

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

05 OCTOBER 2023

Report Title	Budget Monitoring Report Q1 2023/24			
Purpose of Report	To present to the Committee a forecast of the outturn position against the General Fund revenue budget, Housing Revenue Account and capital programme for 2023/24, in order to give an expectation of possible variances against budget.			
Decision(s)	<p>The Committee RESOLVES to:</p> <p>a) To note the outturn forecast for the General Fund Revenue budget.</p> <p>b) To note the outturn forecast for the Housing Revenue Account</p> <p>c) To note the outturn forecast for the Capital Programme.</p>			
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated into the report to explain difference between budgets and actual income and expenditure.			
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Options	None			
Background Papers	None			
Appendices	Appendix A – Other Service Committee Summaries Appendix B – Strategy and Resources Committee Detailed Breakdown Appendix C – Housing Revenue Account Breakdown Appendix D – Capital Programme			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1. Background

- 1.1 This report provides the first monitoring position statement for the financial year 2023/24. 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. Summary

- 2.1 The monitoring position for the General Fund at 30 June 2023 shows a projected net revenue underspend of (£16k) against the latest budget, as summarised in Section 3.
- 2.2 The Housing Revenue Account (HRA) shows a forecasted overspend of £122k, as shown in Section 5.
- 2.3 The capital programme, as detailed in Section 6, shows a forecast spend of £42.798m against a total budget of £56.288m.

3. Revenue Budget Position

- 3.1 Council approved the General Fund Revenue budget for 2023/24 in February 2023.
- 3.2 The budget has been revised to include budget allocations carried forward from 2022/23, as reported to this Committee in July 2023, as well as the distribution to committees of the budget items for 2023/24 which were held centrally in the base budget.
- 3.3 The monitoring position for the General Fund at 30 June 2023 shows a **projected net underspend of (£16k)** against the latest budget, as summarised in Table 1.

Table 1 – General fund Summary

GENERAL FUND	2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2023/24 Reserve Transfers (£'000)	2023/24 Outturn Variance (£'000)
Community Services and Licensing	4,400	4,967	4,726	176	(65)
Development Control	433	433	497	0	64
Environment	7,260	7,369	7,851	(396)	86
Housing General Fund	879	1,307	1,159	172	24
Strategy and Resources	8,387	8,273	8,362	(213)	(124)
Contribution from HRA	(2,650)	(2,650)	(2,650)	0	0
Net Revenue Expenditure	18,708	19,698	19,944	(261)	(16)
Funding from Govt Grants/Council Tax	(18,143)	(18,143)	(18,143)	0	0
Transfers to/(from) Earmarked Reserves	(565)	(565)	(565)	0	0
Total General Fund	0	990	1,235	(261)	(16)

- 3.4 Key areas of variance:

3.5 CS&L - Housing Benefit - £281k additional expenditure

This is attributable to the shortfall on housing benefit subsidy claims, principally for supported accommodation. Although there is a higher rent allowable in supported accommodation, where the cost of housing is significantly higher than the amount allowable under housing benefit this cannot all be claimed back through housing benefit subsidy and part of the cost is borne by the local authority. Additional budget to address an increase in costs was actioned as part of budget setting last financial year, but costs have continued to increase significantly. This is largely due to an inflationary uplift in rent costs, whilst the Local Housing Allowance (on which benefit subsidy is based) has remained the same. This will continue to be monitored and the situation is subject to change throughout the year as housing benefit claims change and are difficult to predict.

3.6 Environment - Waste and Recycling – £184k underachievement of income

Recyclate values have reduced in 2023, having been high for a few years. Prices remain volatile and will be monitored throughout the year. The increase in income was included in

the Medium Term Financial Plan for a fixed period only and so this doesn't create a ongoing pressure.

3.7 S&R - Car Parks - £139k underachievement income

Income from car parks remains lower than budgeted and will continue to be monitored throughout the year.

3.8 S&R – Investment Income – (£350k) additional income

A continued increase in the Bank of England base rate has boosted the return on treasury management investments, and additional income of £350k is expected during 2023/24.

3.9 Cross Committee – Cost of Utilities – (£435k) underspend

The contract for utilities, in place from April 2023, is set at a price considerably lower than was expected at budget setting. Across all General Fund sites it is expected to cost £435k less than is included in the budget. The biggest areas of saving are at Ebley Mill (£193k) and The Pulse (£190k).

4. Strategy & Resources Committee Revenue budget

4.1 The latest budget for Strategy and Resources Committee is £8.273m. The monitoring position at Quarter 1 shows a projected net underspend of (£124k).

4.2 The below table gives a summary by service, with narrative given for major variances. Appendix B gives a further breakdown of the Strategy and Resources revenue budget.

Table 2 – Strategy & Resources Revenue budgets 2023/24

Strategy & Resources Committee	Para Refs	2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2023/24 Reserve Transfers (£'000)	2023/24 Outturn Variance (£'000)
Car Parks	4.3	(503)	(503)	(364)	0	139
Commercial Properties		(132)	(132)	(138)	0	(7)
Communications	4.4	187	187	233	0	46
Corporate Expenditure & Income	4.5	525	281	26	0	(255)
Corporate Policy & Governance		1,239	1,239	1,251	0	12
Corporate Services (Legal)		562	562	562	0	0
Covid-19		0	0	0	0	0
Facilities Management	4.6	770	770	640	0	(130)
Financial Services		1,031	1,031	1,031	0	0
Fit for the Future		464	464	573	(109)	1
Human Resources		726	776	768	0	(8)
Information & Communication Technology	4.7	2,034	2,050	2,066	0	15
Other Properties	4.8	(815)	(815)	(667)	(93)	55
Pension Lump Sum		1,133	1,133	1,133	0	0
Property Services		570	634	635	0	1
Senior Leadership Team		593	593	611	(11)	7
Youth Councils		2	2	2	0	0
Strategy and Resources TOTAL		8,387	8,273	8,362	(213)	(124)

4.3 Car Parks - £139k income shortfall/saving
(Angela Gillingham xtn 4452, angela.gillingham@stroud.gov.uk)

The overall shortfall is made up of several variances.

Income shortfall of £175k relates to user numbers remaining suppressed post pandemic, as people work in different ways, with less reliance on town centre locations. Revenue budgets were reduced to reflect this new normal and some further adjustment may be required to reflect visitor fluctuation. Early Q1 forecasts illustrate revenue shortfalls, although this will be closely monitored and isn't guaranteed to translate over the full 12 month period.

A detailed exercise was undertaken at budget setting to reflect the national cost of living crisis for utility prices for the 2023/24 budget. In April 2023 a new Utilities contract was signed with a notable reduction in rates for both gas and electric, initiating a favourable forecast variance for the rest of this financial year.

Reprofiling on the the Corporate Maintenance budget (£29K) relates to the multi-storey car park , where the roof areas have been re-surveyed resulting in postponement of requisite works this year.

4.4 Communications - £46k overspend
(Ben Falconer, xtn 4104, ben.falconer@stroud.gov.uk)

Part of forecast overspend (£23k), is related partly to to a salary post shared between Communications and Fit for the Future. Funding for this will be considered at budget setting. The remaining part of the variance refers to a one year trial on FFF led improvements to IT and the Comms system to how we communicate with residents, this will be funded by identified savings in HR systems.

4.5 Corporate Expenditure & Income – (£255k) underspend
(Lucy Clothier, xtn 4343, lucy.clothier@stroud.gov.uk)

A continued increase in the Bank of England base rate has boosted the return on treasury management investments, and additional income of £350k is expected during 2023/24.

A central allowance is being held for the cost of closure (loss of income) for The Pulse, Stratford Park Leisure Centre and The Museum in the Park whilst the new heat pumps are being installed as part of the decarbonisation capital programme. In future this will show in the service areas, and is expected to be sufficiently funded from in year savings across the sports centres.

The budget includes modernisation savings target of £500k. Currently it is estimated that there will be vacancy savings of £335k across the year. This leaves a savings target of £165k to be identified during 2023/24.

4.6 Facilities Management – (£130k) underspend
Brian McGough, xtn 4411, brian.mcgough@stroud.gov.uk

The key variance (£193k) is a consequence of the fall in Utility pricing. A detailed exercise was undertaken at budget setting to reflect the national cost of living crisis for utility prices for the 2023/24 budget. In April 2023 a new Utilities contract was procured with a notable reduction in rates for both gas and electric, initiating a favourable forecast variance for the rest of this financial year.

A small offsetting variance owing to lack of income £33k from rental and service charges in respect of ground floor Bodley Block spaces, it continues to be actively marketed through a commercial agent with some interest.

Corporate maintenance costs have increased by £28k as a result of prioritising redecoration works after receipt of tenders, this has meant delaying other works so this could go ahead.

4.7 ICT – (£93k) reserve transfer
(Adrian Blick,xtn 4282, adrian.blick@stroud.gov.uk)

The majority of the variance is related to Service Desk Analyst vacancy. This post will advertised presently with a view to recruit as soon as possible This amount has been factored into the overall corporate vacancy saving figure reported to Strategy & Resources Committee.

There is also a transfer from reserves regarding the new Council Chamber webcasting contract.

4.8 Other Properties - £55k overspend
(Ali Fisk, xtn 4430 alison.fisk@stroud.gov.uk)

Planned works at Paganhill Arch £45K are going ahead in 2023-24, previously the Architect had to delay the preparation of the tender documents, the specialist contractors have committed to the work plans this year.

A saving has been forecast on Old Town Hall (£14k). The One Public Estate project has belatedly concluded in May this year and the planned works are now to be shaped around that project’s recommendations. The district council has had recent interest from a possible tenant wishing to enter into a long lease so whilst those negotiations are in progress any planned works have been pared back

5. Housing Revenue Account Budget Position

5.1 The original net Housing Revenue Account (HRA) budget for 2023/24 is a transfer to reserves of £1,814k, as approved by Council in February 2023.

5.2 The budget monitoring position for the HRA at Quarter 1 shows a projected net overspend of £122k (0.4% of gross spend) against the current budget, as shown in the below table.

Table 3 - HRA Revenue Summary

Housing Committee	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Reserve Transfers (£'000)	2022/23 Outturn Variance (£'000)
Total Income	(26,230)	(26,230)	(26,126)	0	105
Total Expenditure	12,850	13,082	13,099	0	17
Total Other Costs and Income	16,408	16,408	16,408	0	0
Total Net Expenditure	3,027	3,259	3,381	0	122
Transfers to/from Earmarked reserves	(1,213)	(1,445)	(1,445)	0	0
Transfers to/from General Reserves	(1,814)	(1,814)	(1,814)	0	0
Total Housing Revenue Account	0	0	122	0	122

5.3 A more detailed breakdown of this table can be found in Appendix C.

- 5.4 Key areas of variance of variance are set out below. Further detail can be found in the Housing Committee report.
- 5.5 **Rents and Service Charges – £105k loss of income**
A reduction in voids has resulted in an increase in let properties and therefore rental income. There is also an expected reduction against budget for district heating charges, as the charges to tenants have been reduced. This reduction is offset by the reduced utilities charges reported in Independent Living.
- 5.6 **Repairs and Maintenance – £563k overspend**
Investment revenue has a £246k variance due to an overspend in the cyclical painting contract, council tax on voids records a £178k variance and there is a £150k projected overspend in the property care service across staffing and materials.
- 5.7 **Cost of Utilities – (£527k) underspend**
Independent living has a (£160k) projected reduction in the cost of gas and (£220K) projected reduction in electricity, whilst communal areas of flat blocks record (£147k) electricity underspend.

6. Capital Programme

- 6.1 The current capital programme, following the addition of slippage from 2022/23 is £56.288m. The current forecast spend is £42.798m, net slippage of (£13.490m). A breakdown of the capital programme can be found in Appendix D.
- 6.2 The **General Fund capital programme** of £23.884m, has expected net slippage of £3.483m. This primarily relates to the timing of major programmes for the Canal and Brimscombe Port, along with slippage in the Walking and Cycling Plan.
- 6.3 There are three capital budgets showing pressures - Rural SuDS, Disabled Facilities Grants and Health Through Warmth Grants. These additional costs are all funded through Gloucestershire County Council (including through the Better Care Fund) and so will not cause a pressure on SDC finances.
- 6.4 There are two BEIS funded grant schemes for private housing which are showing underspends. There are Green Homes and Home Upgrade Grants. Remaining funding will be returned to BEIS in line with the conditions of the grant funding.
- 6.5 The **Housing Revenue Account capital programme** shows estimated spend of £24.902m against a £32.404m budget.
- 6.6 There is forecast slippage of £1.254m in Major works on existing properties. This is primarily due to the central heating replacement programme starting later in the year.
- 6.7 There is a change in timing of £6.249m on the New Build programme, which will deliver 44 new affordable properties.

6.8 The acquisitions budget of £7.470m is made up of £4.470m for the acquisition of properties, including the Local Authority Housing Fund (LAHF). An increase in the capital budget for this programme is being recommended by Housing Committee in another paper to this Committee. The remaining £4m is for the acquisition of land, and is opportunity led and so may not be fully used in year.

7. Strategy and Resources Capital Programme

7.1 Table 6 below shows the Capital Forecast position at Quarter 1 for Strategy and Resources Committee and shows a projected outturn of (£3,483k).

Table 4 – Strategy and Resources Capital Programme

		2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2023/24 Outturn Variance (£'000)
Strategy & Resources Capital Schemes	Para Refs				
Bath Place	7.2	0	161	161	0
Brimscombe Port Redevelopment	7.3	4,173	3,742	258	(3,484)
ICT Investment Plan	7.4	290	290	290	0
Strategy and Resources Capital Schemes TOTAL		4,463	4,193	710	(3,483)

7.2 Bath Place

Council approved a budget of £1.535m for the purchase of Bath Place, Cheapside and associated purchase costs and redesign fees including architect's fees and planning fees and the purchase was completed on the 13 December 2022. The purchase price was £1.285m and associated purchase cost were £66k leaving a balance of (£165k) for the design and planning fees. Due to the decision to look at the Bath Place and Cheapside and station car parks as one project, the budget for the remaining fees have been brought forward from 2022/23, as the initial scoping work needs to be completed first including a transport assessment and parking study and master planning.

7.3 Brimscombe Port Redevelopment

The budget includes provision for the public investment of £3.526m which will be committed to the selected developer, St Modwen Homes, when the development agreement is signed. The council is working with St Modwen Homes to bring the redevelopment forward, but as payment of the first tranche of this sum, which will be spent on a phased basis as the scheme progresses, will not be incurred until planning permission is secured for the site, it is unlikely to be spent in this financial year. The next stage is for a second public consultation event prior to planning permission being submitted.

7.4 ICT Investment Plan

This Capital project is specifically for the upgrade of laptops as part of standard replacement cycle. The procurement process is underway.

8. IMPLICATIONS

8.1 Financial Implications

There are no financial implications arising from this report as it reports on previous financial activities, and expected forecasts.

Lucy Clothier, Accountancy Manager
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4.1 Legal Implications

There are no specific legal implications arising from the recommendation of this report.

One Legal Tel: 01684 272 Email: legal.services@onelegal.org.uk

4.2 Equality Implications

An EIA is not required because there are not any specific changes to service delivery proposed within this decision.

4.3 Environmental Implications

There are no significant implications within this category.