

STROUD DISTRICT COUNCIL

STRATEGY AND RESOURCES COMMITTEE

01 FEBRUARY 2024

Report Title	Budget Monitoring Report Q2 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)	The Committee RESOLVES to: a) note the outturn forecast for the General Fund Revenue budget. b) note the outturn forecast for the Housing Revenue Account. c) note the outturn forecast for the Capital Programme.			
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated into to 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 September 2023 shows a projected net revenue underspend of (£311k) against the latest budget, as summarised in Section 3.
- 2.2 The Housing Revenue Account (HRA) shows a forecasted underspend of (£344k), as shown in Section 5.

2.3 The capital programme, as detailed in Section 6, shows a forecast spend of £34.306m against a total budget of £37.423m.

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 September 2023, as well as the distribution to committees of the budget items for 2023/24 which were held centrally in the base budget. Salary budgets have also been increased in-line with the nationally set pay award (an increase of £1,925 or 3.88%, whichever is higher), as set out in the Budget Setting report.

3.3 The monitoring position for the General Fund at 30 September 2023 shows a **projected net underspend of (£311k)** 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	5,030	4,908	(67)	(189)
Development Control	433	443	538	0	95
Environment	7,260	7,376	7,841	(288)	178
Housing General Fund	879	1,354	934	333	(87)
Strategy and Resources	8,387	9,459	9,228	(77)	(307)
Contribution from HRA	(2,650)	(2,650)	(2,650)	0	0
Net Revenue Expenditure	18,708	21,011	20,799	(99)	(311)
Funding from Govt Grants/Council Tax	(18,143)	(18,117)	(18,117)	0	0
Transfers to/(from) Earmarked Reserves	(565)	(2,894)	(2,894)	0	0
Total General Fund	0	0	(212)	(99)	(311)

Table contains roundings

3.4 Key areas of variance:

3.5 CS&L - Housing Benefit - £163k 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 – £302k underachievement of income/overspend

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 an ongoing pressure. The quarter two Ubico report is forecasting a £173k overspend against the original contract. The most significant variance of £126k is related to the 2023/24 Pay award. An overspend on vehicle hire of £149k and vehicle repairs of £46k is also predicted due to an

ageing fleet that has been impacted by the global delays on procurement of new vehicles and the long awaited announcement of the Government white paper on recycling fleets.

3.7 Garden Waste (£165k) additional income

The Garden Waste scheme continues to grow, with over 16,000 current subscribers. The year-on-year growth means that revenue is exceeding budgetary expectations by (£165k).

3.8 S&R - Car Parks - £175k underachievement income

Income from car parks remains lower than budgeted, this has been monitored closely over the last few months, resulting in a proposed budget pressure for 2024/25.

3.9 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.

3.10 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 £9.459m. The monitoring position at Quarter 2 shows a projected net underspend of (£307k).

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

	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)
Strategy & Resources Committee						
Car Parks	4.3	(503)	(523)	(353)	0	170
Commercial Properties		(132)	(122)	(135)	0	(13)
Communications	4.4	187	187	233	0	46
Corporate Expenditure & Income	4.5	525	1,438	1,097	0	(341)
Corporate Policy & Governance		1,239	1,242	1,251	0	9
Corporate Services (Legal)		562	562	562	0	0
Facilities Management	4.6	770	788	704	0	(84)
Financial Services		1,031	1,032	1,032	0	0
Fit for the Future		464	465	394	71	(0)
Human Resources		726	796	788	0	(8)
Information & Communication Technology	4.7	2,034	2,048	2,013	(78)	(113)
Other Properties	4.8	(815)	(810)	(731)	(71)	9
Pension Lump Sum		1,133	1,133	1,133	0	0
Property Services		570	633	640	0	7
Senior Leadership Team		593	587	599	0	12
Youth Councils		2	2	2	0	0
Strategy and Resources TOTAL		8,387	9,459	9,228	(77)	(307)

4.3 Car Parks - £170k income shortfall/saving

(Angela Gillingham xtn 4452, angela.gillingham@stroud.gov.uk)

Income shortfall of £170k 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. Close monitoring over the last 6 months show trends that illustrate significant revenue shortfalls, which has led to a proposed budget setting pressure for 2024/25.

4.4 **Communications - £46k overspend**

(Ben Falconer, xtn 4104, ben.falconer@stroud.gov.uk)

Part of forecast overspend (£23k), is related partly 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 – (£341k) underspend**

(Lucy Clothier, xtn 4343, lucy.clothier@stroud.gov.uk)

As reported at Quarter 1, the continuing high Bank of England base rate has boosted the return on treasury management investments and additional income of £350k is expected during 2023/24.

The budget includes modernisation savings target of £500k. Currently it is estimated that there will be cumulative vacancy savings of £396k at the end of year (up from £335k at Q1). This leaves a savings target of £104k to be identified during 2023/24.

Due to changes in the capital programme (primarily for the purchase of vehicles for the Ubico contract), it is currently expected that the Minimum Revenue Provision (MRP) will be lower than budget. As this relates to changes in timing of the capital purchase, it is proposed that any underspend be taken to earmarked reserves at the end of the year and used to support MRP costs in future years.

4.6 **Facilities Management – (£84k) underspend**

Brian McGough, xtn 4411, brian.mcgough@stroud.gov.uk

The key variance (£180k) 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.

An offsetting variance owing to lack of income £65k 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 £22k, 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 – (£113k) underspend**

(Adrian Blick, xtn 4282, adrian.blick@stroud.gov.uk)

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

Additional savings have been recognised by switching a number of software providers which has been reflected in the 2024/25 budget. There is also a transfer from reserves regarding the new Council Chamber webcasting contract.

4.8 Other Properties – (£71k) reserve transfer (Ali Fisk, xtn 4430 alison.fisk@stroud.gov.uk)

Further to the approved council motion to investigate other suitable uses for the former Ship Inn Site at Stonehouse DHUD consultants were appointed to deliver this work (working with other consultants) which includes the following: All costs will be met from the regeneration reserve.

- a) Stakeholder and community engagement and identification of common ground
- b) Identification of strategic opportunities (multi-site approach)
- c) Strategic viability and Delivery Testing
- d) Co-Design of Former Ship Inn site options

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 £1.814m, as approved by Council in February 2023.
- 5.2 The Forecast Outturn position also includes an increase in respect of the pay award (which is determined nationally). This has been agreed with an additional £1,925, or 3.88% whichever is higher, applied to all grades and backdated to 1 April 2023.
- 5.3 The budget monitoring position for the HRA at Quarter 2 shows a projected net underspend of (£344k) (-1.2%) of gross spend against the current budget, following a proposed net transfer to earmarked reserves of (£426k), as shown in Table 3 (below).

Table 3 - HRA Revenue Summary

Housing Committee	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)
Total Income	(26,230)	(26,230)	(26,116)	0	114
Total Expenditure	12,850	13,073	12,890	(75)	(258)
Total Other Costs and Income	16,408	15,352	15,252	0	(100)
Total Net Expenditure	3,027	2,195	2,026	(75)	(244)
Transfers to/from Earmarked reserves	(1,213)	(326)	(426)	0	(100)
Transfers to/from General Reserves	(1,814)	(1,869)	(1,869)	0	0
Total Housing Revenue Account	0	0	(269)	(75)	(344)

Table contains roundings

- 5.4 A more detailed breakdown of this table can be found in Appendix C.
- 5.5 Key areas of variance of variance are set out below. Further detail can be found in the Housing Committee report.
- 5.6 **Rents and Service Charges – £114k 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.

5.7 **Supervision and Management – (£301k) underspend**

There are a number of posts that are vacant and actively being recruited for through the due process across the service.

5.8 **Repairs and Maintenance – £503k overspend**

Investment revenue has a £246k variance due to an overspend in the cyclical painting contract, council tax on voids records a £188k variance and there is a £130k projected overspend in the property care service across staffing and materials. Radon works has a (£150k) underspend due to procurement timescales being exceeded.

5.9 **Cost of Utilities – (£499k) underspend**

Independent living has a (£166k) projected reduction in the cost of gas and (£212K) projected reduction in electricity, whilst communal areas of flat blocks record (£121k) electricity underspend.

6. **Capital Programme**

6.1 The current capital programme, following the addition of slippage from 2022/23 and reprogramming in line with the Budget Setting report is £37.423m. The current forecast spend is £34.306m, net slippage of (£3.117m). A breakdown of the capital programme can be found in Appendix D.

6.2 The **General Fund capital programme** of £15.803m, has expected net slippage of £3.154m. This primarily relates to the timing of major programmes for the Canal and 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 HRA capital programme has been revised to £21.620m for 2023/24. This includes revised capital budgets due to reprofiling of capital programmes over financial years as included in the HRA Budget Setting report.

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 spend of £408k.

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				
Brimscombe Port Redevelopment	7.2	4,173	118	118	0
ICT Investment Plan	7.3	290	290	290	0
Strategy and Resources Capital Schemes TOTAL		4,463	408	408	0

7.2 Brimscombe Port Redevelopment

The budget includes provision for the public investment of £3.526m which will be committed to the preferred developer when the development agreement is signed. The council is working with St Modwen Homes to bring the redevelopment forward but as this sum will not be required until planning permission is secured for the site, it will not be spent in this financial year. The figures included in 2023/24 and 2024/25 are for costs, including legal fees, to progress the redevelopment.

7.3 ICT Investment Plan

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

7.4 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 majority of the remaining fees will not to be spent until 2024/25 as the initial scoping work, transport assessment and parking study and master planning for the project has been funded through the Zero Carbon Public Estate project.

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.

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8.2 Legal Implications

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

One Legal
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8.3 Equality Implications

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

8.4 Environmental Implications

There are no significant implications within this category.