

HINCKLEY AREA COMMITTEE – 28 JANUARY 2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: HINCKLEY (SPECIAL EXPENSES) AREA REVENUE BUDGETS 2013/14

1. PURPOSE OF REPORT

- 1.1 To present the proposed revenue budgets and council tax for 2013/14 for the Special Expenses area of Hinckley.

2. RECOMMENDATION

- 2.1 That the Committee considers the revenue budgets and council tax for 2013/14 for the Special Expenses Area of Hinckley and recommends these to Council for approval

3. BACKGROUND TO THE REPORT

- 3.1 The 2013/14 General Fund revenue budget will be presented to Council for approval on 21st February 2013 and this will include the budget for Special Expenses items in Hinckley. This report presents the budget relating to the Special Expenses Area of Hinckley for the Committee to consider and make recommendations to Council for approval.
- 3.2 The budget for 2013/14 together with the latest figures for 2012/13 are shown in Appendix 1. The proposed budget has been drawn up in accordance with the principles set out in the 2013/14 Budget Strategy endorsed by Finance, Audit and Performance Select Committee and Executive in October 2012. The key assumptions approved in this budget included:
- Reversal of one of growths from previous years
 - Application of 0% growth on non contract supplies and services
 - Application of 3.2% Retail Price Index (RPI) on contracted spend unless otherwise stipulated

Revised budget 2012/13

- 3.3 The revised budget for 2012/13 shows a reduction in service expenditure of £15,000 from the original budget. This is made up as follows:
- £4,000 reduction in urban parks expenditure due to savings in street lighting payments to the County Council. The budget for street lighting has been historically set at a static level and therefore has been reduced to reflect this under spend in 2013/14
 - £11,000 additional income from cemeteries
- 3.4 In addition to this service expenditure, the budget has been reforecast to take into account the allocation of New Homes Bonus for the SEA in year. The allocation of this grant was not known at the time of budget setting. In addition, Council approved the transfer of £177,000 to SEA reserves in September 2012. In order to keep the net budget requirement static, transfers from balances have been adjusted.

Proposed budget 2013/14

- 3.5 The proposed budget for 2013/14 has been detailed in Appendix A and has been prepared using the assumptions identified in 3.2 above. Compared to the original

estimate for 2012/13, service expenditure for the SEA has increased by £39,930 in 2013/14, the largest movements being:

- £16,120 of salaries previously capitalised to park schemes which have now ceased
- £5,120 RPI increase in grounds maintenance charges and £4,730 in effluent treatment
- £7,875 increase in support service charges

3.6 As agreed by Council in December 2011, 25% of New Homes Bonus granted to the Council each year is passported to parishes and the Special Expense Area. The allocation of this is based on the number of properties brought into Council Tax in each area as detailed in the Council Tax Base1 form (CTB1). Based on this information, £92,223 of New Homes Bonus will be allocated to the SEA in 2013/14.

3.7 The Tax Base (number of chargeable properties) in the Special Expenses Area has decreased by 9.2% in 2013/14, reflecting the outcomes of the changes in Council Tax Benefit. In order to ensure that Council Tax is frozen for Hinckley & Bosworth Borough Council as a whole and is therefore eligible for a Council Tax Freeze Grant in 2013/14, it is recommended that the council tax for the Special Expenses Area is frozen for 2012/13 at £58.63 for an average Band D property. Based on the proposed council tax base of 9,450, the budget requirement needed to ensure this freeze is £554,001 and therefore a contribution to reserves of £56,804 is proposed to achieve this.

3.8 Based on the above, balances in the SEA at 31st March 2014 are estimated as follows:

	£
Balance at 1 st April 2012	224,000
Transfer from Balances 2012/13	<u>-52,480</u>
Estimated surplus at 31 st March 2012	<u>171,520</u>
Transfer from Balances 2013/14	<u>0</u>
Estimated Balance at 31 March 2014	<u>171,520</u>

3.9 Earmarked reserves have been set aside for the SEA to meet the cost of Green Space projects within Hinckley. This reserve at 31 March 2014 is projected to be £206,685 based on the following movements

	£
Balance at 1 st April 2012	47,881
Transfer to reserves 2012/13	177,000
Capital Expenditure funding	<u>-75,000</u>
Estimated balance at 31 st March 2013	<u>149,881</u>
Transfer to reserves 2013/14	56,804
Capital Expenditure funding	<u>0</u>
Estimated Balance at 31 March 2014	<u>206,685</u>

4. FINANCIAL IMPLICATIONS [KB1]

Contained in the body of the report

5. **LEGAL IMPLICATIONS (LH)**

None arising from this report.

6. **CORPORATE PLAN IMPLICATIONS**

The recommended budgets will allow the relevant Corporate Plan objectives to be met

7. **CONSULTATION**

The Council consulted on all budget priorities in the Budget Setting Survey conducted in August/September 2012

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

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.

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
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

The proposed budget will have an impact on those within the Special Expenses Area.

10. **CORPORATE IMPLICATIONS**

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

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Budget Strategy 2013/2014

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Appendix A

Revenue ESTIMATES

	2012/13 ORIGINAL ESTIMATE	2012/13 LATEST ESTIMATE	2013/14 ORIGINAL ESTIMATE
	£	£	£
SPECIAL EXPENSES (HINCKLEY)			
Urban parks	367,400	363,400	402,300
Cemeteries	176,100	165,100	181,130
Hinckley Town Centre Christmas Lights	2,000	2,000	2,000
Hinckley West Neighborhood Watch	4,000	4,000	4,000
Service Expenditure	549,500	534,500	589,430
Contribution to Reserves	118,560	177,000	56,804
Contribution to/(from) balances	(57,600)	(52,480)	0
Net Expenditure	610,460	659,020	646,234
New Homes Bonus	0	(48,560)	(92,223)
Budget Requirement	610,460	610,460	554,011
Tax Base (No. Band D Equivalent Properties)	10,412	10,412	9,450
Band D Equivalent Council Tax	£58.63	£58.63	£58.63
		0	

SPECIAL EXPENSES BALANCES

Balance (Deficit) b/fwd	224,000	224,000	171,520
Contribution to Balances	(57,600)	(52,480)	0
Use of Balances	0	0	0
	(57,600)	(52,480)	0
Balance (Deficit) c/fwd	166,400	171,520	171,520