

EAST HERTS COUNCIL

EXECUTIVE – 8th OCTOBER 2019

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

QUARTERLY CORPORATE BUDGET MONITOR – QUARTER 1 JUNE 2019

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- To provide a report on finance and performance monitoring for East Herts Council for 2019/20 as at 30th June 2019.
- The net revenue budget for 2019/20 is £10.268m as set out in table 1, this is funded by Council Tax. The forecast expenditure at 30th June 2019 predicts a year end underspend of £1k.
- The revised capital budget for 2019/20 is £77.940m, of which £61.258m is to be carried forward to future years.

| RECOMMENDATIONS FOR EXECUTIVE: That | |
|--|--|
| (A) | the projected revenue budget forecast underspend of £1k in 2019/20 be noted (paragraph 2.1) |
| (B) | the capital budget for 2019/20 is £77.940m, of which £61.258m is to be carried forward to future years be noted (paragraph 6.1) |
| (C) | the reported performance for the period April 2019 to June 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 19th December 2018 Council approved a balanced budget for the 2019/20 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: 2019/20 revenue budget

| | Original Budget 2018/19 | Forecast outturn | Variance |
|----------------------------|--------------------------------|-------------------------|-----------------|
| | £'000 | £'000 | £'000 |
| Total Net Cost of Services | 14,101 | 14100 | (1) |
| Corporate Budgets Total | 1,769 | 1,769 | - |
| Net Use of Reserves | (139) | (139) | - |
| Funding | (5,463) | (5,463) | - |
| Net Revenue Spend | 10,268 | 10,267 | (1) |
| Funded by Council Tax | (10,268) | (10,268) | - |
| Underspend | - | (1) | (1) |

- 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 | Capital Monitor |
| C | Debtors |
| D | Performance monitoring |
| E | Comms Report |

2 NET COST OF SERVICES

- 2.1 The Councils net cost of services budget for 2019/20 is £14.101m. An underspend of £1k is forecast in 2019/20. Table 2 overleaf shows this current forecast outturn position broken down by service area.

Table 2: Revenue forecast outturn

| | | Original Budget 2019/20 | Forecast outturn | Variance | Variance |
|-----------------------------------|---------------------------------------|--------------------------------|-------------------------|-----------------|-----------------|
| | | £'000 | £'000 | £'000 | % |
| Net Cost of Services | Chief Executive & Directors | 380 | 380 | - | - |
| | Communications, Strategy & Policy | 1,001 | 1,015 | 14 | 1.40% |
| | HR & Organisational Development | 513 | 518 | 5 | 0.97% |
| | Strategic Finance & Property | 1,563 | 1,591 | 28 | 1.79% |
| | Housing & Health | 2,408 | 2,408 | - | - |
| | Democratic and Legal | 1,303 | 1,278 | (25) | 1.92% |
| | Planning & Building Control | 600 | 627 | 27 | 4.50% |
| | Operations | 3,717 | 3,693 | (24) | 0.65% |
| | Shared Revenues & Benefits Service | 1,903 | 1,877 | (26) | 1.37% |
| | Revenues & benefits retained costs | (372) | (372) | - | - |
| | Housing Benefit Subsidy | (550) | (550) | - | - |
| | Shared Business & Technology Services | 1,635 | 1,635 | - | - |
| Total Net Cost of Services | | 14,101 | 14,100 | (1) | 0.01% |

2.2 Communications, Strategy & Policy

An overspend of £14k is reported against the Communications, Strategy & Policy service. This is mainly due to upfront costs of setting up the new Launchpad in Ware

2.3 Strategic Finance & Property

An overspend of £28k is reported against the Strategic Finance & Property service. This is due to an increase in expenditure relating to Charringtons House.

2.4 Democratic and Legal

An underspend of £25k is reported against the Democratic and Legal services. This is due to salary underspends across legal services and land charges.

2.5 Planning & Building Control

A forecast overspend of £27k is reported against the Planning and building control service. This is due to an increase in appeals costs.

2.6 Operations

A forecast underspend of £24k is reported against the Operations service. This is due to efficiencies identified within Car Parking which has led to reduced contractor costs.

2.7 Shared Revenues and Benefits Service

A forecast underspend of £26k is reported against the Shared Revenues and Benefits service due to efficiencies identified within the service

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.

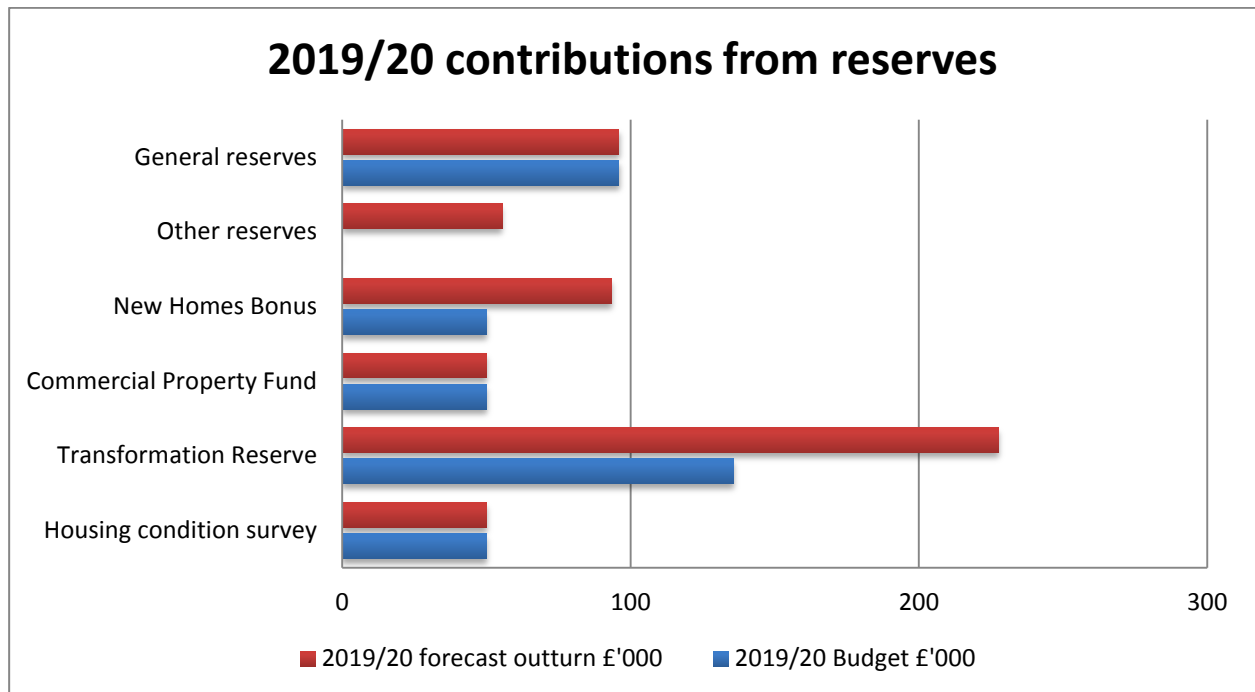
Table 3: Corporate budgets 2019/20 forecast outturn

| | Original Budget 2019/20 | Forecast outturn | Variance |
|-------------------------------------|--------------------------------|-------------------------|-----------------|
| | £'000 | £'000 | £'000 |
| NHB Grants to Town & Parish Council | 697 | 697 | - |
| NHB Priority Spend | 697 | 697 | - |
| Interest Payments | 669 | 669 | - |
| Interest & Investment Income | (990) | (990) | - |
| Pension Fund Deficit contribution | 696 | 696 | - |
| Corporate Budget Total | 1,769 | 1,769 | - |

4 RESERVES

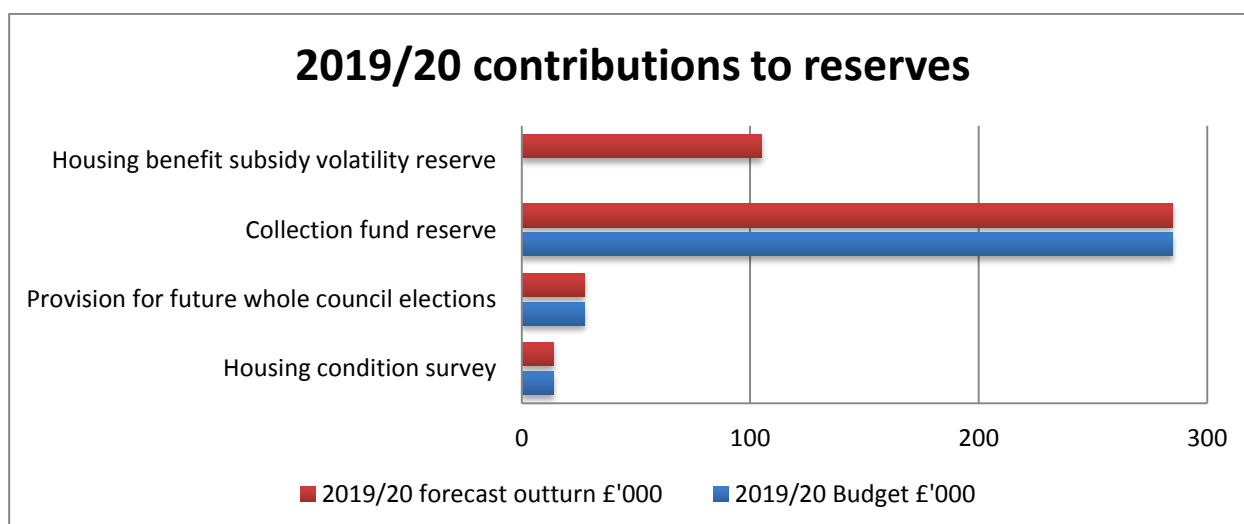
4.1 The Council holds earmarked reserves to fund unpredictable financial pressures and to smooth the effect of known spending over time. Graph 1 and 2 below reflect the forecast outturn position as at 30th June 2019.

Graph 1: 2019/20 forecast contributions from reserves



4.2 As at 30th June 2019 it is forecast that there will be a total contribution from reserves of £572k in 2019/20, which is £191k more than budgeted for. £92k of this is to fund the Gilston Garden project, £43k to fund a post in Housing and Health and £43k to fund a post in Communications, Strategy and Policy. All funding has been approved in line with financial regulations.

Graph 2: 2019/20 forecast contributions to reserves



4.3 The forecast total contribution to reserves as at 30th June 2019 has increased by £105k to £432k. This is due to setting up a reserve to smooth the impact of fluctuations in Housing Benefit Subsidy Claims. This relates to a forecast transfer to the Housing Benefit volatility reserve set up to smooth the impact of fluctuations in Housing Benefit subsidy.

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 June 2019.

Table 4: 2019/20 funding

| | Original Budget 2019/20 | Forecast Funding 2019/20 | Variance |
|----------------------|-------------------------|--------------------------|----------|
| Council Tax | (10,268) | (10,268) | - |
| NDR | (2,675) | (2,675) | - |
| New Homes Bonus | (2,788) | (2,788) | - |
| Total Funding | (15,731) | (15,731) | - |

6 CAPITAL PROGRAMME

- 6.1 The revised capital budget for 2019/20 is £77.940m, of which £61.258m is to be carried forward to future years. This figure includes the adjusted carry forwards from 2018/19 which have increased since the Outturn report. **Essential Reference Paper B** provides a detailed analysis of the projects and their budgets.
- 6.2 The forecast outturn against revised budget is an underspend of £61.258m. This is due to the reprofiling of spend on the major projects, with a majority of the estimated budget and spend now moving to future years. The remaining capital budgets are currently on target.

7 DEBTORS

Total outstanding debt as at 30th June 2019 is £1.617m, which has increased by £684k from 18/19 outturn position. As at end of July, £260k of the £684k has been paid.

The outstanding debt over 120 days totals £344k. Of this, £88k relates to outstanding invoices raised on behalf of Operations for the Joint Use Pools element. These invoices have been passed onto Legal Services who are in discussions with the debtor to pursue this debt.

- 7.1 **Essential Reference Paper C** 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 D** for full details. Our latest results

can be found at <https://eastherts.covalentcpm.com/login> . All Members have a shared read only account. Log in details can be found via the members section of the intranet.

8.2 Some performance highlights include:

- Fly tips: after missing the 2 day removal target for 4 consecutive quarters performance for the last two quarters (ie. since the start of this calendar year) has improved considerably.
- Staff sickness: after missing targets against a few different measures for a number of quarters staff sickness levels are back within acceptable limits.

8.3 Some areas of concern with regard to performance include:

- Missed bins: continue to be off target since the change to a new shared waste contract. Members of the Overview and Scrutiny Committee have requested an update on the shared waste contract at their next meeting.
- Website satisfaction: we continue to miss the target however are hopeful that launching the new council website (early September) will lead to more positive customer feedback. Further details about the customer experience can be found at (8.4)
- Complaints upheld at 1st and 2nd stage (ie. where the council was at fault). We have missed the targets for both measures this quarter. Waste related (often specifically missed bin collections) constitute a large number of the upheld complaints. In most instances we have given the customer the benefit of the doubt and instructed the contractor to return and pick up bins. The contractor is however in the process of improving evidence for non collection of bins (eg. Photographic evidence of not being left at the boundary or contamination) which should lead to fewer complaints being upheld in future.

8.4 The following table gives a flavour of customer feedback over the past quarter:

| Channel | Examples of Feedback (verbatim) |
|---|--|
| <p>Face to Face feedback. 326 people rated our face to face service over the quarter, 263 (81%) of whom rated the experience as good. A further 35 (11%) rated is as average and 27 (9%) as poor. Face to face customers were most likely to rate the experience for council tax support and advice, parking, planning (duty desk) and the citizen's advice service.</p> | <ul style="list-style-type: none"> • Citizen's Advice Service: "CHARLOTE FROM CAB IS EXCELLENT" • Council tax advice: "VERY HELPFUL AND POLITE" • Parking: "CHRIS WAS FRIENDLY, EXPLAINED PERMITS AND THE SCHEME VERY WELL" • Planning duty: "EXCELLENT CUSTOMER SERVICE" |
| <p>Web page: elections Unsurprisingly, given there were 2 elections during this quarter, content related to elections was very popular (25,000 views). We received 46 individual comments over the period. Only 5 were rated as good or average with the remaining 41 rating their experience as poor.</p> | <ul style="list-style-type: none"> • "We live in a hideously criminal autocracy" • "Don't use PDFs! I use a mobile phone and it's not easy to navigate and view." • "Forms impossible to complete without printing, like it's 1991" |
| <p>Web page: Make, Object, Comment or View a Planning Application or Decision Planning pages always tend to be the most frequently visited pages on our website. Over the quarter there were over 50,000 unique page views however only 11 individuals left feedback (all 11 of whom stated their experience was poor). Although</p> | <ul style="list-style-type: none"> • "Very obscure!" • "It says "telephone using the main switchboard number (asking for the Duty Planning Officer). but doesn't give the telephone number!" • "Having received a letter about a neighbour's planning application I was unable to view the copy, online, using the supplied application reference." |

| | |
|--|--|
| statistically quite low we have consistent feedback from customers about the difficulty in navigating the planning portal. | |
|--|--|

8.5 In addition to these performance results, **Essential Reference Paper E** 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 The content of the Strategic Risk Register is under review and the new content will be presented at a future meeting. The existing register will be completed and closed at the end of quarter two.

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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