



CABINET: 6 November 2018

EXECUTIVE OVERVIEW AND SCRUTINY
COMMITTEE: 22 November 2018

Report of: Borough Treasurer

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SUBJECT: GENERAL REVENUE ACCOUNT MID YEAR REVIEW

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To provide a summary of the projected revenue position on the General Revenue Account (GRA) at the mid year point of the 2018/19 financial year.

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the financial position of the GRA be noted including the position on reserves and balances.
- 2.2 That Call in is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 22 November 2018.

3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

- 3.1 That the financial position of the GRA be noted including the position on reserves and balances.
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4.0 BACKGROUND

- 4.1 The GRA is facing a challenging financial position primarily as a result of ongoing reductions in government grant funding. To address this position a range of measures were agreed through the Policy Options process to deliver savings and generate additional income of just under £1.06m in 2018-19. The effective implementation of these measures is a key factor in ensuring that the GRA maintains a healthy financial position.

5.0 REVENUE PROJECTIONS

- 5.1 The Council has set a revenue budget of £12.635m for the financial year. The mid-year review against this budget is now projecting an overall favourable variance of £40,000 or 0.3%. The projections have been calculated on a prudent basis, and consequently it can be confidently expected that the Council will achieve its budget target. This will continue our strong track record of managing our financial performance to ensure that the outturn position is in line with the budget. The Appendix to this report provides details on the performance of individual service areas within the GRA.
- 5.2 Employee costs form a significant proportion of the Council's total budget and consequently are very important from a budget management perspective. The active management of staffing levels is ensuring that employee costs are being effectively controlled and a favourable budget variance is expected.
- 5.3 The external income that the Council generates can be one of the most volatile areas of the budget, with income going up and down due to factors outside our direct control. This year income levels are generally in line or are performing better than the budget targets, including income from garden waste charging and income from our commercial assets portfolio.
- 5.4 In general good performance is also being made in delivering Policy Option measures. The largest measure introduced this year related to corporate budget streamlining through increasing the central budget target for in year efficiency savings based on recent performance. The projections produced through the mid year review indicate that that this target should be achieved.

6.0 RESERVES AND BALANCES

- 6.1 The Council agreed an updated Reserves Policy at its meeting in February, and considered further changes to Reserves at its meeting in October. The Reserves Policy has taken various factors into account including the difficult medium term financial position facing the Council. Consequently the GRA will continue to have an adequate level of reserves in place that should enable it to deal with its financial challenges effectively.

7.0 SUSTAINABILITY IMPLICATIONS

- 7.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

8.0 RISK ASSESSMENT

- 8.1 The formal reporting of performance on the General Revenue Account is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix 1 – GRA Projected Outturn

Appendix 2 – Minute of Cabinet (Executive Overview and Scrutiny Committee 22 November 2018) only – to follow

APPENDIX 1
GRA PROJECTED OUTTURN

Budget area	Net Budget £000	Variance from Budget £000	Variance %
Leisure and Environment	9,911	5	0.1%
Housing and Inclusion	2,002	-70	-3.5%
Development & Regeneration	995	-80	-8.0%
Legal and Democracy	1,129	-25	-2.2%
Finance and Human Resources	1,537	-60	-3.9%
Other Budget Items	-2,939	190	See note
TOTAL	12,635	-40	-0.3%

NOTE

The budget figures for each area have been updated to include accounting adjustments and the allocation of central budget items to services. These are technical accounting adjustments that do not affect the bottom line resource position.

There is a corporate savings target of £445,000 that is held centrally within Other Budget Items. However the actual savings that are made in relation to this item are contained within services and consequently savings made elsewhere will offset the apparent variance on this budget item.