



Public Document Pack
**FINANCE AND RESOURCES
OVERVIEW AND SCRUTINY
AGENDA**

Scrutiny making a positive difference: Member led and independent, Overview & Scrutiny Committees promote service improvements, influence policy development & hold Executive to account for the benefit of the Community of Dacorum.

TUESDAY 11 JUNE 2019 AT 7.30 PM

CONFERENCE ROOM 2 - THE FORUM

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Herbert Chapman
Councillor Guest
Councillor Tindall
Councillor Adeleke
Councillor Barrett
Councillor Arslan
Councillor Mahmood

Councillor Mahmood (Chairman)
Councillor Sinha
Councillor Townsend (Vice-Chairman)
Councillor Cloughton
Councillor Symington
Councillor Taylor

For further information, please contact Corporate and Democratic Support

AGENDA

1. **MINUTES** (Pages 4 - 9)
To confirm the minutes from the previous meeting
2. **APOLOGIES FOR ABSENCE**
To receive any apologies for absence
3. **DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

- (ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

4. PUBLIC PARTICIPATION

An opportunity for members of the public to make statements or ask questions in accordance with the rules as to public participation

5. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

6. ACTION POINTS FROM THE PREVIOUS MEETING

There are no outstanding actions from the previous meeting.

7. PROVISIONAL FINANCIAL OUTTURN 2018/19 (Pages 10 - 25)

8. QUARTER 4 FINANCE & RESOURCES PERFORMANCE REPORT (Pages 26 - 40)

9. QUARTER 4 CORPORATE & CONTRACTED SERVICES PERFORMANCE REPORT (Pages 41 - 49)

10. QUARTER 4 PERFORMANCE PEOPLE & INNOVATION PERFORMANCE REPORT (Pages 50 - 54)

11. WORK PROGRAMME (Pages 55 - 57)

12. EXCLUSION OF THE PUBLIC

To consider passing a resolution in the following terms:

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the items in Part 2 of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that, if members of the public were present during those items, there would be disclosure to them of exempt information relating to the financial and business affairs of the Council and third party companies/organisations.

Local Government Act 1972, Schedule 12A, Part 1, paragraph 3.

13. PERFORMANCE OF THE LEISURE CONTRACT (Pages 58 - 71)

Agenda Item 1

MINUTES

FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2019

Present:

Cllr H Chapman (Chairman)	Cllr Barrett
Cllr Adeleke	Cllr Douris
Cllr Armytage	Cllr Taylor
Cllr Banks	Cllr Tindall

Also Present:

Councillor Elliot – Portfolio Holder for Finance and Resources

Officers:

M Brookes	Assistant Director – Corporate and Contracted Services
N Howcutt	Assistant Director – Finance and Resources
B Trueman	Group Manager – Information, Communication and Technology
T Angel	Corporate and Democratic Support Officer (Minutes)

The meeting began at 7.30 pm.

OS/034/19 MINUTES

The minutes of the meeting held on 5 February 2019 were agreed and then signed by the Chairman.

OS/035/19 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mclean.

OS/036/19 DECLARATIONS OF INTEREST

Councillor Douris declared an interest as a company he was involved with rents a commercial garage from DBC.

OS/037/19 PUBLIC PARTICIPATION

None.

OS/038/19 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO A CALL-IN

None.

OS/039/19 ACTION POINTS FROM THE PREVIOUS MEETING

There were no actions to be followed up from the previous meeting.

OS/040/19 QUARTER 3 BUDGET MONITORING REPORT

N Howcutt introduced the item and highlighted some key points within the report.

Councillor Tindall referred to paragraph 4.2 on page 10 and queried the health and safety aspect. N Howcutt advised that geographical surveys were completed throughout the year where people notice depressions and mounds in land etc. and further work is needed to identify what the issues are. These are often linked to utilities, leaks etc.

Councillor Tindall referred to paragraph 5.2 on page 11 regarding £200k for garage premises. He queried if the underspend was the result of the review and queried when it would be completed. N Howcutt replied it was the budget for the maintenance of our garages which hasn't been spent in recent years. He said it was the expectation that the garage strategy which is under review at the moment, there would be a more robust and definitive outline capital investment programme in the garages which will go forward to 2019/20 onwards. A report on this will come back to this committee when proposals are submitted.

Councillor Tindall referred to paragraph 7.4 on page 13. He queried the £450k spend and if it had been published anywhere prior to this as he had no record of seeing it before. N Howcutt explained there were two costs; one was the costs incurred by ceasing the previous contract and the second was to ensure everything ran smoothly from day one. Councillor Tindall said he didn't recall this money being discussed before. N Howcutt advised that an amount of money was discussed for concluding the old contract and implementing a new contract and it fell within the parameters of those numbers.

Councillor Tindall referred to paragraphs 7.2 and 7.4 regarding Everyone Active memberships. He asked if it was stated in the contract whether or not they're allowed to increase their membership levels over the inflation rate. N Howcutt advised that within the bidders information it was advised that a payment would be made to them to cover the costs if the membership levels weren't achieved within the first 6 months of the contract. M Brookes added that the prices were protected to a maximum of 4% or CPI, whichever was greater. Councillor Tindall asked if that was for the duration of the contract and M Brookes confirmed it was but added that it excluded clubs. Councillor Tindall highlighted that it has only increased by 2% so far so could potentially increase further. M Brookes explained there was a process for putting forward a price increase so they would have to justify the reasons for it before implementing anything. He added that the re-modelling of the centre was taken into account for the recent increase. N Howcutt then added that they agreed KPI's annually which is linked to membership prices and it wasn't in their interests to over-charge people.

Councillor Adeleke referred to paragraph 4.1 on page 10. He understood that it costs the council more to use agency staff and queried the reasons why we were struggling to recruit and/or keep employees. N Howcutt felt it was difficult to say as there could be various reasons why people leave their job. He advised that they're looking at comparisons with other organisations to ensure we provide an all-round package for employees. The review will be over the next few months and a report will go to the relevant committee with the findings and then they can look at the options going forward and make a decision.

Councillor Adeleke said consistency of staff was really important to members and felt it was a good idea to review our employee package. N Howcutt said consistency was important all round and they will be looking at how to retain employees.

Councillor Barrett referred paragraph 4.5 relating to waste services being under £150k income target and asked when the review was due. N Howcutt explained that the cost of picking up commercial waste matches the income but the income target exceeds what it costs for us to deliver the service hence the £250k short of budgeted income. He said the initial review said to strip down the service and deliver fewer different types of services and at a more commercially viable rate. He added that the consultant that carried out the review was currently on maternity leave and the decision was made to wait for her return so the report is expected in 2019/20. He said the aim was to look at a medium term plan rather than short term and to make the service efficient and economical to the council and maximise profit where possible.

Councillor Barrett referred to page 5.2 on page 11 relating to garages and questioned the percentage of overall income. N Howcutt advised we generate £4million from our garages so approximately 10%, shortfall on budget.

Councillor Douris referred to paragraph 3.1 and asked if we anticipated shock market situation. N Howcutt said there was no expectation to increase costs in 2019/20.

Councillor Douris referred to paragraph 4.3 and queried if we were looking at the sustainability of our vehicles. N Howcutt said he understood that our vehicles were environmental level standard 6 and it only goes up to 7 so we're going for the best environmental level vehicles that are tried and tested over a period of time

Councillor Armytage referred to paragraph 3.2 regarding successful rent reviews and queried if the service was in-house. N Howcutt explained that we have our own Estates and Commercial Assets team that do all our 604 commercial assets every 5 years or when the lease is reviewed and we also have our own in-house surveyors and legal support if we need it.

Councillor Armytage referred to paragraph 6.4 relating to aerial sites and asked what types of sites these were. N Howcutt advised the majority of sites were top of medium – high rise buildings. Councillor Armytage questioned who determined the different rental values of each site. N Howcutt explained that each was assessed and evaluated in-house and they call on a couple of independent organisations to verify the values.

Councillor Tindall referred to paragraph 8.3 and said he thought that the people planning for the Forum would have thought more about disabled access before now and felt disappointed that as a council we were having to revisit the issue of accessibility. N Howcutt explained that there was a desire to increase accessibility and they took the opportunity to do so whilst there was workers on site.

Councillor Chapman referred to paragraph 5.2 relating to garage premises and queried if we were going to use the £150million to refurbish the garages or if they were going to be discontinued and built on as some of the garages weren't fit for purpose and in very bad disrepair. N Howcutt explained they were commissioning a stock condition survey so they were waiting for the outcome of that report. He said there was approximately 70% take up on the garages. Councillor Chapman said most people use the garages for storage rather than for their cars.

Outcome

The report was noted.

OS/041/19 QUARTER 3 FINANCE & RESOURCES PERFORMANCE REPORT

N Howcutt introduced the report. He said there was nothing to add to the report and welcomed questions from the committee.

Councillor Tindall queried why there were no additional risks on the register relating to Brexit. N Howcutt advised that the risk register had been updated and also an additional report detailing the detailed issues relating to Brexit went to Cabinet last week. He said there were highlighted concerns in the Brexit strategy but financially there was nothing significant to be concerned about in the short term.

Councillor Tindall asked if we had considered the implication if there was a drop in the Pound (£). N Howcutt explained that it wouldn't have an impact as they had renewed contracts before Brexit and those contracts were fixed so there was nothing of concern standing out, and all treasury investments were in UK institutions in pounds sterling.

Councillor Adeleke asked what percentage of staff were Non-UK Nationals.

Councillor Elliot said there was no obligation to disclose that information but those that did totalled to 10.

Outcome

The report was noted.

OS/042/19 QUARTER 3 CORPORATE & CONTRACTED SERVICES PERFORMANCE REPORT

M Brookes introduced the report. He said there was no major issues to report to the committee and welcomed any questions.

Councillor Tindall referred to paragraph 4 on page 43 and queried if the Council had applied for the costs of the ASB cases. M Brookes said the Council would always apply for the costs but it was down to the discretion of Court whether to grant or not. He said he would have to speak to the relevant case officer for more details and let the committee know. **Action**

Councillor Barrett referred to page 44 and queried what the planning challenges were. M Brookes said it was largely that we weren't taking in to account things that we should have done in the final decision but he would have to speak to the relevant officer for more details and let the committee know. **Action**

Councillor Taylor advised they had signed off the Induction programme for the Councillors newly elected in May. He explained that they were looking at ways to police mandatory training for members which can all be found in the minutes of the last Member Development Steering Group (MDSG) meeting. He explained that so much time and energy is put into the Members Induction and the annual training programme and he hoped that the new process would be more robust and effective. He highlighted that members training now sat under Councillor D Collins portfolio.

Councillor Tindall added that he had still tried to attend all training sessions after being a councillor for 40+ years so there was no excuse for any councillors to not attend training.

Councillor Douris referred to page 46 relating to Electoral Services where it was explained that 24,865 household enquiry forms were returned by post, of which

15,056 were no changes and 9,809 had changes. He queried if there was any way we could make it clearer that the forms don't need to be returned if there were no changes. He said this was a staggering number and such a waste of officer time. M Brookes advised that it was made clear on the form, as well as lots of advertisement and social media awareness. He explained that we couldn't change the form but suggested we could send an accompanying leaflet to highlight it further. Councillor Douris felt that the cost for additional leaflets probably wouldn't have enough of an effect to make it worthwhile.

Councillor Chapman referred to page 44 advising of the sale of 4 garage sites to a housing association for £1.5m and queried if we were looking at other possible garage sites. N Howcutt explained that there were 19 more sites they were awaiting independent valuation from and then possibly going to market. He added that garages currently had a 73% occupancy.

Councillor Chapman said he was very pleased to see the recruitment of a Compliance Officer.

Outcome:

The report was noted.

OS/043/19 QUARTER 3 PERFORMANCE, PEOPLE & INNOVATION PERFORMANCE REPORT

B Trueman presented the report on behalf of Linda Roberts.

Councillor Douris commended the officers for the PSN compliance.

Councillor Chapman said he was pleased to see the reduction in sickness. He then referred to page 5 (PP_R016 Failure to effectively and proactively manage all aspects of employee relations) and said it was so important to see we continued to provide dedicated support and coaching for all managers engaged in employee relation issues.

Councillor Adeleke referred to paragraph 4.2 and queried if the sickness absence improvement related to long term or short term sickness. He also queried which presented more concern, long or short term sickness. B Trueman said he thought it was a combination of both but the breakdown was detailed in the KPI's. He said he would need to speak to HR about more detailed information.

Councillor Tindall understood there wasn't a lot that can be done about long term sickness but the short term sickness needed to be addressed, particularly if it was related to stress at work, issues between managers and employees, etc.

Councillor Chapman felt it might be useful to know the cost to the council for using agency staff and asked if this could be reported to the committee in the future. N Howcutt agreed.

Outcome:

The report was noted.

OS/044/19 WORK PROGRAMME

There were no changes to the work programme.

Before the meeting closed, Councillor Tindall highlighted that this Finance and Resources OSC meeting was the last in the cycle before the Borough Elections in May and he thanked Councillor Chapman for always chairing the meeting so well.

The meeting ended at 8.40 pm.



AGENDA ITEM: SUMMARY

Report for:	Finance and Resources Overview and Scrutiny Committee
Date of meeting:	11 June 2019
PART:	1
If Part II, reason:	

Title of report:	Provisional Financial Outturn 2018/19
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance & Resources) Fiona Jump, Group Manager, Financial Services
Purpose of report:	To provide details of the outturn position for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme <p>To provide details of the proposed transfers to and from earmarked reserves.</p>
Recommendations	That Committee note the outturn position for 2018/19.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This reports outlines the financial position of the Council for 2018/19, and reports on the financial implications of service

	<p>decisions made in the financial year. Where relevant it discusses the future impact of these decisions.</p> <p><u>Value for Money</u> Regular budget monitoring and reporting supports the effective use of the financial resources available to the Council.</p>
Risk Implications	This reports outlines the financial position for the Council for 2018/19 and quantifies the financial risk associated with service decisions.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.
Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Glossary of acronyms and any other abbreviations used in this report:	<p>GF – General Fund HRA – Housing Revenue Account</p>

1. Executive Summary

- 1.1 The provisional year-end financial outturn is showing a balanced budget on the General Fund, as shown in paragraph 3.2. There are variances across different service areas as highlighted in sections 4 to 6, but the overall budget is showing a balanced position. This is in contrast to previous years' surpluses and reflects the challenging financial environment relating to the cumulative impact of year on year additional savings requirements.
- 1.2 This year's outturn position has been analysed as part of the normal year-end review, to ensure that any one-off items have been challenged and any new savings have been identified and will be captured in the base budgets going forward.
- 1.3 The HRA has seen an operating underspend of £235k; after technical adjustments to bad debt provision and depreciation the revenue contribution to capital has been reduced by £546k; the details are presented in Appendix B and section 8.
- 1.4 General Fund Capital budgets have seen slippage of £4m which is 23%, predominantly as a result of £2.1m slippage in Housing Association Right To Buy funded Affordable Housing Developments and slippage in the Berkhamsted Multi-Storey car park project, £1.15m. More detail is provided in Section 9 of this report.
- 1.5 The HRA Capital programme is consistent with previous reports with the main item being slippage on Planned Fixed Expenditure of £0.9m. This has been retained in order to fund planned work in 2019/20.

2. Introduction

2.1 The purpose of this report is to outline the Provisional Outturn for 2018/19, prior to the production of the Statement of Accounts. Outturn is reported for the following:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

2.2 The Council's outturn position is a primary source of information for the production of the Statement of Accounts. The outturn position detailed in this report may be subject to further amendment as work continues on the preparation of the Accounts. The Final Outturn position, along with movements in reserves, will be reported to Audit Committee for sign off at its meeting of 18th July 2019.

3. General Fund Revenue Account

3.1 The General Fund revenue account records the income and expenditure associated with all Council functions except management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA) (see Section 8).

3.2 Appendix A provides an overview of the General Fund provisional outturn position, and the table below provides an overview by Scrutiny area.

	Budget	Outturn	Variance	
	£000	£000	£000	%
Finance & Resources	13,359	13,619	260	1.9%
Strategic Planning & Environment	7,718	8,374	656	8.5%
Housing & Community	361	194	(167)	-46.3%
Net Cost of Services	21,438	22,187	749	3.5%
Investment Property	(4,103)	(4,090)	13	-0.3%
Corporate items	(17,342)	(18,104)	(762)	4.4%
Contribution (to)/from General Fund Working Balance	(7)	(7)	0	

3.3 The following sections provide an analysis of the provisional outturn and major budget variances shown by Scrutiny area.

4. Finance and Resources

Finance & Resources	Budget	Outturn	Variance	
	£000	£000	£000	%
Employees	10,054	10,112	58	0.6%
Premises	1,912	1,974	62	3.2%
Transport	215	204	(11)	-5.1%
Supplies & Services	3,968	3,882	(86)	-2.2%
Third-Parties	1,019	1,273	254	24.9%
Transfer Payments	47,144	46,359	(785)	-1.7%
Income	(4,691)	(4,810)	(119)	2.5%
Other Income	(47,584)	(46,859)	725	-1.5%

4.1 Employees £58k over budget

In Financial Services a pressure of £80k has arisen due to requirements earlier in the financial year for external professional services to cover vacant posts to support the production of the Statement of Accounts; this requirement has been resolved in 2019/20 through successful recruitment to key technical positions.

A series of successful recruitment processes have been concluded in 2018/19 that have produced a pressure of £45k but have resulted in the recruitment to key management positions.

These pressures are being offset by an underspend of £70k in the Corporate Improvement and Innovation Team due to vacant posts which are due to be filled in the new financial year.

4.2 Supplies and Services £86k under budget

An underspend on Insurance budgets within Supplies and Services has been seen in year of £110k. This is due to the unpredictable nature of uninsured losses claims and hence can only be fully validated at year end.

There has been an underspend on the budget for Car Parking services of £90k relating to the implementation of the new car parking contract in 2018. The new provider required time to implement the new parking contract, systems and processes and this resulted in the supplier receiving lower than budgeted payments, as the year has progressed the service has achieved a fully staffed and operational service.

These underspends are offset by pressures in Supplies and Services relating to the procurement of external Benefits Subsidy Support of £70k, insurance premium increases that are offset by insurance recharges (See para 4.4) and other small variances.

4.3 Third Parties £254k over budget

An expected pressure of £196k has arisen on the costs relating to the first year implementation of the new leisure contract which began in this financial year. Initial set-up costs are necessary in order to establish the contract, which will generate revenue savings for the Council in future years. These one-off costs have been funded from a drawdown from the Management of Change reserve.

There has been a one off pressure of £100k on Facilities Management costs for The Forum relating to additional improvements and changes to the building such as pigeon proofing on the roof, that were completed in the first full financial year of occupancy.

There are various minor underspends reducing the overall pressure to £254k.

4.4 Income £119k overachievement of income

There is an over-achievement of income of £70k relating to Insurance premiums received that is offset by the additional cost of procuring building insurance premiums.

Additional income of £80k has been received by the Legal department relating to legal fees recovered. This is a continuing trend of increased fee recovery achieved in 2017/18 and has been accounted for in the 2019/20 base budget.

5. Strategic Planning and Environment

Strategic Planning and Environment	Budget £000	Outturn £000	Variance	
			£000	%
Employees	9,778	10,016	238	2.4%
Premises	909	1,020	111	12.2%
Transport	1,201	1,428	227	18.9%
Supplies & Services	1,970	2,772	802	40.7%
Third-Parties	88	73	(15)	-17.0%
Income	(5,918)	(6,565)	(647)	-10.9%
Earmarked Reserves	(310)	(370)	(60)	-19.4%
	7,718	8,374	656	8.5%

5.1 Employees - £238k over budget

A pressure of £130k has been experienced in Building Control due to an ongoing requirement for temporary resource. A shortage of professional skills across the sector has led to continuing recruitment and retention issues. Options for the future delivery of the service within approved budgets are being progressed.

There are a number of minor overspends on employees across these service areas that equate to less than 1% of the employee budgets.

5.2 Premises - £111k over budget

This variance consists of minor pressures across services largely offset by income below.

5.3 Transport - £227k over budget

There is a pressure of £290k in Environmental Services from the cost of maintaining the ageing waste fleet prior to conclusion of the current procurement process. The tender for the new vehicle provider has now been awarded and new vehicles are on order to be delivered in 2019/20.

This pressure is offset by savings in the fuel budgets of Clean, Safe and Green of £50k due to improved working patterns.

5.4 Supplies and Services - £802k over budget

A variance of £490k has arisen in the Waste service from the disposal of co-mingled waste. The downturn in the global market for recycled material is leading to a cost for disposal of material, which is affecting all Waste Disposal Authorities. This is an ongoing pressure which has been factored into the budget for 2019/20.

The Planning service has incurred £170k of costs funded from Planning Delivery Fund grants from the Ministry of Housing, Communities and Local Government. This is giving rise to a pressure in Supplies and Services, but offsetting income shown in paragraph 5.5 below.

Legal costs of £150k have been incurred in the Environmental and Community Protection service, relating to 2 legal cases taking place currently. These costs have been recovered, as shown in the over-achievement of income in paragraph 5.5.

5.5 Income - £647k over-achievement of income

Planning income has generated an additional £395k of income due to a high volume of planning applications and significant large one-off fees received in year.

The administration income from the Community Infrastructure Levy (CIL) has generated income over the budgeted level of £126k. This income is being utilised to support the costs of administering the CIL scheme and collecting the income due.

An income reduction of £180k has been experienced in the Commercial Waste service due to an ongoing loss of customers. An external review of all elements of the Waste Service, and opportunities for increased income, is currently underway and will be considered as part of future years' budget setting once complete.

An under-achievement of £80k has been seen in the income budget for Land Charges. This is due to an overall decline in the property market leading to fewer searches and transactions, which is affecting the private sector as well as the Council.

An under-achievement of £50k has been experienced in Building Control due to a reduction in the volume of work being dealt with by the Council in the first half of 2018/19 since then the service has increased the volume of clients it is dealing with and hence seen an increase in income.

Additional Planning Delivery Grant of £170k has been received as well as legal fees recovered of £180k.

6. Housing and Community

Housing & Community	Budget	Outturn	Variance	
	£000	£000	£000	%
Employees	3,792	3,846	54	1.4%
Premises	944	637	(307)	-32.5%
Transport	17	14	(3)	-17.6%
Supplies & Services	1,303	1,253	(50)	-3.8%
Third Parties	0	16	16	0.0%
Income	(4,994)	(5,048)	(54)	1.1%
Earmarked Reserves	(701)	(524)	177	-25.2%
	361	194	(167)	-46.3%

6.1 Premises - £307k under budget

An underspend of £250k has occurred in the garages service, as the budget for repairs and maintenance has not been spent in full this year, awaiting the outcome of a full stock condition survey across the Borough.

6.2 Income - £54k overachievement

Within this category, there is an under-achievement of income on Garages of £350k. A full review of the garage service is underway.

Additional income of £240k has been generated from Temporary Accommodation as a result of the high demand in the borough. The Council's own properties are being used to house tenants on a temporary basis rather than more expensive bed and breakfast accommodation.

There are other minor over-achievements of income across services, including an additional £32k for HMO licences (Housing Multiple Occupancy), which are budgeted for in 2019/20.

7. Corporate Items

7.1 Appendix A includes the outturn for corporate items. These are largely year-end accounting adjustments:

At year end £336k of new burdens grants have been received in 2018/19. Included in this is £78k of funding relating to the Revenues and Benefits service to cover the additional costs incurred in the delayed Universal Credit roll out, £68k of new burdens funding relating to the Strategic Planning service, and £64k in Homelessness Reduction funding. New Homes Bonus is also £24k over the budgeted amount.

Interest income has exceeded budget by £282k. Cash balances have exceeded expectation in 2018/19 assisted by slippage in the capital programme. The GF apportionment of additional income was greater than previously anticipated.

The Minimum Revenue Provision, which is a statutory adjustment to pay off accumulated capital spend, is £140k lower than budgeted. This is as a result of a combination of reduced capital spend against budget and a technical review of accounting treatment.

8. Housing Revenue Account (HRA)

8.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix B.

8.2 The following sections provide an analysis of the projected provisional outturn and major budget variances shown by HRA grouping as set out in Appendix B.

8.3 Dwelling Rents - £141k under budget

The variance on dwelling rents is due to the void rate in the first 6 months of the year running at 1%, which was higher than the anticipated 0.8%. This has given rise to a variance of approximately £60k. The balance is due to change in the number of new build properties being let from assumptions used at budget setting time, partially offset by lower number of right to buy sales (55 expected, 29 actual).

8.4 Tenants' Charges - £148k over-achievement of income

The variance in this area is due to 2 main factors; firstly income from recovery of service charges has been higher than anticipated (£110k) and secondly a grant from Hertfordshire County Council was received for Housing Related Support which was expected to have ceased (£56k).

8.5 Provision for Bad Debts - £394k under budget

An increase of £400k was factored into the budget for 2018/19 to allow for potential increases in rent arrears due to the roll-out of Universal Credit. As the roll out has not progressed as quickly as expected, the full budget has not been required. This reduction has been allocated to the revenue contribution to capital.

8.6 Depreciation - £1.1m over budget

This increased charge is due to housing stock having increased in value and as a result, capital charges have also seen an increase. The depreciation charge is

allocated to the Major repairs reserve to fund future maintenance requirements on the HRA housing stock.

8.7 Revenue Contribution to Capital - £550k under budget

The impact of the additional depreciation charge and the reduced bad debt requirements is a reduction in the revenue contribution to capital.

9. Capital Programme

9.1 Appendix C shows the projected capital outturn in detail by scheme.

The table below summarises the overall capital outturn position by Scrutiny area.

The current budget is the original budget approved by Cabinet in February 2018, plus approved amendments, including re-phasing of the slippage identified in previous quarters into 2019/20.

The 'Slippage' column refers to projects where expenditure is still expected to be incurred, but it will now be in 2019/20 rather than 2018/19.

The 'Variance' column refers to projects which are now complete, but have come in under or over budget and projects which are no longer required.

	Current Budget £000	Slippage £000	Revised Budget £000	Provisional Outturn £000	Variance £000 %	
Finance & Resources	7,419	(1,851)	5,568	5,489	(79)	-1.1%
Strategic Planning & Environment	2,564	(32)	2,532	2,551	19	0.7%
Housing & Community	7,370	(2,097)	5,273	5,308	35	0.5%
G F Total	17,353	(3,980)	13,373	13,348	(25)	-0.1%
HRA Total	26,287	(1,542)	24,745	24,725	(20)	-0.1%
Grand Total	43,640	(5,522)	38,118	38,073	(45)	-0.1%

9.2 General Fund Major Variances

There is overall slippage of £4m on the General Fund. The rephasing to future years includes:

- Line 30: slippage of £150k on Berkhamsted Sports centre – Building Management System. These works have been put on hold until the options appraisal for the leisure centre is complete.
- Line 31: slippage of £285k on Tring Swimming Pool refurbishment. This project has been completed in early 2019/20.
- Line 33: slippage of £1.15m on Berkhamsted Multi-Storey Car Park. The construction programme has been delayed as utilities diversion works have not

been carried out as planned, in particular Cadent Gas delayed commencing their work, causing a 12 week delay to the programme.

- Line 47: accelerated spend of £106k on Verge Hardening Programme. The scheme has moved more quickly than anticipated, completing a total of 16 schemes in year.
- Line 51: slippage of £2.1m on Affordable Housing Development Fund. This budget is for the payments of grants to Housing Associations. The variance is due to timing on payments of the grants, which will now take place in 2019/20.

Within the overall net underspend of £25k, there is an overspend as follows:

- Line 45: unbudgeted spend of £134k on The Forum. Essential upgrade works to the door entry system and the roof were required in year.

9.3 There is slippage of £1.5m on the HRA capital programme.

- Line 78: slippage of £935k on DBC Commissioned Capital Works. £465k relates to the gain share element on the Osborne contract, which could not be reliably projected as this is performance and saving based. In addition there was an underspend in the Gas and Heating capital budget due to a relatively mild winter, combined with correctly targeted investment/boiler replacement in first 3 quarters, which resulted in a reduced need for boiler replacement in Quarter 4. This was also combined with a gain share that was not practical to reinvest in final quarter.

In addition the capital programme includes a proportion of projects with leaseholder impact and subsequent service charge recovery. This work will now take place in 2019/20 once the necessary leaseholder consultation has been carried out.

- Line 81: additional spend of £239k on Martindale against what was forecast at Quarter 3. A mild winter during Quarter 4 has meant that progress has been faster than anticipated once start on site was achieved.
- Line 83: slippage of £500k on Stationers Place. The start on site has been delayed due to protracted discussions with Herts County to agree site access.

The nature of large capital build projects is that there is often some slippage on projects due to the volume of differing variables involved. The finance team have worked closely with project leads to re-profile the 2019-23 capital programme with the expectation that capital spend will be aligned with budget expectations.

10. Balances and Reserves

10.1 The Reserves Summary at Appendix D reflects the movements approved by Council in February 2019 and updated for the reserve movements as set out below.

10.2 In cases where reserves were to be drawn down in 2018/19 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down. Where the balance is now required in 2019/20, the carry forward of unspent reserve budgets is recommended.

10.3 Variances over £50k on recommended reserve movements compared to the original budget and additional movements approved in year are as follows:

- Earmarked Grants Reserve - £64k contribution to reserves of additional grant income received relating to Homelessness prevention. This grant has been set aside to be spent in 2019/20.


10.4 It has been recommended that Cabinet recommend to Council the following additional reserves movements arising from the provisional year-end position, and delegate approval to the Audit Committee for any changes to these movements as a result of the final outturn position following completion of the external audit:

- Management of Change Reserve – net £125k contribution to reserve. A contribution to the Management of Change Reserve is recommended which is the net effect of £345k draw down from reserves to fund the expected one-off costs associated with the implementation of the leisure contract, offset by a contribution of £470k from various year end technical adjustments detailed in section 5.
- Local Development Framework (LDF) Reserve - £375k contribution to reserve to support the Hemel Garden Communities development.
- Funding Equalisation Reserve - £2.8m contribution to reserve arising from a combination of timing differences in Collection fund Income (Council tax and Non-Domestic Rates) received or paid by the Council and additional government grants received to fund the collection service.



Dacorum Borough Council
Revenue Budget Monitoring Report 2018/19

	<i>Month</i>			<i>Year-to-Date</i>			<i>Full Year</i>		
	Budget £000	Actuals £000	Variance £000	Budget £000	Actuals £000	Variance £000	Budget £000	Outturn £000	Variance £000
Cost of Services									
Finance and Resources	934	(3,794)	(4,728)	13,359	13,619	260	13,359	13,619	260
Housing and Community	(156)	4,484	4,640	361	194	(167)	361	194	(167)
Strategic Planning and Environment	200	345	145	7,718	8,374	656	7,718	8,374	656
Net Cost of Services	978	1,035	57	21,438	22,187	749	21,438	22,187	749
Other Items									
Investment Property	(48)	(46)	2	(4,103)	(4,090)	13	(4,103)	(4,090)	13
Investment Income	(13)	33	46	(158)	(440)	(282)	(158)	(440)	(282)
Interest Payments and MRP	81	544	463	970	831	(139)	970	831	(139)
Parish Precept Payments	0	0	0	778	778	0	778	778	0
Government Grants	(174)	(464)	(290)	(2,086)	(3,895)	(1,809)	(2,086)	(2,424)	(338)
Revenue Contribution to Capital	2,111	2,110	(1)	2,111	2,110	(1)	2,111	2,111	0
Taxation (Council Tax and Business Rates)	(1,237)	(4,819)	(3,582)	(14,843)	(16,589)	(1,746)	(14,843)	(14,843)	0
Surplus / Deficit on Provision of Services	720	(2,642)	(3,362)	(17,331)	(21,295)	(3,964)	(17,331)	(18,077)	(746)
Transfers between Reserves / Funds									
Net Recharge to the HRA	(343)	(839)	(496)	(4,114)	(4,117)	2,451	(4,114)	(4,117)	(3)
Net Movement on General Fund Working Balance	1,350	(2,446)	(3,796)	304	(3,225)	(1,075)	(7)	(7)	0

 Housing Revenue Account 2018/19 Outturn Revenue Budget Monitoring Report				
	Adjusted Budget £000	Outturn £000	Variance £000	%
Income:				
Dwelling Rents	(53,044)	(52,903)	141	-0.3%
Non-Dwelling Rents	(102)	(148)	(46)	45.1%
Tenants Charges	(1,512)	(1,660)	(148)	9.8%
Leaseholder Charges	(487)	(513)	(26)	5.3%
Interest and Investment Income	(390)	(328)	62	-15.9%
Contribution towards Expenditure	(535)	(623)	(88)	16.4%
Total Income	(56,070)	(56,175)	(105)	0.2%
Expenditure:				
Repairs & Maintenance	12,113	12,153	40	0.3%
Supervision & Management	12,043	11,966	(77)	-0.6%
Rent, Rates, Taxes & Other Charges	34	60	26	76.5%
Interest Payable	11,594	11,594	0	0.0%
Provision for Bad Debts	700	306	(394)	-56.3%
Depreciation	12,000	13,113	1,113	9.3%
HRA Democratic Recharges	301	244	(57)	-18.9%
Revenue Contribution to Capital	7,285	6,739	(546)	-7.5%
Total Expenditure	56,070	56,175	105	0.2%
HRA Deficit / (Surplus)	0	0	0	0.0%
Housing Revenue Account Balance:				
Opening Balance at 1 April 2018	(2,892)	(2,892)	0	0.0%
Deficit / (Surplus) for year	0	0	0	0.0%
Proposed Contributions to Reserves	0	0	0	
Closing Balance at 31 March 2019	(2,892)	(2,892)	0	

CAPITAL PROGRAMME BY SCRUTINY COMMITTEE

APPENDIX C

Scheme	Budget Holder	Current Budget	YTD Spend	Outturn	Slippage	Over / (Under)
General Fund						
Finance & Resources						
Commercial Assets and Property Development						
1 Old Town Hall - Cafe Roof and stonework renewal	Richard Rice	0	0	0	0	0
2 Demolition of Civic Centre	Richard Rice	645,712	607,185	607,185	(38,527)	0
3 Old Town Public Convenience Refurbishment	Richard Rice	12,908	30,263	30,263	0	17,355
4 Bennetts End Community Centre - Replace Roof	Richard Rice	35,000	30,187	30,187	0	(4,813)
5 Adeyfield Community Centre - replace roof	Richard Rice	69,230	106,501	106,501	0	37,271
6 Tring Community Centre - new play area for Children's Nursery	Richard Rice	2,110	1,966	1,966	(144)	(0)
7 Warners End Community Centre heating and doors	Richard Rice	34,000	35,031	35,031	0	1,031
8 Tring Community Centre Door Upgrade	Richard Rice	15,000	15,005	15,005	0	5
9 Rossgate Shopping Centre - Structural Works	Richard Rice	0	0	0	0	0
10 Leys Road - Roof	Richard Rice	55,000	34,240	34,240	0	(20,760)
11 The Denes Shopping Centre - Renew Walkway & Canopy Covering	Richard Rice	80,000	52,714	52,714	(27,286)	(1)
12 Silk Mill - Renew asphalt tanking to stairs	Richard Rice	8,200	17,800	17,800	0	9,600
13 58 High St (Old Town), Hemel - Remove and Rebuild Wall	Richard Rice	42,000	1,100	1,100	(40,900)	0
14 100 High St (Old Town), Hemel - Window Replacement	Richard Rice	0	0	0	0	0
15 Half Moon Yard - Replace soffit/ fascia & external facade	Richard Rice	18,000	0	0	(18,000)	0
16 Long Chaulden Roof	Richard Rice	0	980	980	980	0
17 Bellgate - Walkway Renovation	Richard Rice	0	0	0	0	0
18 Bennettsgate - Window Renewal	Richard Rice	0	4,250	4,250	4,250	0
19 Kingshill Cemetery - Toilet Provision	Richard Rice	147,124	117,622	117,622	(29,502)	0
20 Heath Lane Chapel - Replace roof	Richard Rice	14,000	0	0	(14,000)	0
21 Kingshill Cemetery Infrastructure (New Burial Area)	Richard Rice	40,000	0	0	(40,000)	0
22 Bunkers Farm	Richard Rice	75,179	101,447	101,447	26,268	0
23 Demolish Gadebridge Park Green-Keeper's Shed	Richard Rice	0	0	0	20,000	(20,000)
		1,293,463	1,156,289	1,156,289	(156,861)	19,687
Procurement and Contracted Services						
24 Berkhamsted Sports Centre - Roof Replacement	Ben Hosier	250,000	153,331	153,331	(1,100)	(95,569)
29 Berkhamsted Sports Centre - Installation of new hot water calorifiers	Ben Hosier	50,000	0	0	(50,000)	0
30 Berkhamsted Sports Centre - Building Management System	Ben Hosier	150,000	0	0	(150,000)	0
31 Tring Swimming Pool	Ben Hosier	1,834,725	1,475,473	1,475,473	(284,527)	(74,725)
32 Car Park Refurbishment	Ben Hosier	351,000	395,325	395,325	44,325	0
33 Multi Storey Car Park Berkhamsted	Ben Hosier	2,085,000	936,450	936,450	(1,148,550)	0
		4,720,725	5,921,159	2,960,579	(1,760,146)	(170,294)
Information, Communication and Technology						
34 Rolling Programme - Hardware	Ben Trueman	525,000	494,204	494,204	0	(30,796)
35 Software Licences - Right of Use	Ben Trueman	50,000	45,059	45,059	0	(4,941)
36 Website Development	Ben Trueman	16,478	14,637	14,637	(1,841)	0
37 Future vision of CRM	Ben Trueman	133,650	137,306	137,306	3,656	0
38 Improvement works to The Forum	Ben Trueman	475,000	380,207	380,207	(94,793)	0
		1,200,128	1,071,413	1,071,413	(92,978)	(35,737)
Revenues, Benefits and Fraud						
39 Revenues and Benefits new servers	Chris Baker	23,000	11,000	11,000	(12,000)	0
		23,000	11,000	11,000	(12,000)	0
People						
40 EIS Replacement	Matt Rawdon	70,000	0	0	(70,000)	0
41 Capital Grants - Community Groups	Matt Rawdon	20,000	17,900	17,900	0	(2,100)
		90,000	17,900	17,900	(70,000)	(2,100)
Development Management and Planning						
42 Planning Software Replacement	Sara Whelan	36,964	22,350	22,350	(14,614)	0
		36,964	22,350	22,350	(14,614)	0
Legal and Corporate Services						
43 Election Management System Replacement	Mark Brookes	30,000	0	0	0	(30,000)
		30,000	0	0	0	(30,000)
Housing & Regeneration Management						
44 Gade Zone	Mark Gaynor	24,938	29,796	29,796	0	4,858
45 The Forum (Public Service Quarter)	Mark Gaynor	0	134,227	134,227	0	134,227
		24,938	164,024	164,024	0	139,086
Finance & Operations Management						
46 Civic Zone Regeneration Upgrade (DevCo)	James Deane	0	85,129	85,129	85,129	0
		0	85,129	85,129	85,129	0
Totals: Finance & Resources		7,419,218	5,488,684	5,488,684	(1,851,175)	(79,358)

CAPITAL PROGRAMME BY SCRUTINY COMMITTEE

APPENDIX C

Scheme	Budget Holder	Current Budget	YTD Spend	Outturn	Slippage	Over / (Under)	
Housing & Community							
People							
47	Verge Hardening Programme	Matt Rawdon	284,128	390,191	390,191	106,063	0
48	Storage Facility at Grovehill Adventure Playground	Matt Rawdon	25,000	0	0	(25,000)	0
			309,128	390,191	390,191	81,063	0
Procurement and Contracted Services							
49	Rolling Programme - CCTV Cameras	Ben Hosier	25,000	22,686	22,686	0	(2,314)
50	Alarm Receiving Centre	Ben Hosier	65,000	31,373	31,373	(33,627)	0
			90,000	54,059	54,059	(33,627)	(2,314)
Strategic Housing							
51	Affordable Housing Development Fund	David Barrett	5,995,000	3,932,433	3,932,433	(2,062,567)	0
52	Westerdale (Garage Development)	David Barrett	207,843	21,065	21,065	(186,778)	(0)
53	Northend (Garage Development)	David Barrett	207,843	345,806	345,806	137,963	0
54	Wood House - Office Space Fit Out	David Barrett	500,000	536,901	536,901	0	36,901
55	Temporary Accommodation - creation of new units	David Barrett	60,000	27,289	27,289	(32,711)	0
			6,970,686	4,863,493	4,863,493	(2,144,094)	36,901
Totals: Housing & Community			7,369,814	5,307,743	5,307,743	(2,096,657)	34,586
Strategic Planning & Environment							
Environmental Services							
56	Wheeled Bins & Boxes for New Properties	Craig Thorpe	20,000	10,609	10,609	0	(9,391)
57	Play Area Refurbishment Programme	Craig Thorpe	298,722	311,002	311,002	0	12,280
58	Waste & Recycling Service Improvements	Craig Thorpe	90,000	108,586	108,586	18,586	0
59	Commercial Waste Collection System	Craig Thorpe	25,000	23,300	23,300	(1,700)	0
60	Gadebridge Park - Splash Park	Craig Thorpe	252,224	219,450	219,450	0	(32,774)
61	Gadebridge Park - Infrastructure Improvements	Craig Thorpe	121,783	130,210	130,210	0	8,427
62	Gadebridge Park - Renovation of White Bridge	Craig Thorpe	50,000	40,574	40,574	(9,426)	0
63	Walled Garden Irrigation System (Gadebridge Park)	Craig Thorpe	15,000	15,350	15,350	0	350
64	Fleet Replacement Programme	Craig Thorpe	877,833	846,010	846,010	(31,823)	0
65	Fleet Services Renew Plant & Equipment	Craig Thorpe	0	0	0	0	0
66	Fleet Service Management System Upgrade	Craig Thorpe	0	22,000	22,000	22,000	0
			1,750,562	1,727,092	1,727,092	(2,363)	(21,108)
Property and Place							
67	Disabled Facilities Grants	Alan Mortimer	755,043	744,373	744,373	(10,670)	(0)
			755,043	744,373	744,373	(10,670)	(0)
Strategic Planning and Regeneration							
69	Maylands Business Centre	Chris Taylor	0	12,944	12,944	0	12,944
70	Water Gardens	Chris Taylor	18,430	47,814	47,814	0	29,384
71	Town Centre Access Improvements	Chris Taylor	20,000	879	879	(19,121)	0
72	Hemel Street Furniture	Chris Taylor	20,000	18,017	18,017	0	(1,983)
73	The Bury - Conversion into Museum and Gallery	Chris Taylor	0	0	0	0	0
			58,430	79,655	79,655	(19,121)	40,346
Totals: Strategic Planning & Environment			2,564,035	2,551,120	2,551,120	(32,154)	19,238
Totals - Fund: General Fund			17,353,067	13,347,547	13,347,547	(3,979,986)	(25,534)
Housing Revenue Account							
Property & Place							
74	Planned Fixed Expenditure	Alan Mortimer	11,479,274	11,171,026	11,171,008	0	(308,266)
75	Pain/Gain Share (Planned Fixed Expenditure)	Alan Mortimer	0	(465,004)	(465,004)	0	(465,004)
76	M&E Contracted Works	Alan Mortimer	600,000	621,148	621,148	0	21,148
77	Communal Gas & Heating	Alan Mortimer	2,975,000	2,634,840	2,634,840	0	(340,160)
78	DBC Commissioned Capital Works	Alan Mortimer	1,096,000	1,253,254	1,253,254	(935,030)	1,092,284
79	Special Projects	Alan Mortimer	50,000	43,147	43,147	(6,853)	0
			16,200,274	15,258,410	15,258,391	(941,883)	0
Strategic Housing							
80	New Build - General Expenditure	David Barrett	(336,953)	0	0	(228,542)	565,495
81	Martindale	David Barrett	1,785,764	2,025,173	2,025,173	239,409	(0)
82	Kylina Court (Previously known as Wood House)	David Barrett	5,454,805	4,841,594	4,841,594	0	(613,211)
83	Stationers Place / Apsley Paper Mill	David Barrett	1,469,127	969,169	969,169	(499,958)	(0)
84	Able House	David Barrett	19,246	0	0	0	(19,246)
85	Swing Gate Lane	David Barrett	572,921	754,861	754,861	0	181,940
86	Swing Gate Lane Conversion	David Barrett	889,553	764,577	764,577	0	(124,977)
87	Bulbourne	David Barrett	9,500	5,344	5,344	(4,156)	(0)
88	Coniston Road	David Barrett	18,800	800	800	(18,000)	0
89	Eastwick Row	David Barrett	64,000	52,471	52,471	(11,529)	0
90	St Margaret's Way	David Barrett	100,000	20,852	20,852	(79,148)	(0)
91	Paradise Fields	David Barrett	20,000	14,261	14,261	(5,739)	(0)
92	3 London Road	David Barrett	10,000	0	0	0	(10,000)
93	Gaddesden Row	David Barrett	10,000	17,668	17,668	7,668	(0)
			10,086,763	9,466,768	9,466,768	(599,995)	(20,000)
Totals - Fund: Housing Revenue Account			26,287,037	24,725,178	24,725,160	(1,541,878)	(19,999)
Totals			43,640,104	38,072,725	38,072,707	(5,521,864)	(45,533)

General Fund Reserves Summary	Balance as at 31/03/2018 £'000	Adjusted Budget 2018/19 £'000	Outturn 2018/19 £'000	Balance as at 31/03/2019 £'000
Civic Buildings Major Repairs Reserve	200			200
Capital Development Reserve	465	(165)	(165)	300
Earmarked Grants Reserve	103	(61)	3	106
Management of Change Reserve	1,425	(484)	(334)	1,091
Technology Reserve	56	200	200	256
Savings Efficiencies Reserve	0	604	604	604
On Street Car Parking Reserve	212	(20)	(10)	202
Local Development Framework Reserve	66		353	419
Dacorum Development Reserve	164	(210)	(128)	36
Planning Enforcement & Appeals Reserve	54			54
Planning & Regeneration Project Reserve	141	(67)	(38)	103
Litigation Reserve	201		86	287
Vehicle Replacement Reserve	1,050	350	350	1,400
Invest to Save	248	(50)	(50)	198
Tring Swimming Pool Repairs Reserve	8	8		8
Youth Provision Reserve	61	(40)	(17)	44
Election Reserve	90	30	30	120
Uninsured Loss Reserve	586		(86)	500
Training & Development Reserve	56	(22)	(33)	23
Housing Conditions Survey Reserve	96	15		96
Dacorum Partnership Reserve	39			39
Dacorum Rent Aid - Guarantee Scheme	15			15
Rent Guarantee Scheme Reserve	15			15
Funding Equalisation Reserve	2,480		2,817	5,297
Pensions Reserve	1,773	200	200	1,973
Maylands Plus Reserve	46	23		46
Total Earmarked Reserves	9,650	311	3,782	13,432
Working Balance	2,502	7	5	2,507
Total General Fund Reserves	12,152	318		15,939

Agenda Item 8



Agenda item:

Summary

Report for:	Finance & Resources Overview and Scrutiny Committee
Date of meeting:	11 th June 2019
Part:	1
If Part II, reason:	

Title of report:	Finance & Resources Performance and Operational Risk Report Quarter 4 2018/19
Contacts:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources Nigel Howcutt, Assistant Director, Finance and Resources.
Purpose of report:	To provide Committee with analysis of quarterly performance and risk management within Finance & Resources for the 4th quarter 2018/19, January – March.
Recommendations	That Committee notes the contents of the report and the performance of Finance & Resources for Quarter 4 2018/19.
Corporate objectives:	The provision of effective financial services and the allocation of resources such as building assets and facilities management support all five of the Council's corporate objectives, with particular reference to <i>Delivering an efficient and modern council</i> and, through Revenues, Benefits and Fraud division, <i>Building Strong and Vibrant Communities</i> .
Implications:	<u>Financial</u> Contained within the body of the report.
'Value for money' implications	<u>Value for money</u> Contained within the body of the report.
Risk implications	Contained within the body of the report
Equalities implications	None
Health and safety Implications	There are no health and safety implications.
Consultees:	Group Manager (Commercial Assets & Property Development) Group Manager (Financial Services) Group Manager (Revenues, Benefits and Fraud)
Background papers:	Previous performance reports to Scrutiny.

Glossary of acronyms and any other abbreviations used in this report:	F&R OSC- Finance and Resources Overview and Scrutiny Committee.
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1. Risk and Performance reports are presented to Overview and Scrutiny Committees on a quarterly basis. They provide Members with an opportunity to scrutinise performance against a range of key indicators, and to review how the key risks facing the Services are being managed.

2. The attached appendices provide comprehensive risk and performance information for Finance & Resources for Quarter 4 of 2018/19 (January - March).

Appendix 1 – Finance & Resources Qtr. 4 Operational Risk register.

Appendix 2 – Finance and Resources Qtr. 4 Performance Report.

3. All scores as set out in the operational risk register at Appendix 1 have been reviewed during Quarter 4. There have been no changes to the previous quarter scoring.

4. The Performance Report, Appendix 2, highlights that 12 out of 14 KPI's have been reported as green and performance is strong. The 2 remaining amber performance targets are;

- FIN03 – General Fund outturn in line with expenditure budget. Since April when this performance report was, produced DBC has seen technical accounting changes that have delivered a balanced budget.
- RBF04 – NNDR in year collection rate. See the report for more details.

5. During the final quarter of 2018/19, the overall performance of the KPI's improved with one additional green KPI in quarter 4 – RBF02 - The average time taken to decide a housing benefit change event has improved significantly to 3 days which is the best quarter performance for this KPI on record.

Appendix 1 - OPERATIONAL RISK

REGISTER

March 2019



Finance & Resources - Nigel Howcutt

FR_F02 Delays to Capital programme

Category: Financial	Corporate Priority: Dacorum Delivers	Risk Owner: Nigel Howcutt	Portfolio Holder: Graeme Elliot	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	2 Medium	8 Amber	3 Likely	2 Medium	6 Amber
Consequences		Current Controls		Assurance	
<p>Many of the major projects within the Capital Programme are fundamental to delivery of the Council's corporate objectives. Therefore significant delays can impact on the achievement of the corporate plan.</p> <p>Financial decision-making is negatively affected if the timing of projects in the Capital Programme is wrong. This can result in lost investment income or increased interest costs as the Council moves closer to the point where it will need to borrow.</p> <p>The estimated delivery date is considered as part of the decision to allocate capital funds to one project over another. If estimated timings are not accurate, there is a risk that the allocation of funds is not being decided on appropriately.</p> <p>If inaccurate project management is tolerated, there is a risk that the culture of financial management across the Council will be negatively affected which will have consequences for wider financial decision-making.</p> <p>Not delivering major projects within the timeframe to</p>		<p>The controls that have been implemented to mitigate this risk target the robustness of capital bids both at the time they are submitted and throughout the delivery phase of the projects.</p> <p>In particular, scrutiny is focussed on those elements of the capital bid that experience indicates are the primary cause of delays to capital projects. These include</p> <ul style="list-style-type: none"> • How robust are the assumptions on the estimated duration of the procurement exercise? • How realistic is the estimated time taken for contractors to deliver the works? • How realistic are the assumptions on officer availability to manage the project on time? <p>The rationale behind this approach is that an increased culture of challenge will lead to more realistic programming of future capital projects, and therefore a reduced likelihood of slippage.</p>		<p>At Qtr 4 2017/18, the HRA outturn produced slippage of 28% and the general fund reported slippage of 34% an average slippage of 30%.</p> <p>At Quarter 1 2018/19, the Capital programme is reporting a 11% slippage in the £63m programme of works. This is broken down into a 10% HRA slippage and a general fund slippage of 12%. The vast majority of this slippage is caused by the delay on 5 or 6 key projects, that will be reviewed as part of the Quarter 1 Cabinet Financial report.</p> <p>The quarter 2 finance report highlighted capital projects that have slipped into 2019/20.</p> <p>The revised capital budget for 2018/19 is £57m and at present there is negligible underspend of less than 1%.</p> <p>There is projected slippage of 4.8%(£2.7m) on the general fund and none on the HRA. This slippage is predominantly due to 4 projects these are; Northend / Westerdale garage development, Berkhamsted MSCP, Civic Centre demolition and Water gardens South car</p>	

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which it has committed itself exposes the Council to reputational risk.

The following controls are in place with a view to developing a culture of scrutiny and challenge for officers to improve the accuracy of future bids:

- Monthly meetings take place between accountants and budget holders to monitor progress against original timeframes and costs;
 - Corporate Management Team (CMT) receive a monthly report on the progress of capital projects against anticipated timeframes;
 - Performance Group comprising Chief Officers and cabinet Members receive a monthly report on the progress of current projects;
 - Reports go to Cabinet and all Overview and Scrutiny Committees (OSC) every quarter. These reports have been redesigned to focus on the more immediate risk of in-year delivery, highlighting higher risk areas to invite closer scrutiny from Members.
- The 2018/19 capital programme profiling will be reviewed as part of the Qtr 1 monitoring period and AD's will be required to approve the profiling of these budgets and take accountability for delivery of these schemes within the projected timescales.

park refurbishment.

At quarter 3 the capital programme had further slippage of £2.1m in the general fund capital programme. This majority of this slippage relates to delays to the Westerdale garage development, the bunkers park cemetery provision and the fleet replacement programme. The Garage development is now proceeding to completion, the bunkers park cemetery construction tender is due to be awarded in March and the fleet programme tender is being awarded this week.

At quarter 4 the overall capital programme slipped by £5.5m, the majority of this is linked to small timing delays on payments for ongoing capital projects including Berkhamsted Multi-Storey car park £1.2m, Housing association grants £2.1m, Reduced DBC Commissioned works to housing £0.9m, and Stationers place 0.5m.

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Sign Off and Comments

Quarter 4 Financial performance is reported in more detail in the Provision outturn report on this agenda.

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FR_F03 Variances in General Fund revenue budget

Category: Financial	Corporate Priority: Dacorum Delivers	Risk Owner: Nigel Howcutt	Portfolio Holder: Graeme Elliot	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	2 Medium	6 Amber	2 Unlikely	2 Medium	4 Green
Consequences		Current Controls		Assurance	
<p>Accurate, well-controlled budgeting relates directly to the achievement of the Dacorum Delivers corporate objective, and indirectly, through the financial decision-making process, to the achievement of all of the Council's corporate objectives.</p> <p>Inaccurate budgeting negatively affects the Council's ability to make evidence-based decisions. A significant underspend at year-end could indicate that funds have been needlessly diverted from a competing priority. A significant overspend at year-end could result in reserves being used to support lower priority objectives. Both of these could result in reputational damage for the Council.</p> <p>Failure to address the causes of inaccurate budgeting could negatively impact the Council's culture of financial management, which in turn increases the risk of poor financial decision-making.</p>		<p>The following controls aim to reduce the probability of there being a variance in the General Fund Revenue Budget by ensuring that there is strong challenge put to Budget Holders on the robustness of their assumptions, from a range of audiences.</p> <p>It is intended that these controls will increase the opportunity for flawed assumptions to be exposed as soon as possible, as well as incorporating a stronger culture of financial management across the Council leading to continuous improvement in the setting of accurate budgets.</p> <p>The annual budget-setting process consists of an ongoing scrutiny process in which senior officers from across the Council, together with the Financial Services team, challenge the following year's budget bids from Group Managers.</p> <p>This scrutiny process is augmented by the Budget Review Group (BRG), consisting of Chief Officer Group and representatives from the Portfolio Holder group, which provides early Member-level challenge.</p>		<p>The internal audit report in relation to budgetary control was undertaken in early 2018 and a full assurance was achieved in May 2018. The 2017/18 outturn reported a variance on the general fund net cost of service of only £89k, a variance of less than 1% of the net operating budget. This outturn suggest an accurate and efficient budget was set for 2017/18.</p> <p>In quarter 1 2018/19 the general fund is reporting a 4% budget pressure and services are working on plans to mitigate this pressure in year. The main financial pressure is the reduction in income on recyclables, linked to the downturn in the global market for recyclable products.</p> <p>At quarter 2 2018/19 the general fund is projected to be overspent by 1.4% (£249k), this is a marked improvement on quarter 1. The main financial pressures remain in relation to the income from recyclables but budget holders have worked very hard in the last quarter to maximize income streams and to provide quality services in the most efficient manner. Additional mitigation and efficiency work is ongoing.</p>	

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	<p>There are two opportunities for OSCs to scrutinise the budget proposals and directly question the relevant officers before the budget report is finalised and considered by Cabinet and Council.</p> <p>Once approved, in-year budget performance is managed through monthly meetings between accountants and budget holders, which underpin monthly reports to CMT and quarterly reports to Cabinet and OSCs.</p> <p>The Council's Financial Regulations provide a guide to all budget-holders and are subject to annual review.</p>	<p>At quarter 3 the general fund is projected to overspend by £113k, which is less than 1% of the net cost of services. This is an improvement on quarter 2 of £136k. Additional efficiency work is underway prior to year-end.</p> <p>At year-end, the General fund services have been delivered within budget and hence a balanced budget outturn has been reported.</p>
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Sign Off and Comments

Quarter 4 Financial performance is reported in more detail in the Provision outturn report on this agenda.

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FR_I02 Failure to optimise income generated by commercial assets					
Category: Infrastructure	Corporate Priority: Dacorum Delivers		Risk Owner: Nigel Howcutt	Portfolio Holder: Graeme Elliot	Tolerance: Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	3 High	9 Amber	2 Unlikely	3 High	6 Amber
Consequences		Current Controls		Assurance	
<p>The council has a significant portfolio of commercially let properties, which provides one of the council's largest sources of income.</p> <p>Council officers must attempt to maximise income from these assets whilst avoiding the risk of vacant properties and increasing bad debts, which could arise if rents are set too high, and would jeopardise the council's achievement of its corporate objectives of Regeneration and Dacorum Delivers.</p> <p>The continuing recession and the difficulties it brings for local businesses increases the likelihood of this risk crystallising.</p>		<p>The following controls aim to mitigate the risk of underperformance of the Council's commercial assets by maintaining good communication links between relevant Council services, and by regularly monitoring performance against targets (see KPIs CP01 and CP02) to ensure that underperformance is identified and addressed as quickly as possible. The existence of these controls has led to the 'Inherent Probability' of this risk occurring reducing from a score of 3, which is shown in the Residual Probability (i.e. after controls implemented) being a 1.</p> <p>Estates officers responsible for negotiating rent reviews hold monthly meetings with the Debtors team to track current bad debtors. This increases their understanding of the economic pressures businesses are facing, and how it can impact on council income.</p> <p>There are currently Corvu performance targets to maintain the number of voids (empty properties) below 5%, and to keep the rent arrears below 10%. Failure to meet either of these targets would prompt further investigation.</p>		<p>2018/19 Quarter 1 performance shows occupancy is at 96%, 1% above target and an improvement on the 2017/18 outturn position. The percentage of rent arrears is at 7%, 1% below the KPI of 8%. This is also 1% ahead of the year on year position.</p> <p>At quarter 2 the actual occupancy rate for commercial property is 96% against a target of 95%. This is a very high level of occupancy and maintaining this level is very challenging, especially in the current economic circumstances. The percentage arrears on commercial property rents is also performing strongly at only 7%, 1% ahead of KPI and 2% improvement on the same time last year, the management of the commercial portfolio in tough economic times is looking very strong, but can be affected by market fluctuations.</p> <p>At quarter 3 the commercial assets occupancy level was 96% and arrears were down to 6%. A good quality marketing of vacant properties means that almost a third of the vacant units are under offer at present. The estates team are working very proactively with tenants to reduce arrears whilst also ensuring we maximise income and hence at present there is a growing number</p>	

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		of tenants on repayment plans. At the year-end commercial property occupation was at 96.2% and the percentage of arrears on rental was only 5%. This performance is above the targeted KPI levels and well ahead of commercial expectations.
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Sign Off and Comments

Quarter 4 commercial income performance has been strong, concluding a good year for commercial assets, which given the challenging commercial assets market is outstanding.

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FR_R01 Council Tax and Business Rates collections rates drop below budget

Category: Reputational	Corporate Priority: Dacorum Delivers	Risk Owner: Nigel Howcutt	Portfolio Holder: Graeme Elliot	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	2 Medium	6 Amber	3 Likely	2 Medium	6 Amber
Consequences		Current Controls		Assurance	
<p>Distribution of collection fund to other preceptors is based on the budgeted collection level, if collection falls short this could lead to a cash flow issue within the Council's finances. The fund distribution is balanced after the end of the financial year.</p> <p>Reputational risk if collection rate falls significantly – this could also impact on future years' council tax base leading to increased budget pressures.</p> <p>Financial risk in relation to business rate retention scheme if rates collection falls below government set baseline.</p>		<p>The following controls aim to identify as quickly as possible if the Council is falling behind on its collection rates target for the year. If a problem is identified, the Council is then able to invoke a range of options to minimise the ongoing negative impact on collection.</p> <p>Profiled monthly collection rates are monitored monthly - see KPIs RBF04 and RBF05. Reasons for variances are then investigated in order to address problems quickly as possible.</p> <p>Direct debit payment is recommended for all customers – a pre-filled instruction is sent to all non-DD payers with their annual bill or a first bill for a new taxpayer. The direct debit method reduce the risk of under-collection because it eliminates the risk of a payer forgetting to make a monthly payment.</p> <p>There is an active programme for taking formal recovery action against non payers.</p>		<p>At quarter 1 2018/19 the business rates collection rate is 28.7% against a target of 29%. There are outstanding business rates queries that are being dealt with that equate to 0.2% of this shortfall, and the year-end outturn target of 98.4% is still expected to be achieved.</p> <p>The council tax collection rate is 30% against a target of 30.2% the annual target of 98.5% is still expected to be achieved.</p> <p>At quarter 2 the council tax collection rate is 57.6% against a target of 58.2% with the annual target of 98.5% still expected to be achieved. An increase in monthly direct debit payments is resulting in a slight change in the profiling of the payments received and this is being monitored closely.</p> <p>At quarter 2 the NNDR in year collection rate is 51.6% in line with the target.</p> <p>At quarter 3 the NNDR collection rate is in line with expected levels. At present the retail economy is under a certain amount of pressure and so is being closely monitored to ensure we foresee any potential impacts</p>	

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		<p>on the business rates collection.</p> <p>The council tax collection rates have fallen just short of the targeted levels.</p> <p>Although collection rates have dropped slightly year on year the actual council tax and business rates collected in year has increased and the DBC retained elements of these at least match budgeted expectations.</p> <p>These collection rates are impacted by the changing macro financial and political climate. The Business rates collection rate has been impacted by a small number of large companies going into administration, and the difficult financial climate has potentially impacted on council tax collection levels.</p>
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Sign Off and Comments

Collection rates are slightly below targets but the overall collected income is in line with or exceeding budgeted levels.

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FR_R02 Delays and errors in the processing of Benefits claims

Category: Reputational	Corporate Priority: Dacorum Delivers	Risk Owner: Nigel Howcutt	Portfolio Holder: Graeme Elliot	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	3 High	12 Red	3 Likely	2 Medium	6 Amber
Consequences		Current Controls		Assurance	
<p>This risk links to the corporate objective Dacorum Delivers, focusing on an efficient and effective council.</p> <p>Customers could suffer personal hardship resulting from delays or errors in the processing of claims.</p> <p>Significant reputational risk associated with high-profile errors.</p> <p>Staff time spent on addressing unnecessary errors leads to duplication of effort and is an inefficient use of resources.</p> <p>Government subsidy for housing benefit expenditure is based on external audit certification of the claim made. There is financial risk if errors on cases are identified during their testing.</p> <p>Communications with claimants needs to be well written and jargon-free in order to reduce the risk of repeat queries which puts pressure on limited staff resources.</p>		<p>The controls in place aim to mitigate this risk by closely monitoring performance to assist with effective decision-making around resource allocation. This is a heavily process driven service area and close monitoring also helps to identify bottle necks in the process which need to be improved to optimise performance. By subjecting the process to this regular in-depth scrutiny the Service is able to reduce the probability of the risk crystallising, hence the reduction between the Inherent Risk score (4) and the Residual Risk score (2) after the controls have been taken into account.</p> <p>Quality checking and individual performance management is in place. These mean that each officer has targets for their personal productivity and accuracy, and information from quality checks is fed back in order to sustain improvement.</p> <p>Average time taken for processing new claims and changes in circumstances forms part of monthly monitoring.</p> <p>Processes are in place to expedite cases where the customer is vulnerable or facing eviction. These</p>		<p>The time taken to decide a housing benefit claim in the 1st quarter 2018/19 was 22 days against a target of 20 days.</p> <p>The time taken to decide a housing benefit change event is 7.7 days against a target of 6 days, this 1st quarter performance does represent an improvement on last year's 1st quarter by 0.1 days, but is still below where the service need to be.</p> <p>The Qtr 2 benefits team performance has seen an improved performance all round.</p> <p>The total time taken to decide a new claim for housing benefits has reduced to 19.6 days achieving the 20-day target set and showing an improvement quarter on quarter of 2.5 days.</p> <p>The Qtr 2 average time taken to decide a change event for housing benefit clients is 9.8 days shorter than the 10-day target.</p> <p>At quarter 3, the housing benefit service has improved its timely response time to queries and achieved the best response times ever for the service. Also during</p>	

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	<p>processes start when a case is identified within benefits, or by customer services, homelessness, housing etc.</p> <p>Monthly meetings are held between senior officers within Finance & Resources to monitor detailed performance levels at each stage of the claims process.</p> <p>This enables intermediary targets to be set for discrete elements of the process, which in turn enables the more effective monitoring which has resulted in significantly improved performance over the last 6 months.</p>	<p>quarter 3, the service has received a full assurance from internal audit and a final sign off, of the housing benefit external audit for 2017/18.</p> <p>The KPI's for the housing benefit service in quarter 4 are all being excelled. The average time to process a change of housing benefit claims has reduce to a record breaking 3 days.</p>
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Sign Off and Comments

The performance of the benefits service has been good throughout 2018/19, and in quarter 3 and 4 the service have set new performance highs for dealing with benefit queries and changes.

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Indicator Name	Results Mar-2019	Last Quarters Results Dec-18	Last Years Results Mar-18	RAG 	Comments	Actions
Dacorum Delivers - Efficiencies						
RBF01 - Average time taken to decide a new claim for Housing Benefit	18.6 Days 5116 / 275 Target: 20	16.8 Days 8303 / 495 Target: 20	19.4 Days 11007 / 566 Target: 20	0 1 3	Updater Comments: The volumes of new claims received stabilised as the quarter went on following the introduction of Universal Credit in December. This has been reflected in more consistent performance as the quarter progressed.	No Info
RBF02 - Average time taken to decide a change event for Housing Benefit	3 Days 55072 / 18225 Target: 6	7.8 Days 38322 / 4932 Target: 6	4 Days 66880 / 16547 Target: 5	0 2 2	Updater Comments: Performance for the quarter is as expected due to the high volume of annual uprating changes that are processed. It is however, the best quarterly performance we have on record.	No Info
FIN03 - General Fund expenditure - outturn forecast against budget	£17970000 Target: 17335000	£17773000 Target: 17335000	£17423000 Target: 17745000	0 4 0	Approver Comments: The financial outturn position for 2018/19 will be reported in May 2019.	No Info
FIN04 - HRA expenditure outturn forecast against budget	£55509000 Target: 56070000	£56024000 Target: 56070000	£55860000 Target: 56357000	0 2 2	Approver Comments: The financial outturn position for 2018/19 will be reported in May 2019.	No Info
FIN05 - HRA income - outturn forecast against budget	£56175000 Target: 56070000	£56175000 Target: 56070000	£57092000 Target: 56357000	0 1 3	Approver Comments: The financial outturn position for 2018/19 will be reported in May 2019.	No Info
FIN06 - General Fund Capital Expenditure - outturn forecast against budget	£13347547 Target: 17353067	£17005866 Target: 19200477	£9834865 Info Only	0 0 3	Approver Comments: The financial outturn position for 2018/19 will be reported in May 2019.	No Info
FIN07 - HRA Capital Expenditure: outturn forecast against budget	£24725160 Target: 26287037	£26287037 Target: 36028557	£24468275 Info Only	0 0 3	Approver Comments: The financial outturn position for 2018/19 will be reported in May 2019.	No Info

Indicator Name	Results Mar-2019	Last Quarters Results Dec-18	Last Years Results Mar-18	RAG	Comments	Actions
FIN08 - Investment income: outturn forecast against budget	£769721 Target: 548000	£706620 Target: 548000	£375920 Target: 442000	0 0 4	No Comments	No Info
FIN11 - Investment Property Income ytd budget against ytd actual	£5163863 Info Only	£4632716 Info Only	£4717942 Info Only		No Comments	No Info
RBF06 - Council Tax customer contact response (percentage of contacts responded to within 14 days)	97% 9301 / 9598 Target: 94	96% 9177 / 9565 Target: 98	97% 8632 / 8942 Info Only	1 2 1	Approver Comments: This is an excellent end to the year.	No Info
Dacorum Delivers - Performance excellence						
FIN01 - Percentage of creditor trade invoices paid within 30 days	98.4% 3102 / 3151 Target: 97	98.5% 2797 / 2841 Target: 97	96.3% 3561 / 3699 Target: 97	0 0 4	No Comments	No Info
FIN02a - Time taken for debtors to pay	38.8 Days Target: 40	30 Days Target: 40	37.2 Days Target: 40	0 0 4	No Comments	No Info
Dacorum Delivers - Value for money						
RBF04 - NNDR (Business Rates) in-year collection rate	98.1% Target: 98.4	76.6% Target: 76.5	98.3% Target: 98.4	0 2 2	Approver Comments: Collection this year has been impacted by a number of retailers (including a few in larger properties) which have entered administration. Given these challenges, the team have continued to work hard to collect as much of the money due as possible.	No Info

Indicator Name	Results Mar-2019	Last Quarters Results Dec-18	Last Years Results Mar-18	RAG	Comments	Actions
RBF05 - Council Tax collection rate	98.3% Info Only	85.4% Info Only	98.5% Info Only		Updater Comments: Having spent this quarter analysing payment trends, taking action to recover the monies outstanding and looking at ways to ensure we would achieve our out turn target, and we did achieve 98.3% collected.	No Info
Regeneration - Drive value from Council owned assets						
CP01 - Percentage of commercial property occupation	96.22% 586 / 609 Target: 95	96.06% 585 / 609 Target: 95	95.4% 581 / 609 Target: 95	0 0 4	Updater Comments: As per last month the level of voids reflects our proactive debt recovery action. A number of properties (30%) are under offer to be re-let and are in legal hands. 61% of the voids needs refurbishment before they could be marketed.	No Info
CP02 - Percentage arrears on commercial property rents	5% 231033 / 5006201 Target: 8	6% 284313 / 5006201 Target: 8.75	7% 364866 / 5085000 Target: 6.5	0 0 4	Updater Comments: Through liaison with customer accounts we continue to chase any overdue sums. The Estates team has also managed to exceed the projected rental target which has been challenging given the current market. We continue to progress legal action against certain debtors through the Court system which is having a positive impact on figures. A large number of the tenants are on payment plans which assists in managing the arrears whilst keeping the properties occupied in difficult trading times and has helped to reduce the arrears.	No Info



Report for:	Finance and Resources Overview & Scrutiny Committee
Date of meeting:	11 June 2019
PART:	1
If Part II, reason:	

Title of report:	Quarter 4 Performance Report – Corporate and Contracted Services
Contact:	<p>Cllr Andrew Williams, Portfolio Holder for Corporate and Contracted Services</p> <p>Author/Responsible Officers:</p> <p>Mark Brookes (Assistant Director – Corporate and Contracted Services)</p> <p>Farida Hussain – Group Manager (Legal & Corporate Services)</p> <p>Ben Hosier – Group Manager (Procurement and Contracted Services)</p>
Purpose of report:	To provide Members with the performance report for quarter four in relation to Corporate and Contracted Services.
Recommendations	That Members note the report.
Corporate objectives:	Resources and Value For Money; Optimise Resources and Implement Best Practice.
Implications:	<u>Financial</u> None.
‘Value For Money Implications’	<u>Value for Money</u> Monitoring Performance supports the Council in achieving Value for Money for its citizens.
Risk Implications	Risk Assessment completed for each service area as part of service planning and reviewed quarterly.

Equalities Implications	Equality Impact Assessment completed for each service area as part of service planning and reviewed quarterly.
Health And Safety Implications	None
Consultees:	Cllr Andrew Williams, Portfolio Holder for Corporate and Contracted Services
Background papers:	Annex 1: Quarter 4 Performance Report

1. Members will find attached to this report the Corvu performance data for Corporate and Contracted Services.
2. Members will also note that the only Operational Risk which falls within this area is CE_R01 Failure to deliver successful elections and there have been no changes to this risk during the fourth quarter, although officers continue to monitor developments with Brexit and the potential for further elections or referenda.
3. The services included in this report are those services which fall under the Assistant Director (Corporate and Contracted Services), which are Legal, Licensing, Corporate Support (which includes the now combined teams of Members Support, Electoral Registration and Corporate Support) and Procurement and Contracted Services.

LEGAL

The Legal Team

4. The Legal team frequently represent the Council in the courts and tribunals, leading on injunctions, prosecutions and defending employment tribunal cases and judicial review proceedings. In the last quarter the Legal team presented the following cases in court:-

Matter	Client/type	Case Detail
DBC v Aseq Ashfaq	Environmental Health	Prosecution for breach of food hygiene standards at the Flamingo Grill, Berkhamsted. Defendant pleaded guilty to 21 offences. Fine £15,750 Costs £9281.25
DBC v Tesco	Health & Safety	Prosecution for breach of health & safety. Tesco pleaded guilty to two offences. Sentencing was adjourned.
DBC v Pitblado	Planning	Appeal against conviction and sentence for failure to comply with enforcement notice. Unlawful development in green belt land.

5. The Legal team have been active completing a number of planning and conveyancing transactions bringing significant income into the Council. In the last quarter the team have received 56 new instructions and 7 new right to buy instructions. The following cases may be of interest to Members:
- Lease of part 1st Floor of The Forum to the Clinical Commissioning Group completed.
 - Loan to Flamstead Parish Council secured against Flamstead Sports Association.

The Licensing Team

6. Key updates for the team are as follows:
- 22 Premises licence applications, and 101 applications for one off events (via the submission of Temporary Event Notifications) received and processed.
 - Checks carried out on a kennel/cattery which was refused a licence as a result of not meeting the new Animal Welfare standards, confirmed trading has ceased.
 - Several unlicensed animal home boarders identified. Some have since applied for licences and others have ceased to operate.
 - Unregistered Tattooist identified and registered following acceptable inspection.
 - Inspections of Private Hire Operators, licensed Premises and Gambling Premises

Corporate and Democratic Support

7. During Quarter 4, Corporate and Democratic Support carried out the following:

Committee meetings

- Published 25 agendas
- Completed 25 sets of minutes
- Processed 35 public speakers at Committee
- Published 11 Portfolio Holder Decisions
- Published 13 Officer Decisions

Corporate meetings

- Attended 13 corporate meetings

Member Development

8. During Q4, there was one Member Development session:

- **Safe, Confident and Effective Use of Social Media.** This session was facilitated by David McGrath from Link Support Services. The session had 7 attendees.

23 councillors did not attend any member development sessions in 2018-19. Corporate and Democratic Support have worked with CMT to develop a new Member Development programme for the next four years. There will be a focus on Community Leadership and mandatory training will be introduced to ensure all councillors have the appropriate knowledge and skills. It is hoped that this will improve attendance at these sessions, which will continue to be monitored by the Member Development Steering Group.

Mayoral Support

9. In addition to managing the day to day engagements of the Mayor, the Mayoral Team delivered a successful Civic Reception, the largest event in the Mayor's annual event calendar. The evening featured the Mayor's 'Everyday Hero' awards, recognising individuals in the local community who were nominated by their friends, colleagues, neighbours or customers for the contribution they make to improve the lives of others.

Electoral Services

10. Following on from the 64,000 Household Notification Letters (HNLs) that were sent out in December 2018, in Q4 the Electoral Services team made the following changes to the Electoral Register:-

February: Total 2369

Changed: 118

Deleted: 719

Added: 1532

March: Total 1007

Changed: 54

Deleted: 365

Added: 588

April: Total 722
Changed: 50
Deleted: 357
Added: 315

Household notification letters were sent to every property in Dacorum, confirming the amendments following the 2018 canvass.

Preparations for the local Borough & Parish elections began in quarter 4. Polling stations were all booked and staffing availability letters were distributed. Over 400 staff were appointed as a result into the various roles such as Poll Clerk, Presiding Officer, Verification assistants, count assistants, Station inspectors etc). Therefore over 240 polling station staff were subsequently trained and guidance issued to all counters, along with a new training video which was very well received.

Over 112,000 poll cards were hand delivered to electors across the Borough. Around 17,000 postal votes were issued for the Borough elections and a further 4600 issued for the contested Parish areas.

The team worked incredibly hard over this period to ensure that all statutory deadlines were adhered to, along with maintaining business as usual. The service is currently 1 FTE short and it is hoped that recruitment for this will be carried out in the next quarter.

PROCUREMENT AND CONTRACTED SERVICES

Procurement

11. The workload remains at a high level managing tender activities across the Council in the following areas:
 - Housing New Build Programme
 - Refuse Fleet Upgrade
 - CCTV Upgrade & Maintenance
 - Temporary Agency Staff
 - Building Services Capital Works

In addition to the tender workload, the Procurement Strategy and Commissioning & Procurement Standing Orders are being reviewed and will be presented to Finance & Resources Scrutiny and Cabinet for approval by the end of 2019/20.

Parking Services

12. The parking enforcement contract continues to increase the level of compliant parking through the utilisation of ANPR CCTV technology.

A review of the KPI's is currently being undertaken.

A report on the performance of the parking enforcement contract will be presented to Scrutiny in September 2019.

Car parking income YTD performance measure is amber but is only £7k below target.

CCTV

13. The Service continues to deliver safeguarding measures to residents and members of the public through the delivery of the public space CCTV service.

The Service will shortly be tendering its maintenance contract which will include a hardware refresh programme over the next 5 years.

Leisure Contract

14. A separate report on the performance of the Leisure Services contract will be presented to Finance & Resources Scrutiny Committee on 11th June.

Leisure Modernisation

15. The Tring swimming pool project is nearing its final stages of completion and Officers are working on the last snagging issues.

The centre is due to be formally handed over to Tring School on 1st June, at this point the school will take full ownership of the running of the facility.

Cabinet have given officers the approval to progress to the next stage of the feasibility study for a new leisure centre in Berkhamsted.

Multi-Storey Car Park

16. There has been a delay to the commencement of the construction programme due to a number of issues which have recently arisen between the Huber and various other parties regarding the enabling works.

The completion of all utility diversions has been problematic due to the utility's provider's non-committal to undertaking and completing all associated works in a reasonable and timely manner, subsequently this has impacted the construction programme.

Until all of the enabling works are concluded, Huber are unable to commence with the 32-week construction period.

It is hoped that the envisaged that works will be completed during May/June.

Indicator Name	Results Mar-2019	Last Quarters Results Dec-18	Last Years Results Mar-18	RAG	Comments	Actions
Dacorum Delivers - Performance excellence						
LG03 - Percentage of Right to Buy documents sent to tenants/their Solicitors within 15 working days of receipt of full instructions	100% 7 / 7 Info Only	100% 14 / 14 Info Only	100% 8 / 8 Info Only		Updater Comments: Target met	None
LG06 - Percentage of housing possession proceedings commenced within 20 working days of receipt of full instructions	100% 5 / 5 Info Only	100% 1 / 1 Info Only	100% 3 / 3 Info Only		No Comments	No Info
LG09 - Percentage of prosecution proceedings commenced within 20 working days of receipt of full instructions	100% 1 / 1 Info Only	100% 5 / 5 Info Only	100% 3 / 3 Info Only		No Comments	No Info
Dacorum Delivers - Reputation and profile delivery						
DPA01 - Percentage of DPA requests met in 40 days	85.71% 12 / 14 Target: 100	100% 22 / 22 Target: 100	100% 9 / 9 Target: 100	1 0 3	No Comments	No Info
CS02a - Percentage stage 1 complaints resolved in 15 days for the Council	64.71% 22 / 34 Target: 80	89.09% 49 / 55 Target: 80	96.43% 54 / 56 Target: 80	1 0 3	No Comments	Team to continue to send out weekly reminders to Group Managers to ensure they are aware when complaints are nearing target.

Indicator Name	Results Mar-2019	Last Quarters Results Dec-18	Last Years Results Mar-18	RAG	Comments	Actions
CS02b - Percentage stage 2 complaints resolved in 15 days for the Council	80% 4 / 5 Target: 80	No Data 0 / 0 Target: 80	No Data 0 / 0 Target: 80	0 0 3	No Comments	No action required at this time - performance meeting target.
FOI01 - Percentage FOI requests satisfied in 20 days	91.15% 175 / 192 Target: 100	98.24% 167 / 170 Target: 100	97.45% 191 / 196 Info Only	1 3 0	No Comments	Strong reminder to Sara Whelan from KPI Owner required. Suggest that requests are also cc'd into James Doe or Paul Newton - but advice required from James Doe initially.
MS01 - Average number of training opportunities taken up per Member	No Data Info Only	0.4 Opportunities Info Only	No Data Info Only		No Comments	No Info
Dacorum Delivers - Efficiencies						
FIN13 - Car Parking Income ytd budget against ytd actual	£2290149 Target: 2283120	£1724990 Target: 1716090	£2276406 Target: 2110140	0 0 4	No Comments	No Info

Agenda Item 10



Report for:	Finance and Resources Overview & Scrutiny Committee
Date of meeting:	
PART:	1
If Part II, reason:	

Title of report:	Performance and Risk report Quarter 4 2019/20 – Performance, People & Innovation
Contact:	Andrew Williams, Portfolio Holder Corporate & Contracted Services Author/Responsible Officer: Linda Roberts (Assistant Director – Performance , People and Innovation), Matt Rawdon (Group Manager – People) and Ben Trueman (Group Manager – Technology and Digital Transformation)
Purpose of report:	To provide the Committee with analysis of performance and risk management for the services and functions provided by the Performance, People & Innovation Division.
Recommendations	That the Committee notes the contents of the report and the performance of the division for Quarter 4 2018/19.
Corporate objectives:	The Performance, People & Innovation division supports the delivery of all corporate objectives, although there is a particular focus on ‘modern and efficient council’.
Implications:	<u>Financial</u> Poor performance could lead to increases in costs as well as reducing the value of our service offer.
‘Value For Money Implications’	<u>Value for Money</u> The work of the division supports the achievement of value for money in the pursuit of the Council’s objectives
Risk Implications	Risk Assessment regularly reviewed
Equalities Implications	There are no equalities implications arising from this report.
Health And Safety	There are no health and safety implications arising from this

Implications	report.
Consultees:	None
Background papers:	Attached: 1. Quarter 4 Operational Risk and Performance reports
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	<p>This is a regular report to the committee detailing the performance of the relevant services for this committee over the last quarter.</p> <p>The review also considers operational risks and highlights any additional controls and assurances needed to address the issues raised.</p>
Glossary of acronyms and any other abbreviations used in this report:	<ul style="list-style-type: none"> • IT – Information Technology team • FirstCare – The Council’s sickness management system • KPIs – Key performance indicators

Introduction

- 1.1 Performance reports are produced on a quarterly basis with information collated in the Council's new performance management system (Rocket).
- 1.2 The performance report for the division is attached and it examines progress in relation to two key themes:
 - 1.2.1 Human Resources
 - 1.2.2 IT and Digital Services
- 1.3 Targets are included in those areas where it would act as a positive driver on performance behaviour.

Monitoring Performance

Summary

2.1 Overall performance in quarter 4 is relatively positive.

Detailed Analysis

3.1 Human Resources

3.2 The Sickness absence outturn for Q4 has worsened this quarter from last, and is higher than the same quarter last year. The Council is continuing to operate a robust management process that involves a senior management team (supported by HR) reviewing every case of sickness on a monthly basis to ensure that we are taking robust and fair action. The sickness project is focussing on proactive measures (staff wellness days, stress awareness courses, mental health first aider scheme) to prevent sickness as well as finding solutions to get people back to work quicker.

A contributing factor to this overall increase has been a rise in musculoskeletal injuries. In light of this the Council has commissioned our H&S team to explore accidents at work trends and practices that staff are undertaking to see what improvements can be made to avoid future musculoskeletal injuries. A review of the sickness policy is also currently being undertaken to ensure its in line with good practice and the latest Case Law.

3.3 Staff turnover can help the organisation to understand its performance in relation to employee retention and motivation. The projected annual staff turnover rate has increased in this quarter from last (From 6% to 11%). However, an annual staff turnover rate between 10% - 15% is considered healthy as an industry standard.

4.1 IT and Digital Services

4.2 IT Systems availability (99.87%) was positive within the quarter. On 25/03/2019 there was a temporary outage of the Council's Remote Working technology, following essential maintenance. This issue was permanently resolved the same day.

Numbers of Website Users (142,588) were noticeably above the figure for the previous quarter (131,195).

Risk Management

PP_R011 Failure to deliver Digital Dacorum leads to poor customer experiences and increased costs from calls and face-to-face visits

In the last quarter we have launched a number of new GDPR compliant subscription sign-up forms (Garden Waste, Homelessness Forum, Private Sector Housing, etc.) . Development of the Resident Portal (“MyDacorum”) continued as the soft launch approached.

PP_R012 Failure to deliver an effective approach to the management of performance, projects and complaints

The majority of performance indicators and projects are in target and continue to be monitored jointly by members and senior officers.

PP_R014 Failure to achieve the service outcomes outlined in each of the new community and Leisure contracts

The community contracts are continuing to perform effectively and robust quarterly contract meetings are in place to ensure these contracts are performing at the required level.

The performance boards are set up to measure the ‘Everyone Active’ contract.

PP_R015 Failure to effectively and proactively manage the media profile of DBC including social media

Continued growth our social media channels as a primary communication tool. Over the last three months we have increased subscribers to Digital Digest.

PP_R016 Failure to effectively and proactively manage all aspects of employee relations

We continued to provide dedicated support and coaching for all managers engaged in employee relation issues.

PP_R017 Failure to support the organisation, and in particular the leadership team, to manage organisational change and staff development including the move to the Forum

Human Resources continue to offer the CPD accredited management training course for middle managers and aspiring managers. Excellent feedback is regularly received.

HR continuously monitor the training need for leadership and design the corporate training offer to satisfy this need.

Leadership development is a theme within the New Normal Programme and this will be shaping the future leadership development programme.

PP_R018 Failure to understand and respond to the current and future technology needs of the Council

Technology is a key part of the New Normal Programme (as part of the People & Technology work stream) providing an opportunity to review the Council's technology approach and to ensure it is fit for purpose for future ways of working within DBC.

The refresh of desktop equipment for officers is now more than 80% complete and expected to complete by summer 2019. As well as access to enhanced software, the new equipment provides a greater flexibility in working arrangements, such as mobile working. The quarter also saw the near completion of work to replace equipment in DBC data centres, providing capacity for current and future requirements.

Current replacement and upgrade projects for essential systems, such as the Planning and Finance, continue. Further projects such as the replacement of the HR system and upgrade of Email Server are planned. Additionally, the New Normal Programme will identify practical and deployable technology enhancements focussing on assisting front line officers.

PP_R04 Failures in ICT resilience or security leading to significant system downtime

In Q4 overall systems availability was 99.87%. The Council deploys a wide range of security controls and has completed delivery of resilient lines with diverse routes on the BT network to the Council's data centre.

DBC has once again been certified compliant for use of the Government's Public Services Network (PSN) by the Cabinet Office following independent penetration testing.

Agenda Item 11

Clerk: Trudi Angel (ext. 2224)

Finance and Resources Overview & Scrutiny Committee: Work Programme 2019/20

Scrutiny making a positive difference: Member led and independent, Overview & Scrutiny Committee promote service improvements, influence policy development & hold Executive to account for the benefit of the Community of Dacorum.

Meeting Date	Report Deadline	Items	Contact Details	Background information
09 July 2019	27 June 2019	Action Points (from previous meeting)		
11 September 2019	30 August 2019	Action Points (from previous meeting)		
		Budget Monitoring Report Q1	Assistant Director Finance & Resources Nigel.howcutt@dacorum.gvo.uk	<i>To review and scrutinise quarterly performance</i>
		Finance and Resources Q1 Performance Report	Assistant Director Finance & Resources Nigel.howcutt@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Corporate & Contracted Services Q1 Performance Report	Assistant Director, Corporate & Contracted Services Mark.brookes@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Performance, People & Innovation Q1 Performance Report	Assistant Director, Performance, People & Innovation linda.roberts@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Parking Enforcement Contract	Group Manager, Commissioning, Procurement and Compliance Ben.Hosier@dacorum.gov.uk	<i>To monitor the contract</i>
22 October 2019	10 October 2019	Action Points (from previous meeting)		
13 November 2019	1 November 2019	Action Points (from previous meeting)		

		Budget Monitoring Report Q2	Assistant Director Finance & Resources Nigel.howcutt@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Finance and Resources Q2 Performance Report	Assistant Director Finance & Resources Nigel.howcutt@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Corporate & Contracted Services Q2 Performance Report	Assistant Director, Corporate & Contracted Services Mark.brookes@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Performance, People & Innovation Q2 Performance Report	Assistant Director, Performance, People & Innovation linda.roberts@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
Joint Budget 3 Dec 2019		**** Joint Budget**** ****2019-2020**** ***** <i>Ideally no further items to be added</i>	Corporate Director Finance & Operations James.deane@dacorum.gov.uk	
15 January 2020	3 January 2020	Action Points (from previous meeting)		
		Performance of the Leisure Contract	Group Manager, Commissioning, Procurement and Compliance Ben.Hosier@dacorum.gov.uk	<i>To monitor the contract</i>
Joint Budget 4 February 2020		**** Joint Budget**** ****2020-2021**** ***** <i>Ideally no further items to be added</i>	Corporate Director Finance & Operations James.deane@dacorum.gov.uk	
	12 March 2020	Action Points (from previous meeting)		

24 March 2020				
		Budget Monitoring Report Q3	Assistant Director Finance & Resources Nigel.howcutt@dacorum.gvo.uk	<i>To review and scrutinise quarterly performance</i>
		Finance and Resources Q3 Performance Report	Assistant Director Finance & Resources Nigel.howcutt@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Corporate & Contracted Services Q3 Performance Report	Assistant Director, Corporate & Contracted Services Mark.brookes@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Performance, People & Innovation Q3 Performance Report	Assistant Director, Performance, People & Innovation linda.roberts@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
		Parking Enforcement Contract	Group Manager, Commissioning, Procurement and Compliance Ben.Hosier@dacorum.gov.uk	<i>To monitor the contract</i>

Agenda Item 13

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted