



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Finance and Performance
Council

3 July 2023
18 July 2023

Wards affected: All

FINANCIAL OUTTURN 2022/23

Report of Head of Finance

1. Purpose of report

1.1 To inform members of the draft financial outturn for 2022/23.

2. Recommendation

2.1 That Council approves:

- a) the General Fund Outturn for 2022/23 as outlined in section 3.3 of the report,
- b) the transfers to earmarked reserves and balances as outlined in section 3.7 of the report and Appendix 4,
- c) the General Fund revenue carry forwards into 2023/24 as detailed in Appendices 1,2 and 3 and section 3.5,
- d) the Housing Revenue and Housing Repairs Account Outturn for 2022/23 and transfers to and from balances as detailed in sections 3.9 to 3.10,
- e) the Capital Programme outturn for the General Fund and Housing Revenue Account from 2022/23 as outlined in section 3.11 to 3.12,
- f) the HRA carry forwards outlined in Appendix 5, and
- g) the Capital carry forwards as detailed in Appendix 6 and sections 3.13 to 3.14.
- h) Council approve £29,517 HRA write offs as detailed in Appendix 7 report).
- i) The changes to the Network and Server Resilience budgets for 2023/24 at paragraph 3.15

3. Background to the report

3.1 The Outturn presented below is before the audit of the financial statements and excludes unbudgeted statutory charges in accordance with accounting practice that have no overall impact on General Fund or HRA balances.

General Fund

- 3.2 The original budget for 2022/23, revised budget for 2022/23 (Presented at February Council) together with the draft outturn are summarised below. (Before any regulatory accounting adjustments, which do not affect balances).
- 3.3 After taking account of adjustments to the budget, (e.g., virements and supplementary budgets and savings identified in year) the provisional outturn shows £16.85m being spent on services compared against a budget of £17.67m with a net amount of **£2.599m** being transferred from earmarked reserves and **£0.0476m being** taken from General Fund balances. Overall, this means a reduction in use of balances of **£0.027m** compared against the position of £0.0749 reported to Council in February 2023.

	Original Estimate 2022/23	Revised Estimate 2022/23	Draft Outturn 2022/23
	£	£	£
Support Services	105,810	78,060	113,787
Corporate Services	2,604,068	2,848,714	2,418,314
Community Services	2,667,469	3,151,905	3,017,498
Environment and Planning	8,688,380	9,268,344	9,570,321
S31 collection fund support	1,724,767	1,724,767	1,733,354
Impact of Pay Award		520,000	
Impact of Increased Utility and Fuel Costs		75,000	
Total service expenditure	15,790,494	17,666,790	16,853,275
Less:			
Special Expenses	(719,800)	(740,800)	(766,440)
Capital Accounting Adjustment	(1,554,130)	(1,554,130)	(1,561,701)
Net external interest (received)/paid	(68,960)	(268,960)	(33,621)
IAS19 Adjustment	(488,620)	(488,620)	(592,480)
flexi pay			
Carry forwards from prior year	0	(136,740)	(136,740)
Carry forwards to next yr.	0		137,616
Transfer to reserves	175,990	175,990	590,990
Transfer from reserves	(652,708)	(1,632,143)	(1,230,470)
Transfer from unapplied grants	(55,000)	(433,491)	(296,279)
Transfer to unapplied grant	0		506,174
Transfer from Collection Fund Reserve	(1,724,767)	(1,724,767)	(1,960,839)
Transfer to/(from) balances	464,625	74,994	47,563
HBBC Budget Requirement	11,167,124	10,938,123	11,557,048

The table below summaries the draft funding position.

Table 2 Financing	Orig Budget	Revised Budget	Outturn
	£	£	£
National Non-Domestic Rates	2,687,603	2,687,603	2,687,603
Business Rates Growth	2,370,296	2,370,296	2,909,897
Lower Tier Support Grant	236,716	236,716	227,128
Services Grant	179153	179153	188,741
New Homes Bonus	528,875	528,875	528,875
Net Collection Fund Surplus / (Deficit)	39,837	39,837	39,837
Council Taxpayer	4,895,643	4,895,643	4,895,643
Additional New Burdens	0	0	79,324
Total Financing	10,938,123	10,938,123	11,557,048

- 3.4 Total service expenditure on the face of the summary shows an underspend of £0.814m compared against the revised budget of £17.666m after allowing for carry forwards the net service overspend is £383k

Table 3	£000's
Service Expenditure Latest Budget February 2022	17,660
Service Expenditure Draft Outturn	16,853
Underspend	814
Carry fwd. for contractual commitments	(302)
Carry fwd. of grants for contractual commitments (net)	(645)
Income from LLEP	(250)
Special Expenses element in underspend	(16)
Net Overspend	383

The net overspend after allowing for these variations is £383k. Major variances between the budget reported to Council and the draft outturn are summarised below:

	£000's
Under recovery of Repairs Cost	66
Additional Homelessness Spend net of grants	72
Additional New Burdens Funding net of costs	(126)
Previous Legal Costs recovered written off to Services	(50)
Additional support for Leisure Contract	128
Net Benefit Income reduction and benefit overpayment recovery	141
Net income reduction in property income	90
Additional Contribution to Building Control Partnership	44
Additional increase in appeals provision arising from planning refusals	57
Additional Net Neighbourhood Planning and Rural Community Council Costs	39

Leisure Contract Reduction in additional utility clause cost	(165)
Reduction in Bad Debt Provision	(70)
Legal costs Mallory Park and Agency Cover	51
ICT Additional agency Software and Licensing	122
Other Minor Variations	(16)
Total	383

Carry Forward Budgets

- 3.5 In a number of cases budget managers have requested that the under spend in their budget(s) be carried forward to 2023/24 because of delays in committing expenditure. Requests totalling a net £908,639 have been received. Funding details of the requests are summarised below and details can be found in appendices 1 & 2.

Table 5 Source of Funding	Amount (£)	
General Fund carry forwards – Reserves	165,601	Appendix 1
General Fund carry forwards	137,616	Appendix 1
Unapplied Grant Carry fwd.	506,174	Appendix 2
Unapplied Grants fwd. prior grants	117,716	Appendix 3
Total	927,107	

Unapplied Grants are specific grants and contributions which have not been spent and are transferred to “unapplied grants and contributions” in accordance with accounting standards. Pending approval, budgets will be set up for these amounts in 2023/24 and funding released accordingly from the Balance Sheet.

- 3.6 Energy Support Grants (Council Acting as an Agent)

The Council received Energy Support grants which are passported on behalf of Central government. A total of £498,320 was received where it acted as an agent for central government. The remaining balance at year end was £489,320. The application process and criteria for selection were set by central government. In line with proper accounting practise, these grants do not go through the Council’s Income and Expenditure account but are received and paid out directly from the balance sheet. Therefore, they do not impact on the Council General Fund position at year end.

Earmarked Reserves

- 3.7 The table below shows the expected transfers to and from reserves for the general fund revenue compared against the budgeted position. The movement of £718,217. The Local Plan Procedure Reserve and Carry forwards movement will be required in 2023/24 as part of the carry forward process. An additional £0.415m has been set aside in the financial support reserve to fund future pressures. A draft reserves position is attached at Appendix 4.

Table 8 Reserve	Budget February 2023	Actual	Variance to carry forwards
Local Plan Procedure	191,000	25,399	165,601
Year End Carry Forwards	135,760	(1,856)	137,616
Maint Fund - Green Towers	(5,000)	(5,000)	0
ICT Reserve	44,750	44,750	0
Waste Management Reserve	(136,740)	(136,740)	0
Enforcement and planning appeals	50,000	50,000	0
Elections Reserve	(25,000)	(25,000)	0
Environmental Improvement Reserve	22,051	22,051	0
Financial Support Reserve	1,080,000	665,000	415,000
S31 Collection Fund Reserve	1,960,839	1,960,839	0
Total	3,317,660	2,599,443	718,217

General Fund Balances

- 3.8 The table below summaries the transfers for the general fund and the Special Expenses Area

Table 9 Balances Contributions (to)/from balances	Transfer to/(from) Balances Original Budget	Transfer to/(from) Balances Latest Budget	Transfer to/(from) Balances Outturn
	£000	£000	£000
General Fund Element	(465)	75	48
Special Expense Element	17	(27)	(19)
Total General Fund	(448)	48	29

The general fund balance as at the 31 March 2023 equals £1,382,000 after the use of balances noted above. The budget requirement including Special Expenses as at February 2022 was £11,637,756. The current balance

including SEA is considered adequate at 11.22% but it is below the target of 15%.

Table 10	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Budgeted at 31 March 2023	1,401	1142	259
Outturn 31st March 2022	1,382	1,115	267

Housing Revenue Account

- 3.9 Costs relating to the HRA as at 31st March 2023, the HRA outturn deficit of £94,320 against the latest budgeted deficit of £93,388. This is a variation of £932. The main reasons for the variances are summarised below:

Table 11 Under (over) spends	£000's
Reduction in Additional Bad Debt Provision	62
Additional interest received	98
Additional transfers to reserves	(151)
Total	(12)

Housing Repairs Account

- 3.10 The Housing Repairs Account outturn is £ 359,375 compared to the latest approved budget of £315,760. This is an overspend of £43,615. The main reasons for the variances are summarised below:

Table 12	under (over) spends
	£000's
Additional Programmed Repairs costs (Gas and electrics)	17
Additional Responsive Repairs to dwellings – primary due to post pandemic increases in demand	220
Additional costs at complexes	29
Reduction in amount transferred to Reserves	(188)

HRA reserves are summarised in the table below: -

HRA	Closing Balance 31st March 2022	(To) / From reserves	From reserves Capital Spend	Estimated Outturn current position 31/3/2023
Regeneration Reserve	(5,129)	(2,111)	2,759	(4,481)
HRA Piper Contribution Revenue	(80)	(30)	12	(98)
Major Repairs Reserve	(609)	(3,328)	3,009	(928)
Year End Carry Forwards	(43)	0	0	(43)
Pensions Contribution	(50)	(3)	0	(53)
HRA Communal Furniture	(5)	0	0	(5)
Service Improvement Rese	(50)	0	0	(50)
HRA Housing Repairs Account	(488)	359	0	(129)
Rent Equalisation Reserve	(60)	0	0	(60)
	(6,514)	(5,113)	5,780	(5,847)

Details of HRA Carry Forwards are attached in Appendix 5

Capital Programme

- 3.11 For the General Fund £7,047,631 has been spent on capital schemes to the end of March 2023 against a budget of £10,033,523. This represents an under-spend of £2,985,892. In the majority of cases, under spends at the year-end are due to slippage and therefore will be spent in forthcoming years. If approved, the relevant financing for these schemes will be transferred to the 2023/24 Capital Programme. Council will be requested to approve carry forwards totalling £2,842,004. Capital carry forwards are detailed at Appendix 6. Other major variations above £25,000 have been summarised as follows:

Table 14 Scheme	£000's Under spend/ (Overs pend)	Explanation
Partnership ICT schemes	(100)	Software and ICT infrastructure improvements spend (all externally funded by partners)
CCTV upgrade	37	External Funded element of budget not required.
Private Sector Housing Enforcement	94	Enforcement Budget not required.

Private Sector (Major/Minor Assistance)	82	Demand Led budget. Budget not required.
Total	113	

- 3.12 For the HRA £7,531,452 has been spent against a revised budget of £7,888,566. This represents an under-spend of £357,114. Carry forward requests have been requesting totalling £248,400 (Please refer to Appendix 6.) The request relates to existing commitments for the repairs programme. This leaves a net underspend of £225,714. Major variations are summarised below:

Table 15: Scheme	£000's Under spend/ (Overspend)	Explanation
Asbestos Removals	35	Lower than anticipated demand for budget
Aids and Adaptations	(31)	Additional in year demand
Major Void Enhancements	(94)	Additional Void works in last 4 months of financial year. Demand led to ensure properties are bought back into use as soon as possible
Electrical Upgrades	(116)	Budget was reduced based expected contractor capacity. Contractor was able to carry out work based on original specification.
Insulation and Wraps	271	Reduction externally funded element or programme.

- 3.13 A full capital carry forward list is detailed in Appendix 6

Housing Arrears write offs

- 3.14 As part of the monthly debt review there are currently £29,517.32 of debts that officers have been unable to recover. Members are requested to approve the write off of these debts as part of the year end process. A provision has been set aside to pay for these debts at year end. A list of the write offs is attached in Appendix 7.

Network and Server Resilience

- 3.15 In March 2023 the Leicestershire ICT Partnership completed a diagnostic review into strengthening the reliability for members of LICTP, as some areas for attention had been noted by some of the members. This led to the need to accelerate the programme of Infrastructure improvement projects already in progress. Additional funding is required to enable HBBC to contribute its share to the partnership. Other partners have already provided funding for their elements of the priority projects. The funding will accelerate the

programme of works. The table below gives the budget implications and the supplementary income and Expenditure budgets required. The net impact on the general fund for HBBC is £36,149.required.

Partner	Contribution
Blaby DC	£36,733
HBBC	£36,149
Melton BC	£16,427
Total contributions	£89,309
Expenditure	-£89,309

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 The Local Government Act 2003 places a duty on the S151 Officer to report to members on the budget setting process and comment on the adequacy of the reserves allowed for.

7. Corporate Plan implications

7.1 The budget and MTFs contribute to all objectives of the 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 this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks

Risk Description	Risk Description	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A Wilson

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. 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 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.

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: None

Contact officer: Ilyas Bham, Accountancy Manager Ext. 5924

Executive member: Cllr K Lynch