

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**

**AGENDA  
ITEM NO**

**4 OCTOBER 2018**

**13b**

<b>Report Title</b>	<b>Budget Monitoring Report 2018/19 – 31 Aug 2018</b>
<b>Purpose of Report</b>	To present to the Committee a forecast of the outturn position against the revenue budget and capital programme for 2018/19 in order to give an expectation of possible variances against budget and items to be considered as part of the budget setting process.
<b>Decision(s)</b>	<b>The Committee RESOLVES:</b> a) to note the outturn forecast for the General Fund Revenue budget and Capital Programme  b) to approve the re-profiled capital budgets for Stratford Park Lido and Community Buildings, as recommended by Community Services and Licensing Committee set out in paragraph 37 and 38.
<b>Consultation and Feedback</b>	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
<b>Financial Implications and Risk Assessment</b>	There are a number of variations identified between the General Fund revenue budget and the projected outturn. Overall, a net variation after further reserve transfers of £50k has been projected (£498k before additional transfers).  The main financial issue highlighted in this report is the adverse variation on the Multi-Service contract. The Budget Strategy report to this committee highlights the additional resources that will be required to stabilise the current contract.  The Capital Programme shows a very low level of spend up to the end of August 2018. Variations on Housing Initiatives and Brimscombe Port have highlighted by budget holders in this report. In addition to the reprofiling of capital schemes recommended by Community Services and Licensing committee, it would not be unreasonable to expect capital slippage or a reprofiling of certain schemes when the Capital Programme for 2019/20 to 2022/23 is considered by members in January 2019. David Stanley – Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a>

<b>Legal Implications</b>	<p>The Committee has responsibility on behalf of the Council to monitor and review the Council's income and expenditure during the financial year against the Council's budget.</p> <p>Where funding is provided by way of a grant it may have been provided with conditions, which will need to be adhered to. This is usually designed to ensure that the grant is used for the purposes intended and allow appropriate provisions for clawback and/or termination if it is not. This may prevent grant monies received by the Council being used for other purposes and transferred between budgets.</p> <p>Craig Hallett, Solicitor &amp; Deputy Monitoring Officer  Tel: 01453 754364  Email: <a href="mailto:craig.hallett@stroud.gov.uk">craig.hallett@stroud.gov.uk</a>  (Ref: r13.9c18.9.3d20.9)</p>
<b>Report Author</b>	<p>Adele Rudkin, Accountant  Tel: 01453 754109  Email: <a href="mailto:adele.rudkin@stroud.gov.uk">adele.rudkin@stroud.gov.uk</a></p>
<b>Options</b>	None
<b>Performance Management Follow Up</b>	<p>Budgets will continue to be monitored on a regular basis by budget holders supported by Finance. Further finance reports will update the committee in January 2019 and April 2019, with the outturn position reported to Strategy and Resources committee in May 2019</p>

1. This report provides the first monitoring position statement for the financial year 2018/19, figures have been updated to include all transactions up to 31 August 2018 in order to provide the committee with meaningful data. The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.
2. **Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

#### **Revenue Budget position**

3. The original net General Fund Revenue budget for 2018/19 was approved by Council at their meeting in February 2018 including budget proposals of the administration.
4. The latest budget for Strategy and Resources Committee is £6.4m. The monitoring position at 31 August 2018 shows a projected net overspend of **£148k**. Taking into account the variation reported to Community Services and Licensing, Housing and Environment committees, the overall position on the

service revenue expenditure is a net **overspend of £498k**. Appendix A provides an overview of the committee's budget and the other service committees.

5. The forecast for the General Fund is an overspend of £50k (after additional reserve transfers), as shown in Table 1. This report includes detail on both Strategy and Resources Committee budgets and the overall General Fund position. Budget information which has been presented to other committees is reproduced for information purposes.

**Table 1 – General Fund Revenue Position**

<b>GENERAL FUND</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
Community Services Committee		3,554	3,450	3,127	(323)
Housing Committee		503	507	506	(1)
Environment Committee		4,749	4,760	5,534	774
Strategy & Resources Committee		6,212	6,400	6,548	148
Accounting Adjustments		1,752	1,752	1,752	0
<b>Net Service Revenue Expenditure</b>		<b>16,769</b>	<b>16,869</b>	<b>17,467</b>	<b>598</b>
Other Operating Income & Expenditure		(1,180)	(1,280)	(1,380)	(100)
Funding from Govt Grants/Council Tax		(15,589)	(15,589)	(15,589)	0
<b>TOTAL General Fund (before transfers)</b>		<b>0</b>	<b>0</b>	<b>498</b>	<b>498</b>
Transfer from reserve - Waste & Recycling		0	0	(324)	(324)
Transfer from reserve - Workforce Plan		0	0	(124)	(124)
<b>TOTAL General Fund (after transfers)</b>		<b>0</b>	<b>0</b>	<b>50</b>	<b>50</b>

6. **Impact of position on reserves** – The Medium Term Financial Plan (MTFP), as approved by Council in February 2018, budgeted for the General Fund to transfer £74k to the MTFP Equalisation Reserve. The table above includes this level of budgeted transfer within the Other Operating Income & Expenditure line. Further transfers of £324k from the Waste and Recycling reserve and £124k from the Workforce Planning reserve are anticipated, reducing the net variation on the General Fund from £498k to £50k.

7. The outturn position, as set out above, indicates that a further transfer of £498k would be required to reach a balanced position at year end. However, there are a number of factors that will impact on this.

- **Transfers from reserves** – the net overspend position on the Multi-Service contract (£784k) will in part be funded from the Waste Management earmarked reserve (£600k set aside in 2017/18)
- **Housing Benefit** – recovery of overpaid benefits sits outside of the main subsidy system and represents an income stream to the Council. This has not been taken into account in the outturn forecast due to (a) difficulty in providing an accurate and reliable forecast this early in the financial year, (b) the added uncertainty of the impact of Universal Credit on the forecast. As a very approximate guide, the level of net additional income over the income target was £60k in 2017/18
- **Business Rates** – The MTFP provided an estimate of the level of income from business rates including the benefit arising from the 100% Business Rates Pool. Due to the uncertainty and complexity around forecasting business rates income, the MTFP assumed that any additional income would be transferred to an earmarked reserve at year end thereby effectively budgeting for a 'net nil' position/effect. This policy is continued within this report.

- **Multi-Service contract** – this report highlights a significant adverse variation on the Multi-Service contract. It is likely that the net overspend against the budget will increase beyond this position. Based on the latest financial reports from Ubico it is probable that the net overspend against the budget will increase beyond this position. If that were to be the case the draw on the Waste and Recycling reserve would be increased to compensate.

**Table 2 – Revenue budgets Strategy & Resources Committee 2017/18**

<b>Strategy &amp; Resources Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
Investment Assets	19	(78)	(78)	8	86
Other Assets		24	24	38	14
Car Parks		(656)	(656)	(651)	6
Head of Property Services		82	83	68	(15)
Property Services Team		327	330	313	(18)
Facilities Management		761	714	711	(3)
Democratic Representation and Management		426	427	406	(21)
Resources and Finance - Direct Spend		1,859	1,887	1,889	2
Chief Executive		189	191	193	2
Marketing		54	54	62	7
Director (Corporate Services)		47	47	57	10
Human Resources	20	420	409	382	(27)
Corporate Business Services	21	222	445	569	124
Corporate Services (Legal)	22	575	580	548	(32)
Head of Finance	23	80	81	55	(26)
Financial Services	24	871	847	827	(20)
Information & Communication Technology	25	1,009	1,015	1,073	58
<b>Strategy &amp; Resources TOTAL</b>		<b>6,212</b>	<b>6,400</b>	<b>6,548</b>	<b>148</b>

The table below outlines the key variances for this Committee

**Table 3 - Headline Budget variances**

<b>Strategy &amp; Resources Committee</b>	<b>Para Refs</b>	<b>Overspend / (Underspend) (£'000's)</b>
<b>Investment Assets</b>		
Industrial Units	19	21
Littlecombe site, Dursley	19	63
<b>Human Resources</b>		
Human Resources - salary underspend	20	(27)
<b>Corporate Business Services</b>		
Work Force Plan Savings	21	124
<b>Corporate Services (Legal)</b>		
Legal Services	22	(32)
<b>Financial Services</b>		
Head of Finance -	23	(26)
Financial Services	24	(20)
<b>Information &amp; Communication Technology</b>		
ICT - Salary Overspend	25	58
<b>Strategy &amp; Resources TOTAL</b>		<b>160</b>

## 8. Work Force Plan

As reported previously the total ongoing savings from posts removed in Phase 1 of the Work Force Plan in 2017/18 is £230k. This was included in the base budget for 2018/19. In addition to this a saving of £100k is included in the budget in order to offset the cost of the Change Team.

To date reviews have been completed and implemented in Phase 2 for the Museum in the Park, HRA, Community Services and Regeneration.

### Total cost/savings of completed reviews (Phase 1 and 2):

	2017/18 £000s	2018/19 £000s	2019/20 £000s	Total £000s
Savings	230	479	550	550 (ongoing)
Costs	56	273	0	329 (one-off)

This is the position to date and isn't a forecast of the final position which will change as further structure changes are implemented.

When compared to the savings target of £330k in the base budget, this gives an in year cost (overspend) of £124k to date in 2018/19.

It is expected that a transfer from the Workforce Planning earmarked reserve will be made to cover the additional cost of the restructures and so it is forecasted that there is no overall variation to budget. Based on current costs and savings this transfer of £124k would reduce the Workforce Planning reserve from £650k to £526k.

It should be noted that although all the reviews undertaken have been on services in the General Fund, the HRA will receive a share of costs and savings for any support services which it shares with the GF. For example HR provides services to both the GF and the HRA and so any costs and savings associated with the review will be shared in line with current charging splits.

### Estimated General Fund share of costs/savings:

	2017/18 £000s	2018/19 £000s	2019/20 £000s
Savings	222	459	525
Cost	44	267	0
Net Savings/(Cost)	178	192	525

## Capital Programme

9. The 2018/19 Capital Programme of £2.820m was approved by Council in January 2018. This has subsequently been revised to £6.586m following approval of the carry forwards/slippage and profiling changes by Strategy and Resources Committee at their meeting in May 2018.
10. Table 2 below shows the Capital Forecast position at the end of August 2018 for Strategy and Resources Committee and shows a projected outturn of £0.874m.

**Table 5 – Strategy & Resources Capital Schemes**

Strategy & Resources Capital Schemes	2018/19 Revised Budget (£'000)	2018/19 Spend to date (£'000)	2018/19 Projected Outturn (£'000)	2018/19 Outturn Variance (£'000)
Housing Initiatives	600	0	0	(600)
Brimscombe Port Redevelopment	3,412	3	300	(3,112)
ICT investment Plan	400	62	400	0
MSCP Resurfacing	120	0	120	0
Merrywalks Redevelopment (Commercial Loan)	2,000	0	0	(2,000)
Liittlecombe Business Units Dursley	54	0	54	0
<b>TOTAL S&amp;R Capital</b>	<b>6,586</b>	<b>65</b>	<b>874</b>	<b>(5,712)</b>

11. The level of capital expenditure to the end of August 2018 is very low. Variations on Housing Initiatives and Brimscombe Port have highlighted by budget holders in this report. In addition to the reprofiling of capital schemes recommended by Community Services and Licensing committee, there is likely to be capital slippage or a reprofiling of certain schemes when the Capital Programme for 2019/20 to 2022/23 is considered by members in January 2019.

### 12. Housing Initiatives

An update on the Housing Initiatives Capital Scheme will be presented to Strategy and Resources committee later this civic year. For budget monitoring purposes it has been assumed that there will be no spend this financial year until the Committee have considered all the options in detail.

### 13. Brimscombe Port Redevelopment

There is a forecast spend of £300k for 18/19 and the budget will be re-profiled to align with the delivery strategy for the site. A separate report on this and the programme is on the agenda for this committee.

### 14. ICT Investment Plan

This project is currently on schedule to be fully spent this year. A more detailed report including a breakdown of the spend for this financial year is covered in the IT Strategy and Investment progress report presented at this committee.

### 15. MSCP Re-surfacing

The MSCP works are currently out to tender and the contract should be awarded by the 28 September 2018. Works are likely to commence in October and scheduled to be completed by mid November.

**16. Merrywalks Redevelopment (Commercial Land)**

The Capital programme, as revised in the outturn report presented to the Committee in May 2018, included a £2m commercial loan for the Merrywalks redevelopment. The Council did not provide the commercial loan for the acquisition of the shopping centre by Stroud Regeneration Ltd (Dransfield) as the company arranged alternative finance through the LEP and the parent company, therefore this scheme will be removed from the Capital programme.

**17. Littlecombe Business units Dursley**

Construction of the business units has finished and the units are being actively marketed. Details and photographs of the units can be found using the following link to our agent:

<https://www.ashproperty.co.uk/Properties/Dursley - Phase II, Littlecombe Business Park, Lister Road.aspx> .

£53k remains outstanding in the capital budget; this sum will cover the defects retention which will be returned on expiry of the defects liability period in 2019/20.

**18.** Appendix A to this committee provides members with an update to the overall capital programme and includes detail in relation to recommendations from Community Services and Licensing and Environment committees in September 2018.

## STRATEGY AND RESOURCES COMMITTEE

### 19. Investment Asset – £86k overspend

(Alison Fisk xtn 4430) [alison.fisk@stroud.gov.uk](mailto:alison.fisk@stroud.gov.uk)

#### Littlecombe Units

£62k of the variance is attributable to income shortfall directly relating to the delay in completion of the Littlecombe Units (due to WPD). There is some interest in lettings, but it will take time for this to crystallise into rental income.

#### Stonehouse Industrial Estate

The remainder of the overspend is due to dilapidation works that have been undertaken prior to the end of the council's head lease to limit any claim from the landlord. There have also been 2 vacant units on this estate this has resulted in lower rent and service charges being received as well as the Council being responsible for any outgoings, in particular paying empty business rates.

In spite of the limited term the council has left (the lease expires in Dec 2019 ) the service has now successfully let the vacant units, one in mid-June and a lease for the other is due to complete by the end of September .

### 20. Corporate Services – HR (£27k) underspend

(Lucy Powell, xtn 4286), [lucy.powell@stroud.gov.uk](mailto:lucy.powell@stroud.gov.uk)

This variation is in relation to an underspend within the HR service. The focus in HR this year has centred on the Apprentice Levy funds. Following the HR re-design earlier in the year the team are nearly fully resourced and a business plan is being developed to utilise the remaining budget. Any further savings will be addressed as part of the budget setting process later in the year.

### 21. Corporate Business Services – £124k overspend

(Tim Power, xtn 4155), [tim.power@stroud.gov.uk](mailto:tim.power@stroud.gov.uk)

The in year overspend of £124k has arisen in comparison to the savings target of £330k in the base budget. It is expected that a transfer from the Workforce Planning earmarked reserve will be made to cover the additional cost of the restructures and so it is forecasted that there is no overall variation to budget. Based on current costs and savings this transfer of £124k would reduce the Workforce Planning reserve from £650k to £526k.

### 22. Corporate Services – Legal (£32k) underspend

(Karen Trickey, xtn 4369, [karen.trickey@stroud.gov.uk](mailto:karen.trickey@stroud.gov.uk))

The salary variation of (£32k) is in relation to two career graded posts and a third post that is currently on phased retirement. There is an apprentice post that is being looked at to potentially remove in budget setting for 2019/20.

The remaining variance is minor overspends.

**23. Head of Finance – (£26k underspend)**

(Andrew Cummings xtn 4115), andrew.[cummings@stroud.gov.uk](mailto:cummings@stroud.gov.uk)

The underspend on the budget has arisen due to the postholder not starting until late July 2018.

**24. Financial Services – (£20k underspend)**

(Andrew Cummings xtn 4115), andrew.[cummings@stroud.gov.uk](mailto:cummings@stroud.gov.uk)

There is a net saving of (£13k) on the Internal Audit budget arising from the 10% reduction in the audit plan, as approved by Audit and Standards committee in April 2018. The level of ongoing resource required to provide a risk-based internal audit plan will be reviewed as part of the budget setting process. Owing to efficiencies on the Internal Audit shared service over the previous two years, a one-off dividend/saving of (£7k) has been received.

**25. ICT – £58k additional expenditure**

(Mark Fisher xtn 4258, mark.fisher.[@stroud.gov.uk](mailto:@stroud.gov.uk))

This variance is directly related to salaries. Recruitment of new staff has been particularly difficult in the current market. In order to run a 'business as usual' service, contractors have been employed to cover these vacancies. A permanent appointment has now been made to the post of IT systems manager with a start date to be agreed. The remaining post (Citrix systems manager) will continue to be filled by a contractor with every effort to find a permanent appointment.

**26. Corporate Income and Expenditure – (£100k) variation**

(David Stanley xtn 4100, [david.stanley@stroud.gov.uk](mailto:david.stanley@stroud.gov.uk))

The variation of £100k on the Corporate Income and Expenditure budgets is the net variation on two items. Firstly, the £200k contingency budget for Waste and Recycling offsets the overspend reported to Environment Committee in September 2018. As part of the budget setting process for 2019/20, this contingency budget will be removed with a re-alignment of expenditure and income budgets in the service. There will also need to be a recognition of the inflationary shortfall on the multi-service contract. Further details on this are contained within the budget strategy report.

There is an adverse variation on the savings target associated with the Change Team. When the 2018/19 budget was set in January 2018, the £100k cost of the team was to be financed through additional savings. Given the progress to date with the workforce plan (as shown in para 7), there is little scope for additional savings. Therefore, this represents an unfunded cost against the General Fund.

**Table 5 – Strategy & Resources Committee Breakdown**

Strategy & Resources Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Brunel Mall		(52)	(52)	(49)	2
Industrial Units		(16)	(16)	5	21
Brimscombe Port		50	50	50	0
Littlecombe site, Dursley		(61)	(61)	2	63
Gossington Depot		0	0	0	0
<b>Investment Assets</b>	<b>19</b>	<b>(78)</b>	<b>(78)</b>	<b>8</b>	<b>86</b>
Dursley Bus Station		(3)	(3)	(4)	(1)
Miscellaneous Properties and Land		27	27	42	16
<b>Other Assets</b>		<b>24</b>	<b>24</b>	<b>38</b>	<b>14</b>
Car Parks (NC)		15	15	16	1
Car Parks (MT)		(23)	(23)	(20)	3
Car Parks (Stroud)		(648)	(648)	(647)	1
Car Parks (Managed)		0	0	0	0
<b>Car Parks</b>		<b>(656)</b>	<b>(656)</b>	<b>(651)</b>	<b>6</b>
<b>Head of Property Services</b>		<b>82</b>	<b>83</b>	<b>68</b>	<b>(15)</b>
Property Services		263	266	249	(17)
Asset Building Maintenance		64	65	64	(1)
<b>Property Services Team</b>		<b>327</b>	<b>330</b>	<b>313</b>	<b>(18)</b>
Facilities Management		212	161	161	0
Ebley Mill		459	461	459	(3)
Emergency Management		91	91	91	0
<b>Facilities Management</b>		<b>761</b>	<b>714</b>	<b>711</b>	<b>(3)</b>
Members Expenses		365	365	361	(4)
Democratic Representation and Management		(157)	(157)	(167)	(11)
Electoral Registration		126	127	120	(6)
Elections		88	89	89	0
Youth Councils		3	3	3	0
<b>Democratic Representation and Management</b>		<b>426</b>	<b>427</b>	<b>406</b>	<b>(21)</b>
Past Service Pension Costs/Central Budget Alloc		1,861	1,887	1,887	0
Corporate Management		(22)	(22)	(22)	0
Pension Costs		49	49	49	0
Land & Property Custodian		(28)	(28)	(25)	2
<b>Resources and Finance - Direct Spend</b>		<b>1,859</b>	<b>1,887</b>	<b>1,889</b>	<b>2</b>
Chief Executive		<b>189</b>	<b>191</b>	<b>193</b>	<b>2</b>
Marketing		<b>54</b>	<b>54</b>	<b>62</b>	<b>7</b>

<b>Strategy &amp; Resources Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
<b>Director (Corporate Services)</b>		<b>47</b>	<b>47</b>	<b>57</b>	<b>10</b>
Human Resources	20	<b>420</b>	<b>409</b>	<b>382</b>	<b>(27)</b>
Work Force Plan Savings		0	221	345	124
Corporate Change Team		100	101	101	0
Business services		122	123	123	0
<b>Corporate Business Services</b>	<b>21</b>	<b>222</b>	<b>445</b>	<b>569</b>	<b>124</b>
Legal Services		416	420	388	<b>(33)</b>
Democratic Services		96	96	96	0
Procurement		63	63	64	0
<b>Subtotal Corporate Services (Legal)</b>	<b>22</b>	<b>575</b>	<b>580</b>	<b>548</b>	<b>(32)</b>
<b>Head of Finance</b>	<b>23</b>	<b>80</b>	<b>81</b>	<b>55</b>	<b>(26)</b>
Financial Services	24	<b>871</b>	<b>847</b>	<b>827</b>	<b>(20)</b>
Information & Communication Technology	25	<b>1,009</b>	<b>1,015</b>	<b>1,073</b>	<b>58</b>
<b>Strategy &amp; Resources TOTAL</b>		<b>6,212</b>	<b>6,400</b>	<b>6,548</b>	<b>148</b>

## Community Services & Licensing Committee

**Table 6 – Community Services & Licensing Committee outturn forecast**

Community Services Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Community Safety		360	267	285	18
Youth Services		100	100	85	(16)
Grants to Voluntary Organisations		337	337	337	0
Licensing		(68)	(67)	(61)	6
Director (Customer Services)		133	134	127	(7)
Customer Services		390	393	382	(11)
Cultural Svcs - Arts and Culture	27	781	722	683	(39)
Cultural Svcs - Sport & Health Dev.		165	167	153	(14)
Cultural Svcs - Sports Centres	28	124	131	(13)	(144)
Public Spaces	29	1,031	1,056	1,073	17
Revenues and Benefits	30	202	209	77	(133)
<b>Community Services TOTAL</b>		<b>3,554</b>	<b>3,450</b>	<b>3,127</b>	<b>(323)</b>

**27. Cultural Services (Arts & Culture) – (£39k) underspend**  
(Joanne Jordan xtn 4005, [joanne.jordan@stroud.gov.uk](mailto:joanne.jordan@stroud.gov.uk))

**Subscription Rooms - (£32k) underspend**

A £32k underspend is forecast on salaries for this financial year. Given the decision made by Strategy and Resources committee at their meeting in July 2018 to transfer the Subscription Rooms to the Town Council in April 2019, there will be some impact on service delivery during the latter half of the year. The forecast provided by the service only takes into account the known staffing position. The programme for the Subscription Rooms has been amended this year to reduce the income risk to the Council. As such, members should treat the forecast with a degree of caution.

The remaining variance are small underspends within Arts and Culture.

**28. Cultural Services (The Pulse) – (£146k) income surplus**  
(Angela Gillingham xtn 01453 540995, [angela.gillingham@stroud.gov.uk](mailto:angela.gillingham@stroud.gov.uk))

The forecast is based on the data for the first 4 months of 17/18 in comparison to the actuals for this financial year. It is difficult to predict with 100% confidence in the first quarter, the trend is up on last year in some areas which gives assurance that we will exceed this year's original income target. A more detailed forecast will be included in the next budget monitoring report later in the year.

Swimming lessons and memberships are still proving to be the main income streams for the pulse.

There has been a slight downturn in membership sales over the summer but this is attributed to the warm weather and has been reflected in the forecast outturn.

As referenced in paragraph 8 of this report, members should consider the performance of the Pulse when setting budgets for 19/20. Income targets for 17/18 and 18/19 were or are forecast to be exceeded. However, the trend in membership and the impact of seasonal variations need to be understood before a final decision can be made on any revised income targets.

## **29. Public Spaces – £17.2k overspend**

(Mike Hammond xtn 4447, [mike.hammond@stroud.co.uk](mailto:mike.hammond@stroud.co.uk))

Whilst the overall variance is not significant, there are some larger offsetting variances which are outlined below. These services form part of the wider Multi Service Contract which is reported through Environment Committee.

An overspend within Amenity areas of £26k has been forecast. Seasonal grass cutting has been reduced in order to reduce the contract cost. This variance reflects a reduced cost pressure within the budget but remains overspent overall.

Public Conveniences are forecasting an underspend of (£16.5k). This has been achieved by reducing the frequency of the number of cleans across the service.

Additionally there are some small overspends spread across the service.

## **30. Revenues and Benefits – (£133k) underspend**

(Simon Killen xtn 4013, [simon.killen@stroud.gov.uk](mailto:simon.killen@stroud.gov.uk))

The current forecast has identified salary savings within Revenue and Benefits. The service is covering 3 vacancies within the benefits team, along with an apprentice post. This has put pressure on maintaining performance, particularly within benefits and the off site processing is being utilised with Civica on Demand system.

The Revenue and Benefit Service is undergoing its service review as part the councils overall workforce plan, which is expected to be completed in the autumn. Any potential savings will be dealt with as part of the budget setting process

No forecast has been made concerning Housing Benefit subsidy and performance in recovering overpaid benefits. It is too early to provide an accurate forecast given the continuing rollout of Universal Credit (UC) across the district. DWP's expectation is that our caseload will decrease leading to a reduced level of subsidy.

However, there continues to be a significant level of fluctuation in benefit entitlement for claimants (in part due to Universal Credit changes) that

makes this a very complex area to forecast early in the year. DWP have also made additional resources available to investigate cases of Fraud and Error (RTI and VEP).

Recovery of overpaid benefit sits outside of the main benefit subsidy and is an area that provides an income stream to the council. There is some risk to the Council that due to UC workloads and staffing pressures within the service that the budgeted level of net recovery (approximately £125k) will not be achieved in full this year.

**Table 7 – Community Services and Licensing Breakdown**

<b>Community Services Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
Community Safety		63	66	77	11
Abandoned Vehicles		5	5	5	0
Careline Services		(32)	(73)	(73)	0
Neighbourhood Wardens		236	185	192	7
Car Parks Enforcement		47	43	43	0
Stroud and Dursley CCTV		41	41	41	0
<b>Community Services</b>		<b>360</b>	<b>267</b>	<b>285</b>	<b>18</b>
<b>Hear by Right / Youth Services</b>		<b>100</b>	<b>100</b>	<b>85</b>	<b>(16)</b>
<b>Grants to Voluntary Organisations</b>		<b>337</b>	<b>337</b>	<b>337</b>	<b>0</b>
<b>Licensing</b>		<b>(68)</b>	<b>(67)</b>	<b>(61)</b>	<b>6</b>
<b>Director (Customer Services)</b>		<b>133</b>	<b>134</b>	<b>127</b>	<b>(7)</b>
<b>Customer Service Centre</b>		<b>390</b>	<b>393</b>	<b>382</b>	<b>(11)</b>
Museum in the Park	27	406	371	368	(3)
Subscription Rooms		227	230	197	(32)
Tourism		148	122	118	(4)
<b>Cultural Services - Arts and Culture</b>		<b>781</b>	<b>722</b>	<b>683</b>	<b>(39)</b>
Health and Wellbeing		35	35	35	0
Sport and Health Development		131	132	118	(14)
<b>Cultural Services - Sports and Leisure</b>		<b>165</b>	<b>167</b>	<b>153</b>	<b>(14)</b>
The Pulse Dursley	28	(49)	(42)	(188)	(146)
Joint Use Sports Centres		49	50	51	2
Stratford Park Leisure Centre		124	124	124	0
<b>Cultural Services - Sports Centres</b>		<b>124</b>	<b>131</b>	<b>(13)</b>	<b>(144)</b>
Public Space Service		293	318	319	1
Cemeteries		25	25	33	8
Amenity Areas	29	127	127	154	26
Commons and Woodlands		14	14	12	(2)
Stratford Park Grounds Maintenance		180	180	180	0
Grassed Areas Contribution to HRA		170	170	170	0
Public Conveniences	29	222	222	205	(17)
<b>Public Spaces</b>		<b>1,031</b>	<b>1,056</b>	<b>1,073</b>	<b>17</b>
Business Rate Collection		(109)	(109)	(111)	(2)
Council Tax Collection		239	241	224	(18)
Council Tax Support Admin		65	67	33	(34)
Rent Allowances and Rebates		(77)	(77)	(77)	0
Housing Benefit Administration		84	87	8	(79)
<b>Revenues and Benefits</b>	30	<b>202</b>	<b>209</b>	<b>77</b>	<b>(133)</b>
<b>Community Services TOTAL</b>		<b>3,554</b>	<b>3,450</b>	<b>3,127</b>	<b>(323)</b>

## Housing Committee

**Table 8 – Housing Committee Revenue Budget Outturn Position**

Housing Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Homelessness		261	263	263	0
Housing Strategy		90	91	90	(1)
Private Sector Housing		152	153	153	0
<b>Housing (General Fund) TOTAL</b>		<b>503</b>	<b>507</b>	<b>506</b>	<b>(1)</b>

31. The table below outlines the key variances for this Committee.

**Table 2 - Headline Budget variances**

Housing Committee	Para Refs	Overspend / (Underspend) (£'000's)
<b>Homelessness</b>		
Salary overspend		26
Bed and breakfast expenditure		150
Bed and breakfast income		(91)
Grant income		(84)

### 32. Homelessness – £0k on target

(Phil Bishop xtn 4063, phillip.bishop@stroud.gov.uk)

Salary costs are expected to be £26k higher than budgeted. This relates to two new part time posts, employed for a fixed term and funded from the grant income.

Spend on bed and breakfast continues to be higher than budgeted, however this is partially offset by income from corresponding Housing Benefit claims.

As reported last year, two additional grants have been received in 2018/19. Grant funding of £22k has been received as new burdens funding for the Homelessness Reduction Act (second year of three year grant). This will be used to fund a part time post to support the additional duties of the Homelessness Reduction Act.

A £63k Flexible Homelessness Support Grant (final year of two year grant) will be used to fund an additional post for the length of the grant funding. The grant is also being used in year to partially offset the additional cost of Bed & Breakfast and towards homelessness prevention. It is currently expected that there will be £9k remaining of these grants, and any surplus at the end of the year will be requested to be transferred to the Homelessness earmarked reserve. Any transfers would be subject to the overall position of the General Fund.

## Environment Committee

**Table 9 – Environment Committee Revenue budget outturn forecast**

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Canal		7	7	7	0
Director (Development Services)		116	117	117	0
Head of Health and Wellbeing		70	71	71	0
Environmental Health		751	757	739	(18)
Statutory Building Control	33	114	120	111	(9)
Planning Strategy/Local Plan		306	311	304	(6)
Development Control	34	7	15	70	55
Economic Development	35	161	144	116	(27)
Carbon Management		71	71	71	0
Waste and Recycling: MSC	36	3,128	3,136	3,920	784
Waste and Recycling: Other		19	11	6	(5)
<b>Environment TOTAL</b>		<b>4,749</b>	<b>4,760</b>	<b>5,534</b>	<b>774</b>

### **33. Statutory Building Control – (£61k) underspend (for info only)**

(Paul Bowley xtn 4250, [paul.bowley@stroud.gov.uk](mailto:paul.bowley@stroud.gov.uk))

This variance is reported for information only as any surplus/overspend will be transferred to the Building Control Partnership reserve.

Gloucestershire Building Control Partnership is a shared service with Gloucester City Council and hosted by Stroud. The service is provided under the auspices of the Building Act 1984, an element of the service is in competition with the private sector. The shared service was established on the 1<sup>st</sup> July 2015 and has resulted in an increase in income due to receiving applications from both Stroud and Gloucester areas.

An underspend is forecast on salaries as a result of two vacant posts within the service. A service review is scheduled over the next few months which will help inform the establishment going forward. Vehicle Hire is also underspent due to the hire vehicles being returned at the start of the year following the car mileage review. An overspend is also anticipated on mileage following the trend on last years actuals.

### **34. Development Control – £55k overspend**

(Geraldine LeCointe xtn 4233, [geraldine.lecointe@stroud.gov.uk](mailto:geraldine.lecointe@stroud.gov.uk))

There is a predicted overspend for consultants fees of £55k. This is a year on year cost to cover additional staff/specialist input to manage the planning application and appeal workload, which shows no sign of decreasing.

The Government enacted legislation in January 2018 to enable Councils to increase planning fees by 20%. In accepting the ability to increase fees, the council confirmed that higher fees would be spent entirely on planning functions. The MTFP, as approved by Council in January 2018, included an additional £156k of income in respect to a 20% increase in budgeted fee activity. No assumptions were made around the proportion of the fee that would be invested in the service. The MTFP report did highlight the issue in paragraph 4.4 (iii) (see report here <https://www.stroud.gov.uk/media/558314/item-5c-recommendation-from-sr-committee-18-january-2018-the-general-fund-budget-2018-19-capital-programme-and-medium-term-financial-plan.pdf>).

The Council's existing pre-application fee charges are significantly less than neighbouring districts and do not reflect the actual cost to the Council of providing this service to the public. The intention is to increase fees, principally for larger scale developments. Pre – application fees will be increased from October. We intend to offer a high quality, efficient service, it is not anticipated that the fee increase will impact on the numbers of pre-application enquiries made.

**35. Economic Development – (£27k underspend)**  
(Pippa Stroud xtn 4099, pippa.stroud@stroud.gov.uk)

This variance has arisen due to the service having gone through the work force plan project and the post of Economic Development Officer being made redundant. As a result there is no capacity for the investment of this budget on projects related to economic development, apart from those commitments already made to the Princes Trust and the Wotton Greenway. This underspend will be reviewed as part of a wider piece of work around the budget setting process for 2019/20 later this financial year.

**36. Waste & Recycling – £784k overspend**  
(Mike Hammond xtn 4447, mike.hammond@stroud.gov.uk)

**Accountancy Manager Comments**

The narrative from the budget holder below explains some of the detailed reasons for the in-year overspend position on the budgets for Waste and Recycling, Street Cleansing and Building Cleaning.

In short, the overall financial position on the Multi Service contract is explained by the 2018/19 gross cost of the contract (£5.639m) significantly exceeds the available budget. Although action has been taken during the financial year to reduce the level of expenditure, there remains a significant funding gap before any income streams are taken into account. The level of ongoing resource required to deliver the multi-service contract will need to be addressed by the Council through the MTFP. Taking into account the additional income from Recycling Credits and the JWP Incentive Payment, there is a projected net overspend on Multi-Service budgets of £0.780m.

### **Budget holder narrative**

The variation on the Waste and Recycling services is attributable to the Multi Service Contract Cost.

Ubico's 2018/19 forecast spend has taken into account efficiency savings made earlier in the financial year; these relate to the non-replacement of non-core staff, a rationalisation of grass cutting and public toilet cleansing regimes and other minor adjustments. The 'bulky waste' collection charge has increased from £20 to £25, estimated to generate an additional £20k income per annum. Garden waste subscriptions will increase to £45 in 2019, generating an additional income of approximately £60k.

Fleet vehicles continue to provide considerable financial pressure, with maintenance costs on ageing fleet increasing. Remedial work takes vehicles off the road for prolonged periods and increases dependence on hire vehicles. Fleet vehicles are being procured, through the normal capital programme, to minimise the reliance on hire vehicles. This is expected to mitigate un-budgeted cost pressures by approximately £100k per annum.

### **Multi Service Income Streams**

Recycling rates in the Stroud District are high and although income from the sale of recyclates is forecast to be in the region of £540k, well above original income targets, the costs associated with these sales limit net benefits. Contracts for these sales have been reviewed and renewed in 2018 and this exercise improved the net financial position. The full impact of this will start to be felt later this year.

In this financial year incentive and recycling credit payments made via the County Council remain relatively unchanged. However this is being carefully monitored in light of the new incinerator, due to become operational in 2019.

### **APSE Review**

In response to the financial challenges, The Association for Public Service Excellence (APSE) have been engaged to review the current multi service contract and make a value for money assessment. A final report will also identify where any financial savings can be made through operational effectiveness. Members will be presented with the report in the autumn.

**Table 10 – Environment Committee Breakdown**

<b>Environment Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
<b>Canal Partnership</b>		7	7	7	0
<b>Director (Development Services)</b>		116	117	117	0
<b>Head of Health and Wellbeing</b>		70	71	71	0
Environmental Health Team		149	149	154	5
Contaminated Land		32	32	32	0
Dog Warden Service		78	78	78	0
Environmental Protection		153	154	160	6
Food Safety		150	151	153	1
Health and Safety		86	87	67	(20)
Land Drainage		38	39	39	0
Public Health		43	43	33	(10)
Pest Control		6	7	7	0
Port Health		2	2	2	0
Planning Liaison		14	14	14	0
<b>Environmental Health</b>		<b>751</b>	<b>757</b>	<b>739</b>	<b>(18)</b>
Planning and Building Control Admin		258	261	261	0
Building Control		(186)	(183)	(183)	(0)
Securing Dangerous Structures		9	10	9	(0)
Building Regulation Enforcement / Advice		36	37	36	(0)
Street Naming		(4)	(4)	(12)	(8)
<b>Building Control</b>	<b>33</b>	<b>114</b>	<b>120</b>	<b>111</b>	<b>(9)</b>
Planning Strategy		306	311	304	(6)
Preparation of Core Strategy		0	0	0	0
<b>Planning Strategy/Local Plan</b>		<b>306</b>	<b>311</b>	<b>304</b>	<b>(6)</b>
Development Control		(267)	(261)	(233)	28
Trees		42	43	43	0
Conservation		59	59	59	0
Appeals		0	0	25	25
Planning Appeal Costs		69	70	70	0
Enforcement		106	107	107	0
Footpath Diversion		(2)	(2)	0	2
<b>Development Control</b>	<b>34</b>	<b>7</b>	<b>15</b>	<b>70</b>	<b>55</b>

<b>Environment Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
Economic Development		54	54	27	(27)
Market Town Projects		24	24	24	0
Regeneration		82	65	65	0
<b>Economic Development</b>	<b>35</b>	<b>161</b>	<b>144</b>	<b>116</b>	<b>(27)</b>
<b>Carbon Management</b>		<b>71</b>	<b>71</b>	<b>71</b>	<b>0</b>
MSC: Refuse Collection		1,116	1,116	1,330	215
MSC: Food Waste		341	341	553	213
MSC: Recycling		1,181	1,181	1,322	142
MSC: Bulky Waste		45	45	52	7
MSC: Garden Waste		(153)	(153)	13	165
MSC: Street Cleansing		599	607	650	43
<b>Waste and Recycling: MSC</b>	<b>36</b>	<b>3,128</b>	<b>3,136</b>	<b>3,920</b>	<b>784</b>
<b>Waste and Recycling: Other</b>		<b>19</b>	<b>11</b>	<b>6</b>	<b>(5)</b>
<b>Environment Total</b>		<b>4,749</b>	<b>4,760</b>	<b>5,534</b>	<b>774</b>

## Appendix A

	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Spend to date (£'000)	2018/19 Projected Outturn (£'000)	2018/19 Outturn Variance (£'000)
<b>Capital Programme Outturn</b>					
<b>Community Services</b>					
Stratford Park Lido *	20	100	0	0	(100)
Community Buildings Investment *	180	88	3	138	50
<b>Subtotal Community Services</b>	<b>200</b>	<b>188</b>	<b>3</b>	<b>138</b>	<b>(50)</b>
<b>Environment Capital Schemes</b>					
Canal	500	553	0	553	0
Stroud District Cycling & Walking Plan	100	100	0	100	0
Market Town Centres Initiative fund	100	100	0	100	0
Wallbridge - Gateway	190	190	0	67	(123)
MSC - Vehicles	250	518	0	518	0
<b>Subtotal Environment</b>	<b>1,140</b>	<b>1,461</b>	<b>0</b>	<b>1,338</b>	<b>(123)</b>
<b>Strategy &amp; Resources Capital Schemes</b>					
Housing Initiatives	600	600	0	0	(600)
Brimscombe Port Redevelopment	1,600	3,412	3	300	(3,112)
ICT investment Plan	400	400	62	400	0
MSCP Resurfacing	120	120	0	120	0
Merrywalks Redevelopment (Commercial Loan)	0	2,000	0	0	(2,000)
Liittlecombe Business Units Dursley	100	54	0	0	0
<b>Subtotal Strategy &amp; Resources</b>	<b>2,820</b>	<b>6,586</b>	<b>65</b>	<b>820</b>	<b>(5,712)</b>
<b>Housing General Fund</b>					
Affordable Housing - Support to Registered Providers	119	149	0	149	0
Disabled Facilities Grant Scheme	330	330	25	100	(230)
Warm Homes	0	0	0	500	500
Health through Warmth Grant	0	140	(8)	200	60
<b>Subtotal Housing General Fund</b>	<b>449</b>	<b>619</b>	<b>17</b>	<b>949</b>	<b>330</b>
<b>TOTAL General Fund Capital Schemes</b>	<b>4,609</b>	<b>8,854</b>	<b>85</b>	<b>3,245</b>	<b>(5,555)</b>
HRA Schemes	11,720	9,754	749	9,503	(251)
<b>TOTAL Capital Schemes</b>	<b>16,329</b>	<b>18,608</b>	<b>834</b>	<b>12,748</b>	<b>(5,806)</b>

## **Community Services & Licensing Capital Re-Profiling**

- 37.** A provision of £200,000 has been made in the capital programme to review and improve Stratford Park Lido which is part of the Stratford Park Leisure Centre contract. Consultants will be recruited for the next stage of the process to develop a business plan and place a bid for capital funding to the Heritage Lottery Fund in January 2019. The full £200,000 is estimated to be spent in 2019/20. This will be dealt with as part of the updated capital programme which will be reported to Strategy and Resources committee in October 2018.
- 38.** Discussions have taken place with Kingshill House Trust with a view to the Trust taking over the freehold interest from Stroud District Council. The expectations are that the freehold transfer will take place by the end of 2018/19. Works to renovate the derelict cottage are now complete and the cottage has now been let securing a regular income for the Trust. A total of £62k was spent in 17/18. There is budget available of £50k for 19/20. This will be dealt with as part of the updated capital programme which will be reported to Strategy and Resources committee in October 2018.

## Indicative Budgets 2019/20

<b>Committee Service Area</b>	<b>2018/19 Base Budget (£'000)</b>	<b>2019/20 Indicative Budget (£'000)</b>
Brunel Mall	(52)	(52)
Industrial Units	(16)	(16)
Brimscombe Port	50	50
Littlecombe site, Dursley	(61)	(121)
Gossington Depot	0	0
<b>Subtotal Investment Assets</b>	<b>(78)</b>	<b>(138)</b>
Dursley Bus Station	(3)	(3)
Miscellaneous Properties and Land	140	140
<b>Subtotal Other Assets</b>	<b>137</b>	<b>137</b>
Car Parks (NC)	15	(85)
Car Parks (MT)	(23)	(23)
Car Parks (Stroud)	(648)	(648)
Car Parks (Managed)	0	0
<b>Subtotal Car Parks</b>	<b>(656)</b>	<b>(756)</b>
Head of Property Services	83	85
Property Services	266	271
Asset Building Maintenance	65	66
<b>Subtotal Asset Management Team</b>	<b>330</b>	<b>337</b>
Facilities Management	161	164
Ebley Mill	461	463
Emergency Management	91	92
<b>Subtotal Facilities Management</b>	<b>714</b>	<b>719</b>
Members Expenses	365	372
Democratic Representation and Management	(157)	(156)
Electoral Registration	127	128
Elections	89	89
Youth Councils	3	3
<b>Subtotal Democratic Representation and Mgt</b>	<b>427</b>	<b>437</b>
Past Service Pension Costs/Central Budget Alloc	1,774	1,781
Corporate Management	(22)	(22)
Pension Costs	49	49
Land & Property Custodian	(28)	(26)
<b>Subtotal Resources and Finance - Direct Spend</b>	<b>1,774</b>	<b>1,782</b>

## Appendix B

Committee Service Area	2018/19 Base Budget (£'000)	2019/20 Indicative Budget (£'000)
Chief Executive	191	195
Director (Tenant and Corporate Services)	47	48
Marketing	54	55
Human Resources	409	415
Workforce Plan savings	221	221
Corporate Change Team	101	107
Business Services	123	125
<b>Subtotal Corporate Business Services</b>	<b>445</b>	<b>453</b>
Legal Services	420	428
Procurement	63	65
Democratic Services	96	97
<b>Subtotal Corporate Services (Legal)</b>	<b>580</b>	<b>590</b>
Head of Finance	81	82
Financial Services	847	861
Information & Communication Technology	1,015	1,033
<b>STRATEGY &amp; RESOURCES Total</b>	<b>6,401</b>	<b>6,335</b>
<b>Add: COMMUNITY SERVICES Total</b>	<b>3,534</b>	<b>3,626</b>
<b>Add: ENVIRONMENT Total</b>	<b>4,760</b>	<b>5,330</b>
<b>Add: HOUSING Total</b>	<b>507</b>	<b>515</b>
<b>SUBTOTAL Service Revenue Expenditure</b>	<b>15,202</b>	<b>15,806</b>
Technical Adjustments	1,568	1,568
<b>Net Service Revenue Expenditure</b>	<b>16,769</b>	<b>17,374</b>

The base budget for 2018/19 shown in the table above are based on:

- Original Budget 2018/19 as reported to Council in January 2018
- Addition of 1% Pay inflation to service budgets recognising the increased pay award of 2%

The base budget for 2018/19 will not tie-back to the original/revised budget for the committee as shown in this report. Budget changes concerning the Workforce Plan

## **Appendix B**

have been reflected in these tables in so far as savings identified have been removed from services and held centrally within Strategy and Resources committee.

The Indicative budget for 2019/20 is based on:

- Base budget 2018/19
- Addition of 2% pay inflation in recognition of the agreed pay award
- Addition of non-pay inflation on contracts/IT services where the council is contractually obliged to uprate the contract cost
- Known changes to service budgets as reflected in the MTFP presented to Council in January 2018 and February 2018

No other budget changes have been reflected at this stage.

The Budget Strategy report sets out the parameters against which the 2019/20 budget will be set, and will include changes and assumptions not included in these tables.