

STROUD DISTRICT COUNCIL
ENVIRONMENT COMMITTEE

**AGENDA
ITEM NO**

13 SEPTEMBER 2018

7

Report Title	Budget Monitoring Report 2018/19 Q1
Purpose of Report	To present to the Committee a forecast of the Outturn position against the revenue budget and Capital programme for 2018/19 in order to give an expectation of possible variances against budget and items to be considered as part of the budget setting process.
Decision(s)	The Committee RESOLVES: to note the outturn forecast for the General Fund Revenue budget and the Capital programme for this Committee.
Consultation and Feedback	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.
Financial Implications and Risk Assessment	<p>This report sets out the outturn forecast on the committee's revenue and capital budgets.</p> <p>There are a number of variations reported on the revenue budget, with a net overspend of £774k projected. Members should consider the ongoing nature of some of the variations and whether to include these as part of the Council's wider Savings Plan to reduce the core deficit across the Medium Term Financial Plan (MTFP).</p> <p>The report also sets out the Capital outturn position, with changes proposed to the profiling of the capital scheme across 2018/19 and 2019/20.</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
Legal Implications	<p>This report is provided for information purposes only; legal implications will be considered when the particular projects require decisions of the committee. Any updates to strategic risks pertinent should be included in the Strategic Risk Register as appropriate.</p> <p>Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: craig.hallett@stroud.gov.uk (Ref: r30.08c05.09d30.08)</p>

Report Author	Adele Rudkin, Accountant Tel: 01453 754109 Email: adele.rudkin@stroud.gov.uk
Options	None
Performance Management Follow Up	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 2018 and April 2019, with the outturn position reported to Strategy and Resources committee in May 2019.
Background Papers/ Appendices	Appendix A – 2019/20 Indicative Budgets

Background

1. This report provides the first monitoring position statement for the financial year 2018/19. 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. Appendix A of this report also provide members with an indicative budget for 2019/20. This is essentially the 2018/19 base budget plus provision for inflation and changes already agreed as part of the Savings Plan. The Budget Strategy report to Strategy and Resources committee in October 2018 will set out the budget framework that committees should follow. This will include expectations around inflationary pressures, income targets and savings targets. Therefore, the indicative budgets shown in the appendix are subject to change, but give the committee a good overview of the budget changes likely to be made.
3. **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

4. Council approved the General Fund Revenue budget for 2018/19 in February 2018 including budget proposals of the administration.
5. The latest budget for Environment Committee taking into account the adjustments for workforce plan and salary inflation is £4.760m (Original Budget was £4.749m).
6. The monitoring position for the committee at 30 June 2018 shows a **projected net overspend of £774k** 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 2018.

7. 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) Table 4 provides a more detailed breakdown on the committee's budgets.
8. Table 3 shows the Capital spend and Projected outturn for the Environment Committee for 2018/19.

Table1 – Revenue budgets Environment Committee 2018/19

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Canal		7	7	7	0
Director (Development Services)		116	117	117	0
Head of Health and Wellbeing		70	71	71	0
Environmental Health		751	757	739	(18)
Statutory Building Control	12	114	120	111	(9)
Planning Strategy/Local Plan		306	311	304	(6)
Development Control	13	7	15	70	55
Economic Development	14	161	144	116	(27)
Carbon Management		71	71	71	0
Waste and Recycling: MSC	15	3,128	3,136	3,920	784
Waste and Recycling: Other		19	11	6	(5)
Environment TOTAL		4,749	4,760	5,534	774

9. **The Multi-Service contract remains a significant concern and poses a financial risk over the medium term. Management actions have not fully addressed the overspend position and additional resources will be required across the MTFP to provide adequate budget for current service provision.**
10. A contingency budget of £200k is held centrally and will offset the net overspend shown in the table above. Further provision of £600k was made in an earmarked reserve to mitigate the impact on the Council's MTFP (as reported to Strategy and Resources committee in the General Fund Revenue Outturn report in June 2018 in paragraph 30 <https://www.stroud.gov.uk/media/682317/item-6b-general-fund-revenue-outturn-report-2017-18.pdf>). Any proposal for utilising the reserve will be considered by Strategy and Resources committee and Council in January 2019.
11. The table below outlines the key variances for this Committee. **Given the core deficit position on the MTFP, members should consider whether the underspends shown in the table above should be reviewed and included in the Council's Savings Plan.**

Table 2 - Headline Budget variances

Service	Para Refs	Overspend / (Underspend) (£'000's)
Environmental Health		
Environmental Health Service		(18)
Economic Development	14	(27)
Development Control		
Development Control	13	55
Waste and Recycling: MSC		
MSC: Refuse Collection	15	215
MSC: Food Waste	15	213
MSC: Recycling	15	142
MSC: Bulky Waste	15	7
MSC: Garden Waste	15	165
MSC: Street Cleansing	15	43
Waste and Recycling: Other		(5)
Environment TOTAL		789

Note: This table shows the significant variations only and therefore will not agree to the variation shown in Table 1

12. Statutory Building Control – (£61k) underspend (for info only)

(Paul Bowley xtn 4250, 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 1st July 2015 and has resulted in an increase in income due to receiving applications from both Stroud and Gloucester areas.

An underspend is forecast on salaries as a result of two vacant posts within the service. A service review is scheduled over the next few months which will help inform the establishment going forward. Vehicle Hire is also underspent due to the hire vehicles being returned at the start of the year following the car mileage review. An overspend is also anticipated on mileage following the trend on last years actuals.

13. Development Control – £55k overspend

(Geraldine LeCointe xtn 4233, geraldine.lecointe@stroud.gov.uk)

There is a predicted overspend for consultants fees of £55k. This is a year on year cost to cover additional staff/specialist input to manage the planning application and appeal workload, which shows no sign of decreasing.

The Government enacted legislation in January 2018 to enable Councils to increase planning fees by 20%. In accepting the ability to increase fees, the council confirmed that higher fees would be spent entirely on planning functions. The MTFP, as approved by Council in January 2018, included an additional £156k of income in respect to a 20% increase in budgeted fee activity. No assumptions were made around the proportion of the fee that would be invested in the service. The MTFP report did highlight the issue in paragraph 4.4 (iii) (see report here <https://www.stroud.gov.uk/media/558314/item-5c-recommendation-from-sr-committee-18-january-2018-the-general-fund-budget-2018-19-capital-programme-and-medium-term-financial-plan.pdf>).

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. 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.

14. Economic Development – (£27k underspent)
(Pippa Stroud xtn 4099, pippa.stroud@stroud.gov.uk)

This variance has arisen due to the service having gone through the work force plan project and the post of Economic Development Officer being made redundant. As a result there is no capacity for the investment of this budget on projects related to economic development, apart from those commitments already made to the Princes Trust and the Wotton Greenway. This underspend will be reviewed as part of a wider piece of work around the budget setting process for 2019/20 later this financial year.

15. Waste & Recycling – £784k overspend
(Michael Towson xtn 4336, michael.towson@stroud.gov.uk)

Accountancy Manager comments

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 2018/19 gross cost of the contract (£5.639m) significantly exceeds the available budget. Although action has been taken during the financial year to reduce the level of expenditure, there remains a significant funding gap before any income streams are taken into account. The level of ongoing resource required to deliver the multi-service contract will need to be addressed by the Council through the MTFP. 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 £0.780m.

Budget holder narrative

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

Ubico's 2018/19 forecast spend has taken into account efficiency savings made earlier in the financial year; these relate to the non-replacement of non-core staff, a rationalisation of grass cutting and public toilet cleansing regimes and other minor adjustments. The 'bulky waste' collection charge has increased from £20 to £25, estimated to generate an additional £20k income per annum. Garden waste subscriptions will increase to £45 in 2019, generating an additional income of approximately £60k.

Fleet vehicles continue to provide considerable financial pressure, with maintenance costs on ageing fleet increasing. Remedial work takes vehicles off the road for prolonged periods and increases dependence on hire vehicles. Fleet vehicles are being procured, through the normal capital programme, to minimise the reliance on hire vehicles. This is expected to mitigate un-budgeted cost pressures by approximately £100k per annum.

Multi Service Income Streams

Recycling rates in the Stroud District are high and although income from the sale of recyclates is forecast to be in the region of £540k, well above original income targets, the costs associated with these sales limit net benefits. Contracts for these sales have been reviewed and renewed in 2018 and this exercise improved the net financial position. The full impact of this will start to be felt later this year.

In this financial year incentive and recycling credit payments made via the County Council remain relatively unchanged. However this is being carefully monitored in light of the new incinerator, due to become operational in 2019.

APSE Review

In response to the financial challenges, The Association for Public Service Excellence (APSE) have been engaged to review the current multi service contract and make a value for money assessment. A final report will also identify where any financial savings can be made through operational effectiveness. Members will be presented with the report in the autumn.

Capital Programme

Table 3 below shows the Capital Outturn forecast for 2018/19 with a projected outturn variance of **£123k** (although this is due to a reduction in the level of matched funding available for the scheme). **It is worth noting that to date, there has be no spend on any of the capital schemes. Members should seek additional assurances from budget holders, Heads of Service and Directors if they are concerned around the progress of individual schemes and their ability to spend as per the budget holder forecast.**

Table 3 – Environment Committee Capital Programme

Environment Capital Schemes	2018/19 Revised Budget (£'000)	2018/19 Spend to date (£'000)	2018/19 Projected Outturn (£'000)	2018/19 Outturn Variance (£'000)
Canal	553	0	553	0
Stroud District Cycling & Walking Plan	100	0	100	0
Market Town Centres Initiative fund	100	0	100	0
Wallbridge - Gateway	190	0	67	(123)
MSC - Vehicles	518	0	518	0
TOTAL Capital	1,461	0	1,338	(123)

16. Canal

The Council and Cotswold Canals Trust have now received the crucial initial support from the Heritage Lottery Fund (HLF). The HLF picked the Stroudwater Navigation as one of four projects across the country for development funding and the £842,000 announcement will enable the subsequent application for a further £9million of HLF money to allow the whole project to go ahead.

The project aims to take the canal under the M5 motorway, reinstate the 'missing mile' of canal near Eastington and forge a new stretch of canal under the Gloucester – Bristol railway line at Stonehouse.

17. Stroud District Cycling and Walking Plan

Gloucestershire Wildlife Trust have submitted an ERDF Wild Towns project bid for improvements to the Nailsworth/Dudbridge route. SDC have committed £75k to go towards resurfacing work as part of this project in order for GWT to receive match funding for biodiversity improvement work. A further £25k is to be contributed by SDC towards resurfacing work, outside of the ERDF bid.

A meeting with GCC officers was held on 18th June to establish progress, feasibility and potential funding for completion of the Northern and Southern routes. From this it was established that a consolidation of the proposed routes is required, defining sections which are confirmed and being brought forward, and sections which require further route analysis, particularly:

- Stonehouse to Saul
- Dudbridge to Stroud (at end of Stonehouse route)
- Cam and Dursley Station to Slimbridge
- Dursley to Uley

A map and accompanying data will be produced to fulfil this requirement.

A meeting of the Parish Cycle group on 11th July has revealed an ambition to provide a high quality utility cycle route between Chalford and Stroud. To this end, further cycle improvement projects along the canal route will be put on hold until a proposed survey by Sustrans has been

produced, and an assessment of where best to allocate funding can be carried out.

18. Market Town Centres Initiative Fund

Meetings have now been held with the representatives of all five town councils, at the time of writing the report, further information is awaited from two of them. A report will be brought to December Environment Committee setting out the proposed projects and funding breakdown for this initiative. It is fully intended that the project will be fully spent this financial year.

19. Wallbridge Gateway

The current status of the project has changed. Ecotricity have withdrawn their application to match fund. The budget requirement is now £90k SDC and £5K STC (with no matched funding from external bodies). Design works have been retendered on this basis and hope to appoint a Landscape Architect by mid September. A draft programme will then be developed for delivering the scheme. This will be dealt with as part of the updated capital programme which will be reported to Strategy and Resources committee in October 2018.

20. Multi Service Contract Vehicles

The procurement of vehicles for the MSC will be an ongoing project this financial year. Currently eight vehicles have been procured and will be taken delivery of in the next few weeks. The remaining vehicles will be purchased this financial year with a view that the Capital expenditure will be fully spent this financial year.

Table 4 – Detailed revenue variations

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Canal Partnership		7	7	7	0
Director (Development Services)		116	117	117	0
Head of Health and Wellbeing		70	71	71	0
Environmental Health Team		149	149	154	5
Contaminated Land		32	32	32	0
Dog Warden Service		78	78	78	0
Environmental Protection		153	154	160	6
Food Safety		150	151	153	1
Health and Safety		86	87	67	(20)
Land Drainage		38	39	39	0
Public Health		43	43	33	(10)
Pest Control		6	7	7	0
Port Health		2	2	2	0
Planning Liaison		14	14	14	0
Environmental Health		751	757	739	(18)
Planning and Building Control Admin		258	261	261	0
Building Control		(186)	(183)	(183)	(0)
Securing Dangerous Structures		9	10	9	(0)
Building Regulation Enforcement / Advice		36	37	36	(0)
Street Naming		(4)	(4)	(12)	(8)
Building Control		114	120	111	(9)
Planning Strategy		306	311	304	(6)
Preparation of Core Strategy		0	0	0	0
Planning Strategy/Local Plan		306	311	304	(6)
Development Control		(267)	(261)	(233)	28
Trees		42	43	43	0
Conservation		59	59	59	0
Appeals		0	0	25	25
Planning Appeal Costs		69	70	70	0
Enforcement		106	107	107	0
Footpath Diversion		(2)	(2)	0	2
Development Control		7	15	70	55

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Economic Development		54	54	27	(27)
Market Town Projects		24	24	24	0
Regeneration		82	65	65	0
Economic Development		161	144	116	(27)
Carbon Management		71	71	71	0
MSC: Refuse Collection		1,116	1,116	1,330	215
MSC: Food Waste		341	341	553	213
MSC: Recycling		1,181	1,181	1,322	142
MSC: Bulky Waste		45	45	52	7
MSC: Garden Waste		(153)	(153)	13	165
MSC: Street Cleansing		599	607	650	43
Waste and Recycling: MSC		3,128	3,136	3,920	784
Waste and Recycling: Other		19	11	6	(5)
Environment Total		4,749	4,760	5,534	774

Indicative 2019/20 Budgets

Committee Service Area	2018/19 Base Budget (£'000)	2019/20 Indicative Budget (£'000)
Canal Partnership	7	7
Director (Development Services)	117	117
Head of Health and Wellbeing	71	73
Environmental Health Team	149	152
Contaminated Land	32	32
Dog Warden Service	78	80
Environmental Protection	154	157
Food Safety	151	154
Health and Safety	87	89
Land Drainage	39	39
Public Health	43	44
Pest Control	7	8
Port Health	2	2
Planning Liaison	14	14
Subtotal Environmental Health	757	772
Planning and Building Control Admin	261	266
Building Control	(183)	(176)
Securing Dangerous Structures	10	10
Building Regulation Enforcement / Advice	37	38
Street Naming	(4)	(4)
Subtotal Statutory Building Control	120	134
Planning Strategy	311	315
Subtotal Planning Strategy	311	315
Development Control	(261)	(248)
Trees	43	43
Conservation	59	60
Planning Appeals	70	71
Enforcement	107	109
Footpath Diversion	(2)	(2)
Subtotal Development Control	15	34

Appendix A

Committee Service Area	2018/19 Base Budget (£'000)	2019/20 Indicative Budget (£'000)
Economic Development	54	54
Market Town Projects	24	24
Regeneration	65	65
Subtotal Economic Development	144	144
Carbon Management	71	71
MSC: Refuse Collection	1,115	1,549
MSC: Food Waste	341	352
MSC: Recycling	1,181	1,226
MSC: Bulky Waste	45	47
MSC: Garden Waste	(153)	(146)
MSC: Street Cleansing	607	625
Subtotal Waste and Recycling	3,136	3,653
Waste and Recycling: Other	11	11
ENVIRONMENT Total	4,760	5,330

The base budget for 2018/19 shown in the table above are based on:

- Original Budget 2018/19 as reported to Council in January 2018
- Addition of 1% Pay inflation to service budgets recognising the increased pay award of 2%

The base budget for 2018/19 will not tie-back to the original/revised budget for the committee as shown in this report. Budget changes concerning the Workforce Plan have not been reflected in these tables, as all changes will be reported through Strategy and Resources committee in October 2018.

The Indicative budget for 2019/20 is based on:

- Base budget 2018/19
- Addition of 2% pay inflation in recognition of the agreed pay award
- Addition of non-pay inflation on contracts/IT services where the council is contractually obliged to uprate the contract cost
- Known changes to service budgets as reflected in the MTFP presented to Council in January 2018 and February 2018

No other budget changes have been reflected at this stage.