



Policy & Resources: Tuesday 19 November 2024

COUNCIL: Wednesday, 11 December 2024

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**Report of: Director of Finance & Corporate Resources – Section 151**

**Relevant Lead Member: Councillor Mark Anderson - Lead Member for Finance**

**Contact for further information:**

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**SUBJECT: GRA 2024/25 Q2 BUDGET MONITORING**

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Wards affected: (All Wards);

## **1.0 PURPOSE OF THE REPORT**

1.1 To provide a summary of the General Revenue Account (GRA) position for the 2024/25 financial year based upon Quarter 2 monitoring (Q2).

## **2.0 RECOMMENDATIONS TO POLICY & RESOURCES COMMITTEE**

2.1 That the GRA Q2 revenue position be noted.

## **3.0 RECOMMENDATIONS TO COUNCIL**

3.1 That the GRA Q2 revenue position be noted.

## **4.0 BACKGROUND**

4.1 In order to set a balance budget for 2024/25 GRA Council approved in February the use of £1.1m of revenue reserves, despite achieving savings and efficiencies of £1.2m in 2023/24 which were included in 2024/25 budget setting. Had these savings and efficiencies not been achieved the use of reserves would have been £2.4m in 2024/25.

- 4.2 The Medium-Term Financial Strategy (MTFS), which was also approved by Council in February, identified a gap of £1.8m for 2025/26 and £1.5m in 2026/27 without the use of revenue reserves.
- 4.3 Q1 Monitoring identified a significant overspend of £1.72m due to the following pressures:
- Reduction in income and increasing costs within leisure centre services.
  - Staff & agency costs in Environmental Services after the vacancy factor.
  - Fleet damage and repair costs within Environmental Services.
  - Income pressure relating to Planning; Building Control; car parks and markets.

## **5.0 GRA – 2024/25 Q2 Position and projected Outturn**

- 5.1 A summary of the Q2 GRA revenue position and projected outturn against budget is set out in the table below. The GRA Q2 forecast is around £1.45m (8.5%) over budget. Given the funding gaps and use of reserves described above an overspend of this size is of significant concern as it would not only require further use of reserves in 2024/25 but also effectively increase the funding gaps in future years where the overspend is ongoing rather than a one-off.
- 5.2 The Q2 forecast of £1.45m over budget is an improvement of around £0.27m from Q1, the main pressures remain the same:
- Reduction in income and increasing costs within leisure centre services.
  - Staff & agency costs in Environmental Services after the vacancy factor.
  - Fleet damage and repair costs within Environmental Services.
  - Income pressure relating to Planning; Building Control; car parks and markets

	Quarter 2 actuals	Full Year Budget £'000	Q1 Forecast var £'000	Q2 Forecast Outturn £'000	Q2 Variance £'000	Explanation for variance
Corporate & Customer Services	2,387	5,108	-	4,908	(200)	In-year only savings on non-essential spend
Environmental Services	3,032	6,557	630	7,257	700	Staff & agency costs after vacancy factor Fleet damage & repair costs
Finance and Corporate Resources	1,213	1,804	225	2,104	300	£70k Finance savings target across the organisation £157k Procurement savings target across the organisation Staff & agency costs after vacancy factor
Housing Services	(830)	(944)	-	(1,069)	(125)	In-year only savings on non-essential spend
Legal and Democratic Services	445	1,332	40	1,347	15	
Planning and Regulatory	(188)	1,871	200	2,171	300	Planning & Building Control Income below budget Continued issues with agency in hard-to-fill permanent posts
Wellbeing and Place	1,776	1,184	870	1,924	740	Leisure centre membership attrition affecting income Exacerbated by Burscough closure - assuming no income and reduced but not zero costs Ongoing expenditure pressures since bringing in-house Car park and market income below budget
Chief Officers	205	288	40	328	40	Interim Head of Economic Development & Regeneration to end of June 2024
Other Budget Items	602	901	(275)	601	(300)	£235k balance of employers superannuation adjustment (superannuation savings over assumed credit) Most contingency has been allocated
<b>Total Net Budget</b>	<b>8,642</b>	<b>18,101</b>	<b>1,730</b>	<b>19,571</b>	<b>1,470</b>	
Treasury Management	(86)	(397)	(10)	(417)	(20)	per Q2 TM report
Capital Charges	-	532	-	532	-	
Contribution to / (from) reserves	-	(1,100)	-	(1,100)	-	
<b>Total Net Budget</b>	<b>8,556</b>	<b>17,136</b>	<b>1,720</b>	<b>18,586</b>	<b>1,450</b>	
Council Tax	765	(8,886)	-	(8,886)	-	
Business Rates (NNDR)	4,231	(7,035)	-	(7,035)	-	
Government Grants and Contributions	(596)	(1,215)	-	(1,215)	-	
<b>Total Funding</b>	<b>4,400</b>	<b>(17,136)</b>	<b>-</b>	<b>(17,136)</b>	<b>-</b>	
<b>Total Overspend</b>	<b>12,956</b>	<b>-</b>	<b>1,720</b>	<b>1,450</b>	<b>1,450</b>	

5.3 In light of ongoing reliance on reserves in the MTFs, the budgeted use of £1.1m of reserves to deliver a balanced GRA budget in 2024/25, and the additional Q2 forecast budget pressure of £1.45m, the Executive Management Team (EMT) have put in place a number of actions to improve the in-year financial position.

- A freeze on recruitment of vacant posts (non HRA), requiring a satisfactory business case to justify recruitment.
- A freeze on the use of further agency staff, requiring a satisfactory business case to justify recruitment.
- All services that are forecasting an overspend have provided a recovery plan for EMT review.
- A freeze on all other non-essential expenditure.

5.4 In parallel with this, a series of proposals to remove the need to utilise reserves to balance the budget and MTFs in future years was submitted to Council on 16 October 2024. Where possible this transformation will be accelerated in order to achieve savings within the current financial year.

5.5 The above measures along with close monitoring of all income and expenditure are expected to mitigate some but not all of the overspend forecast therefore some transformation or use of reserves will be required in 2024/25. This is being taken into account when planning for future years to ensure a reset and recovery.

## **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 FINANCIAL AND RESOURCE IMPLICATIONS**

7.1 There are financial implications arising from this report in respect of the matters discussed throughout.

## **8.0 RISK ASSESSMENT**

8.1 This item is for information only and makes no recommendations. It therefore does not require a formal risk assessment and no changes have been made to risk registers.

## **9.0 HEALTH AND WELLBEING IMPLICATIONS**

9.1 There are no health and wellbeing implications arising from this report.

## **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**

*None*