

**STROUD DISTRICT COUNCIL**  
**ENVIRONMENT COMMITTEE**

**AGENDA  
ITEM NO**

**14 SEPTEMBER 2017**

**8**

<b>Report Title</b>	<b>BUDGET MONITORING REPORT 2017/18 Q1</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 2017/18.
<b>Decision(s)</b>	<p><b>The Committee RECOMMENDS to Strategy and Resources Committee:</b></p> <p>a) the Capital Budget for the Ebley Mill Hydro scheme and the Stroud Valleys Initiative are removed</p> <p>b) the reprofiled capital budget for the Multi Service Vehicles is approved</p> <p><b>The Committee RESOLVES:</b></p> <p>c) to note the outturn forecast for the General Fund Revenue budget and the Capital programme for this Committee.</p>
<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>	<p>The outturn forecast for the committee's budget shows a net overspend of £147k. This will be included in the overall General Fund outturn forecast reported to Strategy and Resources committee in October 2017.</p> <p>Expenditure to date on the committee's Capital budgets is low, but assurances have been provided by the relevant budget holders that the 2017/18 budget allocations will be fully spent by the end of the year.</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p>

<b>Legal Implications</b>	No legal implications to report.  K Trickey, Legal Services Manager Email: karen.trickey@stroud.gov.uk
<b>Report Author</b>	Adele Rudkin, Accountant Tel: 01453 754109 Email: <a href="mailto:adele.rudkin@stroud.gov.uk">adele.rudkin@stroud.gov.uk</a>
<b>Options</b>	None
<b>Performance Management Follow Up</b>	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 2017 and April 2017, with the outturn position reported to Strategy and Resources committee in May 2018.
<b>Background Papers/ Appendices</b>	Appendix A

### **Stroud District Council Medium Term Financial Plan (MTFP) position**

1. The Committee has previously been advised that we are faced with a challenging financial climate.
  - Stroud will be the first council in Gloucestershire to lose all government Revenue Support Grant (RSG) and will pay more money back to government than other councils in Gloucestershire (£549,000 from our own resources will go to Whitehall in 2019/20. Cheltenham will pay £391,000 and Cotswold will pay £218,000. The other three districts - Gloucester, Tewkesbury and Forest of Dean will continue to receive small amounts of RSG.
  - The current MTFP has already built in council tax increases of £5 per annum – the maximum allowed under government rules before triggering the need for a referendum of council taxpayers
  - Potential changes to New Homes Bonus will mean further reduction to this ‘reward’ payment and, as a result, our income will fall regardless of performance
  - The Government has yet to decide on business rate retention by local government. The expected primary legislation has been abandoned.
2. **It is against this background that it is important that budgets are not overspent. In cases where an overspend is forecast, management action must be taken to minimise or mitigate the impact on the council’s financial position of an overspend.**
3. The current MTFP, approved by Council in February 2017, anticipates that there will be a £3.5m gap between the Council’s income and expenditure by 2020/21. At that point we will have used up all our reserves unless we take action before then.

4. **Generating income and creating even greater efficiencies remain as important as ever, but there are likely to be cuts to the committee's budgets to close the funding gap. The budget setting process during the autumn will need to focus on these, with the budget proposals being considered by Strategy and Resources Committee on 18th January 2018.**

## **Background**

5. This report provides the first monitoring position statement for the financial year 2017/18. 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.
6. **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**

7. Council approved the General Fund Revenue budget for 2017/18 in February 2017 including budget proposals of the administration. This committee had previously considered the standstill budget at its meeting in December 2016.
8. The latest budget for Environment Committee taking into account the carry forwards is £5.224m (Original Budget was £5.124m).
9. The monitoring position for the service at 30 June 2017 shows a projected net overspend **of £147k** against the latest budget, as summarised in Table 1. The overall position on the General Fund will be considered by Strategy and Resources committee at their meeting in October 2017.
10. The outturn position is mainly attributable to the major items outlined in Table 2 with an explanation of the significant variances that have arisen. (a significant variation is defined as being +/- £20,000 on each reporting line) in Appendix A provides a more detailed breakdown on the committee's budgets.
11. Table 3 shows the Capital spend and Projected outturn for the Environment Committee for 2017/18.

**Table1 – Revenue budgets Environment Committee 2017/18**

<b>Environment Committee</b>	<b>Para Refs</b>	<b>2017/18 Original Budget (£'000)</b>	<b>2017/18 Revised Budget (£'000)</b>	<b>2017/18 Forecast Outturn (£'000)</b>	<b>2017/18 Outturn Variance (£'000)</b>
Canal		7	7	7	0
Strategic Head (Development Services)		115	115	115	0
Head of Environmental Health		69	69	69	0
Environmental Health	13	837	937	867	(70)
Statutory Building Control	14	168	168	168	0
Planning Strategy/Local Plan		319	319	319	0
Development Control	15	182	182	74	(108)
Economic Development		187	187	173	(13)
Carbon Management		93	93	74	(19)
Waste and Recycling	16	2,546	2,546	2,822	276
Street Cleansing	16	601	601	682	81
<b>Environment TOTAL</b>		<b>5,124</b>	<b>5,224</b>	<b>5,371</b>	<b>147</b>

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

**Table 2 - Headline Budget variances**

<b>Service</b>	<b>Para Refs</b>	<b>Overspend / (Underspend) (£'000's)</b>
<b>Environmental Health</b>	13	
Environmental Protection - Salary underspend		(28)
Health and Safety - Salary underspend		(10)
Pest Control - Salary underspend		(32)
<b>Development Control</b>	15	
Development Control - Salary overspend		61
Development Control -Income surplus		(169)
<b>Waste and Recycling</b>	16	
Refuse Collection - MS Contract		(25)
Multi-Bank Recycling Sites - MS Contract		4
Recycling and Environmental Initiatives - MS Contract		297
<b>Street Cleansing</b>	16	
Street Cleansing - MS Contract		81
<b>Environment TOTAL</b>		<b>179</b>

**13. Environmental Health – (£70k) underspend**  
(Jon Beckett xtn 4443, [jon.beckett@stroud.gov.uk](mailto:jon.beckett@stroud.gov.uk))

This underspend is directly related to salaries. A number of vacancies have been identified through out the service and any potential savings will be dealt with as part of a wider piece of work under the Workforce Plan review.

#### **14. Statutory Building Control – (£124k) 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.

There are in year salary savings of (£47k) as a result of 3 vacancies (Building Control Technician, Building Control Surveyor and a Principal post). Two of these posts are currently in the recruitment process and will be filled over the next few months. The remaining Principal post will be reviewed as part the budget setting process later in the year.

#### **15. Development Control – (£108k) underspend / income surplus**

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

There a number of reasons for the net variation on this budget which are outlined below.

Application Fees are forecasting a healthy surplus of (£108k). This additional income is based on the number and type of applications received at this time with the expected outcome similar to 2016/17.

A predicted Salary overspend of £61k – This variance is currently made up of two Case Management Assistant roles and casual staff. They are employed directly to manage the additional application fee workload, this overspend is offset against the income surplus above

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 2017. 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.

#### **16. Waste & Recycling – £276k overspend**

##### **Street Cleansing – £81k overspend**

(Carlos Novoth xtn 4406, [carlos.novoth@stroud.gov.uk](mailto:carlos.novoth@stroud.gov.uk))

#### **Section 151 Officer narrative**

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 2017/18 gross cost of the Ubico contract (£5.452m) exceeds the

available budget by around £820k. 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 £387k. Members will recall that additional budget of £400k was requested for 2017/18.

### **Budget holder narrative**

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

The first year's contract payments to Ubico have been made in line with the company's forecast spend for the year. Ubico have however reported an overspend of £36k in the first quarter due to an increase in insurance premiums. Whilst the increase relates to a full year's costs, Ubico have made full payment upfront. Ubico have stated that they plan to recover the overspend during the course of the year.

Ubico's 2017/18 forecast spend has taken into account efficiency savings made earlier in the financial year; these relate to a reduction in resources within the refuse collection, food waste collection and recycling collection services. The council expects to make further savings, totalling £18k net of costs in the current year and £60k each subsequent year, following the withdrawal of its 'Bring' bank system in August 2017; this will be reflected in the payments made to Ubico from September 2017.

### **Multi Service Costs**

The cost of providing black and beige sacks does not presently fall within the Multi Service Contract; the decision to use these sacks was made sometime after the initial design of the waste service and was not therefore included in Ubico's proposals. The cost however has been accommodated by a planned underspend of the 'marketing' and 'garden waste administration' budgets. A review of the costs associated with the treatment of the council's dry recycling materials is due shortly; the outcome is hoped to show a reduction in net costs.

### **Multi Service Income Streams**

Owing to the success of the waste service's overall performance, income to the council in 2017/18 is expected to increase from the budgeted figures; the increases include an additional £50k through JWP incentive payments and £60k through recycling credit payments. It is anticipated that 'recycling waste disposal income' will at least be maintained for the year – this mainly relates to income from the sale of waste paper and cardboard. There will be an increase in service charges for the bulky waste service from 1<sup>st</sup> September 2017 and the garden waste service for the start of next season (February 2018). Income for bulky waste is expected to increase by £8k in 2017/18 (£80k to £88k). Garden waste income is expected to increase as a result of the new charges and also increased capacity following a review of the collection rounds; this will allow for additional subscriptions before capacity is reached.

### **Capital Programme**

**17.** The Environment Capital Programme of **£710k** was approved by Council in January 2017. This has subsequently been revised to **£1.1m** following

the approval of the carry forwards/slippage and profiling changes by Strategy and Resources Committee at their meeting in June 2017.

18. Table 3 below shows the Capital Outturn forecast for the Environment Committee 2017/18, projecting an outturn variance of (£61k) at this stage of the financial year.

**Table 3 – Environment Committee Capital Programme**

<b>Environment Capital Schemes</b>	<b>2017/18 Revised Budget (£'000)</b>	<b>2017/18 Spend to date (£'000)</b>	<b>2017/18 Projected Outturn (£'000)</b>	<b>2017/18 Outturn Variance (£'000)</b>
Canal	184	15	184	0
Canal Regeneration(Saul to Stonehouse)	250	0	250	0
Stroud District Cycling & Walking Plan	50	0	50	0
Stroud Valleys Initiative	115	0	0	(115)
Market Town Centres Initiative fund	50	0	50	0
Wallbridge - Gateway	30	0	30	0
MSC - Vehicles	250	64	334	84
CMP - Ebley Mill Hydro	30	0	0	(30)
CMP - Heat & Power	141	54	141	0
<b>TOTAL Capital</b>	<b>1,100</b>	<b>133</b>	<b>1,039</b>	<b>(61)</b>

19. The Councils Capital programme for 2017/18 is reported and updated regularly throughout the year by the responsible officers and is covered in the Capital Projects update report.

20. Members received an update on the capital schemes for Stroud Valleys Initiative and the Ebley Mill Hydro in July 2017 and were advised that these schemes were no longer viable. Therefore, it is recommended to Strategy and Resources committee that the capital budgets are withdrawn.

21. The 2017/18 capital budget for the Multi Service Vehicles needs to be increased by £134,000, as set out in the Capital Budget Monitoring report to the committee in July 2017. The overall cost and profile of the MSC vehicle replacement programme will be reviewed as part of the 2018/19 budget setting process.

22. The actual spend to date figure is low, with budget holders providing assurance that the remaining relevant capital budgets are forecast to be spent in full this financial year.

Appendix A

Environment Committee	Para Refs	2017/18 Budget (£'000)	2017/18 Revised Budget (£'000)	2017/18 Spend to date (£'000)	2017/18 Forecast Outturn (£'000)	2017/18 Outturn Variance (£'000)
<b>Canal Partnership</b>		7	7	34	7	0
<b>Strategic Head (Development Services)</b>		115	115	27	115	0
<b>Head of Environmental Health</b>		69	69	18	69	0
Environmental Health Team		149	149	25	149	0
Contaminated Land		32	32	4	32	0
Dog Warden Service		82	82	18	82	0
Environmental Protection		190	190	45	162	(28)
Food Safety		152	152	35	152	0
Health and Safety		88	88	19	78	(10)
Land Drainage		60	160	30	160	0
Public Health		41	41	6	41	0
Pest Control		28	28	2	(4)	(32)
Port Health		2	2	(0)	2	0
Planning Liaison		14	14	4	14	0
<b>Environmental Health</b>		<b>837</b>	<b>937</b>	<b>187</b>	<b>867</b>	<b>(70)</b>
Planning and Building Control Admin		255	255	51	255	0
Building Control		(128)	(128)	(142)	(128)	0
Securing Dangerous Structures		9	9	5	9	0
Building Regulation Enforcement / Advice		35	35	18	35	0
Street Naming		(4)	(4)	(7)	(4)	0
<b>Building Control</b>		<b>168</b>	<b>168</b>	<b>(74)</b>	<b>168</b>	<b>0</b>
Planning Strategy		319	319	83	319	0
Preparation of Core Strategy		0	0	0	0	0
<b>Planning Strategy/Local Plan</b>		<b>319</b>	<b>319</b>	<b>83</b>	<b>319</b>	<b>0</b>
Development Control		(94)	(94)	(110)	(202)	(108)
Trees		43	43	11	43	0
Conservation		58	58	16	58	0
Appeals		0	0	0	0	0
Planning Appeal Costs		70	70	17	70	0
Enforcement		108	108	20	108	0
Footpath Diversion		(2)	(2)	0	(2)	0
<b>Development Control</b>		<b>182</b>	<b>182</b>	<b>(45)</b>	<b>74</b>	<b>(108)</b>



<b>Environment Committee</b>	<b>Para Refs</b>	<b>2017/18 Budget (£'000)</b>	<b>2017/18 Revised Budget (£'000)</b>	<b>2017/18 Spend to date (£'000)</b>	<b>2017/18 Forecast Outturn (£'000)</b>	<b>2017/18 Outturn Variance (£'000)</b>
Economic Development		54	54	2	54	0
Market Town Projects		24	24	(2)	24	0
Regeneration		108	108	18	95	(13)
<b>Economic Development</b>		<b>187</b>	<b>187</b>	<b>18</b>	<b>173</b>	<b>(13)</b>
<b>Carbon Management</b>		<b>93</b>	<b>93</b>	<b>3</b>	<b>74</b>	<b>(19)</b>
Refuse Collection		1,203	1,203	719	1,178	(25)
Multi-Bank Recycling Sites		1,138	1,138	207	1,142	4
Recycling and Environmental Initiatives		205	205	(87)	502	297
<b>Waste and Recycling</b>		<b>2,546</b>	<b>2,546</b>	<b>838</b>	<b>2,822</b>	<b>276</b>
<b>Street Cleansing</b>		<b>601</b>	<b>601</b>	<b>112</b>	<b>682</b>	<b>81</b>
<b>Environment Total</b>		<b>5,124</b>	<b>5,224</b>	<b>1,201</b>	<b>5,371</b>	<b>147</b>