



---

1. **PURPOSE OF REPORT**

- 1.1 To present the proposed revenue budget and council tax for 2015/16 for the Special Expenses area of Hinckley

2. **RECOMMENDATION**

- 2.1 That the Committee endorse the revenue budgets and council tax for 2015/16 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 2015/16 General Fund revenue budget (including the Special Expenses) will be presented to Council for approval on 19<sup>th</sup> February 2015.
- 3.2 The budget for 2015/16 together with the latest figures for 2014/15 are shown in **Appendix 1**. The proposed budget has been drawn up in accordance with the principles set out in the 2015/16 Budget Strategy. 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% inflation on contracted spend unless otherwise stipulated

**Revised budget 2014/15**

- 3.3 The revised service expenditure budget for 2014/15 has remained unchanged from the original budget.
- 3.4 The net budget has been revised to take into account the transfer to and from reserves as approved by Council in July 2014 to bring balances within the Special Expense Area to the minimum levels required.

**Proposed budget 2015/16**

- 3.5 The proposed budget for 2015/16 has been detailed in **Appendix 1** and has been prepared using the assumptions identified in 3.2. Compared to the latest estimate for 2014/15, service expenditure for the Special Expense Area has increased by £1,420 in 2015/16. This is a net movement created by an increase in budget for cemeteries and a decrease for parks. 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.
- 3.6 The budget has assumed the ongoing contribution of £25,000 from the Special Expense Area to car parks in Hinckley.
- 3.7 As agreed by Council in on 23<sup>rd</sup> September 2014, from 2015/16 the Borough Council will no longer transfer New Homes Bonus to parish councils and the Special Expense Area. This will create a gap in funding for the Special Expense Area of £127,423 based on the previous year's allocation. The Special Expense Area will be required

to fill this shortfall by utilizing internal resource (balances and reserves), decreasing expenditure or increasing Council Tax.

- 3.8 Given the pressure created by the withdrawal of New Homes Bonus, no budget has been included in 2015/16 for a Hinckley Community Initiative Fund this is no longer affordable.

### **Council Tax**

- 3.9 The Tax Base (number of chargeable properties) in the Special Expenses Area has increased by 2.5% (877.7 Band D equivalents) in 2015/16 when compared to 2014/15. This can be attributed to the results of an empty property review which identified a large number of properties that are no longer vacant and therefore have been brought “back into the base”.
- 3.10 On the basis that the Special Expense Area forms part of the wider General Fund for council tax setting purposes, the Borough Council is only eligible for a council tax freeze grant if council tax is frozen (or decreased) for the Hinckley Area. It is therefore recommended that the council tax for the Special Expenses Area is frozen for 2015/16 at £16.13 for an average Band D property.
- 3.11 Based on the total council tax base of 35,599.6, the budget requirement needed to ensure a council tax freeze is £574,221 and therefore a contribution from reserves and balances of £44,139 is proposed to achieve this. The split of this transfer is further explained below.

### **Balances and Reserves**

- 3.12 Based on the proposed budget, balances in the Special Expense Area at 31<sup>st</sup> March 2015 and 2016 are estimated as follows:

	£
Balance at 1 <sup>st</sup> April 2014	56,270
Transfer to/(from) Balances 2014/2015	14,423
Estimated Balance at 31 <sup>st</sup> March 2015	70,693
Transfer to/(from) Balances 2015/2016	0
Estimated Balance at 31 March 2016	70,693

- 3.13 Earmarked reserves have been set aside for the Special Expense Area to meet the cost of Green Space projects within Hinckley. This reserve at 31 March 2016 is projected to be £201,529 based on the following movements

	£
Balance at 1 <sup>st</sup> April 2014	317,664

Transfer to Reserves	56,044
Transfer from Reserves (revenue)	0
Transfer from Reserves (capital)	(124,770)
Estimated Balance at 31 <sup>st</sup> March 2015	248,938
Transfer to Reserves	0
Transfer from Reserves (revenue)	(44,139)
Transfer from Reserves (capital)	(3,270)
Estimated Balance at 31 <sup>st</sup> March 2016	201,529

- 3.14 A full review of reserves and balances will be performed after 31<sup>st</sup> March 2015 to ensure balances are reduced to minimum levels in line with the Medium Term Financial Strategy.

4. FINANCIAL IMPLICATIONS [KP]

Contained in the body of the report

5. LEGAL IMPLICATIONS [EH]

No direct implications

6. CORPORATE PLAN IMPLICATIONS

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

7. CONSULTATION

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

---

Background papers: Budget book and Civica files

Contact Officer: Katherine Plummer, Head of Finance ext 5609

Executive Member: Cllr Stuart Bray

## Appendix 1 – Special Expense Area Budget

	2014/15 ORIGINAL ESTIMATE £	2014/15 REVISED ESTIMATE £	2015/16 ORIGINAL ESTIMATE £
<b>SPECIAL EXPENSES (HINCKLEY )</b>			
Urban parks	437,448	437,448	434,850
Cemeteries	148,492	148,492	152,510
Hinckley Car Parks	25,000	25,000	25,000
Hinckley Town Centre Christmas Lights	2,000	2,000	2,000
Hinckley West Neighborhood Watch	4,000	4,000	4,000
	<b>616,940</b>	<b>616,940</b>	<b>618,360</b>
Contribution to/(from) Reserves	61,467	56,044	(44,139)
Contribution to/(from) Balances	9,000	14,423	0
<b>Net Expenditure</b>	<b>687,407</b>	<b>687,407</b>	<b>574,221</b>
New Homes Bonus	(127,343)	(127,343)	0
<b>Budget Requirement</b>	<b>560,064</b>	<b>560,064</b>	<b>574,221</b>
Taxbase	34,721.9	34,721.9	35,599.6
<b>Band D Council Tax</b>	<b>16.13</b>	<b>16.13</b>	<b>16.13</b>
Hinckley Area Tax Base (for reference)	9,449.7	9,449.7	9,944.7