

EAST HERTS COUNCIL

EXECUTIVE – 23 OCTOBER 2018

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT  
SERVICES

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QUARTERLY CORPORATE HEALTHCHECK – QUARTER 1 JUNE 2018

WARD (S) AFFECTED:            All

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**Purpose/Summary of Report:**

- To provide a report on finance and performance monitoring for East Herts Council for 2018/19 as at 30<sup>th</sup> June 2018.
- The net revenue budget for 2018/19 is £9.779m as set out in table 1, this is funded by Council Tax. The forecast expenditure at 30<sup>th</sup> June 2018 predicts a year end underspend of £16k.
- The revised capital budget for 2018/19 is £4.485m.
- There are 33 Performance Indicators reported corporately in total at Q3. Within the 24 indicators that have a target set against them, six have failed to meet their targets by varying degrees.
- Of the 9 Performance Indicators that are trend only data;-
  - a) Three have improved compared to the previous reporting period
  - b) One was in a worse position than the previous reporting period
  - c) Five are new indicators with no previously reported data

<b><u>RECOMMENDATIONS FOR EXECUTIVE:</u> That</b>	
<b>(A)</b>	<b>the projected revenue budget forecast underspend of £16k in 2018/19 be noted (paragraph 2.1);</b>
<b>(B)</b>	<b>the capital budget for 2018/19 of £4.485m be noted (paragraph 6.1); and</b>
<b>(C)</b>	<b>the reported performance and actions for the period April 2018 to June 2018 be noted (paragraph 7).</b>

## 1.0 BACKGROUND

- 1.1 This is the finance and performance monitoring report for East Herts Council.
- 1.2 On 1<sup>st</sup> March 2018 Council approved a balanced budget for the 2018/19 financial year. This report sets out the financial position for the year to date and provides forecasts for the outturn position.
- 1.3 The Council's revenue budget is made up of 5 areas; these are shown in table 1 below. The report that follows provides details of the forecast outturn position against these areas.

**Table 1: 2018/19 revenue budget**

	<b>Original Budget 2018/19</b>	<b>Forecast outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total Net Cost of Services	13,896	13,880	(16)
Corporate Budgets Total	1,616	1,616	-
Net Use of Reserves	(408)	(408)	-
Funding	(5,325)	(5,325)	-
<b>Net Revenue Spend</b>	<b>9779</b>	<b>9763</b>	<b>(16)</b>
Funded by Council Tax	(9779)	(9779)	-
<b>Underspend</b>	<b>-</b>	<b>(16)</b>	<b>(16)</b>

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

1.5 This report contains the following sections and Essential Reference Papers:

REPORT SECTIONS	
2	Net Cost of Services
3	Corporate budgets
4	Reserves
5	Funding
6	Capital budgets
7	Performance analysis
8	Risk
9	Implications/consultations

ESSENTIAL REFERENCE PAPERS	
A	Implications/Consultations
B	Revenue budget
C	Capital Monitor
D	Performance monitoring

## 2 NET COST OF SERVICES

- 2.1 The Councils net cost of services budget for 2018/19 is £13.896m. An under spend of £16k is forecast in 2018/19. Table 2 overleaf shows this current forecast outturn position broken down by service area.

**Table 2: Revenue forecast outturn**

		<b>Original Budget 2018/19</b>	<b>Forecast outturn</b>	<b>Variance</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net Cost of Services</b>	Chief Executive & Directors	377	359	(18)
	Communications, Strategy & Policy	1,014	1,002	(12)
	HR & Organisational Development	491	485	(6)
	Strategic Finance & Property	1,796	1,790	(6)
	Housing & Health	2,222	2,174	(48)
	Democratic and Legal	1,236	1,238	2
	Planning & Building Control	594	718	124
	Operations	3,750	3,715	(35)
	Shared Revenues & Benefits Service	1,718	1,719	1
	Revenues & benefits retained costs	(379)	(425)	(46)
	Housing Benefit Subsidy	(550)	(550)	-
	Shared Business & Technology Services	1,627	1,655	28
	<b>Total Net Cost of Services</b>	<b>13,896</b>	<b>13,880</b>	<b>(16)</b>

## **2.2 Housing and Health**

2.2.1 At this stage in the year and with the implementation of the new budget monitoring system, the forecast outturn has been based on activities spending at budget levels with the exception being that salaries, net of agency cover, are forecast to deliver a small underspend.

## **2.3 Planning**

2.3.1 A forecast overspend of £124k is reported against the Planning and building control service. A saving target of £70k was identified for the service through the MTFP. Of this, £10k additional income is achievable. A further element of £30k, relating to salaries in the planning policy service area is not now going to be achieved due to the requirement for continuing planning policy and development implementation work as a result of the significant development released as a result of the emerging District Plan. The remaining £30k saving related to salaries for administrative staff in the development management service area. This element of saving has been achieved, however continuing recruitment difficulties relating to experienced and senior planning staff means there remains a requirement to engage interim and consultant staff. This is placing an ongoing pressure on salary budgets in the service which is likely to offset savings which have been achieved.

## **2.4 Operations**

2.4.1 A forecast underspend of £35k is shown against the Operations service. This is due to salary underspends.

## **2.5 Revenues & Benefits Retained Costs**

2.5.1 Grant income received from DWP is resulting in an overachievement in income for the Revenues & Benefits retained service budget.

## 2.6 Shared Business & Technology Services

2.6.1 A forecast overspend of £28k is reported against the Shared Business & Technology Services. This is mostly due to not being able to achieve previously agreed Digital East Herts savings target.

## 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 Council's 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.

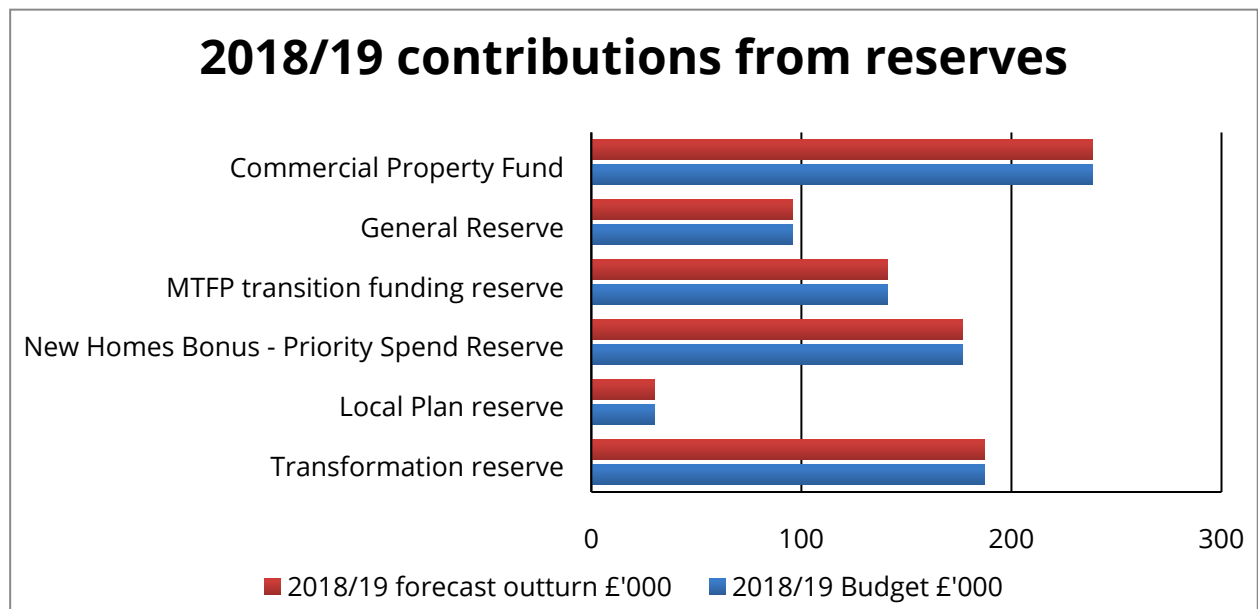
**Table 3: Corporate budgets 2018/19 forecast outturn**

	<b>Original Budget 2018/19</b>	<b>Forecast outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
NHB Grants to Town & Parish Council	661	661	-
NHB Priority Spend	661	661	-
Interest Payments	662	662	-
Interest & Investment Income	(1,090)	(1,090)	-
RCCO	26	26	-
Pension Fund Deficit contribution	696	696	-
<b>Corporate Budget Total</b>	<b>1,616</b>	<b>1,616</b>	

## 4 RESERVES

4.1 The Council holds earmarked reserves to fund unpredictable financial pressures and to smooth the effect of known spending over time. Graph 1 and 2 below reflect the forecast outturn position as at 30<sup>th</sup> June 2018.

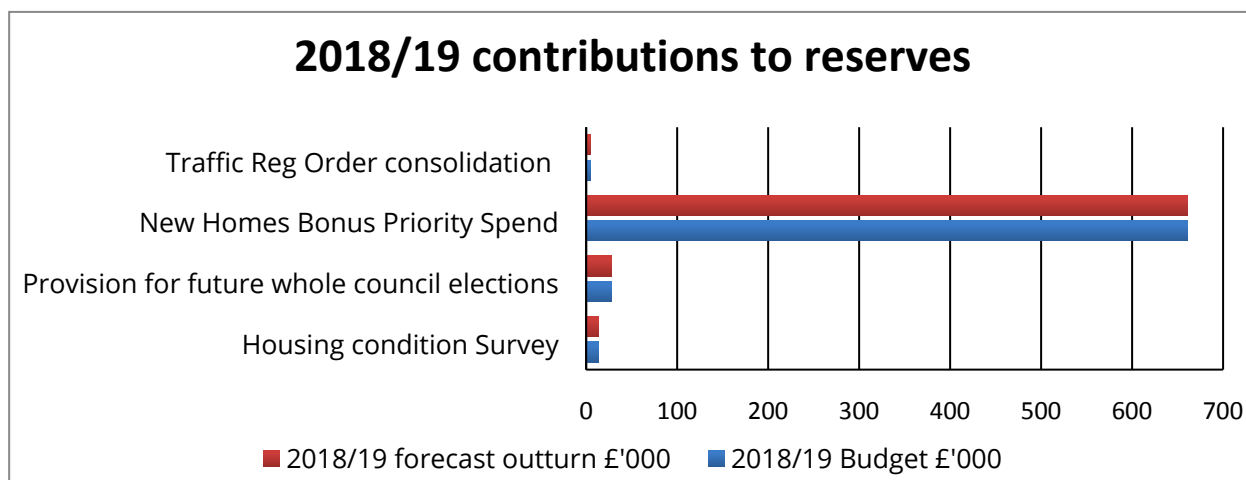
**Graph 1: 2018/19 forecast contributions from reserves**



4.2 As at 30<sup>th</sup> June 2018 it is forecast that there will be a total contribution from reserves of £869k in 2018/19 this is in line with the approved 2018/19 budget. There are no significant variances at this time.



## Graph 2: 2018/19 forecast contributions to reserves



4.3 The forecast outturn total contribution to reserves as at 30<sup>th</sup> June 2018 is in line with the budget set at Full Council in March 2018. The major contribution to reserves is from New Homes Bonus grant which will be used to fund future projects.

## 5 FUNDING

5.1 These income budgets are general and non-service specific income sources. The table below shows the value and source of these funding streams as at 30<sup>th</sup> June 2018.

**Table 4: 2018/19 funding**

	<b>Original Budget 2018/19</b>	<b>Forecast Funding 2018/19</b>	<b>Variance</b>
Council Tax	(9,779)	(9,779)	-
NDR & S31 Grant	(2,617)	(2,617)	-
(Surplus)/Deficit on collection fund	(63)	(63)	-
New Homes Bonus	(2,645)	(2,645)	-
<b>Total Funding</b>	<b>(15,104)</b>	<b>(15,104)</b>	<b>-</b>

## 6 CAPITAL PROGRAMME

- 6.1 The revised capital budget for 2018/19 is £4.485m. This includes the project carry forwards from 2017/18. ERP C provides a detailed analysis of the projects and their budgets.

## 7 PERFORMANCE ANALYSIS

### **Performance against targets**

- 7.1 Please refer to performance indicator summary analysis in **Essential Reference Paper D** for full performance indicator analysis. Our latest results can be found at <https://eastherts.covalentcpm.com/login> and members have been issued with a password that sits in Members Information Bulletin (MIB) packs.
- 7.2 Q1 results show 33 performance indicators reported monthly or quarterly, that are divided into the three corporate priorities and supporting priorities (Corporate Health).
- 7.3 The performance of these indicators are discussed below:-
- 7.4 **Corporate Priority 1: People ( 4 Performance Indicators)**

There are 4 Performance indicators within this priority. 3 of these indicators have targets set against them with 2 meeting their targets but the other missing set target:-

- **QC HH 140 – Number of over 50s participating in 'Forever Active' programme.**

This indicator operates across calendar rather than financial years to reflect Sport England's timetable. There have been 316 new participants in January to June 2018, against a target of 500. As this is the final year of Sport England funding perhaps some

slowdown in uptake is to be expected although officers are now working closely with Active In, a sports development organisation brought in by Active East Herts, to ensure sustainability of many of the Forever Active programme and are confident of achieving the 854 new participants figure by year end.

7.5 The remaining trend only indicator (QC HH 151) is showing a positive movement on the previous quarter.

#### 7.6 **Corporate priority 2: Place (11 Performance Indicators)**

There are 8 performance indicators within this priority that have a target set with the remaining 3 being trend only indicators. Within the target set indicators, three failed to meet target;-

- **QC OP 2.2 – Waste: missed collections per 100,000 collections of household**

As part of the new shared waste contract there have been IT system changes in the way the missed bin collection data is gathered by the shared Waste service and the new contractor i.e. missed bins reported against actual missed bins by the contractor. The East Herts aspect of the contract is operating well with only minor increases in missed bins collections. A true reflection of this figure will be obtained for Aug/Q2 figures as discussions have now taken place with the contractor to ensure a consistent approach to data collection.

- **QC OP 2.4 - Fly-tips: removal**

Fly tipping removal times was slightly up on Q1. This is due to a change in regime for data collection from the old contract to the new contract. Now that the 3 month settling in period is over and clarity has been provided over agreed methods of data collection, there is an expectation this figure to reduce in Q2.

- **QC HH 155 - Number of affordable homes delivered (gross)**

The number of affordable homes narrowly missed the target of 32 during Q1 by 1. This will be closely monitored but the number achieved (31) is more than this point last year (19) and the target for 18/19 has increased so overall it is a positive movement

7.7 Within these trend only indicators, one is in a worse position than the previous quarter (QC 149c) while the other two are showing a positive trend movement.

#### 7.8 **Corporate priority 3: Business (1 Performance Indicator)**

There is one performance indicator within this priority, **MC HH 184- % of food premises in the area which are broadly compliant with food hygiene law**. The 85% or above target has been met for all three months of Q1

#### 7.9 **Corporate priority: Corporate Health (17 Performance Indicators)**

There are 17 performance indicators within this priority, with 12 having a target set and the remaining five being trend only indicators. Within those with set targets, four indicators marginally missed their target by 1% or less. Details of two other indicators that missed target are shown below;

- **MC HR 12B - Number of long-term sickness absence days per FTE staff in post**

There is a monthly target of 0.17 days or less; this was achieved in April (0.10) and been missed for the months of May (0.25) and June (0.25). HR Officers are working closely with managers to appropriately support our staff who are long term absent, to return to work.

- **MC CSP 5.13C - Customer Satisfaction (GovMetric) - Website.**

The improved target set in October 2017 of 50% continues to be an aspirational target and many of the previous issues

surrounding website scores are still true, such as disagreements with a decision or policy rather than a score of the accessibility and quality of the service delivery over our website.

Where we can, we continue to improve and develop our website and our latest result of July show an improvement close to target, with improvements such as the addition on a bulky waste form which allows customers to book bulky waste appointments online.

- 7.10 The remaining five trend only indicators relate to contact into the Council across our four main channels, E-Mail, E-Forms, Face to Face and Phone. This is a new trend indicator for 2018/19 so there is no comparison data. After acquiring the data, email contact in particular was considered to be too high and unrepresentative of true contact with much of this email traffic being spam email (not captured by in-house spam filters), marketing and sales emails.

As a result, the indicator will be developed to choose a specific area of the business that will be closely monitored to capture customer contact only where possible and this proxy we believe will provide a more useful and meaningful split in customer contact

## 8 RISK

- 8.1 Regarding the strategic risk register, there has been no change to risk descriptions in quarter one and no additions or deletions proposed. One score has changed. Due to the recent developments the residual impact rating of the Old River Lane risk has increased from 2 to 3 and the residual likelihood reduced from 3 to 2.
- 8.2 Members are reminded that all risks and the control introduced can be viewed at [www.covalentcpm.com/eastherts](http://www.covalentcpm.com/eastherts)

## 9 IMPLICATIONS/CONSULTATIONS

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

### Background papers

None

Contact Member: Councillor Geoff Williamson – Executive Member for Finance and Support Services  
[geoffrey.williamson@eastherts.gov.uk](mailto:geoffrey.williamson@eastherts.gov.uk)

Contact officers: Isabel Brittain – Head of Strategic Finance and Property, Ext: 2050  
[isabel.brittain@eastherts.gov.uk](mailto:isabel.brittain@eastherts.gov.uk)  
Ben Wood – Head of Communications, Strategy and Policy, Ext: 1699  
[benjamin.wood@eastherts.gov.uk](mailto:benjamin.wood@eastherts.gov.uk)

### Report authors:

For financial budget monitoring:

Nasir Miah – Finance Business Advisor, Ext: 2054

[nasir.miah@eastherts.gov.uk](mailto:nasir.miah@eastherts.gov.uk)

For performance monitoring:

Noel Wallis – Insight & Improvement Analyst, Ext: 2146

[noel.wallis@eastherts.gov.uk](mailto:noel.wallis@eastherts.gov.uk)

For risk monitoring:

Graham Mully – Insurance and Risk Business Advisor, Ext: 2166

[graham.mully@eastherts.gov.uk](mailto:graham.mully@eastherts.gov.uk)