

EAST HERTS COUNCIL

EXECUTIVE – 19 NOVEMBER 2019

REPORT BY THE EXECUTIVE MEMBER FOR FINANCIAL SUSTAINABILITY

QUARTERLY CORPORATE BUDGET MONITOR – QUARTER 2 SEPTEMBER 2019

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 2019/20 as at 30<sup>th</sup> September 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 outturn as at 30<sup>th</sup> September 2019 predicts a year end underspend of £37k.
- The revised capital budget for 2019/20 is £78.319m, of which £62.787m is to be carried forward to future years.

<b>RECOMMENDATIONS FOR EXECUTIVE: That</b>	
<b>(A)</b>	<b>the projected revenue budget forecast underspend of £37k in 2019/20 be noted (paragraph 2.1)</b>
<b>(B)</b>	<b>the capital budget for 2019/20 is £78.319m, of which £62.787m is to be carried forward to future years be noted (paragraph 6.1)</b>
<b>(C)</b>	<b>the reported performance for the period April 2019 to September 2019 be noted (paragraph 8)</b>
<b>(D)</b>	<b>It is agreed to fund, up to £100k, of planning costs relating the recent Little Hadham planning application</b>

	<b>issues from the New Home Bonus priority spend reserve (paragraph 2.3)</b>
<b>(E)</b>	<b>It is agreed that equalisation reserves are used to offset the Planning service under achievement of income by £150k (paragraph 2.3)</b>

## 1.0 BACKGROUND

- 1.1 This is the finance and performance monitoring report for East Herts Council.
- 1.2 On 19<sup>th</sup> 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**

	<b>Original Budget 2019/20</b>	<b>Forecast outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total Net Cost of Services	14,201	14,164	(37)
Corporate Budgets Total	1,669	1,669	0
Net Use of Reserves	(139)	(139)	0
Funding	(5,463)	(5,463)	0
<b>Net Revenue Spend</b>	<b>10,268</b>	<b>10,231</b>	<b>(37)</b>
Funded by Council Tax	(10,268)	(10,268)	0

**Underspend**

**0**

**(37)**

**(37)**

- 1.4 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	Communications Report

## 2 NET COST OF SERVICES

- 2.1 The Councils net cost of services budget for 2019/20 is £14.201m. An underspend of £37k 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	383	3	0.8%
	Communications, Strategy & Policy	1,001	990	(11)	1.1%
	HR & Organisational Development	513	539	26	5.1%
	Strategic Finance & Property	1,663	1,711	48	2.9%
	Housing & Health	2,408	2,403	(5)	0.2%
	Democratic and Legal	1,303	1,262	(41)	3.1%
	Planning & Building Control	600	633	33	5.5%
	Operations	3,717	3,686	(31)	0.8%
	Shared Revenues & Benefits Service	1,622	1,577	(45)	5.4%
	Revenues & benefits retained costs	(336)	(435)	(99)	29.5%
	Housing Benefit Subsidy	(550)	(550)	0	0.0%
	Shared Business & Technology Services	1,880	1,965	85	7.1%
	<b>Total Net Cost of Services</b>	<b>14,201</b>	<b>14,164</b>	<b>(37)</b>	<b>0.3%</b>

## 2.2 Democratic and Legal

An underspend of £41k is reported against the Democratic and Legal services. This is due to salary underspends and vacant posts across legal services and land charges.

### **2.3 Planning & Building Control**

A forecast overspend of £183k is reported against the Planning and building control service. Most of this relates to fee income which tends to fluctuate during the course of the financial year and the trend is being monitored. However, it is likely that the submission of planning applications are down nationally.

To mitigate against this impact on the Net Cost of Services, it is recommended that £150k of the Equilisation Reserve is utilised. Officers are working towards reducing this impact in future years.

Additionally, it is recommended that £100k from the New Homes Bonus priority fund is used to mitigate against the planning costs relating to a site in Little Hadham.

### **2.4 Shared Revenues and Benefits Service**

A forecast underspend of £45k is reported against the Shared Revenues and Benefits service. This mostly relates to an underspend in salaries due to recruitment delays.

### **2.5 Revenues and Benefits Retained Costs**

The Revenues and benefits retained costs budget is forecast to overachieve by £99k. This is mostly due to government grant income received and not utilised within the year.

### **2.6 Shared Business & Technology Services**

A forecast overspend of £85k is reported against the Shared Business and Technology Services budget. This is due to an increase in IT costs following review of the shared service with

### 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.

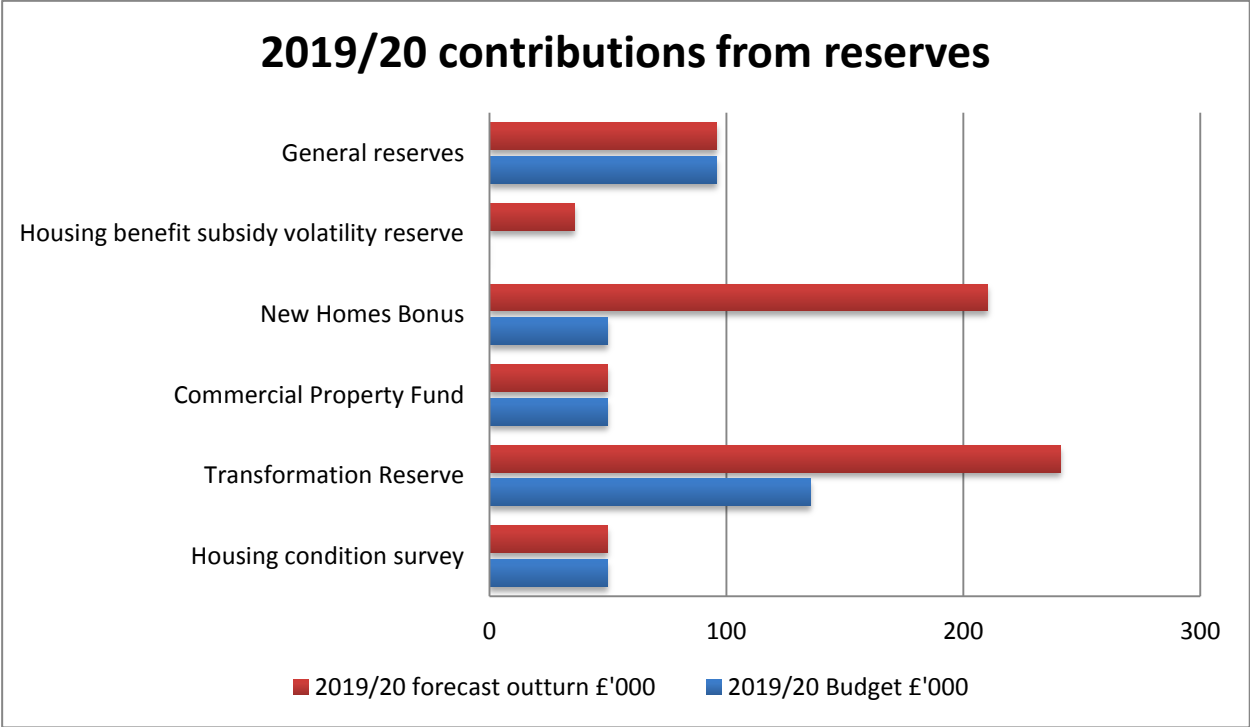
**Table 3: Corporate budgets 2019/20 forecast outturn**

	<b>Original Budget 2019/20</b>	<b>Forecast outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
NHB Grants to Town & Parish Council	697	697	0
NHB Priority Spend	697	697	0
Interest Payments	669	669	0
Interest & Investment Income	(1,090)	(1,090)	0
Pension Fund Deficit contribution	696	696	0
<b>Corporate Budget Total</b>	<b>1,669</b>	<b>1,669</b>	<b>0</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> September 2019.

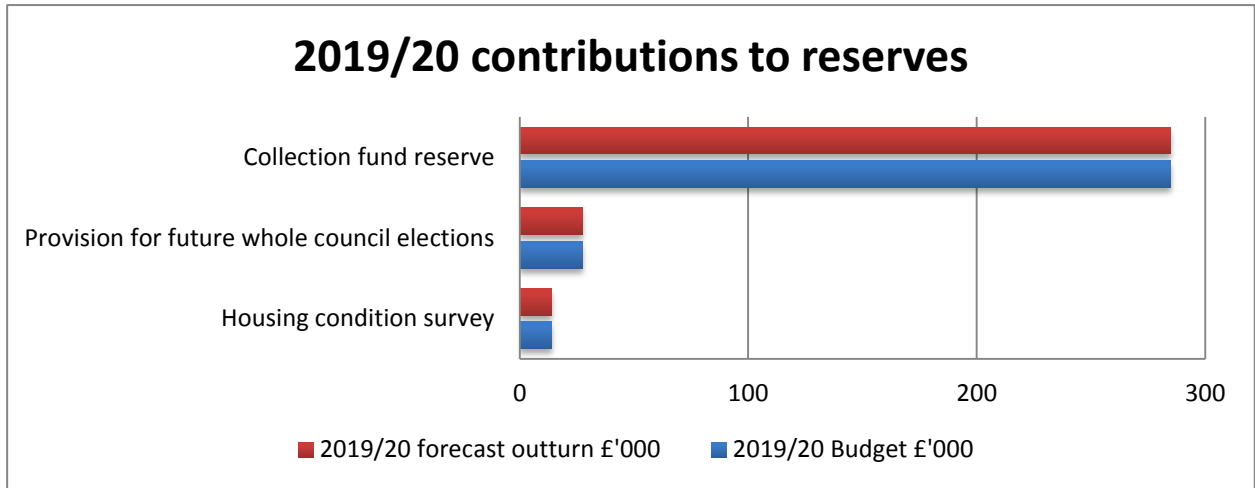
**Graph 1: 2019/20 forecast contributions from reserves**



4.2 As at 30<sup>th</sup> September 2019 it is forecast that there will be a total contribution from reserves of £834k in 2019/20, which is £452k more than budgeted for:

- £105k of this is to fund the Gilston Garden project, agreed after the 2019/20 budget was set
- £250k towards planning costs, as per paragraph 2.3 above
- £36k contribution from the housing benefit subsidy volatility reserve

**Graph 2: 2019/20 forecast contributions to reserves**



4.3 The forecast total contribution to reserves as at 30<sup>th</sup> September 2019 is in line with the budget of £327k.

## 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> September 2019.

**Table 4: 2019/20 funding**

	Original Budget 2019/20	Forecast Funding 2019/20	Variance
Council Tax	(10,268)	(10,268)	0
NDR	(2,675)	(2,675)	0
New Homes Bonus	(2,788)	(2,788)	0
<b>Total Funding</b>	<b>(15,731)</b>	<b>(15,731)</b>	<b>0</b>

## 6 CAPITAL PROGRAMME



6.1 The revised capital budget for 2019/20 is £78.319m, of which £62.787m is to be carried forward to future years. **Essential Reference Paper B** provides a detailed analysis of the projects and their budgets.

6.2 The forecast outturn against revised budget in 2019/20 is an underspend of £90k.

## 7 DEBTORS

7.1 The total outstanding debt as at 30<sup>th</sup> September 2019 is £1.890m.

The outstanding debt over 120 days totals £664k. Officers are proactively working to pursue this debt. **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 - With systems and communications now embedded between the contractor and client team to ensure enforcement, officers are able to gather evidence from fly tips before removal. This target has now improved in year 2 of the Urbaser contract.
- The % of household waste sent for reuse, recycling and composting is 2.1% higher than this time last year and at 55.37% is one of our highest recorded figures. The council ran a campaign over September to encourage and promote more

recycling (with another planned in the run up to Christmas). It is hoped that the Q3 figures will therefore build on the Q2 success.

8.3 Some areas of concern with regard to performance include:

- Missed bin collections are slowly improving month on month, however the target set is yet to be achieved. The target will be reviewed in line with the new corporate strategy. The Overview and Scrutiny Committee discussed the reasons for not achieving this target at their meeting on the 5<sup>th</sup> November 2019.
- Website satisfaction: we continue to miss the target however are hopeful that launching the new council website (early October) will lead to more positive customer feedback. Further details about the customer experience can be found at (8.4)
- Complaints upheld at 1<sup>st</sup> and 2<sup>nd</sup> 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)
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<p><b>Face to Face feedback.</b>  Customers were most likely to give good feedback when seeking support for parking (eg. renewing permits), council tax (changing circumstances), housing (seeking advice) and seeing the citizen’s advice service. Face to face remains the most popular customer contact channel and of the 104 ratings given over the quarter just 11 were rated as poor (across a mixture of areas).</p>	<ul style="list-style-type: none"> <li>• RUTH WAS VERY HELPFULL AND KIND</li> <li>• FRIENDLY HELPER NO QUIBBLES OVER GIVING A RECEIPT WHICH IVE HAD IN THE PAST</li> <li>• QUICK EASY AND INFORMATIVE CHANGING CAR REG</li> <li>• NO ONE AT RECEPTION KNEW HOW TO RENEW PERMITS OR CHANGE ONE OVER.</li> </ul>
<p><b>Website feedback</b>  Generally customers tend to provide more negative than positive feedback when using the website. This quarter we received 124 poor ratings and just 16 as good. This does however need to be put in context of 466,000 unique page views over the quarter. Customers were most likely to rate pages related to planning and elections (registering to vote) as poor.</p>	<ul style="list-style-type: none"> <li>• Useless. I followed the link given and found nowhere to confirm those eligible to vote. Waste of time, now will have to send in post</li> <li>• Im trying to confirm who is eligible to vote in my household as you sent me a form but there is nowhere that I can see as to where to start the process on line. So it is now going in the post.</li> <li>• Why is there ONLY ONE three minute spot for each side to vOice their comments. I find these restriction unacceptable</li> <li>• Planning site seems to be down - again....</li> </ul>

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 Strategic Risk Register was refreshed on 23rd September 2019 by Leadership team and senior managers. The new content has been decided and the finer detail is now being prepared. The revised register will be reported to Performance, Audit, Governance and Oversight Committee.

## 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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