



## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 January 2023
Council	22 February 2023

Wards affected: All

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### 2023/24 GENERAL FUND BUDGET

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Report of Head of Finance

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

- 1.1 To seek approval of the 2023/24 General Fund Revenue Budget.
- 1.2 The General Fund revenue budget has been prepared taking into consideration the capital programme and Housing Revenue Account (HRA) budgets. The capital and HRA budgets are presented separately but should be read in conjunction with this report.

#### **2. Recommendation**

- 2.1 That the following are recommended for the Council to approve items a-d and consider:
  - a) The General Fund budget for 2022/23 and 2023/24 shown in section 3.3
  - b) The Special Expenses area budget for 2022/23 and 2023/24 shown in section 3.6
  - c) The proposed one-off movement in the 2022/23 budget as shown in section 3.9
  - d) The proposed movement in General Fund Reserves and balances for 2022/23 and 2023/24 shown in sections 3.16-3.23

#### **3. Background to the report**

- 3.1 The key objectives for the General Fund Revenue budget for 2023/24 can be summarised as follows:

- To align expenditure on services to the Council's Corporate Plan.
- To provide for reductions in government grant funding for 2023/24 and future years.
- To encourage identification of savings and income generation opportunities across the Council.
- To take decisions which will maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
- To maintain an acceptable and viable level of balances in the Special Expenses Area.
- To ensure that the Council has acceptable level of reserves for future pressures and development opportunities.

### Budget Summary

- 3.2 Local Authorities continue to face financial issues due to another one-year financial settlement, a cost-of-living crisis and inflation pressures over and above what can be collect from the taxpayer.

The current administration has taken difficult decisions in prior years in the face of uncertainty to ensure that pressures are addressed, but also trying to ensure that these actions are proportionate and balanced in light of the issues mentioned above

- 3.3 The original budget for the financial year 2022/23, along with the revised budget for 2022/23 and the proposed budget for 2023/24 are set out below. For 2022/23 the overall general fund position is comparable to that presented at Council in November 2022, where explanations were given for the changes to the original budget. In 2023/24 service expenditure has increased from £15.790m to £17.628m. This is an increase an increase of £1.838m.

Table 1	Original Estimate 2022/23	Revised Estimate 2022/23	Original Estimate 2023/24
	£	£	£
Support Services	105,810	78,060	116,228
Corporate Services	2,604,068	2,848,714	2,222,847
Community Services	2,667,469	3,151,905	3,207,341
Environment & Planning	8,688,380	9,268,344	10,969,825
S31 Collection Fund Support	1,724,767	1,724,767	0
Impact of Pay Award	0	520,000	0
Impact of Increased Utility and Fuel Costs	0	110,000	0
Additional Net Growth (Saving) not in above	0	0	1,111,858
<b>Total service expenditure (Net)</b>	<b>15,790,494</b>	<b>17,701,790</b>	<b>17,628,099</b>
Less:			

Special Expenses	(719,800)	(740,800)	(783,720)
Capital Accounting Adjustment	(1,554,130)	(1,554,130)	(1,589,700)
Net external interest (received)/paid	(68,960)	(268,960)	227,150
IAS19 Adjustment	(488,620)	(488,620)	(1,958,190)
Transfer to (from) Unapplied Grants Reserve	(55,000)	(433,491)	(15,060)
Carry forwards from prior year	0	(136,740)	0
Transfer to reserves	175,990	175,990	40,000
Transfer from reserves	(652,708)	(2,174,508)	(1,834,582)
Transfer to (from) Collection Fund Reserve	(1,724,767)	(1,724,767)	0
Transfer to/(from) balances	464,625	258,922	(13,826)
<b>HBBC Budget Requirement</b>	<b>11,167,124</b>	<b>10,614,686</b>	<b>11,700,171</b>

The major variations between the 2022/23 Original Estimate and the 2023-24 Original Estimate are detailed below -

Table 2	Total £000s
Light fleet replacement additional costs	55
Revenues and Benefit Contributions	82
Utility cost inflation	369
Local Plan Budget reprofile	(139)
Leisure Centre income contractual increase	(235)
Pay cost increases (all elements, NI, Pensions and increments)	1,348
inflation (Net)	106
Pension lump sum decrease	(180)
garden waste income	(54)
Collection fund support – reversal of Covid 19 support on General Fund now not required	(1,725)
Pensions and Capital Accounting adjustments reversed below the line	1,750
Enterprise zone (EZ) income	(814)
MRP and Interest on EZ loan	412
UK Shared Prosperity Fund *	(505)
UK Shared Prosperity Fund *	505
Net additional growths	1,112
<b>Total</b>	<b>2,087</b>

\*The Council has been successful in bidding for this funding. The funding is based around 3 key themes:

- Communities and place
- Local business
- People & skills

To support these 3 national themes, within Hinckley and Bosworth we have identified 5 key local priorities

- Cost of Living challenges
- Climate Change impacts
- Town Centre enhancements
- Employment & Skills
- Health & Well Being

The table below shows non contracted growths and savings (net additional growths) in the table above/.

<b>Table 10</b>		
<b>Pressures</b>	<b>Savings</b>	<b>Description</b>
<b>£000s</b>	<b>£000s</b>	
130	0	Car parking (impact of reduction in usage)
8	0	Member development
91	0	Waste- agency driver pressure
110	0	Waste Fuel pressure
25	0	Ash Dieback
200	0	Leisure Centre Utility clause
50	0	ICT costs -additional revenue upgrade costs
25	0	Mallory Park review of Enforcement options
9	0	Environmental Health pest control
2	0	Environmental Health Taxi licences
2	0	Environmental Health service ICT and Software
40	0	Climate change- Change and Carbon Reduction Officer post
30	0	Climate Change - studies and prepare bids for external funding
0	30	Climate change- Hug Funding
183	0	Election costs
16	0	Legal Services - Agency costs
100	0	Homelessness - Temp accommodation costs
50	0	Homelessness - Prevention costs
30	0	Environment and planning - Consultancy costs
0	10	Environment and planning - income
20	0	Environment and planning - recruitment advertising
98	0	External Audit fees
110	0	New Waste Round due to property number increase
50	0	Increase planning appeal costs

3	0	Refuse sacks (increase due to fuel costs)
53	0	Bio-diesel witch- lower Carbon
10	0	Tree planting
215	100	Additional agency cover costs offset by £100k salary saving
0	4	planning service savings
0	30	Elections voter ID section 31 grant
20	0	Markets income reduction
0	300	Hinckley Hub NHS income
0	27	Support Service Savings Ku SPF funds
0	18	Savings- Director led
<b>1,680</b>	<b>519</b>	

### Special Expense Area

- 3.4 This represents the cost of parks and cemeteries in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals above and must be included in the Council's overall budget requirement for Council Tax purposes.
- 3.5 The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly, some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance, anticipated asset sales may be postponed due to the poor condition of the property market.
- 3.6 The proposed budgets for the Special Expenses area have been compiled in accordance with an overall increase in the Borough Council Tax Base of 1.015%. Details of the council tax base are included in the Council Tax report. Due to the adequacy of balances, there will be no increase in Council Tax for Special Expenses. This means the £5 increase in Council Tax will be allocated to the Wider Borough in total.

Table 3	Original Estimate 2022/23	Revised Estimate 2022/23	Original Estimate 2023/24
	£	£	£
Expenditure	719,800	750,800	783,719
Transfer to/(from) balances	(16,851)	(26,851)	(70,628)
Transfer to/(from) reserves	78,500	57,500	78,500
S106 Contributions	(25,816)	(25,816)	(28,000)
<b>Budget Requirement</b>	<b>755,633</b>	<b>749,999</b>	<b>763,591</b>

- 3.7 Balances in the Special Expenses Area (SEA) are estimated as follows:

Table 4	£
<b>Balance on 1st April 2023</b>	<b>321,461</b>
Transfer to/(from) Balances 2022/23	(16,851)
Transfer to/(from) Balances 2023/24	(70,628)
<b>Estimated Balance on 31st March 2024</b>	<b>233,982</b>

### **Total Council Budget for 2023/24.**

- 3.8 The total overall budget for 2023/24 in the direct control of the Council is therefore:

Table 5	Original Estimate 2022/23	Revised Estimate 2022/23	Original Estimate 2023/24
	£	£	£
HBBC Budget Requirement	11,167,124	10,614,686	11,700,171
Special Expenses Budget Requirement	755,633	755,633	763,591
<b>Total Budget Requirement</b>	<b>11,922,757</b>	<b>11,370,319</b>	<b>12,463,762</b>

- 3.9 The original budget for 2022/23 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. These budget were approved at council in November 2022.

The only major change since November is a successful bid to the UK Shared Prosperity Fund (UKSPF) for funding, which we achieved, getting £2.6m over three years. The Table below is the 2023/24 and gives budget changes that require approval.

	£
UKSUF expenditure 2022/23	257,780
UKSUF income 2022/23	(257,780)

### **Forecast Budget 2023/24 – assumptions and process**

- 3.10 The original budget for 2022/23 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Table 2 above details the major changes.
- 3.12 The budget has been created with clear links to the Council's strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and

revenue (e.g., interest from capital receipts, interest on borrowing, staffing costs etc.).

- 3.13 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood around 10% in year, the application this represents an effective saving on running costs. For contracts, an inflation rate of 4% has been used, unless otherwise specified within the terms of the specific contract. Again, this represents an effective saving of 6%.
- 3.14 The salaries and wages budget are the most significant element of the revenue budget. For pay costs, the 2023/24 estimates have been based on the latest pension valuation and a provisionally pay settlement of 5%. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2022/23.

Apart from the growths and savings list above, the following items have been included in the service budgets: -

Table 11 Other pressures and savings 2023/24	Costs £000	Savings £000	Description
MRP	30		Revenue cost of Capital financing via borrowing.
MRP EZ Loan	214		Revenue cost of financing EZ Loan
Interest	296		Includes £339k income for EZ loan but includes actual interest cost of £168k for loan

- 3.15 The Leicestershire Pension Fund is re-valued in accordance with statutory requirements. There is currently an actuarial deficit (i.e., the assets of the fund were less than those required to meet the long-term liabilities in terms of benefits due to members). Whilst action is needed to remedy this position, the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An Employers Contribution rate of 21.9% will be used with an additional 1% being included for Ill Health retirement insurance. In addition, a lump sum value of £606,530 (General Fund Element) is payable to the Local Government Pension Scheme which is contained in a corporate budget.

### **Original Budget 2023/24 – summary of key issues and considerations**

- 3.16 In addition to service priorities, there are a number of wider issues, identified for 2023/24 and previously in the Medium-Term Financial Strategy. A summary of these items and how they have been addressed in the budget is provided below.



## Balances

- 3.17 The Council has a current policy of maintaining a general fund balance of 15% of the net budget requirement. This will not be possible for 2023/24 and a target of 10.9% has been used for the budget setting in order to protect overuse of reserves to support the general fund in the 2023/24 year. Further details will be provided when the MTFS is presented in July 2023. The Council's income from Central Government has reduced significantly since 2016/17, with more emphasis on local sources on funding from Council Tax and Business rate growth. The New Homes Bonus income has also dramatically reduced due to changes in the way government fund this activity. The table below shows this pressure.

	2016.17	2017.18	2018.19	2019.2	2020.21	2021.22	2022.23
Core Funding (Non- Ctax) £m	6.60	6.00	5.60	5.00	4.40	4.10	3.90
Core Funding (Council Tax) £m	4.30	4.60	4.80	5.10	5.30	5.40	5.66
	10.90	10.60	10.40	10.10	9.70	9.50	9.56
Core Funding (Non- Ctax) %	60.6%	56.6%	53.8%	49.5%	45.4%	43.2%	40.8%
Core Funding (Council Tax) %	39.4%	43.4%	46.2%	50.5%	54.6%	56.8%	59.2%
	2016.17	2017.18	2018.19	2019.2	2020.21	2021.22	2022.23
Business rates Growth	0.50	0.51	0.92	1.19	1.78	1.64	2.28

- 3.18 However, the table also shows that Business Rates funding, which HBBC have benefited from in the past, is a variable source of income and has a higher risk of volatility.

- 3.19 The Council therefore has the following policies relating to levels of balances and reserves for 2023/24:

- To maintain an average general balance (non-earmarked) at a minimum of 15% of Hinckley & Bosworth Borough Council's budget requirement in 2023/24. Based on the forecast position for 2023/24 this would determine a need for £1,755,000 of General Fund balances, the forecast position is that £1,274,047 will be achieved but is dependent on using £956,780 of earmarked reserves to support the general fund position. This comes from closing the Hinckley Community Development Fund (£350,000) and from the Business Rates Equalisation Reserve (£606,780). The same discipline is also applied to the Special Expense Area.
- Where possible, all actual service under-spends, and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
- There should be no direct contribution from revenue to capital except for specific identified projects.
- Any additional notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs DSO account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account.

- 3.20 The projected movement of the General Fund Balances is detailed in the table below and indicates that balances forecast as 31st March 2024 for Special Expenses are above 15% but the general fund balance is at 10.9%. Final



movements in balances for 2022/23 will be confirmed at year end and considered as part of future review of reserves.

<b>Table 12</b>	<b>Total</b>	<b>General Fund</b>	<b>Special Expenses</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balances at 1 April 2023	1,353	1,067	286
Amount Taken to /(from) Balances 2022/23	203	259	(56)
<b>Balances at 31 March 2023</b>	<b>1,556</b>	<b>1,326</b>	<b>230</b>
Amount Taken to/(from)Balances 2023/24	18	(14)	32
<b>Balances at 31 March 2024</b>	<b>1,574</b>	<b>1,312</b>	<b>262</b>
Net Budget Requirement	12,463	11,700	763
Minimum Balance requirement (15%)	1,869	1,755	114
Surplus Balance	(295)	(443)	148

### **Earmarked Reserves**

- 3.21 Appendix 1 provides a summary of earmarked General Fund reserves together with estimated movements during 2022/23 and 2023/24. The tables below summarise the changes required to the current approved budget for 2022/23 and lists the approvals required in 2023/24.

<b>Table 13 Reserve</b>	<b>Transfer to 2022/23 £</b>	<b>Transfer to 2023/24 £</b>	<b>Use</b>
<b>Special Expenses Reserve</b>	0	(110,000)	<b>Set aside to fund future capital costs and one of revenue costs</b>
<b>ICT Reserve</b>	0	(15,000)	<b>Set aside to fund future costs</b>
<b>Elections</b>	0	(25,000)	<b>Set aside to fund future costs</b>
<b>Total</b>	<b>0</b>	<b>(150,000)</b>	

The following additional transfers from reserves require approval by Council:

<b>Table 13 Reserve</b>	<b>Transfer from 2022/23 £</b>	<b>Transfer from 2023/24 £</b>	<b>Use</b>
Local Plan Procedure	(142,402)	150,000	Re-profiling of expenditure for use on local plan
Special Expenses Reserve	11,000	31,500	To fund proms in the park in 22/23 Free Car Parking in 23/24
Waste Management Reserve	0	125,000	Release element not required.
Business Rates Retention	87,365	606,780	22/23 release element to cover collection fund deficit. 23/24 Release of element not currently required
Elections Reserve		50,005	Use to fund 2023/24 local election
Enforcement & Planning Appeals	50,000	120,000	Use to fund in year enforcement and appeals costs
Hinckley Community Development fund		350,000	Used to support in year pressures.
Developing Communities Fund		300,000	Used to support in year pressures.
S31 Collection Fund	236,072		Write out collection fund grant to fund the in-year deficit.
Council Tax Hardship		42,797	Release of reserve to support in year costs
<b>Total</b>	<b>697,025</b>	<b>1,733,285</b>	

3.22 Based on these calculations, it is estimated that excluding the Council will hold £5.908 million in earmarked reserves as at 31<sup>st</sup> March 2023 and £3.154 million at 31<sup>st</sup> March 2024. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

## Local Government Finance Settlement

- 3.23 The Council's budgets are highly sensitive to changes in the finance settlement and Government policy. Funding announced in the 2023/24 Local Government Finance Settlement (Provisional), along with additional elements of financing are detailed in the table below.

Note that the Business rates growth figure below is highly likely to change and could be higher or lower. This is because from 1 April 2023, the rateable values of all non-domestic properties in England will be updated to reflect the property market as at 1 April 2021. This will ensure business rates bills are fairly distributed across all non-domestic properties and reflect changes in market conditions since 2015. Due to the significant changes in the rateable values, reliefs and how section 31 support will be affected the revised position will not be available until late January 2023 when the NNDR 1 is finalised.

Table 14	2022/23 Original Budget	2022/23 Original Budget	Mvt Inc/(Dec)
	£	£	£
National Non-Domestic Rates BLF (Base Line Funding)	2,687,603	2,696,030	8,427
<b>Business Rates Growth *</b>	2,599,297	2,835,480	236,183
<b>Lower Tier Support Grant</b>	236,716	215,616	-21,100
<b>Services Grant</b>	179,153	100,950	-78,203
<b>New Homes Bonus</b>	528,875	581,966	53,091
<b>Net Collection Fund Surplus / (Deficit)</b>	39,837	(66,041)	(105,878)
<b>Council Taxpayer</b>	4,895,643	5,144,303	248,660
<b>RSG (included in BLF in 2022/23)</b>	0	191,867	191,867
<b>Total Financing</b>	11,167,124	11,700,171	533,047

- 3.24 The following points should be noted:

- The reset of business rates has been delayed a further year, and
- An increase in New Homes Bonus Income of £0.58m mainly caused by a redistribution of government funds,

## Business Rates Retention and Pooling

- 3.25 Leicestershire will remain in the pool for now, as the level of income fall due to Covid- 19 is not expected to be great enough to require the pool to be suspended for 2022/23 but will be kept under review.
- 3.26 The Council's NNDR1 form forecasts the level of Business Rates expected to be collected by the Council in year, after taking into account discounts, collection rates and appeals estimates. For 2022/23 HBBC will have a 40% tier

which is approximately £15.8m, the table above gives the element retained once Tariff and Levy charges have been made.

The retained business rates of this Council are subject to a tariff, which the government have increased from £9.6m in the 2022/23 to £11.4m in 2023/24 which reduces the gain to HBBC by £1.8m. Any growth over a set baseline (£2.7m) is subject to a “levy” payment of £2.6m, which is paid to the business rates pool. The settlement announced that a safety net threshold for all Councils of 7.5%. On this basis, this Council would need to lose £2.5m of Business Rates before a safety net payment will be made

- 3.27 The NNDR1 form which set out the final budgeted position for this Council was approved by the Head of Finance (S151 officer) on 31 January 2023.
- 3.28 The accuracy of these forecasts will be monitored on a regular basis and will be validated only at year end as part of the completion of the NNDR3 form.
- 3.29 Budgeting for business rates is difficult, given the level of volatility in the market and delays in processing of appeals and applications for relief. Ongoing monitoring will be performed of the position in year and reported to the Finance and Performance Committee quarterly. Significant levels of appeals have been lodged with the Valuation Office Agency (VOA), which if successful would have a significant impact on the Council.

### **New Homes Bonus**

- 3.30 New Homes Bonus (NHB) was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing.
- 3.31 The Financial settlement since 2016/17 have seen the continued reduction of NHB funding from £2.9m in 2016/17 to £0.58m for 2023/24. It is not clear if the 2023/24 is the last year payments will be made under the current procedures, but it is assumed it will continue at a similar rate until the business rate reset. The Government have noted they wish to introduce a more targeted funding to replace the current NHB scheme but have not yet released any details of how this will operate. Any replacement is expected to be at a much-reduced level on that received historically.

### **Leisure Centre Income**

- 3.32 For 2023/24 the contractual Management fee is estimated to be £1.12m. This cost has been included as a growth. The income based on an indexation increase for 2023/24 estimated to be £1.12m but will be based on March 2023 inflation figures.

The risk remains on the future profitability of the leisure centres, due to the current economic environment. Places for People (PfP) (the leisure centre operator) has a contractual clause for utilities. This means the Council has to

part fund above utility costs above the average rate of inflation, which has been estimated to be £0.2m for 2023/24.

<b>Table 15</b>	<b>2022/23</b>	<b>2023/24</b>
Net Management Fee £	885,000	1,120,400

- 3.33 The 2023/24 budget should be read in conjunction with the Council's Fees and Charges book for 2023/24, which is also agreed by Council. This document reflects the annual review of all Council income streams and any variations in charging regimes. Major Fee changes are summarised in the Fees and Charges report.

### **Leicestershire Revenues and Benefits Partnership**

- 3.34 The budget for the Leicestershire Revenues and Benefits Partnership (the Partnership) is split between Hinckley and Bosworth Borough Council, Harborough District Council and North West Leicestershire District Council based on a percentage rate which reflects the case load dealt with by the Partnership. The resulting estimated contributions for 2023/24 are detailed below. The contribution for this Council has been included within the General Fund budget and reflects an increase of £81,882, if possible, compared to 2022/23:

	<b>HBBC £</b>
<b>2023/24 Contribution</b>	1,525,530
<b>2022/23 Contribution</b>	1,443,650
<b>Difference – Increase/(Decrease)</b>	81,882

### **Investment (Income/Costs)**

- 3.35 In recent years the country has faced unprecedented levels of public sector borrowing which had reached a peak in 2019/20. The government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.
- 3.36 The Base Rate is currently 3.5%. This is due to rise over the forthcoming months then set to level out in the last quarter of 2023 and 1<sup>st</sup> quarter of 2024. A rate of 4.5 has been assumed for the 2023/24 budget. This increase in rates means that borrowing rates are higher but investment rate will also increase. This has been allowed for in the interest budget.
- 3.37 Net interest has been estimated at £227,150 expenditure and is based on a cash flow and borrowing forecast. This allows for an increase in income of £228,000 and additional interest costs of 16,000 and interest payment for the EZ loan of Enterprise Zone of £168,400.

## **Major Projects**

- 3.38 Appropriate provision has been made in the budget for the revenue consequences of the Council's major projects including the crematorium.

The full impact of all schemes is detailed in the Capital Programme.

## **Council Tax**

- 3.39 For 2023/24 the financial settlement offered the ability to councils that have been prudent in council tax increments and find themselves in the bottom quartile for the level of council tax charged, to level a £5 increase. The General Fund budget is based on a £5 average band D increase, with no increase specific allocation of this to the special expenses area.

### **Summary of the overall 2023/24 budget position**

- 3.40 The budget proposed for 2023/24 is achieving 10.9% general fund balance in relation to net expenditure against a target of 15% (£1.7m). This target is in place to leave a buffer for unexpected or unplanned pressures. Savings of £391,000 would be needed to be made in 2023/24 to achieve 15%. To achieve the 10.9% forecast ££957,000 of earmarked reserve are being released to the general fund to support cost pressures. Without the use of the earmarked reserve, the target would have fallen to 2.71% (£0.32m), which is considered too low a safety margin.
- 3.41 Earmarked reserves are expected to fall from £5.9m to just under £3.1m by 31 March 2024. The general fund balance is forecast to be £1.27m by this date. Therefore, the Council can achieve its financial targets for the 2023/24. However, given the significant changes in Local Government Financing, the 2023/24 budget should be considered in light of the MTFS, which will be reported in July 2023. Initial indications are that years after 2023/24 will be subject significant pressures. Members should note, failure to set a balanced MTFS that maintains the financial position of the Council could lead to our auditors qualifying the VFM conclusion, as part of their VFM.

## **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 Section 25 of the Local Government Act (2003) requires the Section 151 officer to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves.

## 7. Corporate Plan implications

- 7.1 A robust General Fund Budget is required to ensure that resources are effectively allocated in order to ensure delivery of all of the aims, outcomes and targets included in the Council's 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.

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 these 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 is produced to ensure that the objectives of the budget exercise are known throughout the organisation.	Strategic Leadership Team
That decisions made for 2023/24 are made in isolation from the Medium-Term Financial Strategy and the pressures set out in that strategy.	The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.	Strategic Leadership Team
That the MTFS has no robust and costed plan to ensure sustainability, resulting in public criticism on value for money from the internal and external auditors	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council
	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council



## **10. Knowing your community – equality and rural implications**

- 10.1 This budget ensures that value for money services can be delivered to all residents and communities within the Borough.

## **11. Climate implications**

- 11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasingly difficult to meet its carbon emergency targets by 2030.
- 11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.
- 11.3 The pressure that is in the budget for 2022/23 poses risks for all the council's activities, including these areas.

## **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: None

Contact officer: Ilyas Bham, Accountancy Manager x5924  
Executive member: Cllr K Lynch

## Appendix 1 - General Fund Earmarked Reserves

	Closing Balance 31st March 2022	Capital Expenditure Revised	To Revenue Revised Budget	From Revenue Revised Budget	Closing Balance 31st March 2023	Capital Expenditure Revised	To Revenue Original Budget	From Revenue Original Budget	Closing Balance 31st March 2024
<b>Special Expenses Reserve</b>	(286,285)	114,166	52,500	(110,000)	(229,619)	45,750	31,500	(110,000)	(262,369)
<b>Local Plan Procedure</b>	(683,514)		191,000	0	(492,514)		150,000		(342,514)
<b>Business Rates Equalisation Reserve</b>	(2,560,780)		542,365	0	(2,018,415)		606,780		(1,411,635)
<b>Year End Carry Forwards</b>	(135,760)		135,760	0	0				0
<b>Maint Fund - Green Towers</b>	(45,000)		0	(5,000)	(50,000)		50,000		0
<b>ICT Reserve</b>	(74,750)	15,000	54,000	(9,250)	(15,000)	30,000		(15,000)	0
<b>Waste Management Reserve</b>	(130,260)	15,000	0	(136,740)	(252,000)	15,000	125,000		(112,000)
<b>Asset Management Reserve</b>	(400,000)		0	0	(400,000)	200,000			(200,000)
<b>Election Reserve</b>	(25,005)		0	(25,000)	(50,005)		50,005	(25,000)	(25,000)
<b>Grounds Maintenance</b>	(30,000)		0	0	(30,000)				(30,000)
<b>Enforcement &amp; Planning Appeals</b>	(230,000)		50,000	0	(180,000)		120,000		(60,000)
<b>Building Maintenance costs</b>	(588,120)		0	0	(588,120)				(588,120)
<b>Hinckley Community Development Fund</b>	(350,000)		0	0	(350,000)		350,000		0
<b>Developing Communities Fund</b>	(704,810)	282,815	0	0	(421,995)		300,000		(121,995)
<b>Environmental Improvement Reserve</b>	(62,051)		22,051	0	(40,000)		40,000		0
<b>Crematorium Reserve</b>	(500,000)	48,421	0	0	(451,579)	451,579			0
<b>Financial Support Reserve</b>	(1,080,000)		1,080,000	0	0				0

	Closing Balance 31st March 2022	Capital Expenditur e Revised	To Revenue Revised Budget	From Revenue Revised Budget	Closing Balance 31st March 2023	Capital Expenditur e Revised	To Revenue Original Budget	From Revenue Original Budget	Closing Balance 31st March 2024
<b>S31 Collection Fund Reserve</b>	(1,960,839)		1,960,839	0	0				0
<b>Enterprise Zone - Covid</b>	(295,911)		0	0	(295,911)	295,911			0
<b>S31 Ctax Hardship Support</b>	(42,797)		0	0	(42,797)		42,797		0
<b>Total</b>	<b>(10,185,882)</b>	<b>475,402</b>	<b>4,088,515</b>	<b>(285,990)</b>	<b>(5,907,955)</b>	<b>1,038,240</b>	<b>1,866,082</b>	<b>(150,000)</b>	<b>(3,153,633)</b>