



**WARDS AFFECTED: HINCKLEY**

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1. **PURPOSE OF REPORT**

- 1.1 To present the proposed revenue budget and council tax for 2014/2015 for the Special Expenses area of Hinckley

2. **RECOMMENDATION**

- 1.2 That the Committee endorses the revenue budgets and council tax for 2014/2015 for the Special Expenses Area of Hinckley and recommends these to Council for approval.

3. **BACKGROUND TO THE REPORT**

- 3.1 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. The 2014/2015 General Fund revenue budget (including the Special Expenses) will be presented to Council for approval on 20<sup>th</sup> February 2014.

- 3.2 The budget for 2014/2015 together with the latest figures for 2013/2014 are shown in **Appendix 1**. The proposed budget has been drawn up in accordance with the principles set out in the 2014/2015 Budget. The key assumptions approved in this Strategy include:

- Reversal of one off growths from previous years
- Application of no growth on non contract supplies and services
- Application of 3.2% inflation on contracted spend unless otherwise stipulated

**Revised budget 2013/2014**

- 3.3 The revised budget for 2013/2014 has increased from the original budget by £10,293. The majority of this increase (£8,000) relates to the approved cost of funding a disabled toilet at the Wykin Community Centre.
- 3.4 In addition to this service expenditure, the budget has been revised to take into account the transfer of £136,000 of excess balances (i.e those above the minimum budget requirement) to reserves, as approved by Council in July 2013.
- 3.5 Taking into account these movements, the balance has been transferred to reserves to ensure nil impact on the budget requirement and therefore council tax.

**Proposed budget 2014/2015**

- 3.6 The proposed budget for 2014/2015 has been detailed in **Appendix 1** and has been prepared using the assumptions identified in 3.2 above. Compared to the original estimate for 2013/2014, service expenditure for the SEA has increased by net £2,510 in 2014/2015. This is a net movement created by an increase in budget for expenditure and a decrease for cemeteries. The main reasons for this change are due to a more accurate process of coding salaries and support service recharges between the cost centres which have had minimal net impact overall.

- 3.7 The budget has assumed the ongoing contribution of £25,000 from the Special Expense Area to car parks in Hinckley.
- 3.8 As agreed by Council in December 2011, 25% of New Homes Bonus granted to the Council each year is pass ported 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, £127,343 of New Homes Bonus will be allocated to the SEA in 2014/2015.
- 3.9 The Tax Base (number of chargeable properties) in the Special Expenses Area has increased by 1.6% (147.2 Band D equivalents) in 2014/2015, reflecting the increase in the Local Council Tax Support cap. In order to ensure that council tax is frozen for Hinckley & Bosworth Borough Council as a whole, it is recommended that the council tax for the Special Expenses Area is frozen for 2014/2015 at £58.63 for an average Band D property. Based on the proposed council tax base of 9,596.90, the budget requirement needed to ensure this freeze is £562,651 and therefore a contribution to reserves and balances of £73,004 is proposed to achieve this. The split of this transfer is further explained below.
- 3.10 Based on the proposed budget, balances in the SEA at 31<sup>st</sup> March 2015 are estimated as follows:

	£
Balance at 1 <sup>st</sup> April 2013	183,000
Transfer from Balances 2013/14	<u>-136,000</u>
Estimated Balance at 31 <sup>st</sup> March 2014	<u>47,000</u>
Transfer to Balances 2014/15	<u>9,000</u>
Estimated Balance at 31 March 2015	<u>56,000</u>

- 3.11 The transfer to balances in 2014/2015 has been recommended to ensure that the resulting balance (£56,000) meets the 10% minimum balance requirements for the Special Expense Committee.
- 3.12 Earmarked reserves have been set aside for the SEA to meet the cost of Green Space projects within Hinckley. This reserve at 31 March 2015 is projected to be £322,438 based on the following movements

	£
Balance at 1 <sup>st</sup> April 2013	150,883
Transfer to reserves 2013/14	165,511
Transfer from reserves (revenue)	-8,000
Transfer from reserves (capital)	<u>0</u>
Estimated balance at 31 <sup>st</sup> March 2014	308,394
Transfer to reserves 2014/15	64,044
Transfer from reserves (revenue)	<u>0</u>
Transfer from reserves (capital)	<u>-50,000</u>
Estimated Balance at 31 March 2015	<u>322,438</u>

3.13 The following points should be noted with regards to reserve movements:

- The £165,511 transfer to reserves in 2013/2014 reflects the transfer of excess balances and balancing figures as referenced in sections 3.4-3.5
- Currently, the budget reflects that £50,000 of funding will be provided from reserves in 2014/2015 to fund Green Spaces work. This will be amended to reflect the revised Green Space Delivery Plan which is included on this agenda

4. **FINANCIAL IMPLICATIONS [KP]**

Contained in the body of the report

5. **LEGAL IMPLICATIONS [AB]**

No direct implications

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 2013.

All budget holders, Corporate Operations Board and the Strategic Leadership Board have been consulted throughout the budget setting process.

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 groups 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

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Background papers: Budget book and Civica files

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## Appendix 1 – Special Expense Area Budget

	2013/14 ORIGINAL ESTIMATE £	2013/14 REVISED ESTIMATE £	2014/15 ORIGINAL ESTIMATE £
<b>SPECIAL EXPENSES (HINCKLEY )</b>			
Urban parks (bez)	402,300	404,593	437,448
Cemeteries (cba)	181,130	181,130	148,492
Hinckley Car Parks	25,000	25,000	25,000
Wykin Community Centre	0	8,000	0
Hinckley Town Centre Christmas Lights	2,000	2,000	2,000
Hinckley West Neighbourhood Watch	4,000	4,000	4,000
	<b>614,430</b>	<b>624,723</b>	<b>616,940</b>
Contribution to/(from) Reserves	31,804	157,511	64,044
Contribution to/(from) Balances	0	-136,000	9,000
<b>Net Expenditure</b>	<b>646,234</b>	<b>646,234</b>	<b>689,984</b>
New Homes Bonus	-92,223	-92,223	-127,343
<b>Budget Requirement</b>	<b>554,011</b>	<b>554,011</b>	<b>562,641</b>
Band D Equivalent Properties	9,449.7	9,449.7	9,596.9
Band D Council Tax	58.63	58.63	58.63