



## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Finance Audit and Performance

23 November 2020

Wards affected:

All

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### FINANCIAL OUTTURN - SEPTEMBER 2020

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Report of Section 151 Officer

#### **1. Purpose of report**

- 1.1 Present the financial outturn position as at September 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 September 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 £70,170 representing supplementary budgets that have been approved in line with financial procedures rules. As at the end of September 2020, the forecast is for the General Fund cost to decrease by an additional

£8,830. This means an estimated £8,830 will be transferred to balances compared against the budgeted position of £43,487 being transferred from balances. The position shows that an estimated £34,657 will need to be taken from reserves.

	Budgeted	Movement	Forecast
<b>Contribution from General Fund Balances</b>	(£43,487)	£8,830	(34,657)

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

	Outturn variances £000	Explanation
Additional budgets	(70)	To take into account latest contractual commitments
Forecast      Outturn Movement	789	Estimated forecast variance from services (see general fund attachments)
External Interest	(69)	Reduction in borrowing costs and additional investment income
Use of Unapplied and Grants Reserve	(110)	Homelessness funding that be carried forward into future years
Transfer to Council Tax                  Support Reserve	(531)	Additional funding due to covid 19 that will be matched against future support.
<b>Change in Outturn September</b>	9	<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
Homelessness	(135)	Additional Bed and Breakfast expenditure
Leisure Centre	(1,444)	Revision to Leisure Centre Management Fee due for year arising from Covid 19 closure
Covid 19 Funding	1,342	Receipt of Covid 19 Funding
Covid 19 Funding	289	Other contributions to support additional covid 19 costs
Covid 19 Funding	880	Estimated income from MCHLG for loss of fees and charges income
Council Tax Support	(100)	Lower income from legal fees due to closure of courts
Council Tax Support	531	Receipt of Council Tax Hardship grant income (to be used to offset future Council Tax Assistance)
Benefits Fraud and	(80)	Reduction income from benefit overpayments due

Rent Allowances		to Universal Credit
Finance Support	(50)	Additional bad debt provision due to Covid 19
Recycling	(70)	Additional Agency cover costs
Recycling	(130)	Shortfall in income from Green bin charging
Building Inspection	(70)	Shortfall in building inspection income
Car Park	<b>(238)</b>	Shortfall in pay and display income arising from Covid
Salaries	334	Salary savings due to vacant posts

3.6 The position is dependant upon the Council being reimbursed £880k from MHCLG for loss of income compensation arising from Covid 19.

3.7 The position excludes any additional costs and funding that will arise from the new November 2020 Covid 19 restrictions.

### Capital

3.8 £2,776,121 has been spent on capital schemes to the end of September 2020 against a budget for that period of £9,618,465. The current budget for the year is £19,300,154. The major service variations in excess of £50,000 have been summarised as follows:

Scheme	£000's Under spend/ (Overspend )	Explanation
New Crematorium	2,336	Budget to be re-profiled due to delays in procurement
Developing Communities Fund	169	Awaiting Evidence before payment can be made
Heritage Action Zone	77	Budget to be re-profiled
Clarendon Park	75	Scheme likely to be carried forward into next year
The Greens	75	Legal adoption issues are still on-going. Scheme likely to be carried forward into next year
Waterside Open Space (SEA)	71	Adoption of land likely in January. Unspent budget on scheme likely to be carried forward into next year
Major Works	69	Current level of Committed expenditure plus estimated cost of grant enquires received to date totals £129k
Disabled Facilities Grant	379	Current level of Committed expenditure plus estimated cost of grant enquires received to date totals £605k
HRA Aids and Adaptation	196	Reduction in demand
Major Voids	169	Reduction in demand due to Coronavirus
Asbestos Works	122	Lower than expected works

Electrical Rewires	169	Delayed due to the Coronavirus
Re-roofing	197	Budget committed to be reprofiled in current year
Kitchen Upgrades	274	Upgrade programmed delayed due to Coronavirus
Boiler Replacement	65	Delayed due to the Coronavirus
Bathroom Upgrades	185	Delayed due to the Coronavirus
Fire Risk Assessments	229	Re assessment of works being undertaken
Affordable Housing	72	Budget may be required for additional purchases in year
Ambion Court	1,565	Budget to be reprofiled
<b>Total Major Variations</b>	<b>6,494</b>	

### Housing Revenue Account

- 3.9 As at September 2020 it is anticipated that the HRA outturn will be a deficit of £159,848 compared against a forecast deficit of £45,848. Major variances are explained below:-

	Outturn variances £000	Explanation
Rents	4	Additional income due to lower than anticipated dwelling sales and additional hostel rents.
Employee Costs savings	(101)	Overspend due to overtime at control Centre and additional overtime to cover shielding and long term sickness plus salary overspend for fully staffed service
Premises related costs	(35)	Additional costs for council tax offset by savings on other premises related expenditure
Supplies and Services	19	Underspend on Tenants Association and equipment maintenance expenditure
Revenue Income	6	Additional lifeline income offset by reduction in legal costs recovered and other minor variations

- 3.10 The Housing Repairs Account is currently forecasted to make a surplus of £166,860 which is an underspend of £115,000. 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

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Background papers: Civica Reports

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