

EAST HERTS COUNCIL

EXECUTIVE – 1 SEPTEMBER 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, performance and strategic risk monitoring for East Herts Council for 2015/16 as at June 2015.
- The revenue budget for 2015/16 is £14.133m. The forecast position shows an overspend of £144k in 2015/16. The main contributory factors are overspends against service budgets of £446k and underspends against corporate items totalling £302k.
- The capital budget for 2015/16 is £2.718m. The forecast position shows a variance of £265k underspent including £40k slippage into future financial years.
- Executive has 18 indicators in its quarterly basket. 6 of these do not have targets and considered on a trend only basis. The remaining 12 of these do have targets and as at June/ Quarter one for 2015/16, 11 of those are either on target or exceeding their targets. One was 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. 3 of the 18 indicators have been flagged for this reporting period and further analysis behind each can be found in paragraph 7.3.
- Please also note a new, integrated finance and business planning process is currently underway which will support the delivery of a comprehensive corporate strategic plan, linking outcomes to

investment underpinned by new performance measures. The current suite of indicators for CMT and Executive will be reviewed as part of that process.

RECOMMENDATIONS FOR EXECUTIVE: that:	
(A)	the comments of the Corporate Business Scrutiny Committee on the Quarterly Corporate Healthcheck, be received;
(B)	the revenue budget forecast overspend of £144k (paragraph 2.1) be noted;
(C)	proposed slippage on capital schemes of £90k (paragraphs 3.3 and 3.4) be noted;
(D)	additional funding for the following capital scheme be approved: <ul style="list-style-type: none"> • Grange Paddocks heat exchanger, £17k (paragraph 3.5);
(E)	the carry forward requests from 2014/15 to 2015/16 of £139k (paragraph 4.3) be approved;
(F)	the current explanation for long term trends for: <ul style="list-style-type: none"> • EHPI 181 – Time taken to process Housing Benefit new claims and change events, and • EHPI 192 – Percentage of household waste sent for reuse, recycling and composting, be noted;
(G)	action taken to address performance for: <ul style="list-style-type: none"> • EHPI 2.6 – Percentage of residual waste (refuse) sent for disposal (paragraph 7.3), be noted; and
(H)	the risk controls (paragraph 8.4) be approved.

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	126
Net cost of Services	14,753	15,199	446
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	(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	(13)
Total Month on Month Variance	446

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 £177k 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	6,336	(177)

Key variances arising this month:

- 2.4.1 Following the community right to challenge the management fee to Bishop's 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 A rent review of the Causeway car park in Bishop's Stortford is being undertaken, 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	65
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 anticipated to come from Contingency budget (£22k), Contribution from reserves (£13k) and from additional income (£28k).
- 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 £126k 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	62	74	12
Total:	5,198	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.
- 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 It is requested that 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)	93

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 J** 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:

Performance Indicator Short Name	Performance Status (RAG)	Movement since last reported
EHPI 12c – Total number of sickness absence days per FTE staff in post	Green	Improved
EHPI 157a – Processing of planning applications: Major applications	Green	Improved
EHPI 2.2 – Waste: missed collections per 100,000 collections of household	Green	Improved
EHPI 7.2 – Turnaround of PCN Challenges and Representations	Green	Improved
EHPI 8 – % of invoices paid on time	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 157b – Processing of planning applications: Minor applications	Green	Declined
EHPI 157c – Processing of planning applications: Other applications	Green	Declined
EHPI 2.4 (47) – Fly-tips: removal	Green	Declined
EHPI 7.3 – Percentage of appeals to the traffic penalty tribunal against the number of PCNs issued	Green	N/A – New performance indicator no trend data
EHPI 181 – Time taken to process Housing Benefit new claims and change events	Red	Declined

Trend only performance indicators

- 7.2 Table eight contains a summary of movement since each measure was last reported. As above, please note some of these measures are reported quarterly and therefore are compared to the last quarter of 2014/15.

Table 8:

Indicator (Trend only)
There has been a slight increase in EHPI 192 (Percentage of household waste sent for reuse, recycling and composting) since April
Fewer planning appeals were allowed in June compared to May for EHPI 204 (Planning appeals allowed)
There has been an increase in EHPI 151 (Number of homeless households living in temporary accommodation at the end of the quarter) since the last quarter of 14/15
There has been an increase in EHPI 152 (The number of applicants accepted as owed the main homelessness duty to secure accommodation) since the last quarter of 14/15
There has been an increase in EHPI 153 (Number of applicants that presented to the council as homeless) since the last quarter of 14/15
There has been an increase in EHPI 2.6 (Percentage of residual waste (refuse) sent for disposal) since the last quarter of 14/15

- 7.3 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	
EHPI 181 – Time taken to process Housing Benefit new claims and change events	<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>
Environment Services	
EHPI 2.6 – Percentage of residual waste (refuse) sent for disposal	<p>This is a rolling quarter from March - May as data is reported one month in arrears and is showing a declining short and long term trend. Performance is higher than expected this period due to a number of factors. Firstly, this period covers the month of April when it is normal to receive a larger volume of waste due to the Easter holiday period. Secondly, May was a five week month, usually June is the five week month so this has added to the increased amount collected. Lastly, the property base used to calculate the performance has not been updated by Defra. Therefore this quarter does not take account of any new properties that have been built since 1 April 2015. The service will be investigating the impact these factors have had on this quarter.</p>

Service & Indicator	Commentary
EHPI 192 – Percentage of household waste sent for reuse, recycling and composting	This indicator is reported one month in arrears and is showing a declining long term trend. Contamination of bins continues to be problematic. New bin hanger is due to be delivered during August 2015 to encourage less contamination and more recycling.

Potential future issues

7.4 Four new indicators for 2015/16 show a decline in June/Quarter One when compared to the average performance for the past period where data is available. Although it is too early to draw conclusions further analysis will be undertaken in the coming months to understand what patterns and trends exist and the reasons behind them. The indicators are:

- EHPI 151 – Number of homeless households living in temporary accommodation at the end of the quarter
- EHPI 152 – The number of applicants accepted as owed the main homelessness duty to secure accommodation
- EHPI 153 – Number of applicants that presented to the council as homeless
- EHPI 204 – Planning appeals allowed – Despite this indicator having a positive short-term trend, the long term trend shows this indicator is performing below the average therefore further investigation is needed.

Changes to Performance Indicators

7.5 Members are to note that a change has been made to the title of EHPI 7.3 from 'Number of parking appeals upheld or % of appeals to the Traffic Penalty tribunal that are upheld' to 'Percentage of appeals to the traffic penalty tribunal against the number of PCNs issued'. The new description is less confusing and more accurately describes what the indicator is measuring. This change also means that the performance data type should be expressed as a percentage and not days. The previous quarter and annual target was set at 18 days based on the old definition, however the quarter and annual target for the amended definition is now 0.35%.

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

8 STRATEGIC RISKS

8.1 Strategic risks were reviewed for the 2015/16 financial year following consideration of the previous year's register, service plans, and trends and emerging risks. Nine 2014/15 risks were updated and remain on the revised register.

8.2 The following were deleted:

8.2.1 HR and workforce management policies. (Reduced to 'control' in quarter two of 2014/15 due to controls implemented. Formerly 14-SR6).

8.2.2 Development of an investment strategy. (Deleted from Strategic Risk Register as strategy passed through Committee channels and implemented. Formerly 14-SR10).

8.2.3 Increased levels of demand from residents and businesses. (Reduced to 'control' in quarter two of 2014/15 due to controls implemented. Formerly 14-SR12).

8.2.4 Here to Help. (Reduced to 'control' in quarter two of 2014/15 due to controls implemented. Formerly 14-SR13).

8.3 The following have been added to the Strategic Risk Register for 2015/16:

8.3.1 Bishop's Stortford Development. (15-SR10).

8.3.2 Health and safety compliance. (Escalated from Operational Risk Register to provide Members with assurance regarding controls in place. The risk has not materially changed. 15-SR11).

8.3.3 Business Continuity Planning. (15-SR12).

8.3.4 Develop digital service offer in line with Customer Service Strategy. (15-SR13).

8.3.5 Compliance with Children Act 2004. (15-SR14).

8.4 Controls implemented in the period April to June 2015 have been recorded. Please refer to **Essential Reference Paper I** for more information.

8.5 All strategic and operational risks can be viewed on the Council's performance management system, Covalent (www.covalentcpm.com/eastherts).

9 IMPLICATIONS/CONSULTATIONS

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

Background Papers

None

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