	(0.3)	0.3
Building Control - Street Signs	5.4	(1.1)	6.5	5.9	0.6
Regeneration					
Regeneration Mangement	138.8	121.8	17.0	14.9	2.1
Economic Regeneration	91.2	96.1	(4.9)	(4.6)	(0.3)
Whittaker Park Museum	81.9	81.2	0.7	(1.0)	1.7
Tourisms	40.0	36.9	3.1	0.0	3.1
Area Forums	15.0	15.0	(0.0)	-	(0.0)
Property Services					
Property Services Team	286.2	284.6	1.6	7.9	(6.4)
Corporate Estates	(56.3)	97.2	(153.5)	(153.4)	(0.1)
Non Domestic Estates	(109.1)	(135.7)	26.6	21.9	4.7
Office Accommodation	56.1	(43.9)	100.0	90.5	9.5
Operational Properties	366.2	361.2	4.9	(7.8)	12.7
Leisure Properties	51.8	54.7	(3.0)	(0.2)	(2.7)
Bus Shelters	11.0	8.1	2.9	1.8	1.0
Business Centre	135.8	147.7	(11.9)	(7.0)	(5.0)
Total	1,370.6	1,346.2	24.5	15.2	9.2

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Regeneration staffing	2.7	(0.2)	2.5	
Economic Development staffing	5.2	(1.0)	4.2	
Planning / Forward Planning staffing	10.4	3.3	13.7	
Planning Agency	(90.4)	6.9	(83.5)	
Application of 20% additional income - Fixing our broken housing market	71.4	-	71.4	
Building Control staffing	(26.0)	-	(26.0)	
Property Services staffing	34.1	-	34.1	
Taylor Weaver Chartered Surveyors	(17.0)	-	(17.0)	
Economic development admin costs	(7.3)	2.0	(5.4)	
Whittaker Park Museum Utilities Costs	(1.0)	1.7	0.7	
Childrens Partnership Board Grant	13.0	-	13.0	
Brownfield Grant & Custom Build Grant - put aside for Local Plan	-	-	-	
Planning/Forward Planning Consultancy fees/ Legal fees	(19.7)	(7.6)	(27.3)	
Planning Application Fee Income (excluding additional 20% broken housing market)	102.4	5.4	107.8	
Building Control Fee Income	11.3	(13.0)	(1.7)	
Property Running Costs: Repairs & Maintenance	0.1	(26.8)	(26.7)	
Electricity & Gas	(4.4)	7.8	3.4	
Water	(0.1)	7.3	7.2	
Boilers / Alarms	(5.6)	-	(5.6)	
Kay St prop - refurb	(8.8)	-	(8.8)	
Japanese Knotweed	(7.1)	-	(7.1)	
NNDR - Knowsley Industrial Unit 12mths	(64.2)	-	(64.2)	
NNDR - Refund exLiberal Club £92.7k and others	99.5	-	99.5	
NNDR - cost to agent (GVA) re savings	(10.5)	-	(10.5)	
Knowsley Industrial Unit - income shortfall	(75.0)	-	(75.0)	
Business Centre rentals/running costs	(2.6)	0.4	(2.2)	
Estates Income (mainly Town Hall)	14.5	27.7	42.2	
Xmas Lights	(5.8)	(7.3)	(13.1)	
Other Miscellaneous Variances	(3.9)	2.7	(1.2)	
TOTAL	15.2	9.2	24.5	

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Economic Development & Regeneration Highlight Report – Q4 (end Mar 2019)

Historic Issues

- **39 Burnley Rd, Rawtenstall, collapsed culvert under property** – 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. The Environment Agency are consulting on the future of this site, with an update expected shortly.
- 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 was purchased at the end of 2017/18. Costs incurred this year are NNDR costs of £64.3k and assumed 6mths rental income shortfall of £75k.
- The ex Liberal Club NNDR has been re-valued and RBC received a refund of £91k

Current Quarter Issues

Economic Development and Regeneration have returned a favourable variance of £14.1k, the movements being:-

- A saving of £4.2k in salaries is mainly due to an Economic Development officer being temporarily funded out of the Bacup THI grant.
- The Regeneration service salaries returned a saving of £2.5k due to a member of staff reducing core hours with a job share covering the workloads.

Property Services is showing an adverse variance of £32.3k at the end of 218/19.

- Property running costs are showing an adverse variance of £37.6k. An adverse movement of £11.7k
- Estates income is showing a favourable variance of £39.3k. Together Homes now occupy the old Town Hall from Dec 18 with part year rental income of £25k. Full annual rental is £82k
- Christmas lights have gone over budget by £12.1k due to extra lights being erected this year and extensive repairs

Planning and Building Control are showing a favourable variance of £40.6k

- Appointments to vacant posts are proving unsuccessful, therefore agency has been used to provide cover. This has resulted in a projected over spend of £69.8k, being funded from the additional income from the 20% broken housing market.
- Planning income has ended the year with a projected over achievement of £107.8k, there have been some large planning fees throughout the year
- Consultancy costs for the planning department is showing an over spend of £27.7k due to contentious planning appeals and enforcements.

Future Issues

- Officers are reviewing the Whittaker Museum utilities budget overspend, working with the museum to draw up a commercial lease and 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 12 (March)

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	325.3	10.8	11.1	(0.3)
Corporate Contingency	50.0	50.7	(0.7)	-	(0.7)
Exec Support & Corporate Subscriptions	61.4	65.5	(4.1)	(3.8)	(0.3)
Community Safety	-	-	-	-	-
Legal Services	187.9	172.6	15.3	10.5	4.8
Land Charges	(26.5)	(17.4)	(9.1)	(8.0)	(1.1)
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	356.9	3.3	3.5	(0.3)
Mayoralty & Civic Events	49.7	43.1	6.6	5.8	0.8
Town Twinning	2.5	2.5	0.0	0.0	-
Financial Services					
Treasury Management	80.6	88.7	(8.1)	0.1	(8.2)
Insurance, Risk & Audit Fees	71.7	60.5	11.2	11.2	-
Financial Services Team	336.5	333.1	3.4	(4.2)	7.6
People & Policy					
Human Resources	297.0	281.1	15.9	5.7	10.2
Corporate Support	205.6	185.5	20.1	17.1	3.0
Publicity	4.0	-	4.0	3.4	0.6
Total	2,156.3	2,087.8	68.5	52.4	16.1

Key changes made during the period to the full year forecast	Variance Bfwd £000	Variance this Qtr £000	Full-Yr £000	R A G
Staff Savings	75.4	8.6	84.0	
Agency costs	(16.5)		(16.5)	
Corporate Subscriptions - Local Govt Information Unit	(2.5)		(2.5)	
Professional Fees / Reference books	0.6	3.3	3.9	
External Audit Fees - new contract saving	-	4.5	4.5	
External Audit Fees - additional charges re prior years	-	(27.0)	(27.0)	
External Audit Fees - application of provision held	-	14.0	14.0	
LCC Audit Fees (balance of 2017/18 work)	11.0	0.1	11.1	
Members costs	(0.3)	(0.9)	(1.2)	
Democratic & Mayoralty savings	9.6	(2.0)	7.6	
Register of Electors	-	-	-	
Land Charges Income	(9.3)	(1.2)	(10.5)	
Research	3.4		3.4	
Employee-related Insurance	(2.1)		(2.1)	
Other Misc under / (over) spends	(16.9)	16.8	(0.1)	
TOTAL	52.4	16.2	68.6	

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Corporate Management Highlight Report – Q4 (end March 2019)

Historic Issues

- Local Land Charges income is down on previous years, and the out-turn adverse variance has increased by £1.2k in Q4 to £10.5k for the year.
- 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 £11.1k.
- Following the end of agency support in the legal team some additional professional fees have been incurred at a cost of £5.5k, but these were offset in Q3 by the savings made on the re-tender of legal reference materials.

Current Quarter Issues

The Corporate Management out-turn is now showing an under-spend of £68.5k, the main Q4 movements being:-

- Q4 Staff changes are £8.2k fav.
 - Staff underspends from vacancies and shared management cover in HR have added £2.5k to the favourable variance
 - Vacancies in Corporate Support have added a further £5.5k
- The Legal section is showing a favourable movement of £4.8k this quarter mainly due to re-negotiating the reference books contract and re-assessing the professional fees projected forecast.
- Democratic and mayoralty costs are showing a saving of £7.6k, due partly to a councillor leaving and not being replaced. This forecast has moved adversely in Q4 by £2.0k.
- The costs of external audit relating to previous years has now been identified as £27k, though this is partially offset by a £14k provision set aside in earlier years. Therefore, the net adverse impact in 2018/19 has been £13.0k

Futures Issues

- The Elections budgets are showing a nil variance, but both the Registration budget and Local Election budget are being supported by 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 cost of a standalone Local Election is £62.7k against the original 2018/19 budget of £51k. There is enough in the provision to cover 2018/19 and 2019/20 but there will be a pressure at the next standalone election after that.
- 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 12 (March)

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	1,059.0	10.7	7.5	3.2
Other Non-distributed Costs	16.7	120.5	(103.8)	(25.5)	(78.3)
Capital Financing					
Minimum Revenue Provision	0.1	0.1	-	-	-
Interest (net)	385.8	369.5	16.3	11.2	5.1
Total	1,472.3	1,549.1	(76.8)	(6.8)	(70.0)

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)	
Budget for costs of one-off staff changes not required	100.0		100.0	
Purchased additional leave	24.2	12.1	36.3	
Historical pension costs	26.8	(0.1)	26.7	
Savings on pensions arising from payment in advance	7.4		7.4	
MMI Insurance Levy	(6.3)	(12.4)	(18.7)	
Insurances		(5.3)	(5.3)	
Interest expenditure/income from bank accounts	11.4	5.0	16.4	
Additional doubtful debt provision	(20.0)	(62.4)	(82.4)	
Other minor variances	(0.3)	(6.9)	(7.2)	
TOTAL	(6.8)	(70.0)	(76.8)	

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Non-Distributed Costs & Capital Financing Highlight Report – Q4 (end Mar 2019)

Historic Issues

- The original budget included £100k to cover one-off costs of staff changes, particularly within Operations. Now that the restructure has been concluded the costs have been incorporated within the department's overall budget on pages 8 & 9, so this additional budget will no longer be required.
- 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 to £7.4k.
- A slow-down in the annual reduction in historical added year pension costs, leading to an adverse variance of £8.5k

Current Quarter Issues

This Q4 draft out-turn is forecasting a net adverse variance of £76.8k, a net adverse movement of £70k in Q4 with the main movements being:-

- The original budget staff savings target was £150k. Total savings achieved in staff costs have closed the year at £182.1k, an improvement of £75.6k in Q4. Added to this is around £36.3k of savings from employees purchasing additional leave. This gives a net saving in staff costs of £68.4k over and above the total original budget.
- The doubtful debt provision for sundry debts was expected to require a further £20k top-up in the year. However, following ongoing legal action regarding several debts, officers are now recommending a more prudent provision of a further £62.4k to make a total £82.4k provision in the year.
- Interest income has now improved by £5k to a net favourable forecast of £16.4k.
- Municipal Mutual Insurance (MMI) claims for long-term illness cases have added a further £12.4k to costs during Q4. Back in Q3 officers suspected that the insurance provision for mesothelioma cases would require a further top-up in 2018/19, but the year-end statement from MMI has confirmed that the current provision of £144k is sufficient.

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			388.0		
Collection Fund - S31 Grants			984.3		
Collection Fund - Renewable Energy			163.3		
New Homes Bonus				684.1	
Other Revenue income received		17.4			72.2
General Fund Surplus Contribution				347.7	
Total Funds Available	1,156.2	22.5	2,618.0	3,798.5	266.3
2018-19 Published Budget Utilisation					
Retained Business Rates			(800.0)		
New Homes Bonus				(684.1)	
General budget support				(795.0)	
2018-19 Other Utilisation Plans					
Transfers between Reserves					
Bacup THI Support					
Civica receipting software upgrade					
Counter Fraud & RV Analysis					
Support Forward Plan					(23.2)
Business Rates Pooling Levy for 2017/18			(88.0)		
Economic Development Projects	(84.7)				
Living Well, Living Better Project					
Haslingden Task Force					
Tourism and special events		(1.2)			
Reserve Estimates 31/3/2019	1,071.5	21.3	1,730.0	2,319.4	243.1
Future Contributions/Utilisation Plans					
2019/20 Plans	(85.1)	(5.1)		(511.0)	(189.7)
2020/21 Plans				(469.0)	(3.3)
2021/22 Plans				(183.0)	
Potential Reserve Balances	986.3	16.2	1,730.0	1,156.4	50.1

Usage as per MTFs Feb 2019
(per Savings Control v18)

Current issues

As noted on page 2, officers expect to contribute £356.7k back to the Transitional Reserve in 2018/19 from the General Fund favourable variance. This will leave the Reserve with £1,156k once the planned MTFs support is applied up to 2021/22.

Local Plan costs in 2018/19 have come down to £23.2k as some studies have been re-profiled into 2019/20. Once the current planned studies are completed, the Planning Reserve is

expected to have around £50k left for further works.

Agreed usage of the Employment & Transport Reserve can be seen opposite, with £961.1k unallocated at the moment.

Employment & Transport Reserve usage	2018/19 £k	2019/20 £k
Whitaker HLF	10.0	0.0
Whitaker HLF Business Consultant and Plan	9.8	0.0
Whitaker HLF RIBA design process	0.4	29.5
Whitaker HLF Project Manager	0.0	20.0
Invest in Rossendale Webpage	8.8	3.3
Futures Park, Bacup – Masterplan and Greenbook	3.5	6.5
Rossendale Works- Employability - April 2018	25.0	25.0
Invest in Rossendale launch event	4.0	0.0
Rossendale Works employability and skills event	1.5	0.0
Rawtenstall Market tender exercise	7.1	0.9
Rail Studies – Rawtenstall and Bacup	14.6	0.0
Unallocated	1,046.3	961.1

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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	592.6	6,164.1
Funds Received 2018/19					
Collection Fund - Surplus 2018/19				0.0	388.0
Collection Fund - S31 Grants				0.0	984.3
Collection Fund - Renewable Energy				0.0	163.3
New Homes Bonus				0.0	684.1
Other Revenue income received				152.0	241.6
General Fund Surplus Contribution	19.4			0.0	367.1
Total Funds Available	249.9	64.2	72.2	744.6	8,992.5
2018-19 Published Budget Utilisation					
Retained Business Rates				0.0	(800.0)
New Homes Bonus				0.0	(684.1)
General budget support				0.0	(795.0)
2018-19 Other Utilisation Plans					
Transfers between Reserves				0.0	0.0
Bacup THI Support			(47.7)	0.0	(47.7)
Civica receipting software upgrade				(10.0)	(10.0)
Counter Fraud & RV Analysis				(9.0)	(9.0)
Support Forward Plan				0.0	(23.2)
Business Rates Pooling Levy for 2017/18				0.0	(88.0)
Economic Development Projects				(9.3)	(94.0)
Living Well, Living Better Project				(14.5)	(14.5)
Haslingden Task Force				(10.3)	(10.3)
Tourism and special events				0.0	(1.2)
Reserve Estimates 31/3/2019	249.9	64.2	24.5	691.6	6,415.5
Future Contributions/Utilisation Plans					
2019/20 Plans	(90.0)		(12.8)	(213.1)	5,308.8
2020/21 Plans	(16.0)			(102.9)	4,717.6
2021/22 Plans	(70.0)			0.0	4,464.6
Potential Reserve Balances	73.9	64.2	11.8	375.6	4,464.6

Officers reviewed the requirements from the Vehicle Maintenance Reserve during Q3 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 over the next three years and leave £73.9k to support any additional maintenance requirements.

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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
	AL030114	AL030132	AL030127	AL030130	AL030128	AL030129	
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		1,063.5		49.6			1,113.1
Total Funds Available	25.2	1,771.9	68.7	85.5	40.9	10.5	2,002.7
Utilisation in 2018/19							
DFGs slippage from 2017/18		(708.4)					(708.4)
DFGs Main allocation 2018/19		(65.5)					(65.5)
DFGs Additional allocation 2018/19		(116.0)					(116.0)
Transfer to Planning Reserve	(25.2)						(25.2)
Transforming Lives/Hoarding Projects					(40.9)	(7.1)	(48.0)
Homelessness Project			(15.8)				(15.8)
Domestic Abuse Projects				(78.7)			(78.7)
Anticipated Balance 31/03/2019	0.0	882.0	52.9	6.8	0.0	3.4	945.1
Future Utilisation Plans							
2019/20 plans		(882.0)	(52.9)	(6.8)		(3.4)	0.0
2020/21 plans							0.0
Potential Reserve Balances	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The Communities for Habitats grant has been transferred to the Earmarked Planning Reserve to support work on the Local Plan (see page 18)

In addition to the £705k of unspent DFG grant brought forward, the 2018/19 allocation was £947.5k with a further £116k allocation in January 2019, giving total DFG resources of almost £1,772k. Total expenditure in 2018/19 has been £890k, just over half of the funds available. Early indications are that 2019/20 allocations will at a similar level.

Staff Costs, including agency

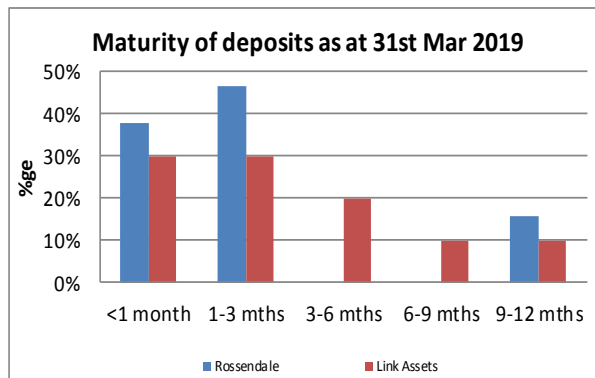
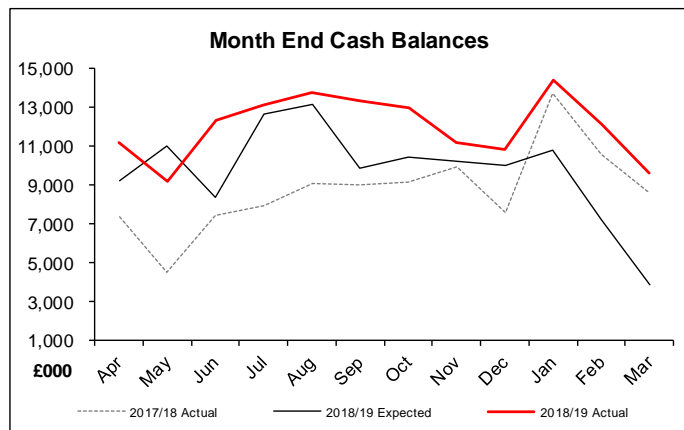
Employment Costs 2018/19 to end March	YTD Budget £000	YTD Actual £000	YTD Variance (Adv)/Fav £000	Variance last Qtr (Adv)/Fav £000	Change this Qtr (Adv)/Fav £000	FTE Original Budget 2018/19	FTE Changes during 2018/19	Current Vacant Posts
Communities Directorate								
Customer Services	321	311	10	6	4	8.1	-0.5	0
Operations Service	1,507	1,575	(68)	(8)	(60)	52.1	0.0	3
Communities	638	629	9	(15)	24	25.2	0.0	1
Environmental Health	218	169	48	21	27	7.4	0.0	0
Licensing & Enforcement	418	302	116	46	70	11.0	0.0	1
Housing	229	280	(51)	(21)	(30)	6.0	1.0	0
Economic Development Directorate								
Planning Services	435	503	(68)	(22)	(46)	11.3	0.0	1
Building Control Services	87	112	(25)	(13)	(13)	2.0	0.0	0
Regeneration	227	96	131	66	66	4.0	0.0	0
Property Services	151	109	42	13	29	4.4	0.0	2
Corporate Services								
Corporate Management	354	345	9	5	3	4.0	0.0	0
Legal Services	154	146	8	(4)	11	4.0	0.0	1
Local Land Charges	34	34	0	-	-	1.0	0.0	0
Democratic Services	246	241	5	3	2	7.9	0.0	0
Financial Services	313	311	2	7	(5)	7.7	0.0	0
People & Policy	453	410	43	19	23	16.2	0.0	1
Total	5,782	5,571	211	106	105	172.3	0.5	10.0

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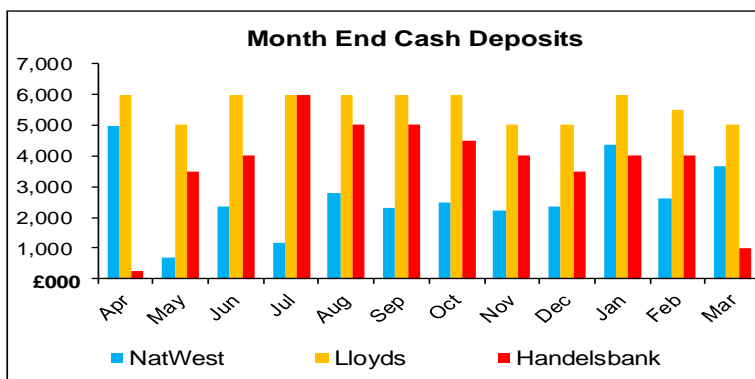
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Treasury Management & Cash Flow Monitoring

At the end of March the bank balances were £10,656k, down from £10,874k at the end of Q3, but considerably higher than the balances predicted at the beginning of the financial year. The main reasons for the higher balances are the balance of Spinning Point Phase1 costs, unspent DFG grants, £1.2m of HCA grant not repaid yet, £300k vehicle purchase deferred until 2019/20 and the Flood Resilience Grant reimbursement received in February.



Balances & Interest Rates at 31/03/2019	Current Balance £k	Interest Rate %
NatWest SIBA	3,656	0.30
NatWest 6mth Deposit	-	0.71
Handelsbanken instant	-	0.20
Handelsbanken 35-day	1,000	0.25
Lloyds instant access	-	0.65
Lloyds 32-day notice	3,500	0.80
Lloyds 12mth Deposit	1,500	1.10
Total Bal & Avg interest	9,656	0.60



Officers have kept funds comparatively liquid during 2018/19 to support the costs of the Spinning Point development and the potential requirement to repay the Empty Homes Grant, and this is having an impact upon the average interest earnings.

The average effective interest rate at the end of Q4 was 0.6% with the 364-day deposit rate at 1.1% and instant access balances ranging from 0.2% with Handelsbanken up to 0.65% with Lloyds.

In March officers entered into a temporary agreement with West Lancs Borough Council to borrow £1.2m for four days to help with a cash flow requirement to cover the final 4-weekly benefit payment run ahead of the 35-day notice funds coming back from Handelsbanken.

Interest Paid/Received

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

At Q4, the out-turn is now showing a favourable variance of £13k, which is an improvement of £3.7k since Q3 thanks to the higher balances at table 1 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	64.4	13.0	3.7
Net Interest	(87.5)	(74.5)	13.0	3.7

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Economic Outlook

(issued 17th April)

The Consumer Prices Index including owner occupier's housing costs (CPIH) 12-month rate fell from 2% in December to 1.8% in January, February & March 2019.



Rising prices for motor

fuels and clothing produced the largest upward contributions to the change in the rate between December 2018 and March 2019, but these were offset by downward contributions from a range of recreational and cultural goods, food and motor vehicles.

As mentioned in the Q3 report, many of the Council's IT licenses are going up by 3.4% from April 2019, based upon the RPI rate at September 2018.

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 future:

at 31st Mar 2019	Current Rates	June 2019	Sept 2019	Dec 2019	Mar 2020	June 2020	Sept 2020	Dec 2020
Base Rate est	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
25yr PWLB est	2.72%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%

"The Brexit picture is no clearer. Parliament cannot agree on whether it wants a soft Brexit (more varieties than Heinz), a hard Brexit, a No Deal or a People's Vote/referendum. What we do know is that a decision has to be made by 12th April.

Many authorities with a borrowing need have been able to take some risk off of the table and fund their capital programmes more fully with PWLB loans but will also have that nagging doubt that the economy may stumble, at least in the near-term, if the uncertainty prevails or a No Deal is the final eventuality.

Local authorities continue to feel the same pressures as they have done over the last decade and it is clear that austerity has not ended for the public sector either in need or funding terms. Children and adult social care pressures dominate County, Unitary and Metropolitan budgets but there appears to be no easy fix. Society has changed and so have broader expectations as to what councils can be expected to do, but there has been no magic money tree, so commercialisation to boost income and a skew towards the delivery of only statutory services have combined to leave local authorities with hard choices."

Treasury Management Practices (TMPs) and Prudential Indicators

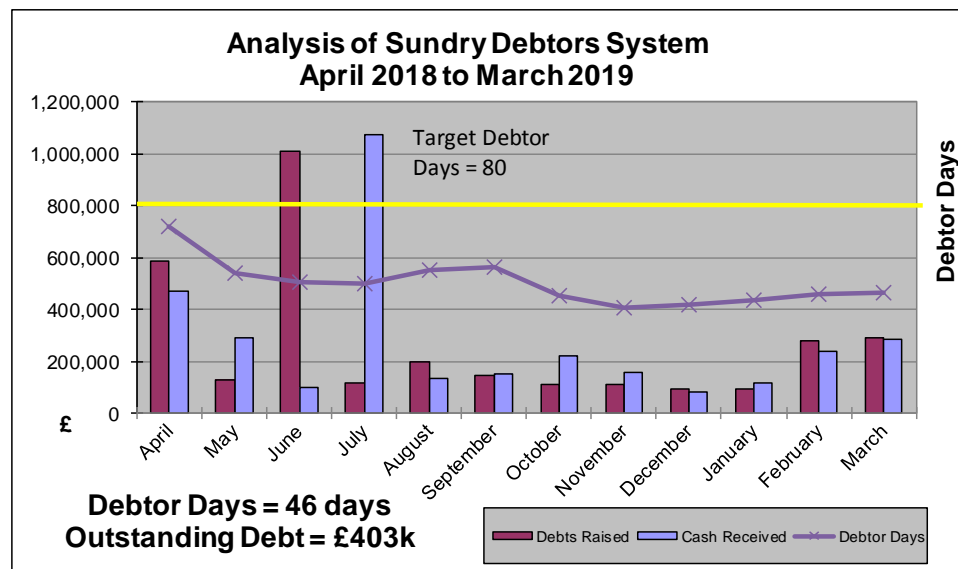
During Q4 the average bank resources were £12.5m, down from £14.5m during Q3 as expected at this time of year. There were no breaches in the TMPs maximum of £5m with NatWest or Handelsbanken or the £6m limit with Lloyds. Members may recall that the February Full Council meeting approved the increase of this limit to £8m for any bank, with effect from 1st April 2019.

The lowest the Council's instant access cash resources reached in Q4 was £508k on the 19th March when the £1.3m benefits run went out of the bank. In order to cover this cash requirement a £1.2m temporary loan was taken out with West Lancs Borough Council for 4 days during that week, until resources came back from the 35-day notice account on the 21st March. The cost of this borrowing was £235.

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Sundry Debts Monitoring



Invoices raised in 2018/19 totalled £3,176k, of which £2,940k has already been collected. The biggest invoice was £947k DFGs invoice to LCC in June which was received in July.

Of the £236k outstanding, £94k were raised in March, so are not yet past due. Excluding these, the collection rate in 2018/19 so far is 95.5%

Of the £403k outstanding at the end of March, 58% was raised in 2018/19.

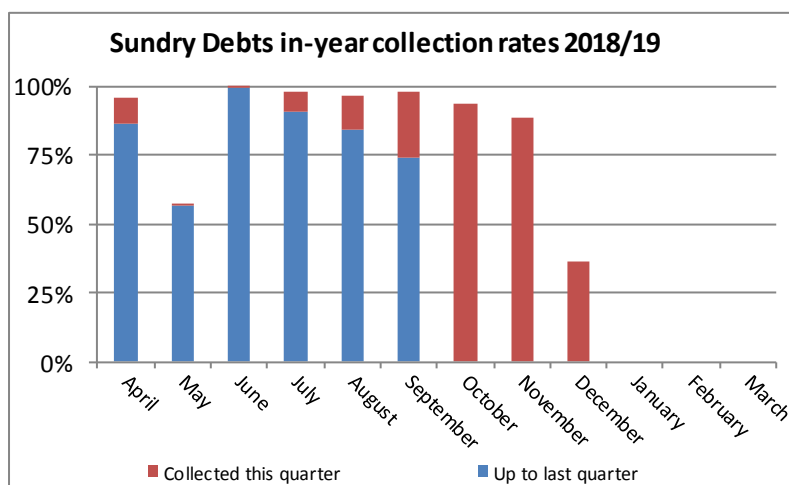
Housing Rent Debts

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 42 days in December to 46 days at the end of March, against a target of 80 days.

Of the £403k outstanding, the doubtful element of the total debt is now £162.8k of which £81k is owner contributions due from Bacup THL property owners.



Debts Outstanding	Mar 2017	Mar 2018	31 Dec 2018		31 Mar 2019		Doubtful Debts	
	£k	£k	£k	£k	£k	£k	rate	value
Earlier Debt	96.8	79.1		77.5		60.5	100%	44.7
2016/17 Debt	418.0	36.0		33.1		32.2	100%	32.2
2017/18 Debt		517.9		77.0		73.5	100%	46.7
2018/19 Debt								
Q1 Apr			25.1		2.2		50%	1.1
Q1 May			55.8		54.3		50%	18.1
Q1 Jun			0.6	81.5	0.3	56.8	75%	0.2
Q2 Jul			2.6		0.1		75%	0.1
Q2 Aug			6.4		1.4		75%	1.1
Q2 Sept			3.2	12.2	1.7	3.2	50%	0.9
Q3 Oct			8.0		4.6		10%	0.5
Q3 Nov			13.0		2.9		10%	0.3
Q3 Dec			60.1	81.1	1.6	9.1	10%	0.2
Q4 Jan			10.5		10.2		10%	1.0
Q4 Feb					62.6		10%	15.8
Q4 Mar					94.4	167.2	10%	9.4
Total Debt o/s	514.8	633.0		372.9		402.5		172.3

The general impairment provision brought forward in April 2018 was £87k, with an additional £3.3k for Licensing debts.

In Q2 officers assumed that a further provision of £20k would be required in 2018/19 and this was included on page 20. Following some legal proceedings since then officers recommend full provision for a further £62k of doubtful debts.

Of the sundry debts opposite £26k 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	Draft Out-turn £000
Capital Receipts			
Land & Property Sales	50	144	144
Obsolete refuse vehicles	54	16	16
Net receipts to table 2	104	160	160

Current issues

There has been one vehicle sale during Q4 and deminimis land receipts have been removed to revenue. As officers have pointed out throughout the year, 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	3,137
Capital Receipts in 2018/19	160
	5,777
Revenue Contributions	
from Earmarked Reserves	84
from S106 agreements	5
from Revenue Operations	105
Total Capital Resources 2018/19	5,971
Capital Prog funding applied	(3,504)
Additional MRP payment (per Q1)	(657)
Total Capital Resources March 2019	1,810
Capital Receipts Reserve (housing)	379
Capital Receipts Reserve (slippage)	563
Capital Receipts Reserve (unalloc)	868

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 back in Q1 and £381k 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. New projects during the year added £702k, mainly the increase in DFGs, to give a revised capital programme of £9,584k

Out of that revised capital programme the amount spent in 2018/19 was £4,184k, leaving £5,303k of slippage to be carried forward. The bulk of this is £3,163k for the Spinning Point projects, £882k for DFGs and £406k for replacement vehicles. A full list can be seen in the table opposite.

The total grant income expected for the revised capital programme was £7,495k. The slippage being carried forward will be funded by £4,227k of grant and of this £3,983k has already been received. Revenue resources being applied in 2018/19 were expected to be £297k, but £107k of that will now be used in 2019/20 to fund the slippage.

The total in the Useable Capital Receipts Reserve at the end of 2018/19 is currently expected to be £1,810k, of which £379k is still ring-fenced for housing schemes and £563k is required for slippage items. That leaves £868k of capital receipts unallocated at the present time.

Future issues

DFG allocations for 2019/20 have now been confirmed as £1,022k, only slightly below the total £1,063k received in 2018/19.

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Capital Programme Spending

Capital Programme 2018/19	Original Cap Prog	Revised Cap Prog	Spent/ Ordered	Full-Year Forecast	Forecast Funding Arrangements				
	£000	£000	£000	£000	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	513	513	0	23	0	490	98
Communities	30	493	84	84	31	53	0	0	0
Housing	620	1,888	892	892	890	2	0	0	0
Economic Dev Directorate									
Bacup THI	0	874	495	495	456	0	39	0	0
Ski Rossendale	0	464	486	486	486	0	0	0	0
Spinning Point Ph1 & 2	0	4,442	1,469	1,469	1,279	0	0	190	6
Other Regen Projects	0	100	45	45	0	0	45	0	0
Property Repairs & Maint	100	310	185	185	0	80	105	0	0
Other minor projects	0	142	15	15	0	15	0	0	0
	1,443	9,584	4,184	4,184	3,142	173	189	680	104

Capital Programme

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

To this was added £7,439k of slippage, including the balances of Spinning Point Phase 1 & the Bacup THI project.

Further DFG grant of £116k was announced at the end of Q3, bringing the revised capital programme up to £9,471k.

Slippage items cfwd at end of 2018/19	Costs '£000	Funding Arrangements			
		Grants/ Contrib'n	Capital Receipts	RCCO (reserves or S106)	RBC Int Borrow
Communities Directorate					
Operational Vehicles	406				406
Playgrounds (community projects)	82	45	37		
Cemeteries	55		55		
Pathways	47		47		
Sports Playing Fields	206		206		
DFGs	882	882			
CPOs	118		118		
	1,796	927	463	0	406
Economic Development Directorate					
Bacup THI	51	51			
Ski Rossendale	13	13			
Spinning Point Phase 1	3,163	3,163			0
Futures Park Plot 5	55			55	
Emergency Works	100		100		
Building Maint (uncommitted)	0				
Whitworth land remediation	21	21			
CCTV	104	52		52	
	3,507	3,300	100	107	0
	5,303	4,227	563	107	406

Capital project activity

Capital Programme 2018/19	£000
Original Capital Programme	1,443
Slippage from 2017/18	7,439
New capital projects in 2018/19	
Additional DFGs Grant	563
CPO enforced sales bfwd	-118
Stubbylee Dell	30
Ski Rossendale	64
CCTV	54
Futures Park Plot 5	100
Other changes	9
Revised Capital Programme	9,584

- Total DFG spend was £890k, leaving £882k slippage
- Bacup THI has paid or committed £495k, leaving £51k of slippage for the ongoing fountain works
- Parks projects ongoing include Loveclough, Mullards at Waterfoot and the Stubbylee Dell
- At Spinning Point Phase 1 work is progressing on the new bus terminal.
- The CCTV upgrade was tendered in Q3 and the contract let just before the New Year. Action has begun but no invoices have been received yet.

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Minimum Revenue Provision (MRP)

Minimum Revenue Provision (MRP)	MRP Budget	Revised MRP Payment	Adv/ (Fav)	Capital Financing Requirement	CFR 2017/18	Added 2018/19	Repaid 2018/19	CFR 2018/19
	2018/19	2018/19	2018/19					
Refuse Collection	291	281	10	Whitworth Civic Hall	902	0	-29	873
Street Sweeping	44	6	38	Marl Pits investment	2,185	0	-66	2,119
Parks	54	29	25	Whitworth Pool extension	925	0	-1	924
IT	36	36	0	Rawtenstall Town Centre	941	1,006	-150	1,797
Facilities/Property	21	21	0	Other buildings	993	0	-247	746
Leisure Investment	178	178	0	Operations vehicles etc	821	464	-350	936
Corporate Services	14	9	5	RLT HSC/Grip & Go	194	0	-254	-60
Non-distributed Costs	299	279	20	Parks Equipment	30	48	-41	37
Additional MRP as per Q1	0	657	0	IT infrastructure/equipment	15	0	-15	0
Additional MRP new assets	0	23	0	IT software	72	0	-72	0
	937	1,519	98	Renewable Energy Project	91	0	-91	0
				Housing (exc Empty Home)	1,681	0	0	1,681
				Other assets	-6	0	-24	-30
					8,844	1,518	-1,339	9,022

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

Delays in purchasing operational vehicles led to MRP savings in 2018/19 (see page 8 & 9).

In Q1 members approved an additional repayment of MRP from the capital receipts above of up to £660k. Officers completed that exercise in Q2 which will reduce future MRP requirements in 2019/20 budgets £150.5k.

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/wd at 1st April 2018	407.5	141.6	193.1	742.2
Deposits received in 2018/19	74.7	1.1	193.5	269.3
Deposits applied in 2018/19	(184.0)	(13.8)	(1.1)	(198.9)
Current Balance	298.2	128.9	385.5	812.6

The value of S106 agreements brought forward on the 1st April was £742.3k. To the end of March £269.2k of new S106 invoices have been received (see the peach items in the table below) and invoices issued for a further £18k but funds have not yet been received, therefore they are not included in the above table, but they are part of the outstanding debts on page 23.

Planning Ref	Area	Site	Purpose	Time Period	Currant Balance
RBC Revenue Maintenance:-					
2004/012	Craw'booth	Former Chapel at York St	For recreation area selected by the Council	no time limit	0
2004/401	Bacup	Douglas Rd/ Tong Lane Others	Land Maintenance	no time limit	124,846
				Exp Jan 2021	4,105
				Revenue	128,951
RBC Capital:-					
2010/0667	Whitworth	Cowm Park Way/ Hall St	Public & Open Spaces	Exp Jul 2020	109,647
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	Holmeffield 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
2015/334	Rawtenstall	Land off Oaklands Drive & Lower Cr	Affordable housing	Exp Mar 2024	162,893
2016/0228	Stubbins	Land at Croft End Mill	POS - Play Area	Exp Oct 2023	15,852
				Capital	385,466

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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	65.32	68.55	70.27	67.00	65.57	67.95
November	75.52	75.45	74.73	74.81	74.52	75.72	79.88	74.40	74.28	74.77
December	84.81	84.52	83.85	84.03	83.55	82.61	87.02	82.08	82.46	83.00
January	91.15	93.73	93.01	92.93	92.72	90.30	93.17	90.20	91.18	91.11
February	95.69	95.41	94.84	94.90	94.90	94.46	96.85	94.06	95.10	95.73
March	96.90	96.80	96.20	96.40	96.70	97.60	97.40	97.20	98.40	98.47

Collection rates for both Council Tax and Business Rates were a little ahead of last year.

Council Tax Collection Fund

At this Q4 report the Council Tax collection fund surplus has reduced by £100k to £72k, with RBC's share at £11k.

The changes have come from the following additions: £50k exemptions, £50k empty discounts and £24k net band decreases.

Though no additional doubtful debt provision was required in

2017/18, current year write-offs to be funded from the provision have been £365k. Officers now calculate a prudent doubtful debt provision of £3,297k against debts of £5,438k, requiring a set aside from 2018/19 of £353k, down £27k since the Q3 forecast.

Council Tax Forecast 2018/19	Q1 £'000	Q2 £'000	Q3 £'000	Q4 £'000
Council Tax Collectable (after Discounts & Exemptions)	37,054	37,152	37,141	37,011
less Doubtful Debt Provision	(363)	(300)	(380)	(353)
	36,691	36,852	36,761	36,658
less Precepts for 2018/19				
Lancashire County Council	(26,195)	(26,195)	(26,195)	(26,195)
Police	(3,590)	(3,590)	(3,590)	(3,590)
Fire	(1,365)	(1,365)	(1,365)	(1,365)
Rossendale Borough Council	(5,437)	(5,437)	(5,437)	(5,437)
	(36,586)	(36,586)	(36,586)	(36,586)
Surplus / (Deficit)	105	266	175	72
RBC Share = 14.86%	16	40	26	11

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.

In Q4 band decreases changed little from the £123k reported at Q3 which resulted in £200k of refunds, covered by the appeals provision set aside in previous years. The required provision going forward has been calculated at £1,847k against a balance already held of £1,858k, so no further contribution to the provision is required in 2018/19.

Write-offs have totalled £114k, again covered by the doubtful debt provision set aside. Officers have calculated the provision required at the end of 2018/19 as £1,114k against net debts of £1,314k. At first glance this may seem a high provision ratio, but it prudently provides for 96% of debts in 2016/17 and earlier and 56% of debts from the last two years.

The net effect is an increase in the cash surplus prediction from £605k at Q3 to £970k at Q4, of which RBC would retain £388k (see table overleaf).

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Business Rates Collection Fund 2018/19		NNDR1	Q1	Q2	Q3	Out-turn
		£000	£000	£000	£000	£000
Net Liability Due		13,160	13,711	13,523	13,395	13,437
Less Transitional Payments due to MHCLG		(139)	(139)	(139)	(139)	(139)
Less Cost of Collection Allowance		(98)	(98)	(98)	(98)	(98)
Less Doubtful Debt Provision		(380)	(268)	(250)	(250)	(227)
Less Appeals Provision		(600)	(600)	(600)	(300)	0
Less Renewables 100% to RBC		(164)	(164)	(164)	(164)	(163)
Net NNDR due	A	11,779	12,442	12,272	12,444	12,810
Less Trans surcharge	B	0	(70)	(60)	(60)	(61)
Less Precepts		(11,779)	(11,779)	(11,779)	(11,779)	(11,779)
Cash Surplus/(Deficit)	C	0	593	433	605	970
RBC Share = C x 40%	D	0	237	173	242	388
Central Government share 50%			297	217	303	485
LCC and Fire share 10%			59	43	61	97

The second area of variance occurs within the Council's General Fund. Here we must compare the amounts received from the current 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 has increased to £5,100k in Q4, £388k above the £4,712k in the NNDR1 initial budget. This is then reduced by the tariff of £2,610k and

RBC General Fund / Pooling gains		NNDR1	Q1	Q2	Q3	Out-turn
		£000	£000	£000	£000	£000
Business Rates Income	A+B	11,779	12,372	12,212	12,384	12,749
RBC Share = 40%		4,712	4,949	4,885	4,954	5,100
less tariff paid to Lancashire Pool		(2,610)	(2,610)	(2,610)	(2,610)	(2,610)
add S31 Grants	E	747	818	880	935	984
Subtotal		2,849	3,157	3,155	3,279	3,474
RBC Baseline Funding Level used in Budget		2,097	2,097	2,097	2,097	2,097
Surplus for Levy Calculations	F	752	1,060	1,058	1,182	1,377
Levy due to Lancs Pool = (F x 10%) x 50%	G	(38)	(53)	(53)	(59)	(69)

increased by the S31 Grants of £984k (see below), before being compared to the Baseline Funding Level of £2,097k, to give a Surplus for Levy calculations of £1,377k. This would result in a Levy due to the Lancashire Pool of £69k, which is £31k above NNDR1 prediction.

Central government also give authorities Section 31 grants to cover small business reliefs and other government-backed schemes. In the NNDR1 estimate those grants totalled £747k, but the level

Business Rates Summary		NNDR1	Q1	Q2	Q3	Out-turn
		£000	£000	£000	£000	£000
Business Rates Surplus/(Deficit) 2018/19	D	0	237	173	242	388
Section 31 Grants & Localism Relief	E	747	818	880	935	984
less Lancashire Pooling Levy	G	(38)	(53)	(53)	(59)	(69)
Renewable Energy		164	164	164	164	163
Overall Gain		873	1,166	1,164	1,282	1,466
Business Rates Retention Bfwd		1,082	1,082	1,082	1,082	1,082
Less Budgeted Utilisation		(800)	(800)	(800)	(800)	(800)
Business Rates Retention Cfwd		1,155	1,448	1,446	1,564	1,748

of reliefs at Q4 have led officers to predict £984k income. This creates a surplus of £1,377k over RBC's baseline funding which, due to new pooling arrangements, is now protected from any MHCLG levy.

To summarise, at Q4, once the Renewable energy rates have been credited solely to RBC, the 2018/19 business rates show an overall gain of £1,466k compared to the MTFs target of £800k.

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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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Subject:	Financial Monitoring Report 2018/19 Draft Out-turn	Status:	For Publication
Report to:	Cabinet	Date:	3 rd July 2019
Report of:	Finance Manager	Portfolio Holder:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	Yes/No	Attached: Yes/No
Biodiversity Impact Assessment	Required:	Yes/No	Attached: Yes/No
Contact Officer:	Janice Crawford	Telephone:	01706 252416
Email:	janicecrawford@rossendalebc.gov.uk		

1.	RECOMMENDATIONS
1.1	That Members note the contents of the report.
1.2	That Members approve the application of surplus monies into the Transitional Reserve.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to update Members on the draft out-turn for 2018/19, compared to the original budget set back in February 2018.

3. CORPORATE PRIORITIES

3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **A clean and green Rossendale:** our priority is to keep Rossendale clean and green for all of Rossendale's residents and visitors, and to take available opportunities to recycle and use energy from renewable sources more efficiently.
- **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
- **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

4. RISK ASSESSMENT IMPLICATIONS

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Financial monitoring of General Fund service departments focuses on the key risk areas of employee costs, income, implementation of agreed budget savings, emerging issues and opportunities and in particular service department net expenditure.
- Budget setting for future years is now treated as an integral part of financial monitoring during the current year and the impact of variances being reported here have been considered by officers when preparing the detailed 2019/20 budgets.
- The Council must explore ways of bridging its forecast c£700k annual funding gap. Amongst other things this may include becoming more commercially aware, aiming to grow its resources alongside the challenges to its cost base.
- Any continued austerity planning by Central Government resulting in a further reduction of central government resources, plans for the local retention of 75% of the business rates by 2020/21, the current fair funding review and any potential

implications of Brexit.

- Implications from the Government's latest consultation on the 2019/20 finance settlement: <https://www.gov.uk/government/consultations/local-government-finance-settlement-2019-to-2020-technical-consultation>

5. BACKGROUND AND OPTIONS

5.1 2018/19 Draft Out-turn Report as at the end of March 2019 (see Appendix 1)

This draft out-turn report of the financial year 2018/19, is showing an expected favourable variance of £348k, compared to the original budget of £10,032k. Officers recommend that this variance is transferred back into the Transitional Reserve.

The most notable changes so far are shown in the table on page 5 of the report. The main changes in Q4 being:

5.1.1 Favourable one-off variances

- Planning fee income is up £68k.
- Housing Benefit subsidy - the draft final claim for 2018/19 is showing a favourable variance of £103k, a further improvement of £42k in Q4. Plus minor adjustments to other benefits have resulted in a further £40k favourable variance in Q4.
- Recovery of overpaid benefits looks to be another £14k favourable in Q4 to bring the total favourable variance up to £27k.
- Homelessness grant of £11k was received at the very end of March.
- Q4 Income on the Town Hall of £28k has been received, the annual rental income of £82k has already been fed through into the 2019/20 budgets.

5.1.2 Adverse one-off variances

- Court Costs recovered have returned an adverse variance overall of £19k, but this is mainly due to a catch-up in the doubtful debt provision. At year-end officers noted that the court costs doubtful debt provision had not been topped up in the past 2 years, therefore an abnormal catch-up provision has been made in Q4.
- Operational vehicles have returned a further £28k adverse variance, to end the year £114k over the original budget, though £72k of this has been funded by MRP savings.
- Building Control fee income has dropped £14k in Q4, but this brings the total annual income back to within £2k of the original target.
- Officers have received claims for a further £12k on the MMI insurance levy during Q4, but the provision for future demands remains on target with no further contributions required at this time.
- There are a small number of high value sundry debt invoices which are becoming increasingly doubtful. Whilst the legal team are doing everything possible to recover these debts, including legal action in some cases, officers feel it is prudent at this time to make full provision of £62k for their potential write-off in the future. Should they be written off, that decision will come before this Cabinet in the usual way.
- Audit fees for the additional works over the past few years have now been settled at a value £8k above the provision set aside in recent years.

5.1.3 Favourable recurring variances which will impact upon the MTFs

- Interest income rates are rising again. This quarter's favourable £5k forecast brings the total income for the year £16k above the original target. However, usage of reserves and cash requirements for ongoing capital projects will reduce the overall interest expected in future years.

5.1.4 Adverse recurring variances which will impact upon the MTFS

- None

5.2 Earmarked Reserves

The total cash-backed Earmarked Reserves brought forward at 1st April 2018 were £6,164k. At the moment the £348k favourable variance on the General Fund will be transferred back into the Transitional Reserve, leaving a net balance of £1,156k after the planned MTFS support up to 2021/22.

The closing balance at the 31st March 2019 is now predicted to be £6,415k, but planned usage, particularly of the Transitional Reserve through the life of the MTFS, will reduce this to £4,465k by March 2022. With these reserves being cash-backed, this reduction will impact upon bank interest receipts in future years.

5.3 Government Grants

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 was £947k but a further £116k has been allocated in Q4, giving total resources for 2018/19 of almost £1,772k. Despite a widening of the DFG policy in summer 2018 and measures by LCC to release the occupational therapy referrals in the autumn, officers predict a carry forward of £882k in DFG resources.

Homelessness, Domestic Abuse and Transforming Lives are the only other grants with balances at the end of 2018/19, so the balance of unapplied Grants at March 2019 is expected to be £945k, all of which should be applied within the life of the MTFS.

5.4 Staff Monitoring

The table on page 20 shows the cash saved on salaries in the year has been £211k, compared to the target of £150k for staff savings built into the original budget.

5.5 Treasury and Cash Management

As the tables on page 21 show, the bank balances at the end of March were £10,656k. The main reasons for the higher balances are the balance of Spinning Point Phase1 costs, unspent DFG grants, £1.2m of HCA grant not repaid yet, £300k vehicle purchase deferred until 2019/20 and the Flood Resilience Grant reimbursement received in February.

During Q4 there were some small changes in the individual interest rates on the Lloyds bank accounts; the instant access account has risen to 0.65% and the 32-day notice account has risen to 0.8%. The £1.5m deposit with Lloyds was refreshed in late December to earn 1.1% until December 2019.

The improvement in the effective interest rate, as well as the higher balances, has increased the forecast interest income by another £5k to a net favourable £16k for the year.

5.6 Debt Monitoring

Of the £518k 2017/18 sundry debtor invoices outstanding at the end of March 2018, only £74k remains outstanding one year later. This now represents a collection rate of 98.3% for sundry debts raised in 2017/18.

New debts raised in 2018/19 now total £3,176k, including the £947k invoice to LCC in June for the Disabled Facilities Grants which was received in July.

The value outstanding at the end of March 2019 was £236k, though £94.4k raised in March are not yet overdue. The collection rate for debts raised between April 2018 and February 2019 is 95.1%.

Officers have identified that £172k of the total £402k of debts outstanding are potentially doubtful. The provision for doubtful debts began the year at £87k, leading officers to forecast a further provision contribution requirement of £20k back in Q1. As noted at 5.1.2 above, there are a small number of high value debts which are becoming increasingly doubtful and some are being pursued through legal action. Therefore, officers have deemed it prudent to increase the doubtful debt provision by a further £62k at the year-end.

At least £34k of the older outstanding debt is recorded on the Local Land Charges Register, so the cash should come in to the Council eventually.

5.7 Capital Resources and the Capital Programme

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 were expected to total £7,495k of which £5,229k has already been received. This includes an allocation of £1,063k from the Better Care Fund in 2018/19 for Disabled Facilities Grants, as noted in Government Grants Unapplied at paragraph 5.3 above.

The slippage being carried forward will be funded by £4,227k of grant of which £3,983k has already been received. The Capital Receipts Reserve is expected to total £1,856k at the year-end, of which £868k has not been allocated yet.

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 have mainly been the increase in DFG funding and community parks/play projects..

The revised capital programme for 2018/19 at the end of the year was £9,584k against which £4,184k has been spent, and £5,303k is being carried forward to 2019/20 in ongoing projects.

Further to the Capital Programme for 2019/20, Rossendale Leisure Trust has requested that the Council support them in the purchase of replacement gym equipment for Haslingden's Adenaline Centre. The Council has agreed to similar arrangements in the past and the Trust has consistently repaid the amounts due each year. Officers recommend approving the purchase at a value of up to £250k, repayable by the Trust in the form of a rental over 6 years from the implementation date, on an interest-free basis, including an initial deposit/bond of 1/6th of the final capital cost (therefore, the RBC funding will be 5/6th of the final capital Value) This recommendation will go to full Council for approval.

5.8 Minimum Revenue Provision (MRP)

Given delays in replacing some operational vehicles & equipment, the total one-off savings on MRP costs for 2018/19 have been £98k, of which £73k is being used to offset the rising costs of vehicle maintenance, as noted on page 8 of the report.

In Q1 member approved an additional one-off £657k of MRP (now known as Voluntary Revenue Payments, or VRP) which will reduce the 2019/20 MRP costs by £150k, representing an initial return of 22.9%.

5.9 Section 106 Agreements

The tables on page 26 of Appendix 1 show the current S106 agreements in force which are available for Rossendale Council projects, with the balance of funds and any deadline dates.

At the year end, there is £129k available for revenue projects, principally from the Douglas Rd / Tong Lane development which has no time limit specified in the agreement, from which £10k is being transferred to the revenue account each year to support grounds maintenance costs.

There is also £386k for capital projects, including agreements from developments at Cowm Park Way, Holmefield House and Myholme House. Members and officers are currently considering options for funding the Stubblelee Dell project, one option being the application of the remaining £14k from the Cloughfold development.

5.10 Collection Fund

Collection rates for both council tax and business rates recovered slightly in February and March as the gradual move towards payment in 12 instalments rather than 10 is taking effect. Both income streams have ended the year slightly ahead of this time last year.

Following a further £130k in exemptions and discounts during Q4, officers expect that the overall council tax collection fund will return a surplus of £72k (down from £175k in the Q3 report), of which this Council will keep £11k.

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. Changes to the Collection Fund (table 1 on page 28 of the main report) are expected to total £970k favourable for the year, the main features of the Q4 activity including

- an increase of £42k in the net liability for the year, bringing the total up to £277k
- a further reduction of £300k in the planned contribution to the Appeals Provision

The second area of variance occurs in the General Fund revenue accounts, based upon the entitlement for this Council year-on-year, renewable energy income and the S31 grants made available to cover central government relief decisions. The changes in reliefs will net off against the reduction in S31 grants, meaning that the net surplus for levy calculations is now forecast as £1,377k. The existing Lancashire pooling arrangement will allow the retention of this money, less a 10% share of £97k going to LCC through the pool.

The table at the foot of page 28 explains how the overall gain of £1,466k is made up, compared to the MTFs target of £800k, which bodes well for the MTFs. All things being equal, the prudent estimate of an additional £200k on-going annual surplus from the Council's share of NNDR in 2019/20.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 Financial matters are noted in the report attached.

7. MONITORING OFFICER

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

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 Unless specifically commented upon within the report, there are no implications for consideration. Staffing issues have been discussed with colleagues in the People & Policy

section.

9. CONCLUSION

- 9.1 Robust monitoring of the General Fund and MTFS is essential to control risks expressed in section 4 above.
- 9.2 Despite a continued cost reduction programme, the challenge remains for Council to continue its efficiency agenda in order to realise its medium term saving target. Members, collectively, continue to face difficult choices in order to balance expenditure with available resources over the medium term.
- 9.3 Council should not get complacent following this prediction for a £348k net favourable variance in 2018/19, but remember the forthcoming significant reductions in external income sources: Rate Support Grant and New Homes Bonus. The MTFS plans for 2019/20 to 2021/22 will see the use of £1,163k of reserves in order to balance costs and income. Such a strategy is not sustainable in the long term.

Background Papers

Document	Place of Inspection
Service monitoring statements.	Financial Services.
2018/19 Corporate Priorities, Budget, Council Tax and The Medium Term Financial Strategy.	RBC website - Full Council 28/02/2018