

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

**AGENDA  
ITEM NO**

**28 MARCH 2019**

**7**

<b>Report Title</b>	<b>Budget Monitoring Report 2018/19 Q3</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 2018/19 in order to give an expectation of possible variances against budget.
<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>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>	There are no direct financial implications arising from this report as it looks at current revenue and capital budget estimates. Final positions for 2018/19 will be reported as part of the year end outturn process.  Andrew Cummings - Head of Finance & Section 151 Officer Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>
<b>Legal Implications</b>	There are no legal implications arising from this report. Patrick Arran, Int. Head of Legal Services & Monitoring Officer Tel: 01453 754364 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a>
<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. The outturn position will be reported to Strategy and Resources committee in May 2019.
<b>Background Papers/ Appendices</b>	None

## Background

1. This report provides the third 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. **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 for 2018/19 in February 2018 including budget proposals of the administration.
4. The latest budget for Environment Committee taking into account the adjustments for workforce plan and salary inflation is £4.707m (Original Budget was £4.749m).
5. The monitoring position for the committee at 31 December 2018 shows a **projected net overspend of £73k** 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.
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) Table 4 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 2018/19.

**Table1 – Revenue budgets Environment Committee 2018/19**

8. Although the Multi Service Contract (MSC) is still overspent by £411k within this committee, underspends elsewhere in the Committee have significantly reduced the overspend for the Committee as a whole. The Council's current MTFP assumes that £300k will be drawn down from the waste and recycling reserve at year-end. This will be considered as part of the outturn process to determine the actual draw down required.
9. The adjustments to the budget for the MSC in 2019/20 onwards should significantly reduce the risk of an overspend in future years as the budget is now in line with the agreed contract sum for the year.

The table below outlines the key variances for this Committee

<b>Environment Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
Canal		7	7	7	0
Director (Development Services)		116	117	117	0
Head of Health and Wellbeing		70	71	71	0
Environmental Health	11	751	757	535	(223)
Statutory Building Control	10	117	126	78	(48)
Planning Strategy/Local Plan		306	311	314	3
Development Control	12	7	15	8	(7)
Land Charges & Street Naming		(4)	(31)	(48)	(17)
Economic Development	13	161	116	80	(36)
Carbon Management		71	71	62	(9)
Waste and Recycling: MSC	14	3,128	3,136	3,546	411
Waste and Recycling: Other		19	11	11	0
<b>Environment TOTAL</b>		<b>4,749</b>	<b>4,707</b>	<b>4,780</b>	<b>73</b>

**Table 2 - Headline Budget variances**

Service	Para Refs	Overspend / (Underspend) (£'000's)
<b>Environmental Health</b>		
Land Drainage	11	(180)
<b>Planning and Building Control Admin</b>	10	(52)
<b>Economic Development</b>	13	(36)
<b>Waste and Recycling: MSC</b>	14	
MSC: Refuse Collection		164
MSC: Food Waste		134
MSC: Recycling		(21)
MSC: Bulky Waste		(44)
MSC: Garden Waste		135
MSC: Street Cleansing		42
<b>Environment TOTAL</b>		<b>142</b>

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

**10. Statutory Building Control – (£134k 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.

An underspend is forecast on salaries (£48k) as a result of two vacant posts within the service. A service review is underway which will help inform the establishment going forward. An overspend is also anticipated on mileage following the trend on last year's actuals.

**11. Environmental Health – (£223k underspend)**

(Jon Beckett xtn 4443, [jon.beckett@stroud.gov.uk](mailto:jon.beckett@stroud.gov.uk))

(£80k) of this variance is concerned with Land Drainage. This 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.

A (£60k) income surplus has been forecast. This 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.

The Rural SuDS Project budget is the funding we receive from the EA to mainly pay for the project officer. There is a significant underspend on this budget this year as the post was vacant for nearly 6 months and the salary level was dropped from a Stroud 6 to a Stroud 5 when the new officer was appointed. This is a deliberate decision to try to stretch this funding so that the post can be maintained until March 2021 when a new funding stream will become available for this type of work. There will be a proposed carry forward of (£40k).

There are some additional small underspends predicted across The Environmental Health Service.

## **12. Development Control – (£7k) underspend**

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

Overall the underspend is insignificant but there are some larger offsetting variances.

Within salaries a (£62k) underspend is predicted. This is due to vacant posts not being recruited to in this financial year. The service has recently undergone its workforce plan review which has led to a new structure now in place.

A £17k overspend is predicted in Appeals which is predominately consultants fees for a public inquiry and an award of costs against the Council for a High Court challenge for Land East of Canonbury Street, Berkeley. An income shortfall of £33k will also be realised due to historic budget for sale of documents to the public. This budget is no longer relevant because the information is available online. The remaining overspend is in respect of pre-application fees was an estimate of the likely take up of this service, it has proved to be less than previous years and the anticipated increase in these charges has not be rolled out due to staffing issues.

## **13. Economic Development – (£36k) underspent**

(Pippa Stroud xtn 4099, [pippa.stroud@stroud.gov.uk](mailto: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.

#### **14. Waste & Recycling – £411k overspend**

(Michael Towson xtn 4336, [michael.towson@stroud.gov.uk](mailto:michael.towson@stroud.gov.uk))

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 has been 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 within this Committee of £0.411m.

Indicative figures from Ubico 18/19 suggest the forecast spend will be £80k over the original budget figure of £5.639m. This includes efficiency savings made earlier in the financial year.

Garden waste subscriptions for the 2019 scheme have increased to £45 (previously £39) and this is expected to generate additional income. The full impact of this will be felt in the 19/20 figures.

A number of fleet vehicles have been replaced and a capital replacement programme has been formulated to account for ageing fleet and property growth. This investment is mitigating un-budgeted cost pressures borne out of the high cost of specialist hire vehicles which has been reflected in Ubico's 19/20 budget.

#### **Multi Service Income Streams**

Recycling rates in the Stroud District are the best in the south west at 61%. New recycling contracts came in to force in July 2018 and these have had a positive impact on the overall financial position. Currently income from the sale of recyclates is forecast to be around £612k, well above original income targets and above the forecast previously reported by £70k. Markets for the sale of this material remain volatile.

In this financial year incentive and recycling credit payments made via the County Council remain relatively unchanged. However the County Council are expected to serve 12 months notice on an amendment to food waste incentive payments. These proposals would limit the maximum payment to Stroud at £100k per annum which would have a significant impact on the 20/21 budget and the MTFP. This would represent a reduction of circa. £275k per annum. Representation to reconsider these proposals has been made to the County Council.

#### **APSE Review**

The Association for Public Service Excellence (APSE) Review referred to previously, has been completed and the report has been distributed to members. The report indicated that the Ubico contract is offering good value for money. A number of recommendations were made and an officer led Service Review Working Group has been set up to prioritise

this work. Regular updates on progress will be provided to the Environment Committee.

### Capital Programme

Table 3 below shows the Capital Outturn forecast for 2018/19 with a projected outturn variance of (£1.483m).

**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 - Phase 1B (Development)	1,474	217	250	(1,224)
Stroud District Cycling & Walking Plan	100	0	100	0
Market Town Centres Initiative fund	100	0	100	0
Wallbridge - Gateway	100	0	0	(100)
MSC - Vehicles	619	460	460	(159)
<b>TOTAL Capital</b>	<b>2,393</b>	<b>677</b>	<b>910</b>	<b>(1,483)</b>

#### 15. Canal

The Council and Cotswold Canals Trust are jointly working on the Development Stage of Cotswold Canals Connected – the project to reinstate 4 miles of canal West of Stonehouse, connecting the already restored stretch to the national network. The Heritage Fund selected this as one of just four projects across the country to receive development funding. An application for the full £9million of Heritage Fund money to allow the whole project to go ahead will be made late this year.

The project will to take the canal under the M5 motorway and A38 roundabout, reinstate the 'missing mile' of canal near Eastington and take it under the Gloucester – Bristol railway line at Stonehouse.

#### 16. Stroud District Cycling and Walking Plan

- The resurfacing of the Nailsworth/Dudbridge route, which is being led by Gloucestershire Wildlife Trust as part of their ERDF Wild Towns project, is currently out to tender, with work due to commence in April. SDC has committed £75k towards this through the ERDF bid, with a further £25k going directly towards the resurfacing work. This is payable to GWT on completion of the tender process.
- A meeting in October 2018 between SDC and GCC officers has established a feasible route between Uley and Cam station, via Dursley and Cam. Officers are now working on the next steps to bring this forward.
- The proposed high quality utility cycle route between Chalford and Stroud will be subject to an “Inspiration Study”. After considering the

various options, the Parish Cycle Group has opted to commission an independent Dutch consultancy called Witteveen and Bos to carry out this study. The group has managed to raise the required funding from various sources. SDC has not contributed to the cost of the study.

- The Kingswood/Wotton/Charfield Greenway proposal is being progressed with the help of Sustrans. Having completed a study to identify the best route, they are about to embark on phase 2, which will involve landowner negotiation and finalised costing for implementation.

#### **17. Market Town Centres Initiative Fund**

The Distribution of Market Towns Funding was agreed at January's Strategy and Resources Committee. In order to be able to distribute the funds to the relevant Town Councils, written confirmation has been sought that they will spend the funds as agreed, before the funds can be released. We are currently awaiting confirmation from five of the six Town Councils but anticipate that this will be received, and the budget spent, before year end. The amendment to the overall budget agreed at Council Jan 19 will form part of the revision of 19/20 budget.

#### **18. 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). The scheme design work was retendered based on the reduced budget, but no bids were received. Officers are exploring the reasons for this, with a view to retendering. This will potentially include the canal side schemes at Wharfdale Way in Stonehouse. The transfer of the freehold interest in the northern part of the site from the County Council is progressing, now that remediation works have been undertaken to the former Brewery Wall.

#### **19. Multi Service Contract Vehicles**

The purchase of vehicles has successfully progressed over the year. Due to changes in specifications and some procurement issues the capital budget will not be fully spent this financial year. At the time of writing this report the procurement of vehicles is continuing and being placed on the portal.

**Table 4 – Detailed revenue variations**

<b>Environment Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
<b>Canal Partnership</b>		7	7	7	0
<b>Director (Development Services)</b>		116	117	117	0
<b>Head of Health and Wellbeing</b>		70	71	71	0
Environmental Health Team		149	149	133	(16)
Contaminated Land		32	32	26	(6)
Dog Warden Service		78	78	75	(3)
Environmental Protection		153	154	147	(7)
Food Safety		150	151	151	(1)
Health and Safety		86	87	91	4
Land Drainage	11	38	39	(141)	(180)
Public Health		43	43	43	0
Pest Control		6	7	(4)	(11)
Port Health		2	2	(1)	(3)
Planning Liaison		14	14	14	0
<b>Environmental Health</b>	11	<b>751</b>	<b>757</b>	<b>535</b>	<b>(223)</b>
Planning and Building Control Admin		258	261	209	(52)
Building Control		(186)	(202)	(201)	1
Securing Dangerous Structures		9	10	9	(1)
Building Regulation Enforcement / Advice		36	58	62	4
<b>Building Control</b>	10	<b>117</b>	<b>126</b>	<b>78</b>	<b>(48)</b>
Street Naming		(4)	(4)	(24)	(20)
Land & Property Custodian		0	(28)	(24)	3
<b>Land Charges &amp; Street Naming</b>		<b>(4)</b>	<b>(31)</b>	<b>(48)</b>	<b>(17)</b>
Planning Strategy		306	311	314	3
Preparation of Core Strategy		0	0	0	0
<b>Planning Strategy/Local Plan</b>		<b>306</b>	<b>311</b>	<b>314</b>	<b>3</b>
Development Control		(267)	(261)	(230)	31
Trees		42	43	43	0
Conservation		59	59	71	12
Appeals		0	0	17	17
Planning Appeal Costs		69	70	26	(44)
Enforcement		106	107	86	(21)
Footpath Diversion		(2)	(2)	(5)	(3)
<b>Development Control</b>	12	<b>7</b>	<b>15</b>	<b>8</b>	<b>(7)</b>

<b>Environment Committee</b>	<b>Para Refs</b>	<b>2018/19 Original Budget (£'000)</b>	<b>2018/19 Revised Budget (£'000)</b>	<b>2018/19 Forecast Outturn (£'000)</b>	<b>2018/19 Outturn Variance (£'000)</b>
Economic Development	13	54	35	21	(14)
Market Town Projects		24	16	0	(16)
Regeneration		82	65	59	(7)
<b>Economic Development</b>		<b>161</b>	<b>116</b>	<b>80</b>	<b>(36)</b>
<b>Carbon Management</b>		<b>71</b>	<b>71</b>	<b>62</b>	<b>(9)</b>
MSC: Refuse Collection	14	1,116	1,116	1,280	164
MSC: Food Waste		341	341	475	134
MSC: Recycling		1,181	1,181	1,159	(21)
MSC: Bulky Waste		45	45	1	(44)
MSC: Garden Waste		(153)	(153)	(18)	135
MSC: Street Cleansing		599	607	649	42
<b>Waste and Recycling: MSC</b>		<b>3,128</b>	<b>3,136</b>	<b>3,546</b>	<b>411</b>
<b>Waste and Recycling: Other</b>		<b>19</b>	<b>11</b>	<b>11</b>	<b>0</b>
<b>Environment Total</b>		<b>4,749</b>	<b>4,707</b>	<b>4,780</b>	<b>73</b>