

EAST HERTS COUNCIL

EXECUTIVE – 11 DECEMBER 2018

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT
SERVICES

QUARTERLY CORPORATE HEALTHCHECK – QUARTER 2 SEPTEMBER
2018

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- To provide a report on finance and performance monitoring for East Herts Council for 2018/19 as at 30th September 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 30th September 2018 predicts a year end underspend of £32k.
- The revised capital budget for 2018/19 is £6.578m.
- There are 33 Performance Indicators reported corporately in total at Q2. Within the 24 indicators that have a target set against them, eight have failed to meet their targets by varying degrees.
- Of the 9 Performance Indicators that are trend only data;-
 - a) One has improved compared to the previous reporting period
 - b) Two are in a worse position than the previous reporting period
 - c) One new indicator has no previously reported data
 - d) Two are no better or worse
 - e) Four are missing data

- There were 105 corporate actions set for 18/19 of which 18 have been completed. Seven actions are longer standing actions that are due to be completed on or after 1st April 2019. Four actions have been deferred to the following year, meaning there are now 101 actions
- A further 76 are due to be completed by the end of the 18/19 period. Within these 76, three have revised completion dates within 18/19.

<u>RECOMMENDATIONS FOR EXECUTIVE: That</u>	
(A)	the projected revenue budget forecast underspend of £32k in 2018/19 be noted (paragraph 2.1);
(B)	the capital budget for 2018/19 of £6.578m be noted (paragraph 6.1); and
(C)	the reported performance and actions for the period July 2018 to September 2018 be noted (paragraph 8 + 9).

1.0 BACKGROUND

- 1.1 This is the finance and performance monitoring report for East Herts Council.
- 1.2 On 1st 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

	Original Budget 2018/19	Forecast outturn	Variance
	£'000	£'000	£'000
Total Net Cost of Services	13,830	13,798	(32)
Corporate Budgets Total	1,616	1,616	-
Net Use of Reserves	(342)	(342)	-
Funding	(5,325)	(5,325)	-
Net Revenue Spend	9,779	9,747	(32)
Funded by Council Tax	(9,779)	(9,779)	-
Underspend	-	(32)	(32)

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	Debtors
8	Performance analysis
9	Corporate Actions
10	Risk

11	Implications/consultations
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ESSENTIAL REFERENCE PAPERS	
A	Implications/Consultations
B	Revenue budget
C	Capital Monitor
D	Debtors
E	Performance monitoring
F	Comms Report
G	Corporate Actions

2 NET COST OF SERVICES

2.1 The Councils net cost of services budget for 2018/19 is £13.830m. An underspend of £32k is forecast in 2018/19. Table 2 overleaf shows this current forecast outturn position broken down by service area.

Table 2: Revenue forecast outturn

		Original Budget 2018/19	Forecast outturn	Variance
		£'000	£'000	£'000
Net Cost of Services	Chief Executive & Directors	377	361	(16)
	Communications, Strategy & Policy	1,014	1,030	16
	HR & Organisational Development	491	482	(9)
	Strategic Finance & Property	1,741	1,697	(44)
	Housing & Health	2,199	2,207	8
	Democratic and Legal	1,236	1,210	(26)

Planning & Building Control	594	746	152
Operations	3,750	3,699	(51)
Shared Revenues & Benefits Service	1,718	1,704	(14)
Revenues & benefits retained costs	(367)	(442)	(75)
Housing Benefit Subsidy	(550)	(550)	-
Shared Business & Technology Services	1,627	1,654	27
Total Net Cost of Services	13,830	13,798	(32)

2.2 Chief Executive & Directors

An underspend of £16k is forecasted for the Chief Executive and Directors service. This is due to not recruiting to vacant PA post.

2.3 Communications, Strategy & Policy

An overspend of £16k is reported against the Communications, Strategy & Policy service. This is mainly due to salary overspends in Customer Services as a result of having to cover long term sickness.

2.4 Strategic Finance & Property

An underspend of £44k is reported against the Strategic Finance & Property service. This relates to additional income due after rent reviews were conducted on several properties owned by the Council.

2.5 **Democratic and Legal**

An underspend of £26k is reported against the Democratic and Legal services. This relates to income generation for electoral services.

2.6 **Planning**

A forecast overspend of £152k is reported against the Planning and building control service. This is due to a projected reduction in planning income and an overspend in salaries.

2.7 **Operations**

A forecast underspend of £51k is shown against the Operations service. PCN income is projected to over achieve by £38k. The renegotiated leisure services contract accounts for a reduction in costs.

2.8 **Revenues & Benefits Retained Costs**

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

2.9 **Shared Business & Technology Services**

A forecast overspend of £27k is reported against the Shared Business & Technology Services. This is as a result of the service 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 shows the forecast outturn position against the corporate budgets.

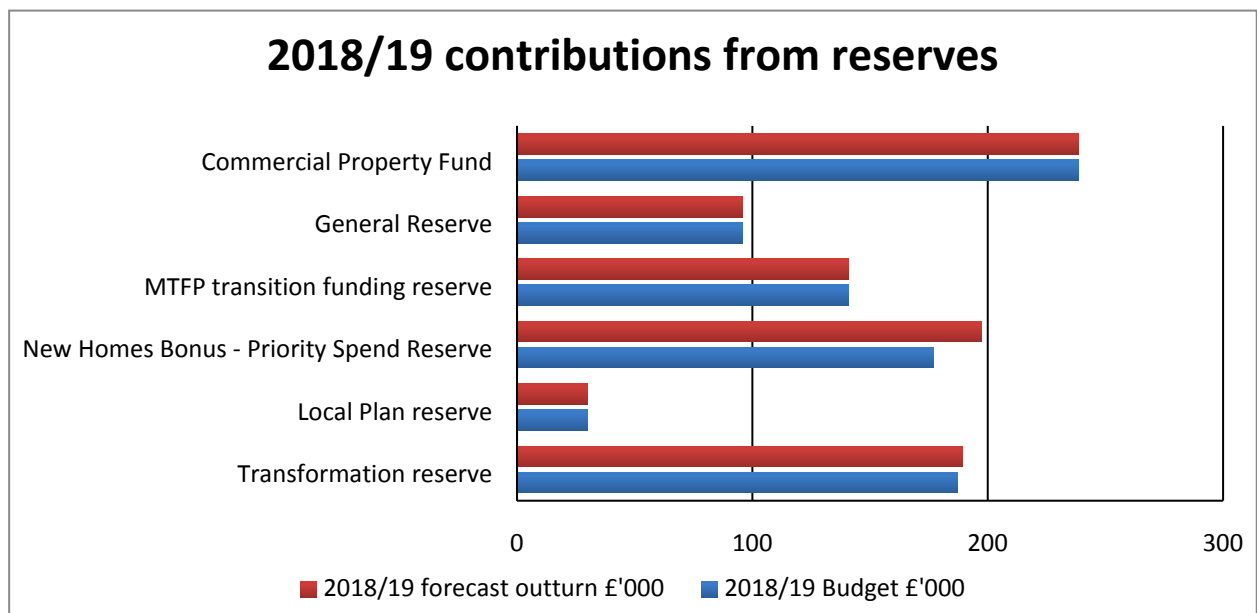
Table 3: Corporate budgets 2018/19 forecast outturn

	Original Budget 2018/19	Forecast outturn	Variance
	£'000	£'000	£'000
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	-
Corporate Budget Total	1,616	1,616	-

4 RESERVES

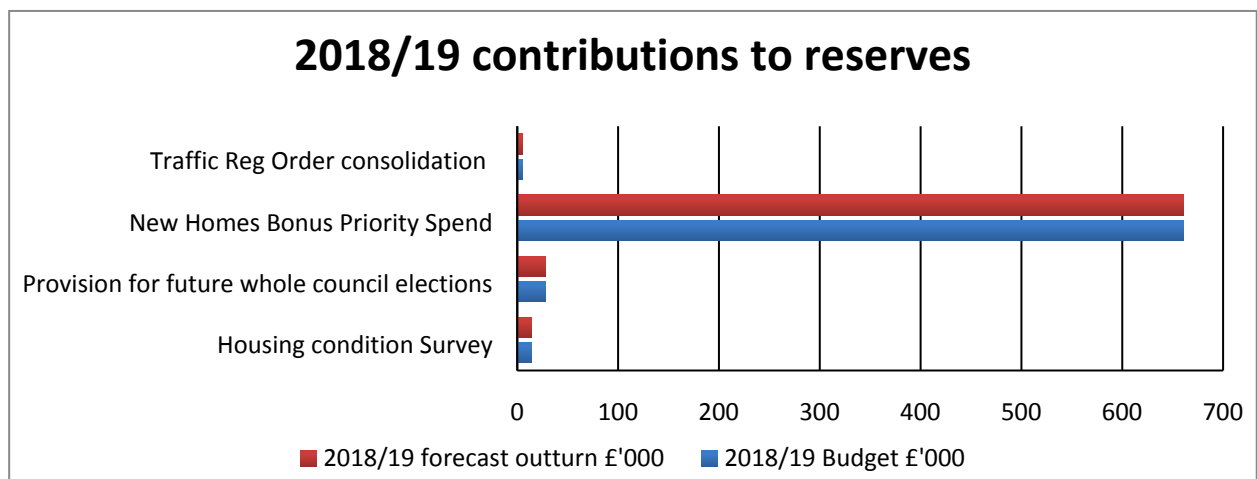
4.1 The Council holds earmarked reserves to fund unpredictable financial pressures and to smooth the effect of known spending over time. Graph 1 and 2 below reflect the forecast outturn position as at 30th September 2018.

Graph 1: 2018/19 forecast contributions from reserves



4.2 As at 30th September 2018 it is forecast that there will be a total contribution from reserves of £892k in 2018/19, which is £23k more than budgeted for. The additional contribution relates to funding a junior project manager within the Improvement & Insight team.

Graph 2: 2018/19 forecast contributions to reserves



4.3 The forecast outturn total contribution to reserves as at 30th September 2018 is in line with the budget set at Full Council in March 2018. As previously mentioned, 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 30th September 2018.

Table 4: 2018/19 funding

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

6 CAPITAL PROGRAMME

6.1 The revised capital programme for 2018/19 is £6.578m. This includes the project carry forwards from 2017/18. ERP C provides a detailed analysis of the projects and their budgets.

6.2 Forecast outturn against original budget is an underspend of £306k. The main areas of variation being:

- £67k underspend – Bell Street, Sawbridgeworth, Public Conveniences – discussions have taken place around SLA's, Lease arrangements and the financial implications. The council is awaiting decisions surrounding these discussions. Spend is not expected this financial year and budget it looking to be slipped to 2019/20.
- £100k overspend - Buntingford Depot - Fire Suppression Unit – additional works required not originally costed, including Electrical, fire alarm system upgrades, retaining wall, fencing and flood booms.
- £150k underspend - Future Housing Schemes - 6 Water Lane, Hertford – works to span two financial years, underspend in 2018/19 looking to be slipped to 2019/20
- £191k underspend - Castle Weir Micro Hydro Scheme - Project now progressing according to revised work plan, although bulk of construction costs will fall into 2019/20 year, budget looking to slipped.
- £42k underspend - Market Improvement Scheme - Funds to be utilised as part of the Hertford town centre works referred to below.
- £42k overspend - Improvements to The Wash, Maidenhead Street & Bull Plain, Hertford – Market Improvement Scheme (above) merged to form one capital project.

7 DEBTORS

Total outstanding debt as at 30th September 2018 is £734k.

The outstanding debt has reduced from the £1.8m reported as at 31st March 2018, this follows the successful negotiations to collect

£1.1m debt owed on a complex lease arrangement for a property in Bishop's Stortford. The outstanding debt over 120 days totals £187k. £121k of this relates to outstanding section 106 monies due from developers. The balance is for 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

7.1 **Essential Reference Paper D** analyses the profile of aged debtors.

8 PERFORMANCE ANALYSIS

Performance against targets

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

In addition to these performance results, **Essential Reference Paper F** shows the latest communications report, highlighting our Media coverage over the past quarter. This indicates we are continuing to grow our digital footprint via the main channels (Twitter, Facebook) and more recently launched accounts in LinkedIn and Instagram. Press coverage scores are slightly negative this quarter due to content related to the HUDS project and noise issues in Bishop's Stortford – both of which generated a lot of public interest.

8.2 Q2 results show the 33 performance indicators reported monthly or quarterly, divided into the three corporate priorities.

8.3 The performance of these indicators is discussed below:-

8.4 **Corporate Priority 1: People (5 Performance Indicators)**

There are 5 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. Provisionally there have been 133 sign ups during the third three months of the year, totalling 446 in the three quarters against a target of 650. 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.

8.5 **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, four failed to meet target;

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

The East Herts aspect of the contract is generally operating well with only minor increases in missed bins collections. This is as a result of holidays and having to use agency staff whilst preparing for phase 2(route optimization planned for 12 November). While still missing target performance has improved over recent months, going from 89 missed collections to 60 against a target of 30, part of a downward trend.

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

Fly tip removals missed target for Q1 taking 3.87 days against a target of 2 days. Generally this is a result of some fly tips being much larger jobs than initially reported (eg. Where asbestos is involved an external contractor is used). It is in these circumstances that performance management is instigated and rectifications and defaults are applied for works not completed in time. This should ensure that the contractor works towards meeting this target.

- **MC PB 157B % Processing of planning applications dealt with in timely manner- Minor applications (Others - under 8 weeks).**

This month saw the processing of minor applications below target at (56% determined within 8 weeks against a target of 80%). This is due to staff recruitment issues which are beginning to impact upon the performance of the planning service.

- **MC PB 157C % Processing of planning applications dealt with in timely manner- Other applications (Others - under 8 weeks).**

Performance has missed target for the last 2 months of the quarter (81% of other applications were determined within 8 weeks against a target of 90% in September). As per the above, recruitment challenges are having a direct impact upon performance.

8.6 **Corporate priority 3: Business (1 Performance Indicator)**

No performance indicators are off target within this priority.

8.7 **Corporate priority: Corporate Health (16 Performance Indicators)**

There are 16 performance indicators within this priority, with 12 having a target set and the remaining four being trend only indicators. Within those with set targets, three indicators missed their target;

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

We are over target this month (0.30 days against a target of 0.17 days per FTE) due to a number of ongoing long term sickness cases which HR Officers are working on with Managers

- **QC CSP 5.2A % of complaints about the Council and its services that are upheld: 1st stage**

Of 23 complaints at stage 1, 10 were upheld. This meant our 30% target was exceeded. The majority of these complaints upheld were in waste services where there were many complaints about the time taken to receive replacement/ new bins. The Council was having long standing supply issues which are now being resolved.

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

The target set in October 2017 of 50% satisfaction continues to be challenging (latest performance is 42%). As well as being able to provide a rating customers are able to leave written feedback which provides us with an insight into why they rated the experience as poor. It should be noted that we get up to 300,000 page views per quarter and usually only a few hundred ratings. Where feedback provides information we can use (eg. Content being out of date/ links not working) this is addressed. Other feedback on services generally are passed on to the relevant teams. The following table provides a sample of the types of feedback we receive:

Page	Feedback (verbatim)
Planning (view, comment or object to a planning application) Please note planning pages tend to be the most	"although the map is better than many other Councils use it is not possible to identify a planning application number from the map alone. If that had been possible it would have saved me and your staff some time

<p>frequently visited pages on our website. This quarter we had 50 ratings on govmetric, 33 of which rated the experience as "poor" and 15 as "good". This needs be put in context of over 50,000 page views on planning related content over the quarter however, making them our most visited pages.</p>	<p>speaking on the 'phone to get the information I wanted. That said your staff were exemplary in dealing with my enquiry."</p> <p>"Link to portal doesnt work"</p> <p>"link to public access viewing system broken. Showed as insecure certificate."</p>
<p>Council tax (queries and payment)</p> <p>Content related to council tax was our second most visited section of the website (around 25,000 during the quarter). 23 ratings were provided 15 of which were "good" and 4 rated as "poor". Where comments were left they generally related to customers wanting to speak to people as oppose to deal with on line transactions</p>	<p>"Cannot find a number to call the council offices with a query about my Council tax bill. Just an automated payment line. It is incredibly frustrating"</p> <p>"i need to speak to someone about my council tax and there is no contact number !"</p> <p>"I am a new resident that needs to set up an account, there is no contact number to make contact with you"</p>
<p>Waste (bin collections)</p> <p>Content related to bins was our 4th most visited part of the website with close to 10,000 over the quarter (please note parking is the 3rd most visited area). We</p>	<p>"It doesn't clearly explain what types of plastic can be recycled and how. I have a plastic item labelled LDPE with the number 4 on it, and it clearly says 'made from 100% recyclable, non-toxic polyethelene' . I want to put it in my blue bin. I need to know how to recycle it!!!"</p>

<p>had 27 ratings on pages relating to bin collections. 19 were rated as "good" and 6 were rated as "poor". Customers are generally more inclined to leave comments only when they rate the experience as poor so despite the fact that we had a high degree of good ratings comments mostly followed a poor rating. However the feedback is useful in terms of thinking about how to improve web content for customers.</p>	<p>"The list is partial and does not contain many daily used items. It does not say , for instance, where I can trash the coffee capsules, although on the packages reports "recycle in plastic". Is this then ok for the council to be placed in the blue lid bin? It also do not say where to trash the pet food sachets. Are those considered aluminum foil or plastic bags? Thank you!"</p>
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9 CORPORATE ACTION UPDATE

- 9.1 Every six months we provide an update on the corporate actions alongside performance data. Please refer to corporate actions summary update in **Essential Reference Paper G** for a full set of results. Latest updates can also be found at <https://eastherts.covalentcpm.com/login>
- 9.2 105 corporate actions were agreed for 2018/19. 18 of these have been completed already. 76 actions are due to be completed at various points before the end of the financial year.

A further 7 actions are due to be completed after 1st April 2019. Four actions have been deferred to following financial years.

Highlights or the year to date include:

- Rural development programme: has fully allocated all of the funds (1.8m euros/ £1.5m) for the Eastern Plateau region agreed in 2015

when the programme commenced. As a consequence unallocated monies from other areas in the country (who are unlikely to have funds allocated before the UK leaves the EU) have been redistributed. This means a number of businesses in the local area will be able to benefit from EU grants.

- **Housing company launched:** Our property company, Millstream Property Investments Ltd, was recently launched. Since its incorporation in February 2018 it has acquired three residential properties from the council and has conducted a feasibility study regarding the demolition of an out-of-date community centre and adjacent shops and flats and replacement with higher quality community facilities, a better shop and 11 flats, representing a net in case of nine flats. Its 30 year business plan is revised each year with the next plan due for consideration by Council in December 2018. It is already generating an income for the council
- District Plan adopted

9.3 Three actions are overdue within the original time scales set;

- **HH Review and Revise Uniform procedures with view to Mobile app rolled out to appropriate Environmental Health officers**

Original Due: Sept 2018

The mobile app is anticipated to be fully implemented by February 2019. This is, however, dependent on release of the app by IDOX

- **HH Review the Environmental Health 'offer' to local businesses. Review opportunities and produce options paper**

Original Due: Jun 2018

This work is on-going.

- **PBC Implementation of Hertford Urban Design Study**

Original Due: Oct 2018

Good progress is being made with the implementation of the Maidenhead Street/ The Wash/ Bull Plain improvement works. Works on site have commenced. Revised completion date of end March 2019.

10 RISK

10.1 There have been no reported changes to risk descriptions or scoring in quarter two, with the exception of SR6, 'Production of a District Plan meeting community and regulatory needs'. The current likelihood score was increased due to the Holding Direction which has since been lifted.

There have been no additions and no deletions.

Members are reminded that all risks and the controls introduced can be browsed within the risk section on <https://eastherts.pentanarpm.uk/login> . As above, members are provided with login details within their MOB packs.

11 IMPLICATIONS/CONSULTATIONS

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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