



**AGENDA ITEM:**

**Policy & Resources Committee: 25 June 2024**

**Council: 17 July 2024**

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**Report of: Director of Finance and Corporate Resources**

**Lead Member: Councillor Mark Anderson**

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**SUBJECT: GRA Revenue Outturn Position**

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Wards affected: Borough wide

**1.0 PURPOSE OF THE REPORT**

- 1.1 To provide a summary of the outturn position on the General Revenue Account (GRA) for the 2023/24 financial year, noting the Council's use of GRA reserves and balances.

**2.0 RECOMMENDATIONS**

**To Policy & Resources Committee**

- 2.1 That the revenue outturn position of the 2023/24 GRA be noted and any comments forwarded to the Finance portfolio holder in advance of Council on 17 July 2024.

**To Council**

- 2.2 That the revenue outturn position of the 2023/24 GRA be noted.
- 2.3 To note that the use of reserves required was £182k more than was budgeted.

### **3.0 BACKGROUND**

- 3.1 The GRA budget in February 2023 for the 2023-24 financial year required the use of £1.780m of GRA reserves to ensure that it balanced.
- 3.2 During 2023/24, savings and additional income generation of £1.212m were identified. These were incorporated into the 2024/25 GRA budget and MTFS.
- 3.3 Nevertheless, the GRA budget in February 2024 for 2024-25 still required the use of a further £1.121m of reserves to balance it, with further reliance on reserves in 2025/26.
- 3.4 In common with all local authorities, the Council continues to face a very challenging financial environment due to inflationary and demand pressures combined with continually reducing funding. However, this reliance on reserves to balance the GRA budget is not sustainable. A full review of income and expenditure is in progress to identify the necessary savings to close the budget gap for 2025-26 and beyond without the further use of reserves. A rebuilding of reserves will also be necessary to ensure future financial stability.

### **4.0 GRA 2023/24 OUTTURN**

- 4.1 A summary of the draft GRA revenue outturn shows an adverse budget variance of £182k was achieved at the year end, which is around 1.1% of the total budget. This means that an additional £0.182m of reserves will be required in 2023/24, on top of the planned use of £1.78m of reserves.
- 4.2 The main budget pressure affecting the GRA was circa £0.6m due to the 2023/24 pay settlement which was a flat increase of £1,925 per full time employee which exceeded budget expectations. In addition there remain challenges in recruiting to certain key posts which led to the use of agency staff to ensure continued service delivery.
- 4.3 There were additional service-specific pressures, summarised in the table below.
- 4.4 This overall pressure was partly offset in 2023/24 by some one-off favourable transactions:
  - £125k release from the planning income smoothing reserve to offset shortfalls in planning income in-year
  - £145k release of historical commuted sums
  - £431k additional income through effective Treasury Management to maximise return on investments.

	Revised Budget	Outturn	Variance	Outturn last reported Q3	Variance from last forecast	Explanation of overspend and variance from Q3 forecast
	£'000	£'000	£'000	£'000	£'000	
Corporate & Customer Services	5,453	4,522	(931)	(1,150)	219	Favourable on ICT costs and salaries. £400k one-off favourable anticipated on NNDR appeals provision now to be made in 2024/25, partially offset by other year-end favourable transactions
Environmental Services	6,696	7,618	921	650	271	Over budget mainly staff & agency costs, plus fleet repair costs Further costs incurred in Q4, primarily for fleet repairs/damage, security/cctv costs and tree works
Finance, Procurement and Commercial Services	1,592	1,669	77	130	(53)	£60k savings target – additional income/efficiencies across WLBC.
Housing Services	(931)	(881)	50	(15)	65	Provision for bad debts increased at year end
Legal and Democratic Services	1,128	1,202	75	75	(0)	Staff & agency costs, plus costs of new governance structure
Planning and Regulatory	1,818	1,897	79	150	(71)	Mainly Planning & Building Control income, plus staff & agency costs
Wellbeing and Place	1,674	2,000	327	425	(98)	Leisure Contract. Staff costs, pay settlement. Parking income down.
Other Corporate Budgets	501	704	203	(75)	278	£429k central budget for difference between budgeted and actual employers superannuation (credit), partially offset by corporate contingency budget.
<b>Total Net Budget</b>	<b>17,932</b>	<b>18,731</b>	<b>799</b>	<b>190</b>	<b>609</b>	
Treasury Management	(225)	(656)	(431)	(391)	(40)	Higher interest rates, as well as £90k budgeted interest payments not required to be made by WLBC in 2023/24.
Minimum Revenue Position	400	400	-	-	-	
Contribution to / (from) reserves	(1,780)	(1,780)	0	-	0	
<b>Total Net Budget</b>	<b>16,327</b>	<b>16,695</b>	<b>368</b>	<b>(201)</b>	<b>569</b>	
Council Tax	(8,609)	(8,569)	40	-	40	year end transactions
Business Rates (NNDR)	(3,130)	(3,058)	72	-	72	year end transactions
Government Grants and Contributions	(4,588)	(4,886)	(299)	-	(299)	Various year end transactions, primarily Council Tax Support Scheme grant
<b>Total Funding</b>	<b>(16,327)</b>	<b>(16,513)</b>	<b>(186)</b>	<b>-</b>	<b>(186)</b>	
<b>Total Overspend/(underspend)</b>	<b>-</b>	<b>-</b>	<b>182</b>	<b>(201)</b>	<b>383</b>	

4.5 The table above also shows how outturn compared to the Q3 forecast of outturn, a net adverse movement of £0.383m. Forecasts are always an estimate of what is expected, so by nature they are open to change. The main changes from Q3 to outturn are summarised below:

- Additional operational expenditure of £0.271m not anticipated at Q3, primarily relating to fleet repair works, tree works and security costs. Other operational variances to Q3 broadly offset favourable and adverse movements within each service.
- Various accounting transactions completed at year end, creating favourable and adverse movements from Q3. Until year end is completed it is hard to quantify their effect.

## **5.0 SUSTAINABILITY IMPLICATIONS**

- 5.1 Careful monitoring the budget position helps ensure that the HRA remains able to deliver services and is financially sustainable in the medium term. This supports the aim that local people should receive good quality homes for a fair and appropriate rent.

## **6.0 RISK ASSESSMENT**

- 6.1 The formal reporting of performance on the Housing 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.

## **7.0 HEALTH AND WELLBEING IMPLICATIONS**

- 7.1 The health and wellbeing implications arising from this report will be dependent on the budget proposals put forward at the Council meeting. Details of any significant implications will be provided at the Council meeting if required.

### **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.