



Hinckley & Bosworth
Borough Council

A Borough to be proud of

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

Finance & Performance Scrutiny

21 May 2018

WARDS AFFECTED: ALL WARDS

FINANCIAL OUTTURN 2017/18

Report of Head of Finance (Section 151 Officer)

1. PURPOSE OF REPORT

To inform members of the draft final financial outturn for 2017/18.

2. RECOMMENDATION

2.1 The report is noted

3. BACKGROUND TO THE REPORT

3.1 The draft out presented below is before the audit of the financial statements. Any material changes to balances and reserves will be reported to this committee once the audit has been completed. The draft outturn will be presented to Council in June.

General Fund

3.2 The original budget for 2017/18, revised budget for 2017/18 (based on November 2017 outturn) together with the draft outturn are summarised below. (Before any regulatory accounting adjustments which do not impact on balances).

	Original Estimate 2017/18	Revised Estimate 2017/18	Draft Outturn 2017/18
	£	£	£
Support Services	173,220	333,160	403,856
Corporate Services	2,742,559	2,619,314	2,267,813
Community Services	2,258,384	2,473,186	2,115,766
Environment and Planning	6,446,846	6,510,910	6,715,840
Further Savings in Year	0	-20,000	

Total service expenditure	11,621,009	11,916,570	11,503,275
Special Expenses	-588,870	-591,870	-586,745
Capital Accounting Adjustment	-1,751,250	-1,751,250	-1,193,337
Net external interest (received)/paid	315,320	315,320	216,242
IAS19 Adjustment	-473,330	-473,330	-1,071,091
Carry forwards from prior year	0	-223012	-228,012
Carry forwards to 2018/19			187,558
Transfer to reserves	1,479,120	1,639,120	1,975,334
Transfer from reserves	-462,246	-443,666	-342,666
Transfer (from) unapplied grants		-391,993	-244,335
Transfer to unapplied grant			275,272
Transfer to pensions reserves	3,880	3,880	3,880
Transfer to/(from) balances	103,715	649,579	651,817
Business Rates Growth*		-402,000	
HBBC Budget Requirement	10,247,348	10,247,348	11,147,192

Financing

	Original Estimate 2017/18	Revised Estimate 2017/18	Draft Outturn 2017/18
Council tax	3,905,823	3,905,823	3,905,823
RSG	753,927	753,927	753,927
NNDR*	2,941,699	2,941,699	3,802,138
NHB	2,793,740	2,793,740	2,799,519
Collection Fund Surplus (Deficit)	-147,841	-147,841	-114,215
	10,247,348	10,247,348	11,147,192

**in the Outturn the growth has been shown against NNDR (Business Rates)*

An overall reconciliation for NNDR is given below

NNDR	Budget	Actual
Growth Not Including S31	514,784	1,131,962
Baseline Funding	2,426,915	2,426,915
Levy Payment		-1,105,242
Additional Income Renewable Grant		156,278
Additional Grant for SBRR		300,044
Other additional Reliefs		199,581
Growth		402,000
S 31 grant		290,600

Sub Total	2,941,699	
Items allowed for in Budget		
Growth	402,000	
S 31 grant	290,600	
Total NNDR Breakdown	3,634,299	3,802,138
Difference	167,839	

3.3 After taking account of adjustments to the budget, (e.g. virements and supplementary budgets and savings identified in year, the provisional outturn shows **£11,503,275** being spent on services with **£1,975,334** being transferred to earmarked reserves and **£651,817** being transferred to General Fund balances. Overall this means an additional £2,238 will be put into General Fund balances compared against the position of £649,579 reported to Council in February 2018.

- Total service expenditure on the face of the summary shows an underspend £413k compared against the revised budget. This however includes budgeted items which are reversed out in accordance with statutory accounting practise in the capital accounting adjustments and IAS 19. These total £149,648. These transactions are summarised below:-

	(£000)
IAS 19 Pension adjustments	687
Capital items where no asset is created for the Council (REFCUS)	(537)
Total	150

After allowing for these variations the total variation is £563k. Major variances between the budget reported to Council and the draft outturn are summarised below:-

	under (over) spends
	£000's
Development Control Additional Planning Fees	161
Planning Policy Savings (local plan & Strategic growth)	99
Former added yr costs (these are allowed for within IAS19 adjustments	84
Additional income service charge and rental income for commercial estates	40
Additional new Burdens and Council tax support income	121
planning policy , strategic growth and local planning	118

Carry Forward Budgets

3.4 In a number of cases budget managers have requested that the under spend in their budget(s) be carried forward to 2018/19 because of delays in committing expenditure. Requests totalling a net £584,070 have been received (to be funded as detailed below).

Source of Funding	Amount (£)
General Fund carry forwards	187,558
General Fund carry forwards - Reserves	101,000
Unapplied Grant Carry fwds	122,867
Unapplied Grants fwd. 17 18 grants	172,645
Total	584,070

Unapplied Grants are specific grants and contributions which have not been spent and are transferred to “unapplied grants and contributions” in accordance with accounting standards. Pending approval, budgets will be set up for these amounts in 2018/2019 and funding released accordingly from the Balance Sheet.

Earmarked Reserves

The table below shows the expected transfers to and from reserves for the general fund revenue compared against the budgeted position. A detailed analysis of the draft reserves position is attached in appendix 1

	Closing Balance 31st March 2017	To reserves	From reserves	Capital spend	Estimated Outturn current position 31/3/18
Benefits Reserve	(58,549)	0	0		(58,549)
Hub Future Rental Management Reserve	(100,000)	(250,000)	0		(350,000)
Special Expenses Reserve	(141,804)	(20,000)	0	13,215	(148,589)
Local Plan Procedure	(668,952)	0	62,420		(606,532)
Business Rates Equalisation Reserve	(1,718,345)	(745,679)	69,754		(2,394,270)
Relocation Reserve	(101,132)	0	51,132		(50,000)
Year End Carry Forwards 2016/17	(266,012)	0	228,012		(38,000)
Year End Carry Forwards 2017/18	0	(187,558)	0		(187,558)
Maint Fund - Green Towers	(20,000)	(5,000)	0		(25,000)
Pensions Contribution	(161,411)	0	53,800		(107,611)
ICT Reserve	(206,411)	(59,000)	0	14,896	(250,515)
Waste Management Reserve	(73,725)	(226,535)	0		(300,260)
Asset Management Reserve	(1,111,592)	0	0	314,192	(797,400)
Planning Delivery Grant Reserve	(28,723)	0	10,940		(17,783)
Grounds Maintenance	(133,295)	0	0	5,900	(127,395)
Transformation	(147,120)	0	94,620		(52,500)
Enforcement & Planning Appeals Reserve	(270,000)	0	0		(270,000)
Earl Shilton Toilets	(100,000)	0	0		(100,000)
Building Maintenance costs	0	(388,120)	0		(388,120)
Developing Communities Fund	(950,000)	(301,000)	0	192,108	(1,058,893)
Total	(6,257,072)	(2,182,892)	570,678	540,311	(7,328,975)

General Fund Balances

The table below summaries the net position

	Transfer to/(from) Balances Original Budget	Transfer to/(from) Balances Latest Budget	Transfer to/(from) Balances Outturn
	£	£	£
Transfer to Balances	103,715	649,579	651,817

Housing Revenue Account

- 3.5 As 31st March 2017 it is anticipated that the HRA outturn deficit will be £175,693 against the latest budget of £111,416. This is a variation of £64,277. The main reasons for the variances are summarised below:-

	under (over) spends
	£000's
Increase in the Bad Debt Provision set aside based on current arrears.	(54)
Rental Income reduction due to additional dwelling sales	(33)
Additional Service Charge income	27

Housing Repairs Account

- 3.6 The Housing Repairs Account outturn is £119,506 which compares to the latest budget for 2017/18 which forecasted £293,128. The main reasons for the variances are summarised below:-

	under (over) spends
	£000's
Committed central heating and electrical and painting work that were completed in April	26*
Salary savings due to vacant posts	18*
Rental Income reduction due to additional dwelling sales	(33)
Additional Service Charge income	27
Responsive Repairs savings (demand led budget)	17
Asbestos Surveys awaiting completion (Arising from backlog from prior years)	118*

*A total of £138k has been requested to be carried forward to allow for committed which were budgeted for in the prior year.

Capital Programme

- 3.7 For the General Fund £2,027,500 has been spent on capital schemes to the end of March 2018 against a budget of £ 3,673,051. This represents an under-spend of £1,645,551. In the majority of cases, under spends at the year end are due to slippage and therefore will be spent in forthcoming years. If approved, the relevant financing for these schemes will be transferred to the 2018/19 Capital Programme. Council will be requested to approve carry forwards totalling £1,467,761. The major variations in excess of £50,000 have been summarised as follows:

Scheme	£000's Under spend/ (Overspend)	Explanation
Microsoft hardware	107	Change in procurement method to cloud

		based 5 years contract
Crematorium	54	Scheme budget crosses financial years
Crescent Block C	182	Set aside for future incentive costs.
Developing Communities Fund	96	Set aside for payments for approved applications
Green Deal Fuel Poverty	473	Set aside for Boiler upgrades and on going to work to flat at New Street
Leisure Centre	53	Set aside for building improvements
Major Works Grants	192	Works committed to be completed in 2018/19
Disabled Facilities Grant	129	Works committed to be completed in 2018/19
Housing Enforcement Works	58	Set aside for future Enforcement works.

- 3.8 For the HRA £6,616,589 has been spent against a revised budget of £7,094,077. The major variations in excess of £50,000 are as summarised as follows:

Scheme	£000's Under spend/ (Overspend)	Explanation
Social Service Adaptation to Council Dwellings	115	Works issued but not yet completed by Contractor.
Ambion Court	75	Scheme budget crosses financial years. Tender still to be issued.
Martinshaw Lane	198	Scheme budget crosses financial years. Committed for contractual works.

- 3.9 For the majority of schemes, under spends at the year end are due to slippage and therefore will be spent in forthcoming years. For the HRA the element a total of £488,800 will be required to be carried forward.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 Report taken in open session.

5. FINANCIAL IMPLICATIONS IB

- 5.1 Contained within the body of the report.

6. LEGAL IMPLICATIONS AR

- 6.1 None.

7. CORPORATE PLAN IMPLICATIONS

- 7.1 The budget and MTFs contribute to all objectives of the Corporate Plan.

8. CONSULTATION

- 8.1 None.

9. RISK IMPLICATIONS

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	Julie Kenny

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 10.1 There are no direct implications arising from this report

11. CORPORATE IMPLICATIONS

- 11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: Civica Reports

Contact Officer: Ilyas Bham, Accountancy Manager
Executive Member: Cllr M Hall

Appendix 1 - General Fund Earmarked Reserves

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Waste Management Reserve	(73,725)	(226,535)	0		(300,260)
Asset Management Reserve	(1,111,592)	0	0	314,192	(797,400)
Planning Delivery Grant Reserve	(28,723)	0	10,940		(17,783)
Election Reserve	(122,005)	0	0		(122,005)
Grounds Maintenance	(133,295)	0	0	5,900	(127,395)
Transformation	(147,120)	0	94,620		(52,500)
Enforcement & Planning Appeals	(270,000)	0	0		(270,000)
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