

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

**AGENDA  
ITEM NO**

**5 APRIL 2018**

**8**

<b>Report Title</b>	<b>BUDGET MONITORING REPORT 2017/18 P3</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>	<b>The Committee RESOLVES:</b> a) to note the outturn forecast for the General Fund Revenue budget and the Capital programme for this Committee.
<b>Financial Implications and Risk Assessment</b>	The Outturn forecast for the Committee's revenue budget is net overspend of £100k, after taking into account the transfer of the Building Control surplus to the Building Control Partnership reserve. This will be included in the overall GF outturn forecast reported to Strategy and Resources Committee in April 2018. The financial performance across the Multi Service Contract remains a significant concern. Paragraph 13 of the report highlights the implications for 2018/19 and proposes the establishment of an earmarked reserve, funded from the anticipated surplus on the General Fund to mitigate the likely overspend. David Stanley – Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a>
<b>Legal Implications</b>	This report is provided for information purposes only, there are no legal implications to report. Any strategic risks pertinent should be referred to in the Strategic Risk Register.  Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: <a href="mailto:craig.hallett@stroud.gov.uk">craig.hallett@stroud.gov.uk</a> (Ref: rc21.3d22.3)

<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>	This is the last Financial Report for 2017/18. Budgets will continue to be monitored on a regular basis by budget holders supported by Finance. The outturn position will be reported to Strategy and Resources committee in May 2018.
<b>Background Papers/ Appendices</b>	Appendix A

## Background

1. This report provides the second 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.
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.**

## Revenue Budget position

3. Council approved the General Fund revenue budget at its meeting in February 2017.
4. The latest budget for Environment Committee is £5.093m this takes into account carry forwards from 2016/17 and further revision to the budget for the Workforce Planning savings that were approved by Council at their meeting in January 2018. (The Original Budget was £5.124m).
5. The monitoring position for the service at 31 December 2017 shows a projected net overspend of **£100k** against the latest budget, as summarised in Table 1. This overspend is stated net of transfers to reserves and carry forwards. The overall position on the General Fund will be considered by Strategy and Resources committee at their meeting in April 2018.
6. 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). Appendix A provides a more detailed breakdown on the committee's budgets
7. 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	71	2
Environmental Health	9	837	870	662	(208)
Statutory Building Control	10	168	168	168	(0)
Planning Strategy/Local Plan	11	319	304	275	(28)
Development Control	12	182	182	103	(79)
Economic Development		187	160	142	(19)
Carbon Management		93	71	61	(10)
Waste and Recycling	13	2,546	2,546	2,952	406
Street Cleansing	13	601	601	638	37
<b>Environment TOTAL</b>		<b>5,124</b>	<b>5,093</b>	<b>5,194</b>	<b>100</b>

Note: Multi Service Contract Overspend will be offset by £400k contingency held centrally

8. 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>	9	
Environmental Health Service		(74)
Land Drainage		(134)
<b>Planning Strategy</b>	11	
Planning Strategy		(28)
<b>Development Control</b>	12	
Development Control -Income surplus		(93)
<b>Waste and Recycling</b>	13	
Refuse Collection - MS Contract		190
Multi-Bank Recycling Sites - MS Contract		(60)
Recycling and Environmental Initiatives - MS Contract		275
<b>Street Cleansing</b>	13	
Street Cleansing - MS Contract		37
<b>Environment TOTAL</b>		<b>114</b>

**9. Environmental Health – (£208k) underspend/income surplus**  
(Jon Beckett xtn 4443, [jon.beckett@stroud.gov.uk](mailto:jon.beckett@stroud.gov.uk))

There are a number of variations that make up this underspend.

**Salaries**

A (£52k) saving has been forecast on salaries. There have been a number of in year vacancies that have now been filled or in the process of being recruited to. Any permanent savings have been dealt with through the workforce plan and taken out as part of the budget setting process.

**Land Drainage** – An (£80k) underspend is partly due to monies carried forward from previous years external funding from the County Council to fund land drainage enforcement work. It was intended to use the fund as matched funding for a bid for European funding for the Stroud valleys initiative, however unfortunately the bid was not successful. This is proposed to be carried forward for future match funding projects.

The income surplus of (£60k) is a combination of funding from the Environment Agency for flood prevention projects and S.106 monies for flood prevention work. For various reasons outside the control of the council, the projects will not be ready for delivery this year. This will be proposed as a carry forward for 2018/19.

**Contaminated Land** – There has been a (£17k) saving due to fewer contaminated land samples requiring analysis this year and specialist consultancy services not being required.

General savings have been achieved generally across the service, the most significant being in relation to professional training and seminars which although not required this year, will be required in future years due to staff being recently employed in career development posts.

**10. Statutory Building Control – (£210k) underspend/income surplus**  
(Paul Bowley xtn 4250, [paul.bowley@stroud.gov.uk](mailto:paul.bowley@stroud.gov.uk))

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 (£160k) as a result of 3 vacancies (Building Control Technician, Building Control Surveyor and a Principal post). Two of these posts have recently been filled. The Building Control Surveyor post will be reviewed against workload midway through 18/19. Any surplus/deficit will be transferred in to the trading account to re invest in the building control service

## 11. Planning Strategy – (£28k) underspend/income surplus

(Mark Russell xtn 4305, [mark.russell@stroud.gov.uk](mailto:mark.russell@stroud.gov.uk))

The underspend reflects delays in commissioning studies on future housing and commercial land need whilst changes to Government planning policy were awaited. The Government is now intending to finalise changes to the NPPF in summer 2018 after which these studies can be commissioned. The expectation is that any underspend will be transferred into a Local Plan Reserve Fund to facilitate expenditure in future years.

Increased income is based on the decision of Government in March 2017 to make a grant payment for 2016/17 and for subsequent years to each local authority to reflect the new burden of producing an annual Brownfield Register. The first Register was completed by the Planning Strategy team by December 2018. The award letter referred to a payment for 2016/17 of £14,645 with further grant payments for 2017/18, 2018/19 and 2019/20, the amount of funding from 2016/17 onwards to be kept under review.

## 12. Development Control – (£79k) underspend / income surplus

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

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

Application Fees are forecasting a healthy surplus of (£169k). This additional income is based on the number and type of applications received at this time with the expected outcome similar to 2016/17. 2018/19 will also see an increase in all planning application fees by 20%.

There is a predicted Salary overspend of £36k. This variance is a year on year cost to cover additional staff directly employed to manage the planning application workload, which shows no signs of decreasing. This overspend is offset against the income surplus referred to 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 in April 2018. 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, which is also increasing year on year.

**13. Waste & Recycling – £406k overspend**  
**Street Cleansing – £37k overspend**  
(Carlos Novoth xtn 4406, [carlos.novoth@stroud.gov.uk](mailto:carlos.novoth@stroud.gov.uk))

**Section 151 Officer narrative**

The overall financial position on the Multi Service contract continues to put pressure on the Council's finances in the current financial year and over the medium term. Members will recall that £1.15m of additional funding was allocated in 2016/17 to support the increased costs of the Multi-Service Contract with Ubico and mitigate risk on a number of income streams.

The 2017/18 outturn position shown in this report is a worsened financial position. The net overspend on the Multi Service Contract is explained by the 2017/18 gross cost of the Ubico contract (£5.452m) which exceeds the available budget by around £820k. An additional £84k overspend has been forecast by Ubico, taking into account the additional income from Recycling Credits and the JWP Incentive Payment, there is a total projected net overspend on Multi-Service budgets of £492k. Members will recall that additional budget of £400k was approved for 2017/18.

The position for 2018/19 is likely to be worse for a number of reasons. The draft Ubico budget for 2018/19 shows an increase of £187k from £5.452m to £5.639m. This is, in part, offset by an improved level of income from incentive payments and recycling credits. Taking into account the planned reduction in the contingency budget of £200k (from £400k in 2017/18 to £200k in 2018/19), it is forecast that the Multi Service Contract will be overspent by £595k unless urgent decisions are taken around service provision options that reduce the net level of expenditure. Managers are currently in discussion with Ubico on a range of options.

Therefore, it would be prudent for Strategy and Resources committee, in reviewing the net General Fund position for 2017/18, to set aside funding in an earmarked reserve to provide some mitigating budgetary support in 2018/19 whilst service provision options to reduce costs are reviewed and implemented.

**Non Ubico Service costs**

Owing to the success of the new waste services, there has been a limited need for promotional activities thereby allowing a saving of (£80k) on the budget. Similarly, a full saving of (£55k) has been made against the budget allocation for garden waste administration owing to the success of the subscription process. Costs associated with 'Recyclate Waste Disposal' should be read together with the income the council receives from the sale of recycling materials 'Recyclate Waste Disposal Income' as this will show that the net cost of sorting the council's recycling materials have reduced and has therefore resulted in a net under-spend of (£24k)

on a net budget of £230k. A budget of £5k has been allocated for the purchase of black sacks for the street cleansing service.

### **Income**

The 'Joint Waste Partnership (JWP) Incentive payment' supports the reduction in landfilled waste through incentive payments; the reduction in overall waste, diversion of recycling materials, food waste and garden waste all contribute towards this aim. The forecast income demonstrates the success of the service as a whole. Whilst not to the same degree, additional income has also been generated through recycling credits. Additional income has also been generated from an increase in the Bulky waste charge from September 2017. Income from garden waste collections, whilst under budget is forecast to significantly improve (in excess of £400k) in future years owing to operational changes.

## Capital Programme

1. The Environment Capital Programme of £710k was approved by Council in January 2017. This has subsequently been revised to £909k following the approval of the carry forwards/slippage and profiling changes by Strategy and Resources Committee at their meeting in February 2018.
2. Capital budgets for the Stroud District Cycling and Walking Plan, Market Town Centres Initiative fund have been re-profiled reflecting anticipated expenditure plans in line with the updates provided through the Capital Monitoring reports. Gateway site (Wallbridge) has also been re-profiled to reflect the timing of expenditure expected on 2018/19 whilst plans are finalised for the scheme.
3. As part of the closure of accounts process, the relative split between capital and revenue expenditure across both phases of the Canal Restoration project is being reviewed. This is to ensure that expenditure is correctly treated as either capital or revenue in nature. It is likely that some expenditure will be reclassified as revenue thereby reducing the level of capital expenditure to the budgeted level. Expenditure reclassified as revenue can be absorbed by the overall projected surplus position on the General Fund.  
At the same time, the overall external financing position on the Canal Phase 1a project will be finalised, and will recognise elements of additional income received from third parties to support specific cost elements
4. Table 3 below shows the Capital Outturn forecast for the Environment Committee 2017/18, projecting an outturn variance of £258k at this stage of the financial year.

**Table 3 – Environment Committee Capital Programme**

Environment Capital Schemes	2017/18 Revised Budget (£'000)	2017/18 Spend to date (£'000)	2017/18 Projected Outturn (£'000)	2017/18 Outturn Variance (£'000)
Canal	434	577	434	0
Stroud District Cycling & Walking Plan	0	0	0	0
Stroud Valleys Initiative	0	0	0	0
Market Town Centres Initiative fund	0	0	0	0
Wallbridge - Gateway	0	0	0	0
MSC - Vehicles	334	64	64	(270)
CMP - Ebley Mill Hydro	0	0	0	0
CMP - Heat & Power	141	153	153	12
<b>TOTAL Capital</b>	<b>909</b>	<b>794</b>	<b>651</b>	<b>(258)</b>



## Appendix A

Environment Committee	Para Refs	2017/18 Original Budget (£'000)	2017/18 Revised Budget (£'000)	2017/18 Forecast Outturn (£'000)	2017/18 Outturn Variance (£'000)
<b>Canal Partnership</b>		7	7	7	0
<b>Strategic Head (Development Services)</b>		115	115	115	0
<b>Head of Environmental Health</b>		69	69	71	2
Environmental Health Team		149	149	127	(22)
Contaminated Land		32	32	16	(15)
Dog Warden Service		82	82	78	(4)
Environmental Protection		190	147	152	4
Food Safety		152	152	134	(18)
Health and Safety		88	88	75	(13)
Land Drainage		60	160	25	(134)
Public Health		41	44	31	(13)
Pest Control		28	2	11	9
Port Health		2	2	(0)	(2)
Planning Liaison		14	14	14	0
<b>Environmental Health</b>	9	<b>837</b>	<b>870</b>	<b>662</b>	<b>(208)</b>
Planning and Building Control Admin		255	255	256	0
Building Control		(128)	(97)	(97)	(0)
Securing Dangerous Structures		9	10	10	(0)
Building Regulation Enforcement / Advice		35	3	3	0
Street Naming		(4)	(4)	(4)	0
<b>Building Control</b>	10	<b>168</b>	<b>168</b>	<b>168</b>	<b>(0)</b>
Planning Strategy		319	304	275	(28)
Preparation of Core Strategy		0	0	0	0
<b>Planning Strategy/Local Plan</b>	11	<b>319</b>	<b>304</b>	<b>275</b>	<b>(28)</b>
Development Control		(94)	(94)	(187)	(93)
Trees		43	43	44	1
Conservation		58	58	64	6
Appeals		0	0	21	21
Planning Appeal Costs		70	70	67	(2)
Enforcement		108	108	94	(14)
Footpath Diversion		(2)	(2)	0	2
<b>Development Control</b>	12	<b>182</b>	<b>182</b>	<b>103</b>	<b>(79)</b>

<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>
Economic Development		54	54	60	5
Market Town Projects		24	24	4	(20)
Regeneration		108	82	78	(4)
<b>Economic Development</b>		<b>187</b>	<b>160</b>	<b>142</b>	<b>(19)</b>
<b>Carbon Management</b>		<b>93</b>	<b>71</b>	<b>61</b>	<b>(10)</b>
Refuse Collection		1,203	1,116	1,306	190
Multi-Bank Recycling Sites		1,138	1,181	1,121	(60)
Recycling and Environmental Initiatives		205	250	525	275
<b>Waste and Recycling</b>	<b>13</b>	<b>2,546</b>	<b>2,546</b>	<b>2,952</b>	<b>406</b>
<b>Street Cleansing</b>	<b>13</b>	<b>601</b>	<b>601</b>	<b>638</b>	<b>37</b>
<b>Environment Total</b>		<b>5,124</b>	<b>5,093</b>	<b>5,194</b>	<b>100</b>