

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**  
**07 MARCH 2024**

<b>Report Title</b>	<b>Budget Monitoring Report Q3 2023/24</b>			
<b>Purpose of Report</b>	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.			
<b>Decision(s)</b>	<b>The Committee RESOLVES to note:</b> <b>a) The outturn forecast for the General Fund Revenue budget.</b> <b>b) The outturn forecast for the Housing Revenue Account.</b> <b>c) The outturn forecast for the Capital Programme.</b>			
<b>Consultation and Feedback</b>	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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<b>Options</b>	None			
<b>Background Papers</b>	None			
<b>Appendices</b>	Appendix A – Other Service Committee Summaries Appendix B – Strategy and Resources Committee Detailed Breakdown Appendix C – Housing Revenue Account Breakdown Appendix D – Capital Programme			
<b>Implications (further details at the end of report)</b>	Financial	Legal	Equality	Environmental
	No	No	No	No

**1 Background**

1.1 This report provides the third 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 31 December 2023 shows a projected net revenue underspend of (£185k) against the latest budget, as summarised in Section 3.

2.2 The Housing Revenue Account (HRA) shows a forecasted underspend of (£942k), as shown in Section 5.

2.3 The capital programme, as detailed in Section 6, shows a forecast spend of £30.376m against a total budget of £37.588m.

### 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 31 December 2023 shows a **projected net underspend of (£185k)** against the latest budget, as summarised in Table 1.

Table 1 – General fund Summary

<b>GENERAL FUND</b>	<b>2023/24 Original Budget (£'000)</b>	<b>2023/24 Revised Budget (£'000)</b>	<b>2023/24 Forecast Outturn (£'000)</b>	<b>2023/24 Reserve Transfers (£'000)</b>	<b>2023/24 Outturn Variance (£'000)</b>
Community Services and Licensing	4,400	5,030	4,571	244	(216)
Development Control	433	443	740	(11)	286
Environment	7,260	7,476	7,771	(86)	209
Housing General Fund	879	1,354	1,093	315	54
Strategy and Resources	8,387	9,459	9,025	(127)	(561)
Contribution from HRA	(2,650)	(2,650)	(2,608)	0	42
<b>Net Revenue Expenditure</b>	<b>18,708</b>	<b>21,111</b>	<b>20,592</b>	<b>334</b>	<b>(185)</b>
Funding from Govt Grants/Council Tax	(18,143)	(18,117)	(18,117)	0	0
Transfers to/(from) Earmarked Reserves	(565)	(2,994)	(2,994)	0	0
<b>Total General Fund</b>	<b>0</b>	<b>0</b>	<b>(519)</b>	<b>334</b>	<b>(185)</b>

- 3.4 The net underspend of (£185k) is a positive position at Quarter 3. It can also be expected that there will also be additional income from the Gloucestershire Business Rates Pool, which is reported at the end of each year. This is business rates income that we are able to keep locally (instead of paying to Government) by joining up with other councils in Gloucestershire.
- 3.5 There are, however, some known or expected draws on this underspend position. This will include considering transferring funds to the Investment Risk earmarked reserve from the additional income from investments during the year.
- 3.6 This and other areas of consideration will be included in the Outturn report which will be presented to Strategy and Resources Committee.
- 3.7 Key areas of variance reported in 2023/24:
- 3.8 **CS&L - Housing Benefit - £221k additional expenditure**  
This is attributable to the ongoing 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 funding has been allocated in the 2024/25 budget to address this ongoing variance.
- 3.9 **CS&L – The Pulse – (£165k) new grant income**  
The Pulse has been successful in bidding for grant funding from Sport England’s Swimming Pool Support Fund Phase 1. This funding is to support facilities with swimming pools with increased running costs.

- 3.10 CS&L – Decarbonisation Works at Stratford Park and The Pulse – £178k overspend**  
The major capital project to decarbonise the heating systems at Stratford Park Leisure Centre, The Pulse and the Museum in the Park is forecast to have an overspend of £178k (3.3%). This can be funded using part of the underspend expected across leisure services as a revenue contribution to capital.
- 3.11 DCC – Development Control – £296k underachievement of income/overspend**  
There is an expected reduction in planning and preapplication income of £159k linked to uncertainty of housing prices and the cost of living. There have also been additional costs of staffing as agency staff are being used to support the service, as well as specialist consultants.
- 3.12 Environment - Waste and Recycling – £226k underachievement of income/overspend**  
Recyclate values have reduced in 2023, having been high for a few years giving a total pressure of £106k. 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 three Ubico report has forecast a reduction in the underspend to £104k against the original contract. This largely reflects the expected increase related to the pay award (£126k). An overspend on vehicle hire of £17k and vehicle repairs of £30k 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. This has been largely offset by a reduction in diesel costs leading to an underspend of £107k.
- 3.13 Environment - Garden Waste (£160k) 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 (£160k) in 2023/24. This increased service use is included in the base budget from 2024/25.
- 3.14 Environment – Planning Strategy £75k overspend**  
It is expected that there will be additional spend of £75k in 2023/24 due to additional work required for the Local Plan. There will also be budgeted spend of £100k for match funding towards preliminary design and costings for Junction 12 of the M5, and £70k has been included in the 2024/25 budget for costs related to the inspection process.
- 3.15 S&R - Car Parks - £168k underachievement income**  
Income from car parks remains lower than budgeted. A lower income assumption has been included in the 2024/25 budget.
- 3.16 S&R – Investment Income – (£670k) additional income**  
Sustained high Bank of England base rate has boosted the return on treasury management investments and additional income of £670k is expected during 2023/24. A higher level of investment income is included in the base budget for 2024/25.
- 3.17 Cross Committee – Cost of Utilities – (£450k) 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 £450k less than is included in the budget. The biggest areas of saving are at Ebley Mill (£197k) and The Pulse (£196k).

#### **4. Strategy & Resources Committee Revenue budget**

- 4.1 The latest budget for Strategy and Resources Committee is £9.459m. The monitoring position at Quarter 3 shows a projected net underspend of (£561k).
- 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 &amp; Resources Revenue budgets 2023/24

Strategy & Resources Committee	Para ref	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)	(523)	(362)	0	161
Commercial Properties	4.4	(132)	(122)	(169)	0	(47)
Communications	4.5	187	187	217	0	30
Corporate Expenditure & Income	4.6	525	1,438	978	(239)	(700)
Corporate Policy & Governance	4.7	1,239	1,242	1,277	0	35
Corporate Services (Legal)		562	562	562	0	0
Facilities Management	4.8	770	788	675	18	(95)
Financial Services	4.9	1,031	1,032	1,100	21	89
Fit for the Future		464	465	378	87	0
Human Resources		726	796	749	31	(16)
Information & Communication Technology	4.10	2,034	2,048	1,957	19	(72)
Other Properties	4.11	(815)	(810)	(693)	(87)	30
Pension Lump Sum		1,133	1,133	1,133	0	0
Property Services	4.12	570	633	613	36	16
Senior Leadership Team		593	587	608	(13)	8
Youth Councils		2	2	2	0	0
<b>Strategy and Resources TOTAL</b>		<b>8,387</b>	<b>9,459</b>	<b>9,025</b>	<b>(127)</b>	<b>(561)</b>

#### 4.3 Car Parks - £168k income shortfall/saving

(Angela Gillingham xtn 4452, [angela.gillingham@stroud.gov.uk](mailto:angela.gillingham@stroud.gov.uk))

Income shortfall of £168k 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 9 months show trends that illustrate significant revenue shortfalls, which has led to the budget setting pressure for 2024/25.

#### 4.4 Commercial Properties – (£47k) underspend

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

An underspend has been forecast at Gossington depot due to the proposed design works not being fully developed. The continuous operation of the site and the potential for changes to the tipping of waste have resulted in a postponement of works. The corporate maintenance budget has been reprogrammed across SDC owned sites.

#### 4.5 Communications - £30k overspend

(Ben Falconer, xtn 4104, [ben.falconer@stroud.gov.uk](mailto:ben.falconer@stroud.gov.uk))

The majority of the forecast overspend (£23k), is related partly to a salary post shared between Communications and Fit for the Future.

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.

**4.6 Corporate Expenditure & Income – (£700k) underspend  
(£239k) Reserve Transfer**

(Lucy Clothier, xtn 4343, [lucy.clothier@stroud.gov.uk](mailto:lucy.clothier@stroud.gov.uk))

As previously reported, the continuing high Bank of England base rate has boosted the return on treasury management investments and additional income of £670k is expected during 2023/24. Higher levels of investment income have been included in the base budget in 2024/25.

The budget includes modernisation savings target of £500k. Currently it is estimated that there will be cumulative vacancy savings of £509k at the end of year (up from £396k at Q2) and so it is expected that the target will be met.

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.

**4.7 Corporate Policy & Governance - £35k overspend**

Hannah Emery, xtn 4383, [hannah.emery@stroud.gov.uk](mailto:hannah.emery@stroud.gov.uk)

There are several small overspends within the service which include additional staffing costs on canvassers and increased subscription costs. These subscription costs have been included in the budget for 2024/25, along with additional funding for the election

**4.8 Facilities Management – (£95k) underspend**

(Brian McGough, xtn 4411, [brian.mcgough@stroud.gov.uk](mailto:brian.mcgough@stroud.gov.uk))

The key variance (£197k) 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 £18k, as a result of prioritising redecoration works after receipt of tenders, this has meant delaying other works so this could go ahead.

**4.9 Financial Services - £89k overspend  
- £21k Reserve Transfer**

(Lucy Clothier, xtn 4343, [lucy.clothier@stroud.gov.uk](mailto:lucy.clothier@stroud.gov.uk))

There has been an increase in the cost of the 2023/24 external audit (for which fees are set by Public Sector Audit Appointments), and expected additional cost to the 2022/23 audit outside of the control of the District Council.

#### 4.10 ICT – (£72k) underspend (£19k reserve transfer)

(Adrian Blick, xtn 4282, [adrian.blick@stroud.gov.uk](mailto:adrian.blick@stroud.gov.uk))

A transfer to reserves (£77k) is related to an year vacancy for a Service Desk Analyst. This post has now been recruited to. This amount has been factored into the overall corporate vacancy saving figure reported to Strategy & Resources Committee.

A transfer from reserves is directly attributable to upgrading the Council's Cyber security software and the new Council Chamber webcasting contract, this is funded from earmarked reserves.

Additional savings have been recognised by switching a number of software providers which has been reflected in the 2024/25 budget.

#### 4.11 Other Properties – £30k overspend/ income shortfall (£87k) reserve transfer

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

A £30k overspend is forecast over a few sites. The Old Town Hall tenant vacated in September 2023 on expiry of the lease, this is now being actively marketed as a long leasehold interest. In addition, there are some minor corporate maintenance costs (structural engineers & Architects fees) on various general fund properties.

The reserve transfer relates 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

#### 4.12 Property Services - £36k Reserve Transfer

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

This reserve transfer is directly attributable to in year salary savings within the service. This amount has been factored into the overall corporate vacancy saving figure reported to Strategy & Resources Committee.

### 5. Housing Revenue Account Budget Position

- 5.1 The Housing Revenue Account (HRA) budget for 2023/24 is a transfer to reserves of £1.869m, as approved by Council in February 2024.
- 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 3 shows a projected net underspend of (£942k) (-3.3%) of gross spend against the current budget, following a proposed net transfer to earmarked reserves of (£372k), as shown in Table 3 (below).

Table 3 - HRA Revenue Summary

<b>Housing Committee</b>	<b>2023/24 Original Budget (£'000)</b>	<b>2023/24 Revised Budget (£'000)</b>	<b>2023/24 Forecast Outturn (£'000)</b>	<b>2023/24 Reserve Transfers (£'000)</b>	<b>2023/24 Outturn Variance (£'000)</b>
Total Income	(26,230)	(26,230)	(26,129)	0	101
Total Expenditure	12,850	13,073	12,487	(75)	(662)
Total Other Costs and Income	16,408	15,352	15,017	0	(335)
<b>Total Net Expenditure</b>	<b>3,027</b>	<b>2,195</b>	<b>1,374</b>	<b>(75)</b>	<b>(896)</b>
Transfers to/from Earmarked reserves	(1,213)	(326)	(372)	0	(46)
Transfers to/from General Reserves	(1,814)	(1,869)	(1,869)	0	0
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>(867)</b>	<b>(75)</b>	<b>(942)</b>

- 5.4 A more detailed breakdown of this table can be found in Appendix C.
- 5.5 Two areas of slippage have been identified totalling £346k. If these slippage requests are approved at year end this would reduce the net underspend to £596k.
- 5.6 The budget setting position for 2024/25 assumed an underspend of £344k returning to HRA general reserves to support the medium term position.
- 5.7 Key areas of variance of variance are set out below. Further detail can be found in the Housing Committee report.

**5.8 Rents and Service Charges – £101k underachievement of income**

There is a small variance against HRA income budgets of £101k (0.4% of income budget). This includes 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.

**5.9 Supervision and Management – (£536k) underspend**

There are a number of posts that are vacant and actively being recruited for through the due process across the service. Salary savings due to vacant posts totals £495k.

A service review has taken place during 2023/24 to review the tenancy management team to strengthen resources, resilience, and the offer to tenants. Subsequently a number of the vacant posts have been recently advertised and it can be expected that vacant posts will reduce in the short term.

**5.10 Repairs and Maintenance – £134k overspend**

There is additional spend of £286k on the cyclical painting contract which is at the end of the current programme. The cost of council tax on voids is expected to be £201k above budget and across Property Care there is additional spend of £118k.

There has been movement between minor voids (which are a revenue cost) and major voids (which are a capital cost). The underspend on minor voids of £107k will be put towards the additional cost on major voids. This is shown in the Revenue Funding of Capital Programme line in the detailed HRA breakdown in Appendix C.

There are two areas of slippage within the programme and funding will be requested to be carried forward to 2024/25. This is £196k for Fire Risk Assessments works relating to assessments being undertaken in Quarter 4, and £150k for Radon works.

**5.11 Cost of Utilities – (£349k) underspend**

Independent living has a (£169k) projected reduction in the cost of gas and (£119K) projected reduction in electricity, whilst communal areas of flat blocks record (£61k) electricity underspend.

#### 5.12 Grounds Maintenance – £100k overspend

The cost of rubbish clearance from communal areas and estates is higher than budget by £100k.

#### 5.13 Investment Income – £400k additional income

In line with the General Fund, higher investment rates have significantly increased the expected income on balances held by the HRA.

### 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 £37.588m. The current forecast spend is £30.376m, net slippage of (£7.212m). A breakdown of the capital programme can be found in Appendix D.

6.2 The **General Fund capital programme** of £15.968m, has expected net slippage of £3.637m. This relates to the timing of major programmes for the Canal and slippage in the Walking and Cycling Plan, Stratford Park Lido and installation of EV charging points in car parks.

6.3 There are two capital budgets showing pressures - Rural SuDS and Decarbonisation of the Pulse, Stratford Park and the Museum in the Park. The additional Rural SuDS cost will be funded through Gloucestershire County Council. The additional spend on the decarbonisation works will lead to an increased contribution needed from SDC of £178k (£133k in 2023/24 and £45k in 2024/25). This could be funded from underspends identified for Pulse, and included in the revenue position in Section 3 (paragraph 3.10).

6.4 There are two BEIS funded grant schemes for private housing which are showing underspends. There are Green Homes LADS 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. There is net slippage in the major works on existing homes of £2.712m. The acquisition of 20 properties for the Local Authority Housing Fund are expected to complete during the year, along with a piece of land for future development.

### 7. Strategy and Resources Capital Programme

7.1 Table 4 below shows the Capital Forecast position at Quarter 1 for Strategy and Resources Committee and shows a projected outturn spend of £377k.

Table 4 – Strategy and Resources Capital Programme

	Para Refs	2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2023/24 Outturn Variance (£'000)
<b>Strategy &amp; Resources Capital Schemes</b>					
Brimscombe Port Redevelopment	7.3	4,173	118	87	(32)
ICT Investment Plan	7.4	290	290	290	0
<b>Strategy and Resources Capital Schemes TOTAL</b>		<b>4,463</b>	<b>408</b>	<b>377</b>	<b>(32)</b>



## 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 majority of the remaining fees will not 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.

## 7.3 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.

## 7.4 ICT Investment Plan

This Capital project is specifically for the upgrade of laptops as part of standard replacement cycle. The procurement process has now been undertaken with a view to receiving the laptops before the end of the financial year.

## 8. IMPLICATIONS

### 8.1 Financial Implications

This report is of a financial nature and any financial implications are included in the report.

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### 8.2 Legal Implications

There are no specific legal implications arising from the recommendations 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.