

**ESSENTIAL REFERENCE PAPER 'E1'**

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

Projected Outturn  
31 March 2011  
£'000

1.1	April	550	Favourable
	May	221	Adverse
	June	881	Adverse
	July	672	Adverse

<b>ITEM (in order of Corporate Priority)</b>		<b>MONTH(S) REPORTED</b>
1.2	<b>Promoting prosperity and well being</b> <b>CONCESSIONARY FARES</b> Following the change in allocation agreed at Herts Chief Finance Officer's group regarding the 2009/10 Concessionary Fares budget there is an anticipated £47k saving against the 2010/11 budget.	April
1.3	<b>MEALS ON WHEELS</b> A review of the contract arrangements for Meals on wheels has identified that the profile for delivering the £150k saving over the period of the Medium Term Financial Plan (MTFP) will vary from the current forecast. This will lead to additional costs in 2010/11 offset by equivalent savings in 2011/12 to 2012/14. This variation in timing can be managed by the temporary use of reserves.	May
1.4	<b>PERFORMANCE REWARD GRANT</b> On the 24 May the Government announced plans to reduce public spending by £6.2bn in 2010/11. No further Local Area Agreement Performance Reward grant will be paid creating a shortfall of £33k in 2010/11 and £250k in 2011/12 for both revenue and capital.	May

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1.5 HERTFORD THEATRE Additional funding arising from the Executive's decision in approving the Business case for The Hertford Theatre will have an impact of £35k in the year.	June
1.6 HOUSING BENEFIT OVERPAYMENTS Recovery of housing benefit overpayments is above target and a net favourable variance of £50k is forecast.	July
1.7 HOUSING BENEFIT SUBSIDY The Housing Benefit Administration subsidy will be £24k less than that estimated.	July
1.8 REVENUES AND BENEFITS PARTNERSHIP The Revenues and Benefits Partnership arrangement with Stevenage Borough will reduce management costs by £25k from cost sharing.	July
1.9 AREA BASED GRANT Area Based Grant of £30k for 2010/11 has been confirmed by the Government. No budget had been set given the uncertainty over its distribution.	July
1.10 <b>Fit for purpose</b> TURNOVER Salary budgets are constantly monitored and <b><u>Essential Reference Paper 'C'</u></b> shows a projected over spend of £31k.	April
1.11 MANAGING VACANCIES The Executive on 9 February 2010 made adjustments to the Performance Reward Grant and Planning Contingency budgets which left a balancing figure of £23k to be identified as 'Management of Vacancies'	April

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which officers were confident of achieving.	
<p>1.12 INVESTMENT INCOME</p> <p>Following a meeting with the Council's Treasury advisors to review new investment products proposed by the Council's fund managers to enhance returns, these will not be pursued on the grounds of risk that some of the instruments embedded within the products may not be available to local authorities. Projected returns will be reviewed in the light of the new Office of Budget Responsibility assumptions on short term interest rates used to inform the 22 June budget.</p>	May
<p>1.13 TURNOVER</p> <p>Salary budgets are constantly monitored and <b><u>Essential Reference Paper 'C'</u></b> shows a projected over spend of £24k compared to £31k in April</p>	May
<p>1.14 TURNOVER</p> <p>Salary budgets are constantly monitored and <b><u>Essential Reference Paper 'C'</u></b> shows a projected under spend of £31k compared to an over spend of £24k in May.</p>	June
<p>1.15 INVESTMENT INCOME</p> <p>Investment Income – Annualised returns by the Fund Managers over the first quarter are: Scottish Widows Investment Partnership 0.8% and Investec 0.48% per annum. This equates to around £112k (for the first quarter) against the annual budget of £1.65m. Current projections indicate an overall return of between £700k and £840k indicating a budget shortfall of £0.81m to £0.95m. The balance on the Interest Equalisation Reserve was £1.185m as at the 31 March 2010 of which £778K is already planned to be utilised in the MTFP. In accordance with Financial Regulations 4.6.2 (a) the Executive is being asked to approve a supplementary estimate of the balance of £407k to</p>	June

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offset the shortfall in income.	
<p>1.16 TURNOVER</p> <p>There has been a change in presentation from the previous months reports whereby the Salary/Turnover and Managing Vacancies budgets have been amalgamated. In essence reflecting that turnover is predicting to be met and all but £6k of the Managing Vacancies budget at this stage has yet to be met, <b><u>Essential Reference Paper 'C'</u></b> shows a projected over spend of £6k compared to an adjusted under spend of £8k in June (after amalgamating the above two headings).</p>	July
<p>1.17 PLACE SURVEY</p> <p>A saving of £14k is forecast as a result of the government's decision not to undertake the Place Survey.</p>	July
<b>Pride in East Herts</b>	
<p>1.18 CAR PARKS (PAY AND DISPLAY) (Sunday/ Bank hols.)</p> <p>The net impact of not implementing Sunday and Bank Holiday Car Park Pay and Display charging is estimated to be £38k.</p>	April
<p>1.19 CAR PARKS PAY AND DISPLAY</p> <p>Car Park occupancy levels are down resulting in 4.5% less income and a predicted year end level adverse variance of £125k.</p>	May
<p>1.20 PENALTY CHARGE NOTICES</p> <p>Following Member' decision to defer Sunday and Bank Holiday charging anticipated receipts and costs will no longer feature in 2010/11. This change also reduces the forecast for income for Penalty Charge Notices.</p>	May
1.21 CAR WASHING – GASCOYNE WAY	May

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<p>Given capital constraints on the Gascoyne Way car park refurbishment, the planned installation of drainage to enable car washing may no longer be cost effective. This is currently under review, but as a result the business case for generating income from car washing in the car park may no longer be favourable.</p>	
<p>1.22 CAUSEWAY CAR PARK RENT The Council has a 24 month rent free period on the lease of the Causeway Car Park. The Council is required to account for this across the 35 year lease, resulting in a lease cost against each year.</p>	May
<p>1.23 GASCOYNE WAY CAR PARK Due to the timing of the Gascoyne Way refurbishment works, car washing is planned to commence in October resulting in only six months income from the scheme thus an adverse variance of £5k.</p>	June
<p>1.24 CAUSEWAY CAR PARK RENT The apportionment of rental cost now payable by the Council for the Causeway Car park in 2010 has now been calculated by accountancy to be £222k and not £203k as previously reported.</p>	June
<p>1.25 PAY AND DISPLAY CAR PARKING Car Park use is below forecast resulting in 5.5% less Pay and Display income and a predicted adverse variance to year end of £150k.</p>	July
<p>1.26 B/S CAR PARK SEASON TICKET INCOME The Bishop's Stortford season ticket income is above forecast, continuing the trend from previous years resulting in a favourable increase over the budget of £12k.</p>	July

**Caring about what's built and where**

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<p data-bbox="186 371 676 405">1.27 RECYCLING SERVICE</p> <p data-bbox="323 414 1219 947">There is expected to be a significant increase in the sum the Herts Waste Partnership (HWP) contributes to East Herts Council's waste and recycling costs. This is subject to agreement by the HWP Board and assumes the continuing commitment by Hertfordshire County Council. In order to incentivise the increase of recycling by districts and boroughs, the HWP agreed a model for redistributing the potential savings to the disposal authority arising from improvement to recycling and reduction of waste sent to landfill. The model developed used 2006/07 performance as a base and was based around some prudent predictions around improvement.</p> <p data-bbox="323 996 1219 1279">The success of ARC exceeded predictions plus the recession appears to have had the effect of reducing total waste tonnages also. Figures are potentially highly variable but based on the financial model agreed for 2010/11 our prudent estimate of income from this source in 2010/11 is of the order of £650K or an additional £570k.</p> <p data-bbox="323 1328 1219 1570">The partnership agreed that the model required updating and have introduced a cap to the subsidy per household for 2011/12 and 2012/13. Based on this Alternative Financial Model we will assume for budget purposes a payment to East Herts of circa £350k for each of those two years.</p>	April
<p data-bbox="186 1659 699 1693">1.28 PUBLIC CONVEIENCES</p> <p data-bbox="323 1702 1219 1986">The budget for public conveniences in 2010/11 was understated in error as it included a double counting of planned savings of £28,860 which were built into the base budget and scored as planned savings. In addition public conveniences have remained open in three towns there being no suitable private sector provider at a cost of £34,000.</p>	June

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<p>1.29 DOMESTIC REFUSE BIN CHARGING</p> <p>The Council's decision to defer replacement refuse bin charging will result in a £50k adverse variance.</p>	June
<p>1.30 RECYCLING PUBLICITY</p> <p>The Recycling Publicity budget is currently under spending due to the success of ARC and there is less need to undertake publicity to address public concerns. As a consequence this budget will then show a £22k favourable position.</p> <p>Consideration is being given as to whether some or all of the MTFP saving can be brought forward from 2012/13 to 2011/12.</p>	June
<p>1.31 RECYCLING GREEN WASTE</p> <p>The Recycling Green Waste budget could under spend by £80k as the scheme is not being expanded to include flats until the new contract is let in 2011 resulting in an in year saving and possible base budget saving.</p>	June
<p>1.32 KERBSIDE DRY RECYCLING EXPENDITURE</p> <p>The Kerbside dry Recycling collections budget is currently stable following the implementation of ARC. It is currently showing an underspend of £10K which would indicate an underspend of up to £40k for the full year.</p>	June
<p>1.33 PLASTIC RECYCLING BANKS</p> <p>There is a current underspend associated with Plastic Recycling Banks which could be a £5k favourable effect by year end.</p>	June

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<p>1.34 KERBSIDE DRY RECYCLING INCOME</p> <p>Income from Kerbside dry Recycling collections is currently £20k up on profile, but this based on two months figures only. Significant additional income over budget is likely but needs to be reviewed on a monthly basis.</p>	June
<p>1.35 RECYCLING CONTRIBUTIONS</p> <p>The latest estimate of the sum due from HCC for the Alternate Financial Model in 2009/10 £383k. That is £3k more than budgeted for.</p>	June
<p>1.36 DEPOT MATERIAL HANDLING</p> <p>The Depot Material Handling budget included costs for material sorting equipment. Provision of equipment has been suspended following a Member review until the outcome of the Refuse contract re-tender is clear. Outturn will be £35k less than budget.</p>	June
<p>1.37 RECYCLING</p> <p>More recycling is producing additional income from material sales and credits, If current trends continue it may achieve £80k additional income.</p>	July
<p>1.38 REFUSE AND RECYCLING CONTRACT</p> <p>A saving of £37k is expected from a lower than budgeted increase from indexation of the price of Refuse and Recycling contract.</p>	July
<p>1.39 REFUSE COLLECTION CONTRACT</p> <p>A savings on the Refuse Collection contract of between £50k- £80k is forecast because of less than expected ad-hoc work.</p>	July

**Shaping now, shaping the future**



ITEM (in order of Corporate Priority)	MONTH(S) REPORTED
<p>1.40 HOUSING AND PLANNING DELIVERY GRANT The rules allocating the Housing and Planning Delivery Grant changed at the end of the last financial year, allowing all of the grant to be allocated to revenue, rather than split between capital and revenue. Provided the Government does not change these rules a cautious £50k could be available to Revenue.</p>	April
<p>1.41 HOUSING AND PLANNING DELIVERY GRANT On the 24 May the Government announced plans to reduce public spending by £6.2bn in 2010/11. For East Herts Council part of the impact is the loss of £166k Housing and Planning Delivery Grant</p>	May
<p>1.42 LOCAL AUTHORITY BUSINESS GROWTH INITIATIVE The above cuts will also impact adversely on Local Authority Business Growth Initiative to the value of £50k. This anticipated receipt was to be placed in reserves to meet potential expenditure beyond 2010/11.</p>	May
<p>1.43 PLANNING APPEALS COSTS Potential additional costs have arisen since April as a result from an award of costs against the Council and the engagement of a consultant to undertake a viability assessment exercise to the value of £10k.</p>	May
<p>1.44 ENFORCEMENT ACTION There are potential costs of £50k for direct enforcement action at Campfield Road, Hertford. These costs are currently based on outline quotes and may be subject to some considerable variation. This cost can be registered as a charge on the property and recovered in due course through its sale.</p>	May
<p>1.45 PLANNING APPEALS Potential additional costs have arisen since April as a result from an award of costs against the Council and</p>	June

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the engagement of a consultant to undertake a viability assessment exercise. The maximum assessed at this stage is £18k.	
1.46 DEVELOPMENT CONTROL INCOME Income from Development Control applications is ahead of the July target by £60k; in part due to resubmission of school site proposals. It is too early to predict the outturn for the year.	July
<b>Leading the Way, Working Together</b>	
1.47 There is nothing to report on this priority	April
1.48 MEMBER'S ALLOWANCES Council on the 24 February 2010 resolved to reduce the Basic Allowance for Members in 2010/11, thus making a saving of £35k.	June
1.49 MEMBER'S ALLOWANCES Due to changes in the membership of the Executive there will be a further £9k saving.	July
1.50 LOSS OF GRANTS The Council has seen a loss of grants arising from government's decisions on current spending. The Executive is requested to: a) recommend to Council a call on the general reserve of £134k to mitigate the loss of planning delivery grant. The sum of £134k was added to the general reserve in 2009/10 following the government's decision to allow the whole of 2009/10's planning delivery grant to be used for revenue purposes. b) Request CMT to meet the balance of £32k of the planning delivery grant loss by increasing the target for management action savings. c) Approve, in accordance with Financial Regulation 4.6.2 a) a call on the earmarked LABGI reserve of	July

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**MONTH(S)  
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£50k. This will offset the loss of LABGI funding in 2010/11 and reduce the uncommitted balance on the reserve to £14k.