



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Finance Audit and Performance

5 October 2020

Wards affected:

All wards

FINANCIAL OUTTURN - JUNE 2020

Report of Section 151 Officer

1. Purpose of report

- 1.1 Present the financial outturn position as at June 2020

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 2020 and take into account budget movements for the first three months.
- 3.2 Attached to this report are the monthly outturn reports including the following information for the period ending June 2020:
- General Fund budget monitoring summary
 - General Fund detailed variance analysis
 - Capital Programme outturn by scheme

General Fund

- 3.3 Based on the approved budget (Council February 2020) it was anticipated that £43,487 would be transferred from balances and a net £426,033 transferred from earmarked reserves. Since that date, the budget has been increased by £8,500 representing supplementary budgets that have been approved in line with financial procedures rules. As at the end of June 2020, the forecast is for the General Fund cost to increase by an additional £1,014,500. This means an estimated £1,014,500 will be transferred from

balances compared against the budgeted position of £43,487 being transferred from balances. The position shows that an estimated £1,058m will need to be taken from reserves.

	Budgeted	Movement	Forecast	Direction
Contribution from General Fund Balances	(£43,487)	(£1,014,500)	(1,057,987)	

- 3.4 The table below shows summarises the movements between Original Budget and the estimated outturn position as at the end of June 2020.

	Outturn variances £000	Explanation
Additional budgets	(9)	To take into account latest contractual commitments
Forecast Outturn Movement	(937)	Estimated forecast variance from services (see general fund attachments)
External Interest	(69)	Reduction in borrowing costs and additional investment income
Change in Outturn June	(1,015)	Additional amount to be taken from General Fund balances
Adjustment of pay and Scale of fees and Charges reimbursement	747	See section 3.6 below
Revised impact	(268)	Estimated Revised amount to be taken from General Fund Balances.

- 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
Homelessness	(150)	Additional Bed and Breakfast including £64k related to Covid 19
Leisure Centre	(1,219)	Revision to Leisure Centre Management Fee due for year arising from Covid 19 closure
Covid 19 Funding	1,342	Receipt of Covid 19 Funding
Finance Support	(50)	Additional bad debt provision arising from Covid
Parks	(80)	Delay in Crematorium build
Recycling	(30)	Additional Agency cover costs
Recycling	(40)	Additional costs arising from covid
Recycling	(130)	Shortfall in income from Green bin charging
Building Inspection	(70)	Shortfall in building inspection income
Car Park	(238)	Shortfall in pay and display income arising from Covid

3.6 General fund update since June Outturn

Primarily there have been 2 material changes since June Outturn

A – National Pay Award - Agreed at 2.75%. The base budget assumed an increase of 2% being agreed

B – Fees and Charges. Lost income reimbursement MHCLG - At the end of September Councils can claim back a proportion of the lost income excluding rents based on a formula. The first 5% of the eligible budget can't be claimed. Of the remainder of the eligible loss Councils can claim back 75% of lost income net of any cost savings relating to that income stream.

The estimated impact of the above changes are summarised below:-

	Outturn variances £000	Explanation
General Fund impact of pay award	(82)	cost
Scale of Fees and Charges Reimbursement (assume 90% of estimate)	829	saving
Net Saving	747	

Capital

- 3.7 £241,467 has been spent on capital schemes to the end of June 2020 against a budget for that period of £4,499,351. The current budget for the year is £18,626,716. The major service variations in excess of £50,000 have been summarised as follows:

Scheme	£000's Under spend/ (Overspend)	Explanation
New Crematorium	1,170	Budget to be reprofiled due to delays in procurement
Developing Communities Fund	71	Awaiting evidence before payment can be released
Disabled Facilities Grant	233	Current level of Committed expenditure plus estimated cost of grant enquires received to date totals £477k
HRA Aids and Adaptation	110	Reduction in demand

Major Voids	83	Reduction in demand due to Coronavirus
Programmed Enhancements	83	Budget committed works to commence shortly
Electrical Rewires	123	Delayed due to the Coronavirus
Re-roofing	143	Budget committed to be reprofiled in current year
Kitchen Upgrades	154	Upgrade programme delayed starting September
Boiler Replacement	169	Delayed due to the Coronavirus
Bathroom Upgrades	97	Scheme will commence after Kitchen upgrades
Fire Risk Assessments	139	Re assessment of works being undertaken
Middlefield Lane	300	Payments to be made in September/October.
Ambion Court	866	Budget to be reprofiled
Total Major Variations	3,741	

Housing Revenue Account

3.8 As at June 2020 it is anticipated that the HRA outturn will be a deficit of £76,848 compared against a forecast deficit of £45,848. Major variances are explained below:-

	Outturn variances £000	Explanation
Rents	15	Additional income due to lower than anticipated dwelling sales and additional hostel rents.
Employee Costs savings	(42)	Estimated savings in severance budget offset by increased overtime costs and vacancy factor
Premises related costs	(15)	Additional costs for council tax offset by savings on other premises related expenditure
Supplies and Services	8	Piper Alarm System Underspend
Revenue Income	3	Additional lifeline income offset by reduction in Sheltered scheme charges and other minor variations

Since the June outturn there has been a change as detailed below:-

A – National Pay Award - Agreed at 2.75%. The base budget assumed an increase of 2% being agreed:-

		Outturn variances £000	Explanation
June	Outturn		
estimated	Deficit	(31)	Deficit per Monitoring
HRA	Impact of pay award	(14)	Cost of 0.75%
Total	Overall impact	(45)	Additional cost

3.9 The Housing Repairs Account is currently forecasted to make a surplus of £135,670 which is an underspend of £70,000. This is due to an estimated underspend in the responsive and programmed repairs budgets.

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 [MR]

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 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. Climate implications

- 11.1 There are no direct implications arising from this report

12. Corporate implications

- 12.1 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
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