

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY – 25 AUGUST 2015

QUARTERLY CORPORATE HEALTHCHECK – QUARTER 1/JUNE 2015

REPORT BY THE DIRECTOR OF FINANCE AND SUPPORT SERVICES

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- To provide a report on finance and performance monitoring for East Herts Council for 2015/16 as at June 2015.
- The revenue budget for 2015/16 is £14.133m. The forecast position as at Quarter one shows an overspend of £144k in 2015/16. The main contributory factors are overspends against service budgets of £448k and underspends against corporate items totalling £302k.
- The capital budget for 2015/16 is £2.718m. The forecast position shows a variance of £253k underspent in addition to £90k slippage into future financial years.
- Corporate Business Scrutiny has 16 indicators in its quarterly performance monitoring basket. 10 of those are either on target or exceeding their targets with the remaining six indicators off target.
- The performance system analyses current performance for all indicators against past performance. For the trend only indicators the short term changes (since the indicator was last reported) are summarised at (paragraph 7.2). Moreover, for all indicators (including those with targets), where current performance is less than the average for the preceding 12 months/ 4 quarters this is flagged as a potential long term trend. 2 of the 16 indicators have been flagged for this reporting period and further analysis behind each can be found in paragraph 7.2.

RECOMMENDATIONS FOR CORPORATE BUSINESS SCRUTINY COMMITTEE: That, in relation to the following items:	
(A)	The revenue budget forecast overspend of £144k (paragraph 2.1).
(B)	Proposed slippage on the following capital schemes: <ul style="list-style-type: none"> • ICT Funding for Applications, £40k (paragraph 3.4); • Disabled Facilities Grant £50k (paragraph 3.3)
(C)	Additional capital funding for the following scheme: <ul style="list-style-type: none"> • Grange Paddocks heat exchanger, £17k (paragraph 3.5).
(D)	Carry forward requests from 2014/15 to 2015/16 of £139k, in paragraph 4.2.
(E)	The current explanation for long term trends: <ul style="list-style-type: none"> • EHPI 181 – Time taken to process Housing Benefit new claims and change events (Paragraph 7.2) • EHPI 9.5 - Percentage of ICT Calls Resolved at First Point of Contact (Paragraph 7.2)
the Executive be advised that Corporate Business Scrutiny Committee has considered:	
(1)	Items (A), (B), and (E) above and has no comments to make
(2)	and supports the approval of items (C) and (D) above.

1 BACKGROUND

- 1.1 This is the finance and performance monitoring report for the council.
- 1.2 In February 2015 Council agreed a balanced budget for the 2015/16 financial year. This report sets out the financial position for the year to date and provides forecasts for the outturn position.

1.3 In 2014 Council approved the performance measures that would be monitored. This report sets out the year to date performance against those targets.

2 REVENUE BUDGET

2.1 The Council is forecast to overspend in 2015/16 by £144k. Table 1 below shows the current forecast outturn position as at 30th June 2015 by directorate.

Table 1: Revenue forecast outturn

Revenue	ORIGINAL BUDGET £'000	FORECAST OUTTURN £'000	VARIANCE £'000
Customer and Community Services	6,513	6,336	(177)
Neighbourhood services	3,042	3,539	497
Finance and Support services	5,198	5,324	127
Net cost of Services	14,753	15,199	448
Priority Spend Budget	130	130	-
Contingency Budget	370	68	(302)
Contributions to/(from) reserves	(1,120)	(1,120)	0
Total	14,133	14,277	144

2.2 The key service budget month on month variances in the forecast outturn are summarised below in Table 2:

Table 2: Month on month service budget variances.

Month on Month Variance	Variance £'000
Staff Salaries	291
Bishops Stortford Market	47
Bircherley Green Car Park	126
Planning Application Fees	189
Building Control Safe style income	40
Pay & Display income	(267)
Causeway Car Park Rent	58
Commercial Waste	(132)
Contract inflation (Refuse & Recycling)	(92)
Public Health Promotions	100
Charringtons House – Rental income	41
External Audit Fees	(30)
Bank Charges	25
Subsidising Pay and display income	30
RingGo – Pay by phone	14
PCSO's (Police Community Support Officers)	19
Other small variances	(11)
Total Month on Month Variance	448

2.3 The main variances in the forecast outturn are set out below by Directorate and can be found in **Essential Reference Paper B.**

Customer and Community Services

2.4 The forecast outturn position shows a £178k underspend. Table 3 below shows the breakdown by service.

Table 3: Customer and Community Services forecast outturn

Community & Customer Services	ORIGINAL BUDGET £'000	FORECAST OUTTURN £'000	VARIANCE £'000
Chief Executive and Director of Customer & Community	151	122	(29)
Business Development	344	392	48
Communications, Engagement & Culture	928	948	20
Customer Services & Parking	(519)	(499)	20
Environmental Services	5,609	5,373	(236)
Total:	6,513	6,251	(177)

Key variances arising this month:

- 2.4.1 Following the community right to challenge the management fee to Bishops Stortford Town council for running the Market will exceed the approved budget by £47k. This is currently being managed as a pressure within the service.
- 2.4.2 Use of the RingGo pay by phone service in the pay and display car parks is expected to increase by 30% in 2015/16. The cost to the motorist of using this service is passed on to the Council, currently forecast to result in an additional cost of £14k. This is currently being managed as a pressure within the service.
- 2.4.3 Salaries within Customer and Community are expected to be £67k overspent £7k of this will be funded through the Contingency Budget.
- 2.4.4 Following the sale of the lease for Bircherley Green Car Park in Hertford at the end of March 2015, the Council is no longer responsible for the running of the car park. Therefore a net overspend of £126k is reported mainly due to lost income. This is currently being managed as a pressure within the service.
- 2.4.5 The consultation for Bishop's Stortford Parking Futures has been expanded in agreement with the Portfolio holder, with additional costs of £7k in 2015/16. This is currently being managed as a pressure within the service.

2.4.6 Sawbridgeworth and Buntingford town Councils will no longer be subsidising Pay and Display parking, resulting in a £30k reduction in income. As approved by Executive on 8th June 2015, this is to be funded through use of the New Homes Bonus Priority Spend budget.

2.4.7 The landlord of the Causeway car park in Bishop's Stortford has undertaken a rent review, it is anticipated that this will increase the rental cost to the Council by £58k per year. This is currently being managed as a pressure within the service.

2.4.8 Pay and Display income at the Councils car parks continues to be above profiled income levels. An additional £267k is expected in 2015/16. This follows the removal of £340k funding from the New Homes Bonus Priority Spend Budget at the 8th June 2015 Executive.

2.4.9 An increased customer base in Commercial Waste has resulted in anticipated additional income of £132k in 2015/16.

2.4.10 An underspend of £92k against the Refuse and Recycling contract is expected due to contract inflation being lower than budgeted for.

Neighbourhood Services

2.5 The forecast outturn position shows a £497k overspend. Table 4 below shows the breakdown by service.

Table 4: Neighbourhood Services forecast outturn

Neighbourhood Services	ORIGINAL BUDGET £'000	FORECAST OUTTURN £'000	VARIANCE £'000
Director of Neighbourhood	112	122	10
Corporate Support Team	108	108	0
Community Safety and Health	1,202	1,327	125
Housing Services	542	607	66
Planning and Building Management	1,078	1,375	297
Total:	3,042	3,539	497

Key variances arising this month:

- 2.5.1 The salary budget within Neighbourhood services is predicted to be £151k overspent. As part of the 2015/16 budget setting process £59k of funding for salaries was approved to come from reserves. Additional funding for this is also approved to come from Contingency budget (£22k), Contribution from reserves (£13k) and from additional income (£28k), a total of £63k reducing the budget pressure to £88k.
- 2.5.2 The 2015/16 budget for Planning Application fees was increased in line with historic trends. Whilst the volume of planning applications received to 30th June is consistent with previous years the size of these are small in financial value. An under achievement in income of £189k is currently forecast. This is currently being managed as a pressure within the service.
- 2.5.3 Based on current trends the Building Control income received from Safestyle will be £40k lower than budget, due to a lower number of applications than expected. This is currently being managed as a pressure within the service.
- 2.5.4 The budget for PCSO's (Police Community Support Officers) will overspend by £19k as 4 posts are being funded rather than the budgeted 3. This is currently being managed as a pressure within the service.
- 2.5.5 A contribution towards Public Health promotions of £100k has been received from Herts County Council. As agreed at Council on 18 February 2015 match funding of £100k from East Herts will be used to support this project funded from the New Homes Bonus priority fund.

Finance and Support Services

- 2.6 The forecast outturn position shows a £127k overspend. Table 5 below shows the breakdown by service.

Table 5: Finance and Support Services forecast outturn

Finance and Support Services	ORIGINAL BUDGET £'000	FORECAST OUTTURN £'000	VARIANCE £'000
Director of Finance & Support	118	123	5
Business and Technology Services	1,296	1,296	0
Corporate Governance and Risk	1,487	1,540	53
Democratic Services and Legal	1,122	1,116	(6)
Human Resources and OD	328	352	24
Revenues and Benefits Shared Service	255	260	5
Strategic Finance	530	563	33
Other Corporate Budgets	61	74	14
Total:	5,197	5,324	126

Key variances arising this month:

- 2.6.1 An overspend of £73k against the Salary budgets is anticipated in Finance and Support Services. £26k of this will be funded through the contingency budget, £16k from reserves and £76k from other sources. CMT are asked to note this at present resulting in a £45k underspend.
- 2.6.1 The housing association lease at Charringtons House has expired and will not be renewed therefore there will be a shortfall in income of £41k in 2015/16. This is currently being managed as a pressure within the service whilst alternative tenants are identified.
- 2.6.2 External Audit fees are anticipated to be £30k lower than budget, due to a new External Auditor, EY, being appointed from 2015/16 with a lower fee agreed by PSAA (Public Sector Audit Appointments).
- 2.6.3 Bank charges are forecast to be £24.6k higher than budgeted based on the 2014/15 outturn. This is partially offset by treasury management fees which are £5k lower than budget.

Non-departmental budgets

- 2.7 The Priority Spend budget for 2015/16 is £697k. As approved by Executive on 8th June 2015 £130k is allocated in 2015/16 with the remainder to be transferred to the New Homes Bonus Priority Fund Reserve. The uncommitted balance is £567k and future requests will be drawn down from the Reserve as they are approved. **Essential Reference Paper C** shows the amounts committed against the New Homes Bonus Priority Spend budget.
- 2.8 The Contingency budget of £370k allows for unforeseen events to be funded in-year. **Essential Reference Paper D** shows the amounts committed against the Contingency budget. As at 31st May the £68k funded through the contingency budget all related to salaries approved by CMT prior to 1st April 2015
- 2.9 CMT have approved the following one off Economic Development initiatives be funded in 2015/16 using the Corporate Consultancy budget:
- £7.5k to provide an annual partnership Contribution to the London Stansted Cambridge Consortium. A review of the Councils involvement in this forum will be undertaken this year.
 - £3k to provide sponsorship for the Bishop's Stortford Means Business Exhibition.
 - £3k to provide sponsorship for the annual Federation for small Business Awards.
 - £2.2k to support the Herts Better Business for All initiative

3 CAPITAL PROGRAMME

- 3.1 The 2015/16 capital forecast expenditure is summarised in Table 6 below. **Essential Reference Paper E** sets out the detailed forecast on each scheme.

Table 6: Capital forecast outturn

Service	Approved budget £'000	Revised Budget £'000	Forecast outturn £'000	Proposed over/under £'000	Proposed slippage £'000
Customer and Community Services	781	1,137	1,147	10	0
Neighbourhood services	928	983	933	(50)	50
Finance and Support services	1,009	1,489	1,270	(219)	40
Total	2,718	3,609	3,350	(259)	90

Key variances arising this month:

- 3.2 There is currently a forecast £10k overspend on Commercial Waste bins due to the rise in new customers (see paragraph 2.4.9). There is currently no recommendation to adjust the budget for this projected overspend at this stage in the financial year.
- 3.3 Based on recent trends and current referrals the spend on disabled facilities grants is predicted to be lower than the 2015/16 revised budget of £400k. It is recommended that £50k is slipped into 2016/17
- 3.4 A business case is being put forward for a new document management system for Revenues and Benefits at a cost of £81k funded from the Funding for Applications budget. This is to be completed by May 2016. It is recommended that £40k is slipped into 2016/17.
- 3.5 An additional £17k is required to renew the pool heat exchanger and defective pipework at Grange Paddocks swimming pool due to essential changes in design.
- 3.6 Currently £200k of the £400k capital ICT rolling programme remains uncommitted. There is currently no recommendation to adjust the budget for this projected underspend at this stage in the financial year.

4 CARRY FORWARD REQUESTS

- 4.1 Heads of Service were asked to identify any carry forward requests from unspent 2014/15 budgets along prescribed guidelines. The Section 151 Officer administers the scheme and reports to the Chief Executive. Proposals for any underspends to be carried forward will be made in the context of the Council's overall financial position and reported to the Executive and submitted to Council for approval.
- 4.2 £139k of carry forwards requests have been submitted by Heads of Services.
- 4.3 **Essential Reference Paper I** sets out details of these carry forward requests.

5 SAVINGS

- 5.1 The approved savings for 2015/16 total £107k. 91% of the 2015/16 will be achieved. £10k savings target that will not be achieved will be managed within existing budgets.
- 5.2 **Essential Reference Paper F** sets out these savings.

6 DEBTORS

- 6.1 Total Outstanding debt as at 30th June 2015 is £1.045m. This is a 26% decrease from the previous quarter.
- 6.2 **Essential Reference Paper G** analyses the profile of aged debtors

7 PERFORMANCE ANALYSIS

Performance against targets

- 7.1 Table seven shows current performance for measures where there is a target together with movement since the last reported period. Please note some of these measures are reported quarterly and therefore are compared to the last quarter of 2014/15.

Table 7:

Indicator	Performance Status (RAG)	Movement since last reported
EHPI 5.1 - % of complaints resolved in 14 days or less.	Green	Improved
EHPI 5.2a - % of complaints about the Council and its services that are upheld: 1st stage	Green	Improved
EHPI 5.2b - % of complaints about the Council and its services that are upheld: 2nd stage - appeal	Green	Stayed the same
EHPI 5.4 - % of complaints to the Local Government Ombudsman that are upheld	Green	Stayed the same
EHPI 8 – % of invoices paid on time	Green	Improved
EHPI 9.6 – Satisfaction with ICT Services	Green	Improved
EHPI 10.2 – Council tax collection, % of current year liability collected	Green	Improved
EHPI 10.4 – NNDR (Business rates) collection, % of current year liability collected	Green	Improved
EHPI 9.1 – Percentage availability of core ICT systems during supported hours	Green	Declined
EHPI 9.3 – Average ICT Incidents per day	Green	Declined
EHPI 2.12 – Service requests: environmental health	Amber	Improved
EHPI 9.2 – Percentage Resolution of ICT Incidents Within 4 Hours	Amber	Declined
EHPI 9.4 – Percentage of Calls Abandoned on ICT Service Desk	Red	Improved
EHPI 181 – Time taken to process Housing Benefit new claims and change events	Red	Declined

Indicator	Performance Status (RAG)	Movement since last reported
EHPI 9.5 – Percentage of ICT Calls Resolved at First Point of Contact	Red	Declined
EHPI 9.8 – Delivery of Key Milestones in the ICT Strategy	Red	N/A – New performance indicator no trend data

7.2 Long term trend analysis (current value compared to the average performance for the last 12 months or last 4 quarters)

Service & Indicator	Commentary
Shared Revenue and Benefits Service	
<u>EHPI 181 – Time taken to process Housing Benefit new claims and change events</u>	<p>Indicator shows a decline in performance when compared to the average performance for the last 12 months. However, this is to be expected.</p> <p>Analysing previous performance data and profiling it over the financial year shows that current performance is consistent with previous year's profiles. The cumulative position for this indicator improves towards the year end and (as per the previous financial year) hits the target during the last quarter. This is because the annual uprating of benefits in March always adjusts the cumulative position positively due to the significant volume of work cleared.</p> <p>In addition there have been two bank holidays during the current period which adds to the processing times. The Benefits team currently have 4 full time vacancies. 2 are under offer and 2 are still at advert stage. When these are filled we would also expect further improvement.</p>

Service & Indicator	Commentary
Shared ICT and Technical Services	
EHPI 9.5 – Percentage of ICT Calls Resolved at First Point of Contact	Performance for quarter one is off target and both the short and long term trend indicate performance is getting worse. Reductions in the overall number of incidents and the low numbers of incident now reported by telephone means that the target for this indicator is no longer achievable. A detailed analysis is being undertaken to gauge what would represent good performance on this indicator. Results will be reported to ITSG and to Corporate Business Scrutiny.

- 7.3 **Please refer to performance indicator summary analysis in Essential Reference Paper H for full performance indicator analysis.**

8 IMPLICATIONS/CONSULTATIONS

- 8.1 Information on any corporate issues and consultation associated with this report can be found within Essential Reference Paper A.

Background Papers:

Essential Reference Paper B shows the revenue outturn forecast variances.

Essential Reference Paper C shows the amounts committed against the priority spend budget.

Essential Reference Paper D shows the amounts committed against the contingency budget.

Essential Reference Paper E shows detailed information on the capital programme.

Essential Reference Paper F shows the achievement of the Council's 2014/15 savings to date.

Essential Reference Paper G shows the Council's sundry debtors arrears as at 30th June 2015

Essential Reference Paper H shows the full set of performance indicators that are reported on a monthly/quarterly basis.

Essential Reference Paper I shows the 2014/15 carry forward requests

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