

EAST HERTS COUNCIL

EXECUTIVE – 6 SEPTEMBER 2016

QUARTERLY PERFORMANCE REPORT – QUARTER 1 JUNE 2016

REPORT BY THE EXECUTIVE MEMBER FOR 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 2016/17. Information as at June 2016 for finance and strategic risk and July 2016 for performance.
- The revenue budget for 2016/17 is £14.134m. The forecast position as at 30 June 2016 shows an underspend of £424k in 2016/17.
- The capital budget for 2016/17 is £5.578 m. The forecast position shows a variance of £752k underspent.
- 12 out of the 15 performance indicators in the corporate basket (that have a target) are either on target or exceeding their target as at July/Quarter 1 for 2016. Three performance indicators are 6% or more off target (Red).
- For the short term trend eight indicators out of the 18 performance indicators in the corporate basket are showing an improvement when performance is compared to the previous period. Two indicators have maintained the same level of performance and eight have declined.

RECOMMENDATIONS FOR EXECUTIVE: That:

(A)	the revenue budget forecast underspend of £424k be noted (paragraph 2.1);
(B)	the capital budget forecast underspend of £752k be noted (paragraph 6.1);

(C)	the reported performance for the period April 2016 to July 2016 be noted; and
(D)	the risk controls and addition to the Strategic Risk Register (paragraphs 9.1 to 9.4) be approved.

1 BACKGROUND

- 1.1 This is the finance, performance and risk monitoring report for the council.
- 1.2 In February 2016 Council agreed a balanced budget for the 2016/17 financial year. This report sets out the financial position for the year to date and provides forecasts for the outturn position.
- 1.3 Following the Senior Management restructure in April 2016 the 2016/17 revenue and capital budgets have been realigned in line with the new structure.
- 1.4 This report contains the following sections and Essential Reference Papers:

REPORT SECTIONS	
2	Revenue budgets
3	Corporate budgets
4	Reserves
5	Financing
6	Capital budgets
7	Debtors
8	Performance monitoring
9	Risk

ESSENTIAL REFERENCE PAPERS	
B	Revenue budget
C	Capital Monitor
D	Debtors, aged debt profile
E	Performance monitoring
F	2016/17 Performance indicators
G	Risk

2 REVENUE BUDGET

2.1 The Council is forecast to underspend in 2016/17 by £424k. Table 1 below shows the current forecast outturn position as at 30 June 2016 by Head of Service.

Table 1: Revenue forecast outturn

	Original Budget 2016/17	Forecast outturn	Variance
	£'000	£'000	£'000
Chief Executive & Directors	466	447	(19)
Communications, Strategy & Policy	1,162	1,165	3
HR & Organisational Development	469	458	(11)
Strategic Finance & Property	1,445	1,393	(52)
Housing & Health	2,434	2,293	(141)
Democratic and Legal	1,102	1,045	(57)
Planning & Building Control	1,045	1,014	(31)
Operations	4,439	4,314	(125)
Shared Revenues & Benefits Service	273	263	(10)
Shared Business & Technology Services	1,299	1,318	19
Total Net Cost of Services	14,134	13,710	(424)

2.2 The key service budget variances in the forecast outturn are summarised below in Table 2.

Table 2: Quarter one service budget variances.

Quarter One Variance	Variance £'000
Senior management restructure	(177)
Financial system consultation	40
Charringtons House vacant office space	52
Additional PCSO (Police Community Support Officer)	16
Housing government grant	(237)
Pole Hole works	59
Legal Services salaries	(38)
District plan expenditure	52
Building Control consultants	30
Pay and display income	(198)
Off street parking need	33
Other small variances	(56)
Total Variance	(424)

2.3 The main variances in the forecast outturn are set out below by Head of Service.

Strategic Finance and Property

2.4 Following the senior management restructure the salary budget has been aligned with the new structure resulting in a £177k predicted underspend.

2.5 The Council is looking to replace its finance system, consultants have been bought in to provide guidance and assistance. This will cost £39k in 2016/17 and will be funded through use of the Transformation reserve.

2.6 Up until 2015/16 the Council sublet its office space at Charringtons House to Circle Anglia Housing Association. The Housing Association no longer leases this space from the Council and therefore these costs now fall to East Herts, an overspend against budget of £52k is reported.

Housing and Health

- 2.7 The budget for PCSO's (Police Community Support Officers) will overspend by £16k as 4 posts are being funded rather than the budgeted 3.
- 2.8 Additional Housing government grant of £237k has been received this will be used to fund Disabled Facilities Grants in the Capital programme.
- 2.9 The total fee for the Pole hole site works has increased this is due to the requirements of additional equipment at the site as ground conditions were worse than originally anticipated and an increase in time taken for works to be carried out. This has resulted in a £59k cost in 2016/17.

Democratic and Legal

- 2.10 It is reported that there will be underspend of £38k on salaries.

Planning and Building Control

- 2.11 It is anticipated that an additional £52k will be spent on the district plan preparation in 2016/17. This will be funded from the LDF/Green Belt reserve.
- 2.12 Expenditure of £30k for consultation work in relation to the Building Control project, this will be funded from the transformation reserve.

Operations

- 2.13 It is anticipated that pay and display income from car parks will be 7% above the 2016/17 budget. Resulting in an additional £198k of income. This is due to car park usage being greater than assumed when the budget was set. This increase in income is in line with the 2015/16 outturn position.
- 2.14 Consultants have been engaged to carry out an off street parking need survey, to identify future parking provision requirements in the district. This is estimated to cost £33k and is to be funded through the additional pay and display income as per paragraph 2.13.

3 CORPORATE BUDGETS

3.1 Corporate budgets are costs and income received by the Council that are not service specific these include income from the Councils investments, pension deficit contributions and New Homes Bonus grants to Town and Parish Councils.

3.2 Table 3 below shows the forecast outturn position against the corporate budgets. Details of movements against the original budget are shown in the paragraphs below.

Table 3: Corporate budgets forecast outturn

	Original Budget 2016/17	Forecast outturn	Variance
	£'000	£'000	£'000
NHB Grants to Town & Parish Councils	901	901	-
Contingency Budget	150	2	(148)
Interest Payments	662	662	-
Interest & Investment income	(902)	(920)	(18)
RCCO (Revenue Contribution to Capital Outlay)	25	25	-
Pension Fund Deficit contribution	600	600	-
Corporate Budgets Total:	1,436	1,270	(166)

3.3 Currently there is only £2k committed from the contingency budget in 2016/17 this is to fund posts in Environmental Health. Any balance on this budget at the end of the year will be transferred to the transformation reserve.

3.4 Income from investments and interest is difficult to predict given recent events following BrExit and uncertainty over the Bank of England interest rates. The £18k favourable forecast outturn position represents the additional income from the Councils investment in two property funds being above the budgeted figure, this is slightly below the 2015/16 outturn position.

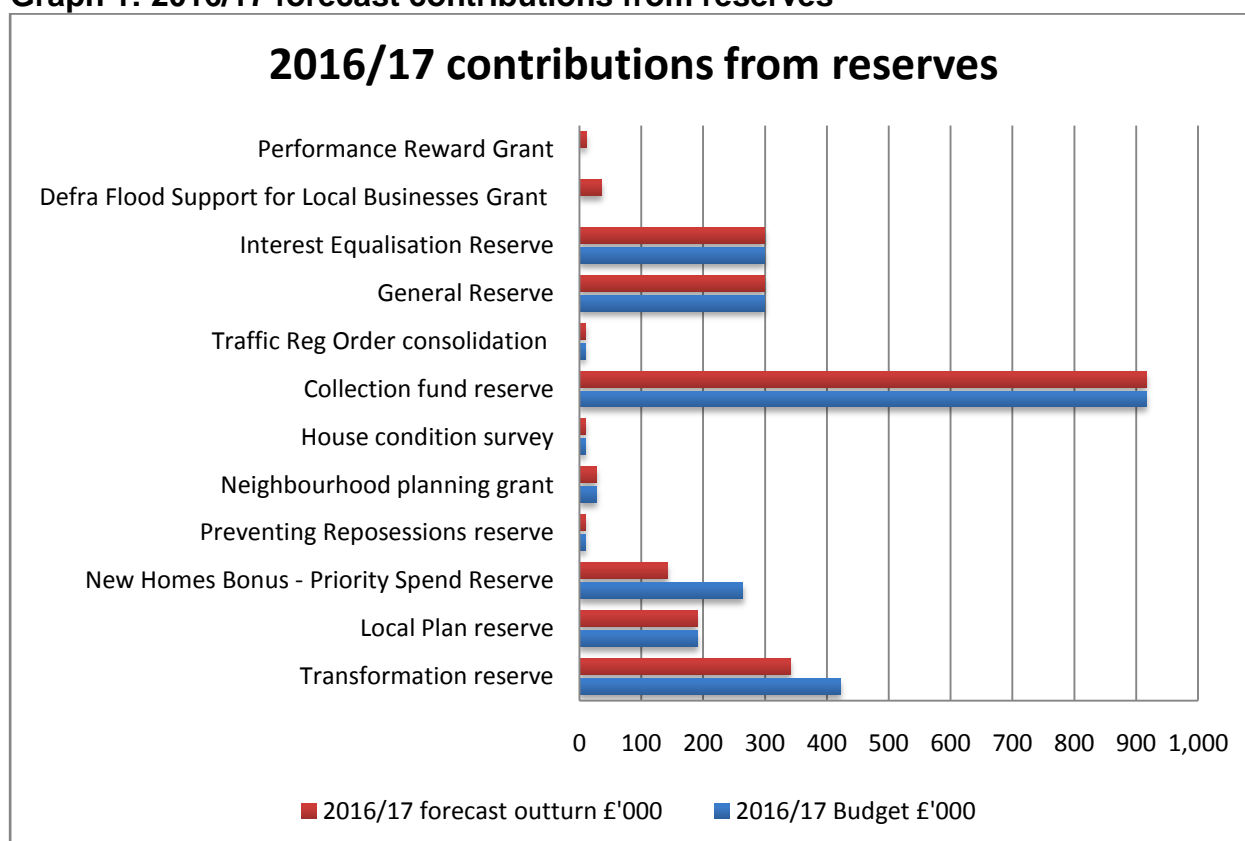
4 RESERVES

4.1 The Council holds earmarked reserves to fund unpredictable financial pressures and to smooth the effect of known spending over time.

Graphs 1 and 2 below reflect the forecast outturn position as at 30 June 2016.

4.2 Funding from reserves will offset expenditure shown in section 2 of this report whilst a contribution to reserves will be shown as income in the revenue forecast outturn.

Graph 1: 2016/17 forecast contributions from reserves



4.3 As at 30th June 2016 it is forecast that there will be contribution from reserves of £2.296m in 2016/17 this is £157k lower than approved as part of the 2016/17 budget setting process. The significant variances are reported in the following paragraphs.

4.4 The transformation reserve was created to fund transitional staffing costs and service improvements. The total use of reserve is £82k below 2016/17 budget. This is made up of:

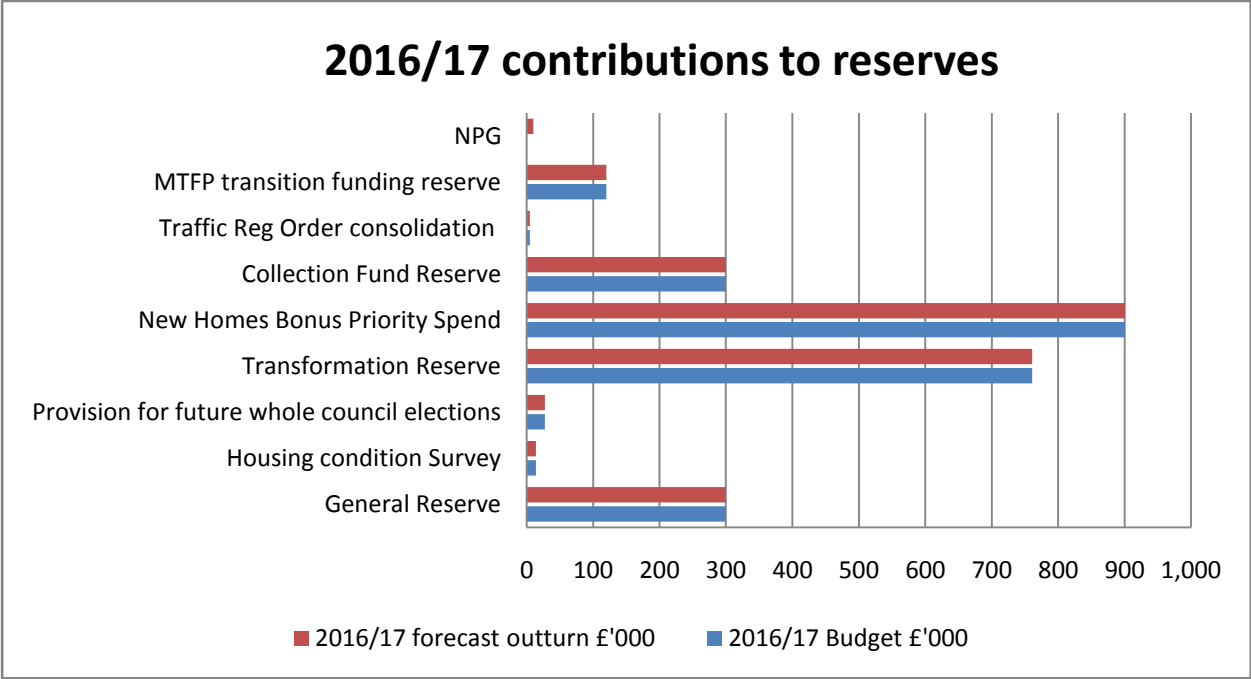
- £39k funding for costs relating to consultants for the procurement of a new financial system
- £15k to fund a new graduate from October 2016
- £30k funding for Building Control project
- £200k reduced use of reserve relating to a review of Community Safety Service
- £19k to fund temporary posts in Environmental Health

4.5 The New Homes Bonus – Priority spend reserve was established from unspent New Homes Bonus monies and utilised to fund items agreed by Leadership Team and Executive. The use of this reserve is £123k below budget. The main items are:

- £200k reduced use of reserve for Old River Lane Planning costs.
- £100k to fund East Herts contribution to Public Health projects, to match funding received from Hertfordshire county Council.

4.6 The DEFRA flood support for local business was established from an unspent element of a DEFRA grant received to enable the Council to support local businesses following flooding in 2013/14. It is anticipated that £37k (the balance on the reserve) will be spent in 2016/17.

Graph 2: 2016/17 forecast contributions to reserves

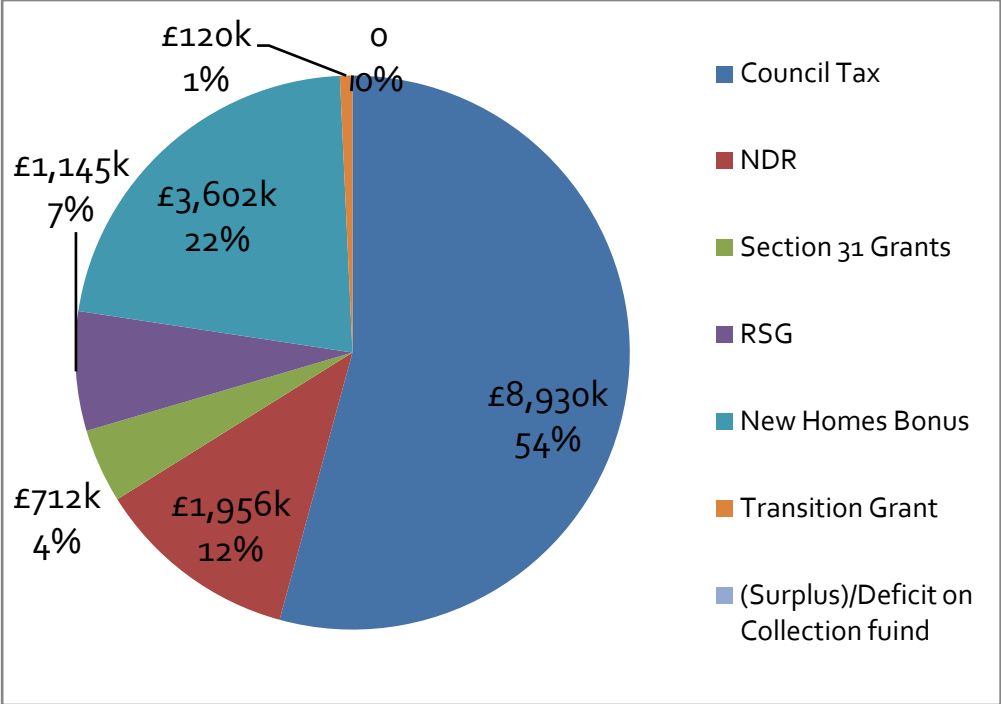


4.7 The forecast outturn contribution to reserves has increased by £10k to £2.438m from the 2016 /17 budgeted position. This is due to a Neighbourhood Planning Grant received from the DCLG in relation to Bishop’s Stortford south referendum which will be transferred to the Neighbourhood Planning Grant reserve at the end of the financial year.

5 FINANCING

5.1 These income budgets are general and non-service specific income

sources. The following pie chart shows the value and percentage split of these budgets.



6 CAPITAL PROGRAMME

- 6.1 The revised capital programme for 2016/17 is £5.578m this includes slippage of £969k from 2015/16. As at 30th June 2016 an underspend of £752k is reported. Details of the movements against budget that make up this underspend can be found in the following paragraphs.
- 6.2 The 2015/16 capital forecast expenditure is summarised in Table 6 below. **Essential Reference Paper C** sets out the detailed forecast on each scheme.

Table 6: Capital forecast outturn

	2016/17 Original Budget	2016/17 Revised Budget	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget
	£'000	£'000	£'000	£'000	£'000
Strategic Finance & Property	764	928	62	934	6
Shared Business & Technology Services	675	1,075	12	1,003	(72)
Operations	1,030	1,353	101	1,360	7
Housing & Health	2,028	2,134	160	1,374	(760)
Planning & Building Control	92	68	8	68	-
Communications, Strategy & Policy	20	20	-	20	-
Director	-	-	-	67	67
TOTAL	4,609	5,578	343	4,826	(752)

- 6.3 It is anticipated that £72k of the £444k ICT (Information and communications Technology) rolling capital programme budget will not be utilised in 2016/17.
- 6.4 A capital grant of £500k is to be paid to Network Homes to build 120 new affordable housing units at the Ridgeway, Hertford. This is to be fully funded from S106 developer contributions.
- 6.5 It is anticipated that the Community Capital Grants budget will be £45k underspent in 2016/17. This scheme is dependent on successful applicants completing their project within the 6month/1 year timescale. As at 10th June 2016 it was agreed to make 9 awards. The next deadline for applications is September 2016.
- 6.6 There are no current commitments against the Future social housing schemes, the first priority is to utilise S106 contributions which have been collected relating to affordable housing schemes. This budget is therefore showing an £821k underspend at present.
- 6.7 A countywide review of Disabled Facilities Grants is underway. However the outcomes of this review are not expected to impact on referral rates until 2017/18. In line with the 2015/16 outturn this budget is expected to be £294k underspent in 2016/17.
- 6.8 There is currently only £3k committed against the Decent Homes Grant capital scheme. It is unlikely that more than £50k will be required in 2016/17, resulting in an underspend of £50k.

- 6.9 There are only a few cases in the pipeline in respect of the capital Energy Grants, a maximum spend in 2016/17 of £100k is anticipated, this will leave £50k unspent.
- 6.10 Capital grants totalling £67k to town and parish councils will be fully funded from section 106 contributions in 2016/17, these are:
- Watton-at-Stone Parish Council - new tennis courts (£38k)
 - Bishops Stortford Town Council – path works on Sworders Field

7. DEBTORS

- 7.1 Total Outstanding debt as at 30th June 2016 is £1.213m. This is a 14% decrease from the previous quarter.
- 7.2 The outstanding debt over 120 days old totals £568k. Of this debt, over 90% relates to disputed invoices where negotiations are ongoing to collect the debt owed. The remainder of the debts over 120 days are invoices relating to environmental health enforcement, where a charge is held against property to pay the debt once the property is sold, or housing debts where repayments are being made with a payment plan over several months.
- 7.3 **Essential Reference Paper D** analyses the profile of aged debtors

8 PERFORMANCE ANALYSIS

Performance against targets

Corporate priority: Improve the health and wellbeing of our communities

- 8.1 Performance indicators for this priority are generally on target with only one indicator not meeting its monthly target:
- **EHPI 5.13c - Customer Satisfaction (GovMetric) – Website.** Performance was 'Red' in July. Only 24% of respondents gave a 'Good' satisfaction score during July. 9% gave an 'Average' score whereas the majority, 67% gave a 'Poor' satisfaction score for the website. There were 107 respondents. However, after reviewing customer feedback/comments many of the reasons for giving a 'poor' satisfaction was related to queries that were the responsibility of

Herts County Council i.e. road pot holes. Some customers did not know how to navigate the website as they didn't know how to articulate what they are looking for and assumed the information was not available. Given in July we had 30,031 visitors to our w/site feedback from 107 visitors is very low. As part of the emerging Digital East Herts project we are exploring more effective means of gathering customer feedback as govmetric is highly limited.

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

Corporate priority: Enhance the quality of people's lives

- 8.3 All performance indicators for this priority are meeting their performance target.

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

Corporate priority: Enable a flourishing local economy

- 8.5 All performance indicators for this priority are meeting their performance target.

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

Corporate priority: Corporate Health

- 8.7 There are mixed levels of performance for the indicators relating to corporate health with four performance indicators on target and the remaining two indicators off target (both relating to complaints):

- **EHPI 5.1 - Number of complaints resolved in 14 days or less.**
Traditionally this indicator had a target of 70% (i.e. 70% all complaints received need to be resolved within 14 days to meet the target). However this was reviewed last year as overall numbers of complaints are low which can result in large percentage swings. Therefore we have stopped measuring this by percentage and instead aim to have all complaints resolved within 14 days. During the first quarter of this year 9 complaints (out of 13 received) were dealt with within 14 days. Of those that were not dealt with in time 1 was resolved on the 14th day but this was not uploaded to Covalent the day after and in another case the complaint was resolved on the 15th

day. The remaining two complaints were complex in nature (relating to planning) and took longer to resolve.

- **EHPI 5.2a - Number of complaints about the Council and its services that are upheld a) 1st stage.** As per the above we no longer measure this in terms of percentages. Of the 13 complaints received, one was closed in August so will be reported in the next quarterly update. For the remaining 12, our target is to have no more than four upheld at stage one. Four complaints out of 12 were upheld at stage 1 meaning performance was off target. One related to a contractor driving badly which the contractor admitted, two relate to conditions of toilet facilities at Buntingford and two complaints relate to missed bin collections due to the location of where bins were placed (the service agreed with the customer the new location of where bins should be placed for future collections).

8.8 Please refer to performance indicator summary analysis in **Essential Reference Paper E** for full performance indicator analysis.

2016/17 missing performance indicators status and targets

8.9 Below is an update on two performance indicators which are present in the 2016/17 corporate monitoring basket but have previously been excluded from reporting:

- **EHPI 133 – Pilot council tax debt intervention project (total appointments attended).** The service have finalised the definitions and collection processes for this indicator and it will now be under the title description ‘Pilot council tax debt intervention project (total appointments attended)’ and not as it was formerly known ‘Number of referrals to money/debt advice’.
- **EHPI 141 – Participation in Team Herts volunteering (formerly ‘participation in Time Banking’).** The service have finalised definitions and collection processes for this indicator and it will now be under the title description ‘Participation in Team Herts volunteering’ and not as it was formerly known ‘participation in time banking’. The collection frequency of this indicator will be reported on a six monthly basis (financial year i.e. April to September) so first available data will be in quarter two.

Targets

- 8.10 Members did not previously receive a report to agree the 2016/17 performance indicator monthly and quarterly targets. Please advise if members have any concerns regarding the targets that have been set.
- 8.11 Please refer to performance indicator summary analysis in **Essential Reference Paper F** for full list of 2016/17 performance indicators.

9 STRATEGIC RISKS

- 9.1 The Strategic Risk Register was last considered by The Executive on 7 June 2016. (A standalone report was submitted as Healthcheck reporting takes on a different format for quarter four).
- 9.2 The report considered on 7 June detailed the scheduled content of the Strategic Risk Register for 2016/17 and the differences since 2015/16. One further new risk has been added following the referendum vote to leave the EU
- 9.3 Controls implemented during the period April to June 2016 have been recorded together with scores for the risks as they currently stand. However new for 2016/17 is the introduction of a target score. This demonstrates where Officers believe the likelihood and / or impact can be mitigated. Please see **Essential Reference Paper G**
- 9.4 All strategic and operational risks will be loaded to Covalent shortly. (All operational risks have been reviewed following the restructure).

10 IMPLICATIONS/CONSULTATIONS

- 10.1 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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