

EAST HERTS COUNCIL

PERFORMANCE, AUDIT & GOVERNANCE – 12 MARCH 2019

REPORT BY THE HEAD OF STRATEGIC FINANCE AND PROPERTY AND
HEAD OF COMMUNICATIONS, STRATEGY & POLICY

QUARTERLY CORPORATE HEALTHCHECK – QUARTER 3 DECEMBER 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 31st December 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 31st December 2018 predicts a year end underspend of £29k.
- The revised capital budget for 2018/19 is £11.485m.

<u>RECOMMENDATIONS FOR PERFORMANCE, AUDIT & GOVERNANCE:</u>	
<u>That</u>	
(A)	the projected revenue budget forecast underspend of £29k in 2018/19 be noted (paragraph 2.1)
(B)	the capital budget for 2018/19 of £11.485m be noted (paragraph 6.1)
(C)	the reported performance for the period October 2018 to December 2019 be noted (paragraph 8)

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	13,896	13,908	12
Corporate Budgets Total	1,616	1,616	-
Net Use of Reserves	(450)	(450)	-
Funding	(5,325)	(5,366)	(41)
Net Revenue Spend	9,779	9,750	(29)
Funded by Council Tax	(9,779)	(9,779)	-
Underspend	-	(29)	(29)

- 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	Risk
10	Implications/consultations

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

2 NET COST OF SERVICES

- 2.1 The Councils net cost of services budget for 2018/19 is £13.896m. An overspend of £12k 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	374	(3)
	Communications, Strategy & Policy	1,023	1,042	19
	HR & Organisational Development	494	479	(15)
	Strategic Finance & Property	1,723	1,721	(2)
	Housing & Health	2,271	2,269	(2)
	Democratic and Legal	1,236	1,267	31
	Planning & Building Control	594	718	124
	Operations	3,750	3,683	(67)
	Shared Revenues & Benefits Service	1,718	1,681	(37)
	Revenues & benefits retained costs	(367)	(430)	(63)
	Housing Benefit Subsidy	(550)	(550)	-
	Shared Business & Technology Services	1,627	1,654	27
	Total Net Cost of Services	13,896	13,908	12

2.2 **Communications, Strategy & Policy**

An overspend of £19k 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.

2.3 **HR & Organisational Development**

A forecast underspend of £15K is reported against the HR & Organisational Development service. Salary savings are being trialled with reduced hours and this has had an impact, but may not continue.

2.4 **Democratic and Legal**

An overspend of £31k is reported against the Democratic and Legal services. This is mainly due to salary overspends.

2.5 **Planning & Building Control**

A forecast overspend of £124k is reported against the Planning and building control service. This is due to an overspend in salaries which is partially offset by a projected increase in planning income.

2.6 **Operations**

A forecast underspend of £67k 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.

2.7 **Shared Revenues and Benefits Service**

A forecast underspend of £37k is reported against the Shared Revenues and Benefits service due to efficiencies identified within the service

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 overleaf shows the forecast outturn position against the corporate budgets.

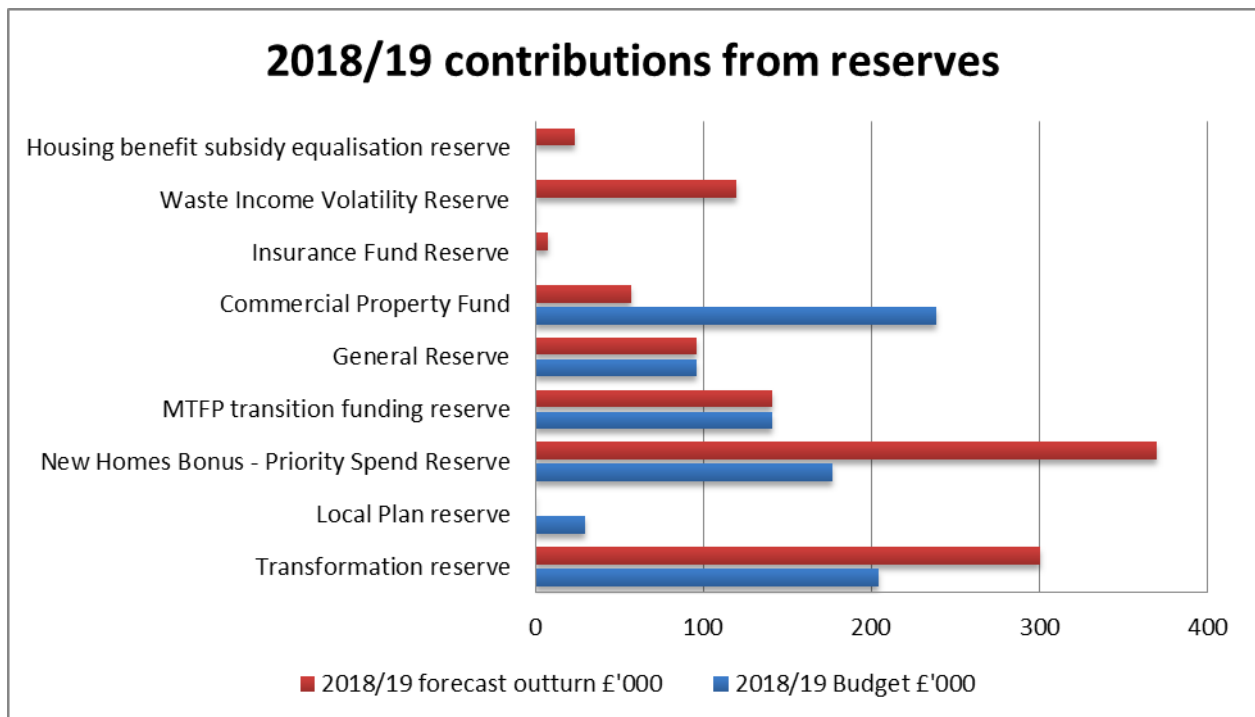
Table 3: Corporate budgets 2018/19 forecast outturn

	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

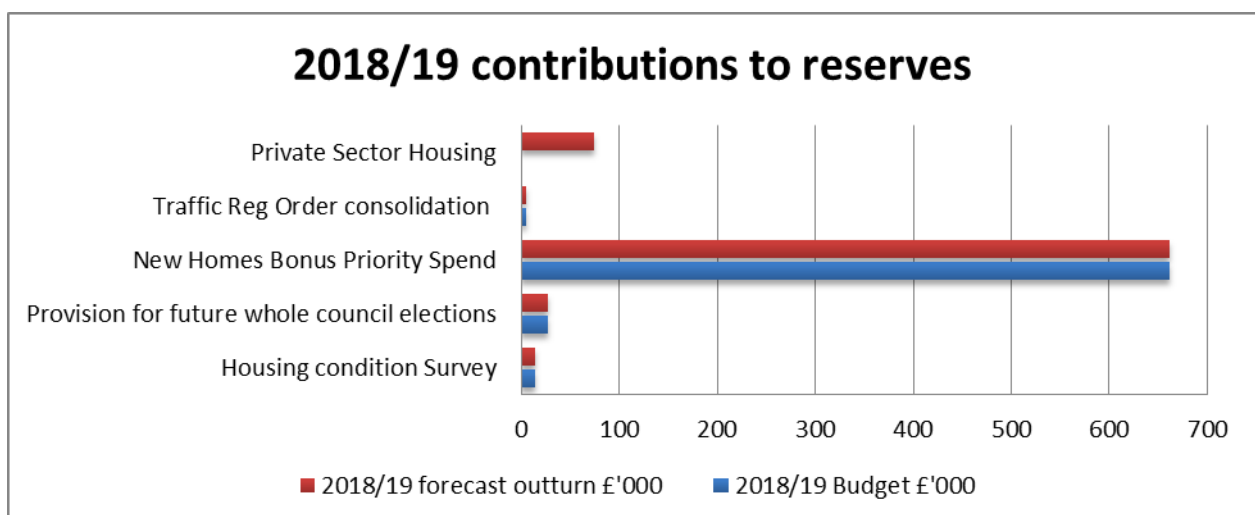
4.1 The Council holds earmarked reserves to fund unpredictable financial pressures and to smooth the effect of known spending over time. Graph 1 and 2 below reflect the forecast outturn position as at 31st December 2018.

Graph 1: 2018/19 forecast contributions from reserves



4.2 As at 31st December 2018 it is forecast that there will be a total contribution from reserves of £1.116m in 2018/19, which is £229k more than budgeted for. The additional contribution relates to volatility in recyclable materials prices.

Graph 2: 2018/19 forecast contributions to reserves



4.3 The forecast outturn total contribution to reserves as at 31st December 2018 has increased by £75k to £783k. This is due to grant received from central government not being utilised in 2018/19 and transferred to reserves, to be used in future years.

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 31st December 2018.

5.2 Additional government grant income of £41k has been received and will be used in 2018/19.

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)	-
Other General Grants	-	(41)	(41)
New Homes Bonus	(2,645)	(2,645)	-
Total Funding	(15,104)	(15,145)	(41)

6 CAPITAL PROGRAMME

6.1 The revised capital programme for 2018/19 is £11.485m. This includes the project carry forwards from 2017/18. ERP C provides a detailed analysis of the projects and their budgets.

6.2 This has increased from Quarter 2 reported budget of £6.578m mainly due to the addition of the Old River Lane projected spend.

6.3 Forecast outturn against revised budget is an underspend of £1,212k. 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.
- £75k underspend - Street Lighting LED Conversion – Survey work commencing February 2019 with a majority of actual spend, now expected to slip to 2019/2020.
- £240k underspend – ICT Rolling Programme – Slippage estimated to help fund significant new spend in 2019/20.
- £46k overspend – Financial Management System – Delays in transferring 7 years' worth of data from our old Civica Finance Management System (FMS) to the new Advanced FMS has led to an overspend in this project
- £25k underspend – Hartham Common Improvements - Contract for design will now be tendered in February but in order to allow sufficient time for the successful architect to consult with the public and create a meaningful design, the completion of this item will slip to July 2019.

- £320k underspend - Buntingford Depot - Fire Suppression Unit – additional works required not originally costed, including Electrical, fire alarm system upgrades, retaining wall, fencing and flood booms. Now likely to be slipped to 2019/20.
- £176k 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
- £18k underspend – Hillcrest hostel Disabled Access Works – process through the planning system has identified additional issues that need to be addressed before the schemes can proceed.
- £33k underspend – Colebrook Court (Network Homes) – process through the planning system has identified additional issues that need to be addressed before the schemes can proceed.
- £170k 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.
- £77k underspend – Energy Grants – Proposals have been made widen home energy measure, which should increase applications but would need further promotion and therefore likely to slip to 2019/20.
- £45k – Solar Panels Wallfields – project was put on hold pending the accommodation review and now awaiting programming. Slipped to 2019/20.

7 DEBTORS

Total outstanding debt as at 31st December 2018 is £712k.

The outstanding debt over 120 days totals £250k. £123k 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.
- 8.2 Some performance highlights include:
- We are well above target for delivery of affordable houses this quarter. This is largely down to housing and planning services working closely together on robust negotiations with developers to ensure section 106 contributions are being directed toward delivery of affordable homes.
 - After a period of instability with regards to determining planning applications (minor and others) within 8 weeks performance is stabilising and improving. The planning service has been recently been successful in recruiting to a number of vacant roles which should ensure they have the necessary

capacity to continue this trend. It should be noted however that all of these vacancies have been filled with agency staff meaning increased costs. Recruitment in planning is still an issue (nationally and locally) and so sustaining performance levels within costs remains a challenge

8.3 Some areas of concern with regard to performance include:

- Missed bins collections continue to be off target since the change to a new shared waste contract. However the overall trend is one of improvement and it is expected we will be back within target by the end of the fourth quarter.
- Complaints upheld at 1st stage (ie. Where the council was at fault). We have missed the target this quarter and this is largely down to missed bin collections. As part of the move to a new shared waste contract missed bin reports have increased (as per above). Where customers have complained and we have accepted they are right the contractor has been instructed to return to the property and pick up the bins.
- Website ratings have consistently been below target for the last two quarters. Customer comments are regularly reviewed and analysed to see what improvements can be made to the user experience. Often the website is used for customers to feedback on a variety of issues which affects the score. Examples from popular pages are shown below

Page	Examples of Feedback (verbatim)
<p>Make, Object, Comment or View a Planning Application or Decision</p> <p>Planning pages always tend to be the most frequently visited pages on our website. Over the quarter there were over 55,000 unique page views. Only 7 customers left actual feedback however</p>	<ul style="list-style-type: none"> • Telephone number for the Duty planning officer would of been very helpful • The mapping system is, frankly, useless - it is too slow and does not actually give you any current information at all • Easy search tool. Only problem is the map search takes too long to load and often fails
<p>Council tax/ Pay your Council Tax</p> <p>Content related to council tax was our third most visited section of the website (around 25,000 during the quarter). 17 customers left feedback</p>	<ul style="list-style-type: none"> • I need to find out how to contact you as an agent for a landlord and notify of new tenants in a property - not easy!!!. • Bad Service on phone needs to be improved! • It's quick to find, complete and submit. Very self explanatory and

	<p>easy to fill in</p> <ul style="list-style-type: none"> • Why cant I email you?
<p>Waste collection calendars and collection days</p> <p>Content related to bins is usually the 4th most visited part of the website however due to the time of the year this was the second most visited with 44,000 unique page views. The majority of these related to changes in collection timetables especially over the Christmas period. Bulky goods collection is also a frequently visited part of our website. 21 customers left feedback</p>	<ul style="list-style-type: none"> • I need to call to discuss refuse collection for my elderly mother but it seems EHC doesn't want people calling! • No need for a phone call, my question I had was answered perfectly! • The leaflet I received was close to being incomprehensible. Can I not just have a new calendar? They're always late • Can't even get an answer on the phone. Have been on hold for twenty minutes, terrible service, your forms don't work on the web site

8.4 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.

9 RISK

9.1 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'. This risk will be closed following the adoption of the District Plan.

There have been no additions and no deletions.

10 IMPLICATIONS/CONSULTATIONS

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

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