



## Hinckley & Bosworth Borough Council

### FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

FINANCE AND PERFORMANCE SCRUTINY      25 March 2019

WARDS AFFECTED: ALL WARDS

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### **FINANCIAL OUTTURN DECEMBER 2018**

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#### **Report of Head of Finance**

##### **1.      PURPOSE OF REPORT**

1.1      Present the financial outturn position as at December 2018.

##### **2.      RECOMMENDATION**

2.1      The report is noted.

##### **3.      BACKGROUND TO THE REPORT**

3.1      The financial reports attached to this report are based on the Original budget taken to Council in February 2018 and take into account budget movements for the first nine months of the financial year and carry forward of budgets from the prior year that were approved by Council in June 2018.


3.2      Attached to this report are the monthly outturn reports including the following information for the period ending December 2018:

- General Fund budget monitoring summary
- General Fund detailed variance analysis
- Capital Programme outturn by scheme

#### **General Fund**

3.3      When the budget was approved by Council in February 2018 it was anticipated that £688,276 would be taken from General Fund balances and a net £1,713,189 transferred to earmarked reserves. Since that date, the budget has been increased by £166,165 representing supplementary budgets that have been approved in line

with financial procedures rules. As at the end of December 2018, the forecast is for the General Fund to decrease by an additional £197,865. This means an estimated £197,865 will be transferred from balances compared against the budgeted position of £688,276. The position as at December 2018 compared to the original budget is summarised below:

	Budgeted	Actual	Movement	Direction
<b>Contribution from General Fund Balances</b>	(£688,276)	(886,141)	(£197,865)	

Compared against the position reported to Council on the 21st February 2019 this is a net difference of £59,575.

- 3.4 The table below shows summarise the movements between Original Budget and the estimated outturn position as at the end of December 2018.

	Outturn variances £000	Explanation
Additional budgets	(166)	To take into account latest contractual commitments
Forecast Outturn Movement	(450)	Estimated forecast variance from services (see general fund attachments)
External Interest	90	Reduction in borrowing costs and additional investment income
Use of Unapplied grants and contributions	(199)	flexible homelessness grant to be used in 2019/20 for fixed term support workers
Estimated additional Contribution from reserves	116	Primarily to fund Business Rates pressures
NNDR (Business rates income)	411	Mainly caused by changes in the level of business rates growth, section 31 grant funding and reduced income forecast.
<b>Change in Outturn</b>	<b>(198)</b>	<b>Additional amount to be taken from General Fund balances</b>

- 3.5 Explanations for variances against both profiled budget and estimated outturn have been detailed in the monthly outturn reports appended. The major service variations in excess of £50,000 have be summarised as follows:

	Outturn variances £000	Explanation
General Grants	(650)	Business rates relief provided, which is covered by section 31 grant contribution, has been moved to sources of finance. Previously the £650k had been shown within income for the corporate services, while all other business rates income was classified as core funding below the line as part of the net budget requirement. This has been amended and all business rates income will now be included in sources of finance. This also matches the basis used for the preparation of the financial statements.

Homelessness	214	Underspend on expenditure related to use of flexible homelessness grant which will require carry forward at year end (£173) plus carry forward of new burdens grant to fund new IT System (£41k)
Legal	(89)	Additional cost of legal fees (£49k) plus additional agency support (£40k)
Refuse	61	Additional trade waste income
Car Parks	(60)	Reduced level of pay and display income
Development Control	(170)	Reduction in planning income due to fewer number of large applications
Planning Policy	104	Underspend on cost of Local Plan in year and new burdens income (to be carried forward)

- 3.6 Additionally, It is estimated that there will be a reduction in Business Rate growth of £185,000 in Business Rates. This shortfall will be covered by drawing on the Business rates Equalisation Reserve. This reserves was higher than forecast at the end of 2017/18 due to higher than estimated growth in 2017/18 that had been created by late central government changes to relief for small businesses. Therefore, the shortfall is covered by reserves for 2018/19. Future years following 2018/19 will have to be reviewed in light of this, which may indicate a growth in pressure on Business rate funding in the medium term.

### Capital

- 3.7 £ 4,707,881 has been spent on capital schemes to the end of December 2018 against a budget for that period of £9,624,951. This represents an under-spend of £4,917,070. The major service variations in excess of £50,000 have been summarised as follows:

Scheme	£000's Under spend/ (Overspend)	Explanation
Crescent Development	328	Budget earmarked for incentive payments. The budget has been removed as part of the capital programme approved at Council in February 2019.
Community Development Fund	196	Budget to be reprofiled based on scheme cash flows
Car Park Improvements	53	£25k committed to Church Walk subject to heritage lottery fund being successful with balance of budget committed for new car park machines
Minor works	56	Demand lower than anticipated. Budget reduced as part of capital programme review
Major Works Grant	298	Demand lower than anticipated. Budget reduced as part of capital programme review
Disabled Facilities Grant	359	Budget being committed
Green Deal Schemes	304	Promotion of scheme taking place to utilize Government grant funding.
Private Sector Housing Enforcement	50	Expenditure occurs as and when enforcement action takes place.

## Housing Revenue Account

- 3.8 As at December 2018 it is anticipated that the HRA outturn will be (£88,150) against a latest budget of (£51,150). Major variances are explained below:-

	Outturn variances £000	Explanation
Rents	(20)	Reduction in rents due to vacant properties to be refurbished partially offset by fewer dwelling sales than budgeted.
Salary savings	60	Severance Budget not required offset by salary overspends.
Premises related expenditure	29	Insurance and discretionary housing payments savings offset by overspend on Council Tax cost
Salary costs	(63)	Salary overspend due fully staffed service (5% vacancy budgeted for) and (£21k) additional overtime

- 3.9 The Housing Repairs Account is currently forecasted to spend £103,939 which is an underspend of £40,000. This is due to delays in resulting from the contractors capacity in the completion of asbestos survey. Therefore this budget will need to be carried forward into the next financial year.

## 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 in the body of the report

## 6. LEGAL IMPLICATIONS [FA]

- 6.1 None

## 7. CORPORATE PLAN IMPLICATIONS

- 7.1 The Budget and outturn contributes to the achievement of all Corporate Plan Priorities.

## 8. CONSULTATION

- 8.1 No direct consultation

## 9. RISK IMPLICATIONS

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

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Background papers: Civica reports

Contact Officer: Ilyas Bham Accountancy Manager.

Executive Member: Cllr C Ladkin