

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

3 OCTOBER 2019

11

Report Title	Budget Monitoring Report 2019/2020 – 31 August 2019
Purpose of Report	To present to the Committee a forecast of the outturn position against the General Fund revenue budget and capital programme and Housing Revenue Account for 2019/20 in order to give an expectation of possible variances against budget and items to be considered as part of the budget setting process.
Decision(s)	The Committee RESOLVES: a) To note the outturn forecast for the General Fund Revenue budget and Capital Programme. b) To note the outturn forecast for the Housing Revenue Account.
Consultation and Feedback	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.
Financial Implications and Risk Assessment	There are no financial implications arising directly from this report. The contents set out the latest financial monitoring position for the General Fund, HRA and the Capital Programme. Andrew Cummings, Interim Director of Resources Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk
Legal Implications	There are no legal implications arising from this report. Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: craig.hallett@stroud.gov.uk
Report Author	Adele Rudkin, Accountant Tel: 01453 754109 Email: adele.rudkin@stroud.gov.uk
Options	None
Performance Management Follow Up	Budgets will continue to be monitored on a regular basis by budget holders supported by Finance. Further finance reports will update the committee in December 2019 and April 2020, with the outturn position reported to Strategy and Resources Committee in June 2020.
Background Papers/ Appendices	Appendix A - Overview of the committee's budget and the other service committees

1. Background

1.1 This report provides the first monitoring position statement for the financial year 2019/20, figures have been updated to include all transactions up to 31 August

2019 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.

- 1.2 **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.**

2. General Fund Revenue Position

- 2.1 The original net General Fund Revenue budget for 2019/20 was approved by Council at their meeting in February 2019 including budget proposals of the administration. The base budget has been updated to reflect the removal of the income budgets in Stonehouse and Painswick car parks.
- 2.2 The forecast for the General Fund is an overspend of £119k (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

	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Reserve Transfers (£'000)	2019/20 Outturn Variance (£'000)
GENERAL FUND					
Community Services and Licensing	3,252	3,125	3,019	0	(106)
Environment	5,462	5,610	5,759	(76)	72
Housing General Fund	538	708	763	0	55
Strategy and Resources	6,800	7,287	7,404	(37)	80
Support charge income from HRA	(1,560)	(1,560)	(1,560)	0	0
Net Revenue Expenditure	14,492	15,171	15,385	(113)	100
Funding from Govt Grants/Council Tax	(15,068)	(15,068)	(15,050)	0	18
Transfers to/(from) Earmarked Reserves	576	(103)	(103)	0	0
Total General Fund	0	0	232	(113)	119

- 2.3 Key areas of variance:

2.4 Development Control and Planning Strategy - £122k overspend

Development Control and Planning Strategy have been restructured in order to reflect an improved and more robust officer hierarchy. It is expected that this additional cost will be funded from planning application fees (in line with previous years). However, officers are mindful of future unknowns that may impact income, such as Brexit and the fact that many large strategic sites identified in the local plan have already been the subject of planning applications, it is too early in the year to forecast a realistic position. This will be reviewed at Quarter 2 and throughout the year.

2.5 Homelessness - £59k overspend

Spend on temporary accommodation continues to increase, and despite an increase in budget in 2019/20, the current forecast is for net expenditure to exceed budget by £59k.

Further work will be undertaken to establish the temporary accommodation need and options for delivery, building on previous reports presented to Committee.

2.6 Senior Leadership Team Restructure – £37k net overspend, funded from the Transformation Reserve

2.7

The creation of the new Strategic Director posts is expected to cost an additional £171k on top of budget in 2019/20 (including recruitment costs). This can be funded from the vacant Director Community Services post, and the vacancy in Head of Finance whilst in the Interim Director of Resources post. The overall net overspend, currently forecast to be £37k, will be funded from the Transformation Reserve and will not impact the bottom line of the General Fund.

3. Strategy & Resources Committee Revenue budgets

3.1 The latest budget for Strategy and Resources Committee is £7.287m. The monitoring position at 31 August 2019 shows a projected net overspend of £80k. Appendix A provides an overview of the committee's budget and the other service committees.

Table 2 – Revenue budgets Strategy & Resources Committee 2019/20

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Reserve Transfers (£'000)	2019/20 Outturn Variance (£'000)
Strategy & Resources Committee						
Car Parks (Other)		45	45	46	0	1
Car Parks (Stroud)		(698)	(698)	(690)	0	7
Chief Executive	3.3	197	197	286	(37)	51
Corporate Business Services		201	201	201	0	0
Corporate Expenditure & Income	3.4	1,867	2,316	2,289	0	(27)
Corporate Services (Legal)	3.5	557	557	654	0	97
Democratic Representation & Management		614	614	610	0	(4)
Director (Corporate Services)		48	48	52	0	4
Director of Resources	3.8	0	0	82	0	82
Facilities Management	3.6	442	442	466	0	25
Financial Services	3.7	759	793	734	0	(59)
Head of Finance	3.8	83	83	33	0	(50)
Head of Property Services		60	60	60	0	(0)
Human Resources		407	411	411	0	0
Information & Communication Technology	3.9	1,604	1,604	1,566	0	(38)
Investment Assets		(21)	(21)	(5)	0	16
Marketing		137	137	137	0	0
Other Assets		89	89	72	0	(18)
Property Services Team		410	410	402	0	(8)
Strategy and Resources TOTAL		6,800	7,287	7,404	(37)	80

3.2 The table below outlines the key variances for this Committee

Table 3 - Headline Budget variances

Service	Para Refs	Overspend/ (Underspend) (£'000)
Chief Executive	3.3	51
Corporate Expenditure & Income	3.4	(27)
Corporate Services (Legal)	3.5	97
Director of Resources	3.8	82
Facilities Management	3.6	25
Financial Services	3.7	(59)
Head of Finance	3.8	(50)
Information & Communication Technology	3.9	(38)
Strategy & Resources TOTAL		82

3.3 Chief Executive – £51k overspend

(Kathy O’Leary xtn 4780) kathy.oleary@stroud.gov.uk

A variance of £51k has been forecast. This variance incorporates recruitment costs associated with the new Senior Management Structure along with salary estimates for the remainder of the financial year for these posts. Any significant budget changes will be dealt with as part the budget setting process later this year.

3.4 Corporate Expenditure & Income – (£27k) underspend

(Andrew Cummings xtn 4115) andrew.cummings@stroud.gov.uk

An underspend is forecast against the budget for the Minimum Revenue Provision. The requirement for a provision has been considered against the current capital programme. In addition the sale of some of the Littlecombe units has created funds for debt repayment.

3.5 Corporate Services – Legal £97k overspend

(Patrick Arran, xtn 4369, patrick.arran@stroud.gov.uk)

This overspend is the additional costs associated with the Interim Legal Services & Monitoring Officer. This role has been extended until the end of this financial year. A separate report outlining the options available for the future of Legal Services is included on the agenda for this Committee tonight.

3.6 Facilities Management – £25k overspend/income shortfall

(Mike Hammond, xtn 4447), mike.hammond@stroud.gov.uk

The income shortfall has arisen due to a tenant within Ebley Mill exercising their right to use the break clause within their contract, which means they will leave in January 2020. Additional Income has been taken into consideration with the letting of the New Block vacant office space from October 2019.

An overspend has been forecast on business rates for Ebley Mill, this will be addressed at budget setting later in the year.

3.7 Financial Services – (£59k) underspend

(Andrew Cummings xtn 4115), andrew.cummings@stroud.gov.uk

This underspend is generally attributable to an in-year salary saving within the service. The Principal Accountant has been seconded to the Accountancy Managers role on an interim basis until December 2019. The backfill arrangements that have been put into place have led to this saving.

3.8 Director of Resources – £32k overspend

(Andrew Cummings xtn 4115), andrew.cummings@stroud.gov.uk

The forecast overspend is a net in year variation. This post is currently being filled on an interim basis by the Head of Finance.

3.9 ICT – (£38k) underspend

(Sean Ditchburn xtn 4256, sean.ditchburn@stroud.gov.uk)

A (£68k) underspend on salaries is forecast, this is attributable to two senior ICT posts not being recruited to this financial year. A full review of the service will be dealt with by the new Director of Transformation when appointed. An overspend of £30k is also forecast. Windows 2008r2 will no longer be supported from January 2020, so work around server migrations will be necessary.

4. Housing revenue Account - Revenue

4.1 The original net Housing Revenue Account (HRA) budget for 2019/20 was a transfer to reserves of £103k, as approved by Council in January 2019. This has now been revised to a transfer to general reserves of £50k following Council approval in April 2019 of funding for the insourcing of the Housing Reactive Repairs and Maintenance Service.

4.2 The monitoring position for the service at 30 June 2019 (Quarter 1) shows a projected net underspend of £635k (-2.8% of gross spend) against the current budget, as summarised in Table 4.

4.3 This is largely due to additional income from rents and investments for the year.

Table 4 – HRA Revenue Summary

Revenue Summary	Para Ref	2019/20 Original Budget £k	2019/20 Revised Budget £k	2019/20 Forecast Outturn £k	2019/20 Outturn Variance £k
Total Income		(22,325)	(22,325)	(22,923)	(597)
Total Expenditure		9,948	10,061	10,099	37
Total Other Costs and Income		12,501	12,501	12,426	(75)
Net HRA Expenditure		123	236	(399)	(635)
Transfers to/(from) Earmarked Reserves		(226)	(286)	(286)	0
Total HRA – Transfer (to)/from HRA General Reserves		(103)	(50)	(685)	(635)

4.4 A more detailed breakdown of this table can be found in the Appendix.

4.5 This position was reported to Housing Committee on 10 September 2019, with further details of the variance available in the report.

5. Capital Programme

5.1 The 2019/20 Capital Programme of £18.769m was approved by Council in January 2019. This has subsequently been revised to £22.118m following approval of the carry forwards/slippage and profiling changes by Strategy and Resources Committee at their meeting in June 2019.

Table 4 – Capital Outturn Forecast 2019/20

	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Environment Capital Schemes				
Community Buildings Investment	0	117	0	(117)
Stratford Park Lido	200	200	0	(200)
Community Services Capital Schemes TOTAL	200	317	0	(317)
Canal	732	2,029	580	(1,449)
Market Town Centres Initiative Fund	50	113	113	0
Multi-Service Contract-Vehicles	684	844	844	0
Stroud District Cycling & Walking Plan	100	200	90	(110)
Wallbridge-Gateway	0	100	0	(100)
Environment Capital Schemes TOTAL	1,566	3,286	1,627	(1,659)
Affordable Housing-Support to Registered Providers	0	39	39	0
Disabled Facilities Grant Scheme	330	330	330	0
Health through Warmth Grants	200	200	200	0
Park Homes	0	76	76	0
Temporary Accommodation	0	500	500	0
Warm Homes	1,000	853	853	0
Housing General Fund Capital Schemes TOTAL	1,530	1,998	1,998	0
Avon Mutual	0	50	50	0
Brimscombe Port Redevelopment	166	242	242	0
Ebley Mill Works	0	98	112	14
Electric Vehicle Aquisition	0	257	257	0
ICT Investment Plan	500	746	500	(246)
Littlecombe Business Units, Dursley	54	54	54	0
MSCP Resurfacing	0	120	89	(32)
Subscription Rooms - Refurbishment	0	6	6	0
Strategy and Resources Capital Schemes TOTAL	720	1,573	1,310	(264)
TOTAL GENERAL FUND CAPITAL SCHEMES	4,016	7,174	4,935	(2,240)
Major Works	8,549	9,274	9,274	0
New Build and Development	5,590	4,881	4,808	(73)
Other Capital Works	0	175	325	150
Sheltered Housing Modernisation	614	614	615	1
TOTAL HRA SCHEMES	14,753	14,944	15,023	79
TOTAL CAPITAL SCHEMES	18,769	22,118	19,957	(2,161)

6. Strategy & Resources Capital Programme

6.1 Table 5 below shows the Capital Forecast position at the end of August 2019 for Strategy and Resources Committee and shows a projected outturn of £1.310m.

Table 5 – Strategy & Resources Capital Schemes

	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Strategy & Resources Capital Schemes				
Avon Mutual	0	50	50	0
Brimmscombe Port Redevelopment	166	242	242	0
Ebley Mill Works	0	98	112	14
Electric Vehicle Acquisition	0	257	257	0
ICT Investment Plan	500	746	500	(246)
Littlecombe Business Units, Dursley	54	54	54	0
MSCP Resurfacing	0	120	89	(32)
Subscription Rooms - Refurbishment	0	6	6	0
Strategy and Resources Capital Schemes TOTAL	720	1,573	1,310	(264)

6.2 Avon Mutual

The share purchase in the co-operative bank is now complete and a share certificate has been received. Avon Mutual continue to update on their progress and an update will be given to this committee when their banking licence is issued.

6.3 Brimmscombe Port Redevelopment

Due to a delayed start to the procurement process, there will be reduced expenditure in some areas, further costs will be incurred on soft market testing and an updated appraisal. Overall the forecast budget remains on target.

6.4 Ebley Mill Works

Works are certified as practically complete Final progress payments have been paid to the contractors. (Contract retention is due for release subject to final inspection in July 2020)

6.5 Electric Vehicle Acquisition

Orders for the replacement Community Services vehicles have been placed. The first of these will be arriving mid-September with the remainder around the first week of November. The electric points will be discussed at a new established Electric Vehicles and Fleet Sub Group with the County Council, this will ensure that a fair coverage for EV charge points are spread across our District.

6.6 ICT Investment Plan

The current forecast for this financial year for this project is £500k. This includes the replacement of the laptop Citrix terminals and the Storage Network (SAN). The server host and infrastructure programme will also start to get underway which incorporates a new disaster recovery solution.

6.7 Littlecombe Business units, Dursley

£54k 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 this Financial Year.

6.8 MSCP Re-surfacing

The resurfacing works at the Multi Storey Car Park have been certified as essentially complete. Final payments have been released to contractors, with release of retention subject to final inspection in June 2020.

Table 6 Strategy & Resources Committee Breakdown

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Strategy & Resources Committee					
Car Parks (NC)		17	17	17	0
Car Parks (MT)		28	28	29	1
Car Parks (Other)		45	45	46	1
Car Parks (Stroud)		(698)	(698)	(690)	7
Car Parks (Stroud)		(698)	(698)	(690)	7
Chief Executive		197	197	286	51
Chief Executive	3.3	197	197	286	51
Business Services		126	126	126	0
Corporate Change Team		75	75	75	0
Workforce Plan savings		0	0	0	0
Corporate Business Services		201	201	201	0
Corporate Expenditure & Income		1,867	2,316	2,289	(27)
Corporate Expenditure & Income	3.4	1,867	2,316	2,289	(27)
Legal Services		411	411	507	97
Procurement		65	65	65	0
Democratic Services		82	82	82	0
Corporate Services (Legal)	3.5	557	557	654	97
Democratic Representation & Management		42	42	38	(4)
Members Expenses		364	364	364	0
Electoral Registration		107	107	107	0
Elections		98	98	98	0
Youth Councils		3	3	3	0
Democratic Representation & Management		614	614	610	(4)
Director (Tenant & Corporate Services)		48	48	52	4
Director (Corporate Services)		48	48	52	4
Director of Resources		0	0	82	82
Director of Resources	3.8	0	0	82	82
Emergency Management		29	29	29	0
Facilities Management		10	10	10	0
Ebley Mill		402	402	427	25
Facilities Management	3.6	442	442	466	25

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Strategy & Resources Committee					
Financial Services		759	793	734	(59)
Financial Services	3.7	759	793	734	(59)
Head of Finance		83	83	33	(50)
Head of Finance	3.8	83	83	33	(50)
Head of Property Services		60	60	60	(0)
Head of Property Services		60	60	60	(0)
Human Resources		407	411	411	0
Human Resources		407	411	411	0
Information & Communication Technology		1,604	1,604	1,566	(38)
Information & Communication Technology	3.9	1,604	1,604	1,566	(38)
Brunel Mall		(44)	(44)	(49)	(5)
Brimscombe Port Business Park		50	50	50	0
Gossington Depot		29	29	29	0
Industrial Units, Stonehouse		(9)	(9)	(5)	4
Littlecombe Development, Dursley		(47)	(47)	(30)	17
Investment Assets		(21)	(21)	(5)	16
Marketing		137	137	137	0
Marketing		137	137	137	0
Bus Stations/Shelters		(4)	(4)	(4)	0
Merrywalks Precinct		0	0	1	1
Miscellaneous Properties and Land		84	84	66	(18)
May Lane		9	9	9	(0)
Other Assets		89	89	72	(18)
Property Services		254	254	243	(11)
Building Maintenance		157	157	160	3
Property Services Team		410	410	402	(8)
Strategy and Resources TOTAL		6,800	7,287	7,404	80

- Chief Executive outturn variance does reflect the reserve transfers as detailed in Table 1.

Community Services & Licensing Committee

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Community Services Committee					
Community Safety		208	220	225	5
Cultural Services - Arts and Culture		700	632	628	(4)
Cultural Services - Sports and Health Dev.		169	205	213	8
Cultural Services - Sports Centres		(205)	(170)	(159)	11
Customer Services	8	387	387	331	(56)
Director (Customer Services)	9	135	118	35	(83)
Grants to Voluntary Organisations		337	337	337	0
Licensing		(62)	(62)	(62)	0
Public Spaces		1,278	1,296	1,314	17
Revenues and Benefits		205	57	51	(6)
Youth Services		101	106	106	1
Community Services and Licensing TOTAL		3,252	3,125	3,019	(106)

Environment Committee

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Forecast Outturn (£'000)	2019/20 Reserve Transfers (£'000)	2019/20 Outturn Variance (£'000)
Environment Committee						
Canal		6	6	6	0	0
Carbon Management		71	78	78	0	0
Development Control	8	41	41	119	0	78
Director (Development Services)		119	119	119	0	0
Economic Development		91	91	100	0	9
Head of Health and Wellbeing		72	72	72	0	0
Health & Wellbeing	9	736	878	839	0	(39)
Land Charges & Street Naming		(42)	(42)	(54)	0	(12)
Planning Strategy/Local Plan	10	309	309	429	(76)	44
Statutory Building Control		92	92	84	0	(8)
Waste & Recycling: Other		20	20	20	0	1
Waste and Recycling: MSC		3,947	3,947	3,947	0	0
Environment TOTAL		5,462	5,610	5,759	(76)	72

Housing Committee – General Fund

Housing Committee	2019/20 Original Budget £k	2019/20 Revised Budget £k	2019/20 Forecast Outturn £k	2019/20 Outturn Variance £k
Homelessness	105	105	164	59
Homelessness Prevention	141	141	141	0
Housing Strategy	138	308	303	(4)
Private Housing	154	154	154	0
Housing General Fund Total	538	708	763	55

Housing Committee – Housing Revenue Account

Revenue Summary	2019/20 Original Budget £k	2019/20 Revised Budget £k	2019/20 Forecast Outturn £k	2019/20 Outturn Variance £k
Income				
Dwelling Rents and Service Charges	(21,855)	(21,855)	(22,364)	(510)
Other Charges and Income	(551)	(551)	(638)	(88)
Provision for Bad Debts	80	80	80	0
Total Income	(22,325)	(22,325)	(22,923)	(597)
Expenditure				
Supervision and Management	4,203	4,256	4,221	(34)
Repairs and Maintenance	3,733	3,793	3,918	125
Sheltered Housing Service	1,083	1,083	977	(107)
Other Expenditure	460	460	497	38
Sheltered Housing Modernisation Programme	470	470	486	16
Total Expenditure	9,948	10,061	10,099	37
Net Income and Expenditure	(12,377)	(12,264)	(12,824)	(560)
Other HRA Costs and Income				
Support Service Charges from GF	1,560	1,560	1,560	0
Revenue Funding of Capital Programme (Depreciation and RCCO)	6,687	6,687	6,687	0
Provision for Repaying Debt	900	900	900	0
Interest Payable/Receivable	3,354	3,354	3,279	(75)
Total Other Costs and Income	12,501	12,501	12,426	(75)
Total Housing Revenue Account	123	236	(399)	(635)
Transfers to/(from) Earmarked Reserves	(226)	(286)	(286)	0
Transfers to/(from) General Reserves	103	50	50	0
Total Transfers to Reserves	(123)	(236)	(236)	0