



COUNCIL: 17<sup>th</sup> July 2019

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**Report of:** Borough Treasurer

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**SUBJECT: GENERAL REVENUE ACCOUNT OUTTURN**

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Wards affected: Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To provide a summary of the revenue and capital outturn position on the General Revenue Account (GRA) for the 2018/19 financial year.

## **2.0 RECOMMENDATIONS**

2.1 That the revenue outturn position be noted and the proposed budget allocation set out in paragraph 4.5 be approved.

2.2 That the proposed new capital schemes set out in paragraph 5.3 be approved.

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## **3.0 BACKGROUND**

3.1 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.

## **4.0 REVENUE OUTTURN**

4.1 The Council set a revenue budget of £12.633m for the financial year, and the final outturn shows a favourable budget variance of £49,000 (0.4%). This continues our strong track record of managing financial performance to ensure that the outturn position is in line with the budget. Within this total position, each Directorate and Service achieved a favourable budget variance, and a breakdown is provided in Appendix 1.

- 4.2 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 meant that this target was achieved for the year.
- 4.3 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 were generally in line or performed better than the budget targets. In particular there was a high level of Community Infrastructure Levy funding and that was generated and a favourable budget variance on Commercial Asset rents.
- 4.4 In general good performance was also made in delivering Policy Option measures. In particular this included achieving the savings targets from staff restructuring, budget streamlining and treasury management.
- 4.5 It is recommended that the favourable variance of £49,000 that has been achieved in the final outturn position is used to support the budget position for 2020-21 in line with the approach used in recent years.

## 5.0 CAPITAL PROGRAMME OUTTURN

- 5.1 Expenditure on the GRA Capital Programme in the year was £5.682m against a budget of £7.119m, and a breakdown is provided in the following table:

Budget Area	Expenditure £000	Budget £000	Variance £000	Expenditure %
Leisure and Environment	994	1,570	-576	63%
Housing and Inclusion	3,407	3,725	-318	91%
Development and Regeneration	1,216	1,442	-226	84%
Finance and HR	65	382	-317	17%
Total	5,682	7,119	-1,437	80%

- 5.2 The expenditure level was 80% of the total budget, which is a slightly higher level than that achieved in previous years. The largest capital scheme was the Westec Site Development which had expenditure of £2.003m and was nearing completion by the year end. In line with our normal practice it is expected that the majority of the budget variance of £1.437m will be slipped into the 2019-20 financial year to enable capital schemes to be completed. A more detailed report will be presented to the September Cabinet and Executive Overview and Scrutiny Committee meetings that show the revised budget figures for 2019-20 after allowing for slippage.
- 5.3 At the Council meeting in February 2019 a number of new capital scheme proposals were deferred for consideration until July 2019. These potential schemes are set out below and would have a total cost of £0.783m.

<b><u>NEW PROPOSALS</u></b>	<b>£000</b>
<u>Development and Regeneration</u>	
Planning / Land Charges ICT upgrade	40
Alder Lane / Bramble Way Landfill site - update / replace equipment	75
Wheatsheaf Walks Improvement	30
Skelmersdale Highway / Gateway Improvements	50
Replacement of Trash Screen in Culvert	10
 <u>Legal and Democracy</u>	
Replacement time recording system (Etarmis)	17
 <u>Leisure and Environment</u>	
Long Term Provision of CCTV Cameras	240
Burscough Racquets and Fitness Centre - invest to save proposal	321
<b>Total funding requirement</b>	<b>783</b>

5.4 This funding requirement could be met from available capital receipts but it should be recognised that this, together with the use of capital receipt funding for SORP restructuring costs, would limit the ability to develop further new capital schemes from this funding source over the medium term future.

## **6.0 SUSTAINABILITY IMPLICATIONS**

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

## **7.0 RISK ASSESSMENT**

7.1 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 budget proposals contained in this report have either been the subject of previous reports to Committee, are currently at a high level where more detail needs to be worked out, or would not have an adverse impact on the public, employees, elected members and / or stakeholders. Consequently no equality impact assessments have been produced for these proposals at this time.

### **Appendices**

Appendix 1 – GRA Revenue Outturn

**APPENDIX 1**  
**GRA REVENUE OUTTURN**

Budget area	Net Budget £000	Variance from Budget £000	Variance %
Leisure and Environment	10,533	-32	-0.3%
Provision for Contract Inflation	0	172	See note
Housing and Inclusion	1,793	-161	-9.0%
Development & Regeneration	1,418	-462	-32.6%
Legal and Democracy	1,169	-65	-5.6%
Finance and Human Resources	1,716	-129	-7.5%
Employee Savings target	-445	445	See note
Other Budget Items	-3,551	183	5.2%
<b>TOTAL</b>	<b>12,633</b>	<b>-49</b>	<b>-0.4%</b>

**NOTES**

The budget figures for each area have been updated to include year-end capital 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.

The employee savings target is a corporate budget heading that is held centrally. The actual savings that are made in relation to this item are contained within services. Consequently savings made elsewhere will offset the apparent variance on this budget item.

The accounts contain a provision for additional costs in relation to the activation of inflation uplift clauses on a contract for the hire and maintenance of vehicles within Leisure and Environment Services.