



**BUDGET/COUNCIL PLAN COMMITTEE:
1 November 2022**

**EXECUTIVE OVERVIEW & SCRUTINY
COMMITTEE: 3 November 2022**

CABINET: 15 November 2022

COUNCIL: 14 December 2022

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor Adam Yates

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SUBJECT: 2022/23 GRA REVENUE Q2 MONITORING

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide a summary of the General Revenue Account (GRA) position for the 2022/23 financial year at quarter 2 and approve the budget amendments set out below.

2.0 RECOMMENDATIONS TO BUDGET/COUNCIL PLAN COMMITTEE

2.1 That the report be considered and any comments submitted to the Finance Portfolio Holder in advance of the Council meeting on 14 December 2022.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW & SCRUTINY COMMITTEE

3.1 That the report be considered and any comments submitted to the Finance Portfolio Holder in advance of the Council meeting on 14 December 2022.

4.0 RECOMMENDATIONS TO CABINET

4.1 That the 2022/23 GRA position be noted and endorsed.

5.0 RECOMMENDATIONS TO COUNCIL

5.1 That the 2022/23 GRA position be noted.

5.2 That the budget amendments reported be approved.

6.0 BACKGROUND

- 6.1 In February 2022, Council agreed the 2022/23 GRA Net Budget of £14.953m
- 6.2 The 2022/23 budget was set prior to the worsening of the cost-of-living crisis and the escalating inflation and energy costs. The quarter 1 position included some early estimations in the context of energy and other cost pressures along with materials shortages.

7.0 GENERAL REVENUE ACCOUNT: QUARTER 2 POSITION

- 7.1 The table below reflects changes to the original budget approved by Council in February 2022. The changes reflect in-year budget and technical realignments to better reflect statutory reporting requirements, and changes in team structures. The approved net budget of £14.953m has not changed.

2022/23	Original Budget £000s	Revised Budget £000's
Corporate and Customer Services	5,753	5,760
Legal and Democratic Services	1,111	1,123
Environmental Services	6,425	6,556
Finance, Procurement and Commercial Services	(1,271)	(755)
Housing	836	839
Planning and Regulatory	1,813	1,947
Wellbeing and Place	1,740	1,232
Central Service: Corporate Budgets	965	728
Central Service: Corporate Staff Vacancy Factor	(1,014)	(1,014)
NET SERVICE BUDGET	16,358	16,416
Non Service: Treasury Management	(122)	(122)
Non Service: Reserves	(1,283)	(1,341)
NET BUDGET	14,953	14,953
Council Tax	(8,227)	(8,227)
Business Rates: Retained Income	(2,793)	(2,793)
Business Rates: S31 Grants	(2,850)	(2,850)
Government Grants	(1,083)	(1,083)
FUNDING	(14,953)	(14,953)

- 7.2 The table below provides quarter 2 forecast outturn estimates against the revised budget. The mid-year net forecast position is a shortfall of £500k, this compares with £240k forecast shortfall at quarter 1. Further details are provided below.

<u>2022/23</u>	Revised Budget £000s	Q1 Var. £000s	Q2 Var. £000s	Comments
Corporate and Customer Services	5,760	0	(200)	Vacancies
Legal and Democratic Services	1,123	0	0	
Environmental Services	6,556	0	200	Staffing
Finance, Procurement and Commercial Services	(755)	0	(70)	Various running cost budgets
Housing	839	0	0	Vacancies Energy costs
Planning and Regulatory	1,947	0	0	Vacancies Planning income down
Wellbeing and Place	1,232	0	0	Review of repairs pending
Central Service: Corporate Budgets	728	0	0	
Central Service: Corporate Staff Vacancy Factor	(1,014)	0	400	Pay award
NET SERVICE BUDGET	16,416	0	330	
Non Service: Treasury Management	(122)	240	170	Rising interest rates
Non Service: Reserves	(1,341)	0	0	
NET BUDGET	14,953	240	500	To be met from reserves
Council Tax	(8,227)	0	0	
Business Rates: Retained Income	(2,793)	0	0	
Business Rates: S31 Grants	(2,850)	0	0	
Government Grants	(1,083)	0	0	
FUNDING	(14,953)	0	0	

Quarter 2: Review

7.3 At quarter 1 it was reported that:

- The 2022/23 Net Budget included an increase to the vacancy factor of £569k, from £445k (around 2.5% of salary costs) to £1.014m (around 6%), and
- The current Local Government pay offer for 2022/23 is a flat increase of £1,925 per full time employee, regardless of grade. An estimation of the cost impact is c.£1.036m (around 6% of salary costs), the budget approved in February included for a 3% uplift, therefore 3% or £518k was not budgeted and is an in-year budget pressure.

7.4 Each service heading in the table above includes the forecast for the overall 6% pay settlement but staffing budgets have not yet been uplifted to reflect the additional 3% or £518k.

7.5 The quarter 1 forecast reported that the increased vacancy factor and pay offer could be contained within existing salary budgets. During quarter 2, as the Council continues to recruit into vacant posts and the use of agency staff to cover key posts in the establishment, the latest forecast shows that the in-year budget pressure of £518k cannot be contained within existing salary budgets.

Quarter 2: Forecast Outturn

7.6 The effect of above budgeted pay offer of £518k, now makes the achievement of the corporate vacancy factor target unlikely and an under achievement of £400k is being reported at quarter 2.

- 7.7 Management will continue to monitor, recruitment and the use of agency staff to actively manage staffing budget spend, along with non-pay budgets for the remainder of the financial year. To ensure actions can be taken to offset the in-year budget pressure caused by the over budgeted pay offer, and the need to draw upon reserves at year-end.
- 7.8 Government have recently announced the support being offered to commercial energy users such as WLBC. It was anticipated in quarter 1 that energy budget pressure of around £200k could be contained within existing budgets. The additional support is likely to reduce the budget pressure which can still be contained within overall service budgets.
- 7.9 The forecasted shortfall in treasury management income, reported at quarter 1 of £240k, is expected to reduce by £70k to around £170k at quarter 2, due to rising interest rates. As reported previously, the SORP assumptions about higher cash balances than are currently available make the Treasury Management target unrealistic.

8.0 SUSTAINABILITY IMPLICATIONS

- 8.1 Careful monitoring the budget position helps ensure that the GRA remains able to deliver services and is financially sustainable in the medium term.

9.0 RISK ASSESSMENT

- 9.1 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. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set.
- 9.2 The 2022/23 pay offer of around 6% of salary costs, is 3% above the 3% included in the budget approved in February 2022, that results in an in-year budget pressure of £518k. Management will continue to monitor pay and non-pay budgets for the remainder of the financial year to reduce the need to draw upon reserves at year-end.

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

1. Minute of the Budget/Council Plan Committee 1 November 2022
2. Minute of the Executive Overview & Scrutiny Committee 3 November 2022
3. Minute of Cabinet 15 November 2022