

ESSENTIAL REFERENCE PAPER 'E1'

**SUMMARY OF PREVIOUSLY REPORTED VARIANCES
ON THE REVENUE BUDGET**

Projected Outturn
31 March 2011
£'000

1.1	April	550	Favourable
	May	221	Adverse
	June	881	Adverse
	July	672	Adverse
	August	656	Adverse
	September	563	Adverse
	October	237	Adverse
	November	82	Favourable
	December	113	Favourable

	ITEM (in order of Corporate Priority)	MONTH(S) REPORTED
1.2	Promoting prosperity and well being CONCESSIONARY FARES Following the change in allocation agreed at Herts Chief Finance Officer's group regarding the 2009/10 Concessionary Fares budget there is an anticipated £47k saving against the 2010/11 budget.	April
1.3	MEALS ON WHEELS A review of the contract arrangements for Meals on wheels has identified that the profile for delivering the £150k saving over the period of the Medium Term Financial Plan (MTFP) will vary from the current forecast. This will lead to additional costs in 2010/11 offset by equivalent savings in 2011/12 to 2012/14. This variation in timing can be managed by the temporary use of reserves.	May
1.4	PERFORMANCE REWARD GRANT	May

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<p>On the 24 May the Government announced plans to reduce public spending by £6.2bn in 2010/11. No further Local Area Agreement Performance Reward grant will be paid creating a shortfall of £33k in 2010/11 and £250k in 2011/12 for both revenue and capital.</p>	
<p>1.5 HERTFORD THEATRE Additional funding arising from the Executive's decision in approving the Business case for The Hertford Theatre will have an impact of £35k in the year.</p>	June
<p>1.6 HOUSING BENEFIT OVERPAYMENTS Recovery of housing benefit overpayments is above target and a net favourable variance of £50k is forecast.</p>	July
<p>1.7 HOUSING BENEFIT SUBSIDY The Housing Benefit Administration subsidy will be £24k less than that estimated.</p>	July
<p>1.8 REVENUES AND BENEFITS PARTNERSHIP The Revenues and Benefits Partnership arrangement with Stevenage Borough will reduce management costs by £25k from cost sharing.</p>	July
<p>1.9 AREA BASED GRANT Area Based Grant of £30k for 2010/11 has been confirmed by the Government. No budget had been set given the uncertainty over its distribution.</p>	July
<p>1.10 HOUSING BENEFIT OVERPAYMENTS An additional £50k of Housing Benefit overpayments is anticipated to be recovered.</p>	September
<p>1.11 HOUSING BENEFIT OVERPAYMENTS An additional £50K of Housing Benefit overpayments is</p>	October

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anticipated to be recovered.	
<p>1.12 SMALL RATE RELIEF GRANT A windfall sum of £9k has been announced by the Communities and Local Government Department relating to a temporary increase in small rate relief grant determination. The purpose of the grant is to provide support to receiving authorities towards expenditure lawfully incurred or to be incurred by them with implementing the scheme.</p>	October
<p>1.13 CRITICAL ORDINARY WATERCOURSES The Critical Ordinary Watercourses contract with the Environment Agency (EA) has been extended for one year from October 2010, but with the option for the EA to terminate it in 2011. In previous years the EA has asked the Council to undertake extra work to the contract and the 2010/11 estimate was formulated on this basis. This extra work has not been forthcoming in the current economic climate resulting in a reduction in net income of £16k.</p>	October
<p>1.14 HOSTEL RENTS With a far greater occupancy factor than envisaged and the collection of hostel tenants rents higher than budgeted for, there is anticipated £25k of additional rental income. However, with the higher usage the deterioration on some fittings and equipment is being accelerated. A request will be made to carry forward £20k to 2012 to renew fittings and equipment.</p>	October
<p>1.15 HOUSING BENEFITS An additional £200k of Housing Benefit overpayments is anticipated to be recovered.</p>	November
<p>1.16 SMALL RATE RELIEF GRANT The Business Rate Relief grant of £9k that was reported in October will be matched by expenditure for developing the software by the supplier.</p>	November

ITEM (in order of Corporate Priority)	MONTH(S) REPORTED
1.17 JOINT USE POOLS There is a predicted overspend of £21k against the utilities budget in respect of joint use pools.	November
1.18 JOINT USE POOLS The contributions from other bodies are expected to be £7k lower as costs relating to the joint use pools are lower.	November
1.19 PERFORMANCE REWARD GRANT An additional £51k of Revenue Performance Reward grant is to be received at the end of the financial year, subject to the Communities and Local Government department accepting the Local Strategic Partnership claim.	November
1.20 PRIVATE SECTOR HOUSING GRANT A repayment of a previously awarded Private Sector Housing grant from householders of £24k has resulted in a windfall sum being received.	November
1.21 HERTFORD THEATRE There is an anticipated income under-performance on the first year of the pantomime business plan at Hertford Theatre of £35k. Officers are identifying areas of over-performance to mitigate this loss by year end. For example, hire income is showing a projected over-performance against budget.	December
1.22 Fit for purpose TURNOVER Salary budgets are constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected over spend of £31k.	April
1.23 MANAGING VACANCIES The Executive on 9 February 2010 made adjustments	April

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to the Performance Reward Grant and Planning Contingency budgets which left a balancing figure of £23k to be identified as 'Management of Vacancies' which officers were confident of achieving.	
<p>1.24 INVESTMENT INCOME</p> <p>Following a meeting with the Council's Treasury advisors to review new investment products proposed by the Council's fund managers to enhance returns, these will not be pursued on the grounds of risk that some of the instruments embedded within the products may not be available to local authorities. Projected returns will be reviewed in the light of the new Office of Budget Responsibility assumptions on short term interest rates used to inform the 22 June budget.</p>	May
<p>1.25 TURNOVER</p> <p>Salary budgets are constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected over spend of £24k compared to £31k in April</p>	May
<p>1.26 TURNOVER</p> <p>Salary budgets are constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected under spend of £31k compared to an over spend of £24k in May.</p>	June
<p>1.27 INVESTMENT INCOME</p> <p>Investment Income – Annualised returns by the Fund Managers over the first quarter are: Scottish Widows Investment Partnership 0.8% and Investec 0.48% per annum. This equates to around £112k (for the first quarter) against the annual budget of £1.65m. Current projections indicate an overall return of between £700k and £840k indicating a budget shortfall of £0.81m to £0.95m. The balance on the Interest Equalisation Reserve was £1.185m as at the 31 March 2010 of which £778K is already planned to be utilised in the</p>	June

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<p>MTFP. In accordance with Financial Regulations 4.6.2 (a) the Executive is being asked to approve a supplementary estimate of the balance of £407k to offset the shortfall in income.</p>	
<p>1.28 TURNOVER</p> <p>There has been a change in presentation from the previous months reports whereby the Salary/Turnover and Managing Vacancies budgets have been amalgamated. In essence reflecting that turnover is predicting to be met and all but £6k of the Managing Vacancies budget at this stage has yet to be met, <u>Essential Reference Paper 'C'</u> shows a projected over spend of £6k compared to an adjusted under spend of £8k in June (after amalgamating the above two headings).</p>	July
<p>1.29 PLACE SURVEY</p> <p>A saving of £14k is forecast as a result of the government's decision not to undertake the Place Survey.</p>	July
<p>1.30 TURNOVER</p> <p>Executive on the 7 September determined that the loss of funding from the Housing and Planning Delivery grant of £166k would be offset by taking from the general reserve the additional sum received in respect of this grant in 2009/10 of £134k. The Executive further requested CMT to meet the residual short fall of £32k by increasing the target for Management Action Savings by £32k to £55k. <u>Essential Reference Paper 'C'</u> shows a projected underspend of 348K on payroll budgets leaving £7k still to be found to meet the target of £55k.</p>	August
<p>1.31 THELE HOUSE</p> <p>Executive on the 7 September approved a supplementary estimate of £15k to cover maintenance</p>	August

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costs at Thele House until the property is sold.	
1.32 TURNOVER Salary budgets have been constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected underspend of £23k on payroll budgets. This underspend is after meeting the £55k Mitigating actions that were required.	September
1.33 INVESTMENT INCOME Investment income shows a further £40k adverse movement from the August Healthcheck. This is based on the latest figures received from the Fund Managers returns. However, a meeting with the Fund Managers at the end of October will clarify the latest position and formulate the returns going forward.	September
1.34 TURNOVER Salary budgets have been constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected underspend of £65k on payroll budgets.	October
1.35 CHURN COSTS 'Churn' costs associated with the office moves such as the disposal of redundant files, physical storage and moving staff temporarily during the refurbishment works is estimated to cost £15k in 2010/11.	October
1.36 HARTHAM LAND SALE The sale of land associated with the supermarket development at Hartham will generate a windfall sum of £50k due to the disruption.	October
1.37 IT LICENCES A review of IT Licences has resulted in the budget being reduced by £34k	November
1.38 Turnover Salary budgets are being constantly monitored and	December

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<p><u>Essential Reference Paper 'C'</u> shows a projected under spend of £78k on payroll budgets.</p>	
<p>Pride in East Herts</p>	
<p>1.39 CAR PARKS (PAY AND DISPLAY) (Sunday/ Bank hols.) The net impact of not implementing Sunday and Bank Holiday Car Park Pay and Display charging is estimated to be £38k.</p>	April
<p>1.40 CAR PARKS PAY AND DISPLAY Car Park occupancy levels are down resulting in 4.5% less income and a predicted year end level adverse variance of £125k.</p>	May
<p>1.41 PENALTY CHARGE NOTICES Following Member' decision to defer Sunday and Bank Holiday charging anticipated receipts and costs will no longer feature in 2010/11. This change also reduces the forecast for income for Penalty Charge Notices.</p>	May
<p>1.42 CAR WASHING – GASCOYNE WAY Given capital constraints on the Gascoyne Way car park refurbishment, the planned installation of drainage to enable car washing may no longer be cost effective. This is currently under review, but as a result the business case for generating income from car washing in the car park may no longer be favourable.</p>	May
<p>1.43 CAUSEWAY CAR PARK RENT The Council has a 24 month rent free period on the lease of the Causeway Car Park. The Council is required to account for this across the 35 year lease, resulting in a lease cost against each year.</p>	May
<p>1.44 GASCOYNE WAY CAR PARK Due to the timing of the Gascoyne Way refurbishment works, car washing is planned to commence in</p>	June

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October resulting in only six months income from the scheme thus an adverse variance of £5k.	
1.45 CAUSEWAY CAR PARK RENT The apportionment of rental cost now payable by the Council for the Causeway Car park in 2010 has now been calculated by accountancy to be £222k and not £203k as previously reported.	June
1.46 PAY AND DISPLAY CAR PARKING Car Park use is below forecast resulting in 5.5% less Pay and Display income and a predicted adverse variance to year end of £150k.	July
1.47 B/S CAR PARK SEASON TICKET INCOME The Bishop's Stortford season ticket income is above forecast, continuing the trend from previous years resulting in a favourable increase over the budget of £12k.	July
1.48 CAR PARKS PAY AND DISPLAY There is a loss of income anticipated within the car parks pay and display budget of £19k due to the increase in VAT to 20% from 4 January 2011.	September
1.49 BIRCHERLEY GREEN There is an estimated saving of £5k due to not locking/unlocking Bircherley Green whilst Gascoyne Way car park is closed for refurbishment.	September
1.50 CCTV Additional legal costs of £6k have been incurred on the CCTV budget to assess whether because	October
1.51 CAR PARK MACHINES £20k is needed to modify the pay and display car park machines to accept new 5p and 10p coins which come	December

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into circulation in April 2011.

1.52	Caring about what's built and where RECYCLING SERVICE	April
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There is expected to be a significant increase in the sum the Herts Waste Partnership (HWP) contributes to East Herts Council's waste and recycling costs. This is subject to agreement by the HWP Board and assumes the continuing commitment by Hertfordshire County Council. In order to incentivise the increase of recycling by districts and boroughs, the HWP agreed a model for redistributing the potential savings to the disposal authority arising from improvement to recycling and reduction of waste sent to landfill. The model developed used 2006/07 performance as a base and was based around some prudent predictions around improvement.

The success of ARC exceeded predictions plus the recession appears to have had the effect of reducing total waste tonnages also. Figures are potentially highly variable but based on the financial model agreed for 2010/11 our prudent estimate of income from this source in 2010/11 is of the order of £650K or an additional £570k.

The partnership agreed that the model required updating and have introduced a cap to the subsidy per household for 2011/12 and 2012/13. Based on this Alternative Financial Model we will assume for budget purposes a payment to East Herts of circa £350k for each of those two years.

1.53	PUBLIC CONVEIENCES	June
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The budget for public conveniences in 2010/11 was understated in error as it included a double counting of planned savings of £28,860 which were built into the base budget and scored as planned savings. In

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<p>addition public conveniences have remained open in three towns there being no suitable private sector provider at a cost of £34,000.</p>	
<p>1.54 DOMESTIC REFUSE BIN CHARGING The Council's decision to defer replacement refuse bin charging will result in a £50k adverse variance.</p>	June
<p>1.55 RECYCLING PUBLICITY The Recycling Publicity budget is currently under spending due to the success of ARC and there is less need to undertake publicity to address public concerns. As a consequence this budget will then show a £22k favourable position. Consideration is being given as to whether some or all of the MTFP saving can be brought forward from 2012/13 to 2011/12.</p>	June
<p>1.56 RECYCLING GREEN WASTE The Recycling Green Waste budget could under spend by £80k as the scheme is not being expanded to include flats until the new contract is let in 2011 resulting in an in year saving and possible base budget saving.</p>	June
<p>1.57 KERBSIDE DRY RECYCLING EXPENDITURE The Kerbside dry Recycling collections budget is currently stable following the implementation of ARC. It is currently showing an underspend of £10K which would indicate an underspend of up to £40k for the full year.</p>	June
<p>1.58 PLASTIC RECYCLING BANKS There is a current underspend associated with Plastic Recycling Banks which could be a £5k favourable</p>	June

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effect by year end.	
<p>1.59 KERBSIDE DRY RECYCLING INCOME</p> <p>Income from Kerbside dry Recycling collections is currently £20k up on profile, but this based on two months figures only. Significant additional income over budget is likely but needs to be reviewed on a monthly basis.</p>	June
<p>1.60 RECYCLING CONTRIBUTIONS</p> <p>The latest estimate of the sum due from HCC for the Alternate Financial Model in 2009/10 £383k. That is £3k more than budgeted for.</p>	June
<p>1.61 DEPOT MATERIAL HANDLING</p> <p>The Depot Material Handling budget included costs for material sorting equipment. Provision of equipment has been suspended following a Member review until the outcome of the Refuse contract re-tender is clear. Outturn will be £35k less than budget.</p>	June
<p>1.62 RECYCLING</p> <p>More recycling is producing additional income from material sales and credits, If current trends continue it may achieve £80k additional income.</p>	July
<p>1.63 REFUSE AND RECYCLING CONTRACT</p> <p>A saving of £37k is expected from a lower than budgeted increase from indexation of the price of Refuse and Recycling contract.</p>	July
<p>1.64 REFUSE COLLECTION CONTRACT</p> <p>A savings on the Refuse Collection contract of between £50k- £80k is forecast because of less than</p>	July

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expected ad-hoc work.	
1.65 KERBSIDE DRY RECYCLABLES A review of income generated from Kerbside Dry Recyclables would indicate that additional sums of £200k are estimated to be achieved.	September
1.66 RECYCLING SERVICE The latest estimate of the sum to be received from Herts County Council under the Alternate Financial Model in 2010/11 is £620k. (Previously reported as £550k)	October
1.67 KERBSIDE DRY RECYCLING COLLECTIONS The Kerbside Dry Recycling Collections budget is currently showing to overspend by £90k due to a coding error. The error will be corrected at the Probable stage.	October
1.68 Commercial Waste Collection A net favourable position of £17K is anticipated on the Commercial Waste Collection Service as a result of additional income being generated which in part is off set by additional income.	
1.69 STREET CLEANSING The Street Cleansing contract is currently forecasting a possible under spend of £18k.	October
1.70 GROUNDS MAINTENANCE The Grounds Maintenance budget is projected to overspend by £35k due to higher levels of inflation (RPI) than estimated.	October
1.71 REFUSE, RECYCLING, ST CLEANSING CONTRACT The one off Specialist Support Budget to assist with the Refuse, Recycling and Street Cleansing contract will be underspent by £5k.	December

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Shaping now, shaping the future	
1.72 HOUSING AND PLANNING DELIVERY GRANT The rules allocating the Housing and Planning Delivery Grant changed at the end of the last financial year, allowing all of the grant to be allocated to revenue, rather than split between capital and revenue. Provided the Government does not change these rules a cautious £50k could be available to Revenue.	April
1.73 HOUSING AND PLANNING DELIVERY GRANT On the 24 May the Government announced plans to reduce public spending by £6.2bn in 2010/11. For East Herts Council part of the impact is the loss of £166k Housing and Planning Delivery Grant	May
1.74 LOCAL AUTHORITY BUSINESS GROWTH INITIATIVE The above cuts will also impact adversely on Local Authority Business Growth Initiative to the value of £50k. This anticipated receipt was to be placed in reserves to meet potential expenditure beyond 2010/11.	May
1.75 PLANNING APPEALS COSTS Potential additional costs have arisen since April as a result from an award of costs against the Council and the engagement of a consultant to undertake a viability assessment exercise to the value of £10k.	May
1.76 ENFORCEMENT ACTION There are potential costs of £50k for direct enforcement action at Campfield Road, Hertford. These costs are currently based on outline quotes and may be subject to some considerable variation. This cost can be registered as a charge on the property and recovered in due course through its sale.	May
1.77 PLANNING APPEALS Potential additional costs have arisen since April as a	June

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<p>result from an award of costs against the Council and the engagement of a consultant to undertake a viability assessment exercise. The maximum assessed at this stage is £18k.</p>	
<p>1.78 DEVELOPMENT CONTROL INCOME Income from Development Control applications is ahead of the July target by £60k; in part due to resubmission of school site proposals. It is too early to predict the outturn for the year.</p>	July
<p>1.79 DEVELOPMENT CONTROL INCOME Income from Development Control applications is ahead of the August target by £63k. It is too early to predict the outturn for the year.</p>	August
<p>1.80 DEVELOPMENT CONTROL INCOME Income from Development Control applications is ahead of the September target by £41k. This is down on the August figure and is still too early to predict the outturn for the year.</p>	September
<p>1.81 LAND CHARGES INCOME Income from Land Charges is £17k ahead of profile as at September.</p>	September
<p>1.82 DEVELOPMENT CONTROL Income from Development Control applications is ahead of the October target by £44k. Year end income is estimated to be as per the original estimate £600k.</p>	October
<p>1.83 LAND CHARGES INCOME Income from Land Charges is estimated to be £20k more than the original estimate.</p>	October
<p>1.84 DEVELOPMENT PLANS STUDIES The Development Plans Studies budget is expecting to under spend by £20k due to fewer studies and joint</p>	October

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funding. 1.85 LOCAL DEVELOPMENT FRAMEWORK The Local Development Framework (LDF) upkeep and review is predicting to under spend by £50k as consultancy work will be required in 2011/12 in conjunction with the LDF plan.	October
1.86 LOCAL AUTHORITY BUSINESS GROWTH INITIATIVE The loss of Local Authority Business Growth Initiatives grant has in part been managed by reducing spend within the LABGI Initiatives budget so that the adverse variance is now £30k.	November
1.87 PRE-APPLICATION PLANNING ADVICE There has been a greater demand for pre-application planning advice than envisaged amounting to £10k.	December
1.88 DEVELOPMENT CONTROL ADVICE Herts County Council will not charge for Development Control advice – producing a saving for £10k. This is a one off saving as it is expected that a charge will be made for this service in future years.	December
Leading the Way, Working Together	
1.89 There is nothing to report on this priority	April
1.90 MEMBER'S ALLOWANCES Council on the 24 February 2010 resolved to reduce the Basic Allowance for Members in 2010/11, thus making a saving of £35k.	June
1.91 MEMBER'S ALLOWANCES Due to changes in the membership of the Executive there will be a further £9k saving.	July
1.92 LOSS OF GRANTS The Council has seen a loss of grants arising from government's decisions on current spending. The	July

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<p>Executive is requested to:</p> <ul style="list-style-type: none"> a) recommend to Council a call on the general reserve of £134k to mitigate the loss of planning delivery grant. The sum of £134k was added to the general reserve in 2009/10 following the government's decision to allow the whole of 2009/10's planning delivery grant to be used for revenue purposes. b) Request CMT to meet the balance of £32k of the planning delivery grant loss by increasing the target for management action savings. c) Approve, in accordance with Financial Regulation 4.6.2 a) a call on the earmarked LABGI reserve of £50k. This will offset the loss of LABGI funding in 2010/11 and reduce the uncommitted balance on the reserve to £14k. 	
<p>1.93 MEMBER'S ALLOWANCES</p> <p>The resignation of two Councillors will generate an additional small saving of circa £2k on Members allowances. However, the cost of two anticipated by-elections will be circa £16k.</p>	September
<p>1.94 EXTERNAL AUDIT</p> <p>External Audit fees are expected to be less as a result of the demise of the Audit Commission.</p>	October