

## ESSENTIAL REFERENCE PAPER F

### SUMMARY OF PREVIOUSLY REPORTED VARIANCES ON THE REVENUE BUDGET

		Projected Outturn 31 August 2014 £'000	
1.1	April	0	
	May	35	Adverse
	June	222	Favourable
	July	289	Favourable
	August	205	Favourable
	September	377	Favourable

ITEM (in order of Corporate Priority)	MONTH(S) REPORTED
<b>People</b>	
1.2 TURNOVER There are no financial issues this month regarding this priority.	April
1.3 TURNOVER The Forecast Outturn for 2014/15 is expected to result in a favourable variance of £59k. The projection includes vacancies within the Planning Section and the opting out of the Pension Auto Enrolment Scheme by fifteen (15) members of staff (Para 2.... of report)	May
1.4 CITIZENS ADVICE BUREAUX Demand for advice increases significantly during periods of recession, placing added pressure on resources. In response to this, an additional £20,000 will be required in each of the financial years 2014/15 and 2015/16, to be met from contingency in support of the Citizen's Advice Bureau.	May
1.5 CAPITAL PROGRAMME Re-profile of Capital Programme for Portfolio as follows: People – Community Capital Grant -Slippage of £40k.	May
1.6 RENOVATION GRANT Income is being received from the repayment of renovation grant which was not expected this year. At the end of June, £8,290 had been received.	June
1.7 B&B CHARGES Income from Bed & Breakfast charges is expected to exceed budget by	June

approximately £3,000.

- 1.8 CONSERVATION OFFICER'S CONTRACT July  
CMT is requested that the conservation officer's contract within planning and building control should be extended to the end of the financial year. This will enable the officer to continue with the work being undertaken. The cost of this contract extension will be funded from other salary savings within the planning & building control service. This is already included in the salary monitoring as a cost to the section.
- 1.9 RENOVATION GRANT July  
Income is being received from the repayment of the renovation grant which was not expected this year. At the end of July 2014, £13,000 had been received.
- 1.10 LAND CHARGES July  
Development in the district was initially higher than anticipated, however this has not continued in June 2014 and July 2014. Outturn variance of land charges has been revised from £50k to 30k favourable.
- 1.11 HR EXTERNAL RESOURCE August  
A special item of £20k was approved last year for 2014/15 financial year to bring in an external resource to facilitate HR operations. However, following CMT approval on 24 June 2014 to extend the existing contract of a temporary member of staff to August 2015, it is recommended that the budget be moved from the Agency budget to the Salaries budget.
- 1.12 ASSESS ACCESSIBILITY OF WEBSITE September  
The project to assess the accessibility of the East Herts Council website has been deferred until 2015/16 due to capacity issues. This will result in an underspend of £10k in the current year.
- Place**
- 2.0 CONTINGENCY May  
The original 2014/15 budget includes a planning contingency sum of £513,000 which allows for unforeseen events to be funded in-year. Currently there is a balance of £282,000 which if not required during the year will result in an additional favourable variance to absorb the **£35,000 overspend reported** for the period. The current assumptions are that the remainder of this budget are also fully utilised in 2014/15. Future Healthcheck reports will consider if there are further calls on this sum.
- 2.1 KERSIDE DRY RECYCLING May  
The decision to haul materials to the re-processor in exchange for a higher material price, has resulted in a projected overspend of £80,000. It is expected that this will be offset by additional income over time; however it is too early to estimate how much additional income will be made at this stage.

- 2.2 DCLG (HOUSING OPTIONS GRANT) May  
Following changes to the Government's 2014/15 funding arrangement, the assumed £50,000 DCLG (Housing Options) grant has been incorporated within the Council's Revenue Support Grant.
- 2.3 VIREMENT FROM CREDIT UNION TO RENT DEPOSITS BUDGET May  
CMT are asked to approve a request to vire £30k from Credit Union to rent Deposits. The Council gave £26,000 to the credit union in 2013/14, of which they have carried over £15,000 to this financial year. To date, they have given out approximately £11,000 in loans of which they have received £1,500 in loan repayments. Currently therefore, they do not need any top up of grant. This will be reassessed in January 2015. (This virement has been approved by Executive on 1 July 2014).
- 2.4 CAPITAL PROGRAMME May  
There is no Re-profile request for this portfolio
- 2.5 TRADE BIN DISPOSAL June  
Trade bin disposal is likely to overspend by £3,000 due to an under accrual in 2013/14.
- 2.6 ENFORCEMENT CONTRACT June  
Enforcement contract contingency budget of £25,000 which is held for the purpose of bedding in the contract is no longer required. Also the Mobile ANPR camera implementation (£29,000) is impacted by the status of County Traffic Regulation Orders on Schools Zigzags. Delay has become necessary to ensure that Orders are in place.
- 2.7 RIN-GO June  
Usage of the Ringo scheme increased by 106% between 2012/13 to 2013/14. Additional use increases the cost to the Council, as it is provided as a free service to the motorist.
- 2.8 CONTINGENCY BUDGET June  
The original 2014/15 budget includes a contingency sum of £513,000 which allows for unforeseen events to be funded in-year. Currently there is a balance of £245,000 which if not required during the year will result in a further favourable variance in addition to £222,000 underspend reported for the period. Future Healthcheck reports will consider if there are further calls on this sum. These budgets are mainly for one-off areas of spend; however, some service growth has been identified (detailed below) for inclusion in the 2015/16 base budget.
- 2.9 REFUSE CONTRACT July

The refuse contract is currently predicting an underspend at year end. Non-core work is currently low. Inflation is also lower than anticipated (1.01% rather than 1.6%) making a difference of £6k on the full year projection. £22k was added to this account for property growth but this should have been added to the dry recycling contract code. This will be corrected at the probable stage.

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| 2.10 | GREEN WASTE  | July |
|      | The green waste collection budget is currently on target but is slightly overstated due to inflation being lower than forecast.  |      |
| 2.11 | DRY RECYCLING  | July |
|      | The dry recycling service is expecting significant under recovery of income. Paper tonnage has continued to decline in line with national trends and income currently is £27k below profile. Comingled materials (glass, cans, plastics) - higher tonnage but not yet receiving higher price from removing soft plastics and therefore £23k under profile to date. |      |
| 2.12 | PAPER BANK   | July |
|      | The paper bank income is currently under profile for the same reasons as kerbside paper above (see paragraph 2.12).  |      |
| 2.13 | MISCELLANEOUS INCOME   | July |
|      | There is additional miscellaneous recycling income from the sale of obsolete plant.  |      |
| 2.14 | TRADE WASTE  | July |
|      | Trade waste expenditure is currently slightly above profile due to increased business. This is however offset by increased income.   |      |
| 2.15 | TRADE BIN INCOME   | July |
|      | The trade bin income is currently performing better against profile due to increased business (based on Quarter 2 billing). A forecast of up to £50k additional income could be achieved by year end.  |      |
| 2.16 | CLINICAL WASTE   | July |
|      | Clinical waste collections are expected to overspend due to extra business. However this is expected to be matched by a significant increase in expected income as a result of the extra business.   |      |
| 2.17 | STREET CLEANSING   | July |
|      | The street cleansing estimate is now slightly overstated due to inflation being lower than forecast.   |      |
| 2.18 | MARKETS FEES AND CHARGES   | July |

The reduced income in markets fees and charges is a consequence of trends in retail in town centre shopping habits, including the tendency for shoppers to now use internet shopping and the use of out of town retail parks. These local trends are reflected in the markets industry nationally and have been reported by market authorities across the UK.

- 2.19 NEW HOMES BONUS SCHEME July  
An additional grant of £33k is anticipated as part of national adjustment to the new homes bonus scheme.
- 2.20 CONTINGENCY BUDGET July  
The original 2014/15 budget includes a contingency sum of £513,000 which allows for unforeseen events to be funded in-year. Currently there is a balance of £306,000 which if not required during the year will result in a further favourable variance in addition to £289,000 underspend reported for the period. Future Healthcheck reports will consider if there are further calls on this sum. These budgets are mainly for one-off areas of spend; however, some service growth has been identified (detailed below) for inclusion in the 2015/16 base budget.
- 2.21 RECYCLING TEXTILE BANK SERVICE August  
Income from the Recycling Textile Bank Service is expected to under achieve by approximately £15k due to falling demand.
- 2.22 CLINICAL WASTE DISPOSAL SERVICE August  
The Clinical Waste Disposal Service is expected to overspend by £4k due to extra business however this will be offset by the income from the extra business.
- 2.23 RECYCLING CONTRIBUTION FROM OTHER AUTHORITIES August  
The recycling contribution from other authorities is expected to be less based on current estimates from Hertfordshire County Council's Alternative Financial Model (AFM).
- 2.24 WALLFIELDS ELECTRICITY September  
Electricity costs at the Wallfields office have increased less than expected. This will result in an estimated underspend of £5k.
- 2.25 WALLFIELDS RENT September  
HMRC have now vacated the space they rent from the council at the Wallfields office. Rental income will therefore be £12k less than anticipated.
- 2.26 CHARRINGTON HOUSE ELECTRICITY September  
There is a favourable variance of £97k in respect of electricity costs at Charrington House. The council accrued for estimated electricity costs going back 4 years which had not been passed on by the landlord and which pre-date the fitting of a separate electricity meter. The landlord has agreed that these costs will not now be passed on to the council. The accrual is therefore no longer needed and has been reversed.

- 2.27 CHARRINGTON HOUSE SERVICE CHARGE September  
During the resolution of the Charrington House electricity issue (explained in the paragraph above) it was discovered that the council's air conditioning system was running off the landlord's electricity supply. These costs will be backdated for 1 year with an estimated additional cost of £27k to the council in 2014/15. The net underspend resulting from Charrington House electricity issues is therefore £70k.
- 2.28 COUNCIL PREMISES REVALUATION AND NNDR COSTS September  
Revaluations of council premises resulted in a reduction of £36k in business rate expenditure. This is offset by an additional £6k of revaluation fees. The net underspend is therefore £30k.
- 2.29 BUILDING CONTROL SAFESTYLE PARTNERSHIP September  
Building Control Service - The Safestyle UK Partnership commenced in October 2014. The council will undertake plan checking. Based on the anticipated number of monthly submissions, additional income of £12k is expected. Volumes are however at this stage uncertain.
- 2.30 LOCAL DEVELOPMENT PLAN UPKEEP September  
Total expenditure on the Local Development Plan is expected to be £320k. This will be funded from the existing budget (£90k), money from the Herts Local Enterprise Project & PAS (£40k) and from a previously agreed use of reserves (£135k). It is requested that CMT support a recommendation to Executive to fund the additional £55k by a draw down from the Local Plan Reserve.
- 2.31 FLOOD GRANT EXPENDITURE September  
Expenditure on flood prevention shows an overspend of £21k which will be funded from a government grant of £125k received in 2013/14 and which currently forms part of earmarked reserves. The balance of the overspend reflects current known commitments.
- 2.32 SINGLE PERSONS HOMELESS PAYMENTS September  
Single Persons Homelessness monies received from Watford Borough Council over the last 2 years totals £36k (£30k carried forward from 2013/14 and £6k in 2014/15). It is estimated that £12k will remain unspent by the end of 2014/15 and will be carried forward to future years.

### **Prosperity**

- 3.0 NOISE POLLUTION May  
Cost relating to noise pollution at the Standon Calling Festival is expected to exceed budget by £3,400.
- 3.1 PARKING INCOME May  
With the award of the Jackson Square Car wash contract, the Parking Service expects to achieve additional income of £18,000 per annum. However only £6,000 is deemed achievable in 2014/15 financial year as the contract doesn't come into effect until 31 July 2014.

- 3.2 CAPITAL PROGRAMME May  
CMT are asked to note possible underspend of the Future Social Housing Scheme (Budget of £820k). Registered Providers are currently awaiting the outcome of bids to the HCA. If unsuccessful they may approach the Council for funding. First priority is to spend S106 sums which have been collected for affordable housing.
- 3.3 CAPITAL PROGRAMME May  
CMT are asked to approve a request to slip £40,000 of Community Capital Grant into 2015/16. £80,000 of Community Capital Grant is available for allocation in 2014/15 with a deadline of 6 June 2014. We anticipate that if the grants are awarded in July and beneficiaries have a year to spend, most will not claim until the following financial year, hence £40,000 slippage is estimated at this stage.
- 3.4 DEVELOPMENT MANAGEMENT June  
It is anticipated that income target for Development Management Charges in 2014/15 will be exceeded by some £200,000.
- 3.5 PRE-APPLICATION FEE June  
Pre application fee income is expected to exceed target by approximately £15,000 in the current year.
- 3.6. DEVELOPMENT MANAGEMENT July  
It is anticipated that the income target for development management charges in 2014/15 will be exceeded by some £300,000. This represents £100,000 increase on the forecast provided in the June 2014 healthcheck.
- 3.7. DEVELOPMENT MANAGEMENT July  
Development management has also identified potential favourable variance in a number of budget areas which, if achieved, could result in a total favourable variance of approximately £22,000. These have been reported in the revenue variance table above as other development income.
- 3.8. LEGAL SERVICES July  
Based on a review of profile spend over the last three years and anticipated litigation requirements as of the date of this report, it is likely that the contracted litigation budget will be underspent by an estimated £20,100. It should be noted, however that this budget has a high degree of volatility as it relates to re-active action to legal activity instigated by external parties.
- 3.9 CHARGING POLICY FOR PARKING August  
A new charging policy for parking was approved by Executive on 5 August 2014 at an estimated cost of £30k, to be funded from the contingency budget. However the actual cost has come in at £42k. A further £12k is required from the contingency budget to enable the project to be funded in full.
- 3.10 PARKING AND DISPLAY INCOME August  
Parking and display income is expected to exceed budget for the year to August

by £38k. However, there is a planned free Parking Day scheduled for December 2014 which will impact income by approximately £12k.

- 3.11 INTERNAL AUDIT August  
The Internal Audit Services is expected to overspend by £4,760 due to the increase in the daily rate of the Shared Internal Audit Service (SIAS) to £276.
- 3.12 SUBSCRIPTIONS August  
An adverse variance of £2,500 in the Accountancy Services subscriptions budget is expected in the year due to LG Futures subscription which will provide briefings in relation to Government Funding.
- 3.13 PCN INCOME September  
A £36k (5%) adverse variance is expected in PCN income. This is due to an increase in motorist compliance and a reduction in performance by the PCN contractor.
- 3.14 CAR PARKING CONSULTANCY September  
Car parking consultancy expenditure is expected to underspend by £5k. It is anticipated that this money will now be spent in 2015/16.
- 3.15 BISHOPS STORTFORD CAR PARK September  
Budgeted expenditure for Bishops Stortford car park is now no longer required. This will result in a favourable variance of £15k.