

EAST HERTS COUNCIL

EXECUTIVE – 4 FEBRUARY 2014

MONTHLY CORPORATE HEALTHCHECK – NOVEMBER TO
DECEMBER 2013

REPORT BY THE LEADER OF THE COUNCIL

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- To set out an exception report on the finance and performance monitoring for East Herts Council for November to December/Quarter 3 for 2013.

<u>RECOMMENDATIONS FOR EXECUTIVE:</u> that:	
(A)	the budgetary variances set out in paragraph 2.1 of the report be noted;
(B)	the additional budget approval for ICT training against the Planning Contingency Budget of £12,000, as detailed in paragraph 2.32 of the report, be noted;
(C)	the slippage on the 2013/14 Capital Programme of £9,400 as detailed at paragraph 2.32, be approved;
(D)	the transfer of the capital budget for the Wallfields Server Room Fire Suppression scheme to the Refurbishment of Wallfields as detailed at paragraph 2.32, be approved;
(E)	the various changes to the ICT Capital schemes, with an overall net impact of Nil as detailed at Essential Reference Paper D of the report, be noted;
(F)	the 2013/14 Savings progress as detailed at Essential Reference Paper F of the report, be noted; and

(G)	the controls and scores listed in the strategic risk register for the period October to December 2013, as detailed at paragraph 2.35, be approved.
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1.0 Background




1.1 This is the monthly finance and performance monitoring report for the council.



1.2 Each month the report will contain a breakdown of the following information by each corporate priority where remedial action is needed:

- Salary, Capital and Revenue variance.
- Performance information (based on the performance indicator suite that is reported on a monthly basis and where relevant quarterly data) and also the Directorate's position in respect to payment of invoices and sickness absence.

1.3 **Essential Reference Paper 'B'** shows the full set of performance indicators that are reported on a monthly and quarterly basis.
Essential Reference Paper 'C' shows summarised information on salary costs.
Essential Reference Paper 'D' shows detailed information on the capital programme.
Essential Reference Paper 'E' shows explanations of variances on the Revenue Budget reported in previous months.
Essential Reference Paper 'F' shows the council's 2013/14 savings.
Essential Reference Paper 'G' shows the October to December 2013 strategic risk register.

The codes used in relation to performance indicator monitoring are as follows:

Status	
	This PI is 6% or more off target.
	This PI is 1-5% off target.
	This PI is on target.

Short Term Trends	
	The value of this PI has changed in the short term.
	The value of this PI has not changed in the short term.

2.0 Report – Directorate Position

REVENUE FINANCIAL SUMMARY

2.1 The financial aspects of this report are based on budgetary information from April 2013 to December 2013.

	Position as at 31.12.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
(1) People						
New Homes Bonus Grant	20	0	0	0	20	0
Collection Fund Balance	55	0	0	0	55	0
Hillcrest Hostel Rent Income	0	25	0	4	0	30
Environmental Action Grants	29	0	2	0	9	0
Land Charge Income	47	0	6	0	45	0
Staff salaries (Essential Reference Paper 'C').	0	34	0	74	0	112
Customer Services – security	5	0	1	0	5	0
Revenues and Benefits Services - Recovery Of Summons Costs	0	0	0	0	0	25
Welfare Reform	81	0	0	7	97	0

	Position as at 31.12.13				Projected Position year end		
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000	
(2) Place							
Hertford Theatre - Income	149	0	0	76	0	4	
Hertford Theatre - Equipment	0	7	0	7	0	10	
Community Safety	14	0	0	0	8	0	
Green Waste Collection	107	0	0	61	45	0	
Recycling – Contributions from Other Authorities	29	0	0	0	96	0	
Domestic Refuse – Contract costs	164	0	0	142	13	0	
Maintenance of Recycling Banks	7	0	0	0	6	0	
Commercial and Clinical Waste Collection	16	0	1	0	1	0	
Clinical Waste income	16	0	0	0	16	0	
Street Cleansing	29	0	0	182	25	0	
Grounds Maintenance(Net)	103	0	0	63	14	0	

	Position as at 31.12.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
2) Place (continued)						
Parks and Open Spaces	0	69	0	71	0	7
Playground Inspection	10	0	0	10	11	0
Kerbside Dry Recyc. Collection	0	5	0	299	18	0
Textiles Bank (Net)	5	0	23	0	0	6
Trade Waste income	156	0	0	123	29	0
Trade Waste Collection contract	0	15	0	6	0	6
Environ Protection Parish Litter	0	1	0	0	0	1
Paper Bank Income	0	17	0	0	0	16
Dry Recycling	283	0	0	59	0	80
Animal Services and pest Control	7	0	0	0	12	0
Pest Control Income	0	0	0	2	0	5

	Position as at 31.12.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
2) Place (continued)						
Leisure Services Income	136	0	136	0	0	19
Development Plans Service – LDF Upkeep budget not required for 2013/14.	40	0	0	0	30	0
Repayment of Housing Grant	6	0	0	0	6	0
Prevention of Repossession	7	0	0	0	10	0
Priority Spend	0	19	0	0	180	0
(3) Prosperity						
Development Management income	533	0	11	0	450	0
Pre Application Advice Income	24	0	1	0	25	0
Development Management Cost of Appeals	0	35	0	13	0	160
Pay and Display Car Park Income	0	209	0	52	0	175

	Position as at 31.12.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
(3) Prosperity (Cont)						
Investment Interest	0	65	0	25	0	210
Car Park Enforcement Contract.	194	0	0	37	99	0
Supermarket Reimbursement.	198	0	57	0	46	0
Parking Repairs & Maintenance.	0	17	2	0	0	16
Parking – PCN Income.	0	63	0	8	0	75
Parking - Gascogne Way – car washing.	0	6	0	1	0	8
Parking – Bishop Stortford Season tickets.	13	0	0	0	9	0
Customer Services & Parking	0	1	0	0	0	3
Public Conveniences – Cleaning Contract.	11	0	4	0	5	0
Housing Options – Government Grant	0	0	0	0	50	0

	Position as at 31.12.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
(3) Prosperity (Cont.)						
Supplies and Services Base Budget reduction	38	0	0	0	38	0
Shared Audit Service	33	0	0	0	9	0
Markets - Income	0	15	0	0	0	15
TOTAL:	2,565	603	244	1,237	1,423	816
Net Projected Variance - Favourable						607
Supported by supplementary estimates						
Total Supplementary Estimates						

- 2.2 Subject to all other budgets being equal, this would result in an underspend of £607,000.
- 2.3 A forecast under spend of £200k for the Domestic Refuse Collection contract has not been included in the table at 2.1. In line with the business case for SPARC (Separate paper and Recycling Collections) the identified underspend will be applied to finance the 2013/14 revenue costs of the scheme.
- 2.4 A summarised salaries monitoring report for the period April to December 2013 is attached to this report in **Essential Reference Paper C**. A minor adverse variance of approximately £34k has been identified comparing actual salary costs for the reporting period with the profiled budget. The forecast outturn for 2013/14 is expected to result in an adverse variance of £112,850. This is a slight reduction on the prior period forecast outturn (£121k).

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

People

Financial analysis

- 2.5 In line with experience to date, the adverse variance for rental income in relation to Hillcrest Hostel has been revised from £20,000 to £30,000.
- 2.6 Land Charges income continues to overachieve as a result of the improvement in the District's housing market. The income budget is now forecast to overachieve by £45,000.

Performance analysis

- 2.7 **EHPI 3b - Usage: number of swims (16 – under 60 year olds).** Performance was 'Red' for Quarter 3. Performance is below target, but throughput is down in line with normal trend patterns. This group continues to be monitored by both the Leisure Service Manager and SLM.
- 2.8 **EHPI 3c - Usage: number of swims (60 year old +).** Performance was 'Red' for Quarter 3. Performance is below target but has decreased in line with normal seasonal trends, Leisure Services Manager and SLM will be closely monitoring this age group.

2.9 The following indicators were 'Green', meaning that the targets were either met or exceeded for December/Quarter 3 for 2013. They were:

- EHPI 3a - Usage: number of swims (under 16).
- EHPI 4b - Usage: Gym (60 + year olds).
- EHPI 4a - Usage: Gym (16 – under 60 year olds).
- EHPI 129 – Response time to anti social behaviour (ASB) complaints made to East Herts Council.
- EHPI 181 – Time taken to process Housing Benefit new claims and change events.

Please refer to **Essential Reference Paper 'B'** for full details.

2.10 However despite meeting its target for Quarter 3 for 2013 the following indicator shows a declining trend when performance is compared to the previous Quarter:

- EHPI 3a - Usage: number of swims (under 16).

Place

Financial analysis

2.11 The original 2013/14 budget included a planning contingency sum of £591k, which allows for unforeseen events to be funded in-year. Currently there is a balance of £440k which if not required during the year will result in an additional favourable variance over and above the £607,000 reported for the period. These budgets are for one-off areas of spend. No permanent service growth has been identified for the service costs detailed below for inclusion in the 2014/15 base budget.

	£000	Comment
Planning Contingency budget at the start of the financial year	591	
Less	25	New Recycling Initiative
	40	Housing Needs Survey
	24	Human Resources Post
	15	Review of Carpark

		Management Systems.
	20	Resources to support the development of the Council's Investment Strategy.
	15	Community Safety Partnership team cost of moving to Hertford Police Station
	12	Corporate ICT training. Agreed 21.01.2014.
Planning Contingency still to be utilised	440	

- 2.12 An adverse variance of £10,000 is forecast for Hertford Theatre's equipment budget. The additional cost is required to purchase replacement equipment and additional shelving.
- 2.13 The Domestic Waste and Dry Recycling collection contracts are forecast to be £13,000 and £18,000 respectively lower than expected.
- 2.14 Various minor budget changes, totalling less than £12,000 have been identified within the Customer and Community Services budget.
- 2.15 A favourable variance has been identified of £16,000 for transport subsidy in relation to the implementation of the SPARC (Separate Paper and Recycling Collections).
- 2.16 Playground inspection costs are expected to be lower than anticipated (favourable variance £11.5k).
- 2.17 Income from Pest Control and Leisure Services is forecast to under achieve by £34,000 approximately.

Performance analysis

- 2.18 **EHPI 157b – Processing of planning applications: Minor applications.** Performance was 'Red' for December 2013. 17 of a total of 25 decisions were made within the target time period. The eight applications for which decisions were made outside the

timescale raised a number of issues which required considerable investigation and further information to be gathered before a decision could be made. However, this further work enabled an approval to be given in 7 of these 8 cases.

- 2.19 **EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.** Performance was ‘Red’ for December 2013. Missed collections reduced in December as crews became more familiar with their new routes. Waste Services continue to work with Veolia to reduce the level further.
- 2.20 **EHPI 2.1e – Planning Enforcement: Service of formal notices.** There were no notices served in December, so there is no performance data to analyse.
- 2.21 **NI 191 – Residual household waste per household and NI 192 - Percentage of household waste sent for reuse, recycling and composting.** The December performance data for these indicators were not available for inclusion in this report; however the data for this period will be verbally reported by the Chief Executive and Director of Customer and Community Services.
- 2.22 The following indicators were ‘Green’, meaning that the targets were either met or exceeded for December/Quarter 3 for 2013. They were:
- EHPI 2.4 – Fly-tips: Removal.
 - EHPI 2.1d – Planning Enforcement: Initial Site Inspections.
 - EHPI 157a – Processing of planning applications: Major applications.
 - EHPI 157c – Processing of planning applications: Other applications.
- 2.23 However despite meeting their targets for December 2013 the following indicators show a declining trend when performance is compared to the previous month:
- EHPI 2.1d – Planning Enforcement: Initial Site Inspections.
 - EHPI 2.4 – Fly-tips: Removal.
- Please refer to **Essential Reference Paper ‘B’** for full details.

Prosperity

Financial analysis

- 2.24 Government Grant of £50,000 is forecast to be received to support the Council's Housing Strategy.
- 2.25 A favourable variance is expected for audit services provided by the shared service (£9,000) as a result of a forecast reduction in audit days.
- 2.26 A revised investment income forecast, post Internal Services departmental management team meeting anticipates £210,000 income lower than initially expected. As previously agreed by the Executive, the shortfall will be financed from the Interest Equalisation Reserve.

Performance analysis

- 2.27 The following indicators were 'Green', meaning that targets were either met or exceeded for December/Quarter 3 for 2013. They were:
- EHPI 6.8 – Turnaround of pre NTO PCN challenges.
 - EHPI 6.9 – Turnaround of NTO Representations.
 - EHPI 8 – % of invoices paid on time.
 - EHPI 12c – Total number of sickness absence days per FTE staff in post.
- 2.28 However despite meeting their targets for December 2013 the following indicators show a declining trend when performance is compared to the previous month:
- EHPI 6.8 – Turnaround of pre NTO PCN challenges.
 - EHPI 6.9 – Turnaround of NTO Representations.
 - EHPI 8 – % of invoices paid on time.
 - EHPI 9.1 - Percentage availability of core systems during supported hours (please note that there is currently no target as explained in paragraph 2.29 however trend analysis is available)

Please refer to **Essential Reference Paper 'B'** for full details.

- 2.29 As reported in Quarter 2, ITSG proposed that for the ICT indicators, performance be measured further to establish proper baselines for

performance before targets are set. Actual performance achieved year to date is set out in **Essential Reference Paper B**:

2.30 Executive are to note the updated position of the following three ICT measures:

- **EHPI 9.3 - Percentage Reduction in the Number of Incidents** – Baseline has yet to be established. This will be identified once the infrastructure roll out has been completed.
- **EHPI 9.7 - Delivery of Key ICT Projects** - Methodology now agreed through SMG. During ITSG development programme session in November 2013, it was agreed that the plan will be reviewed and targets and data will be reported in 2014/15.
- **EHPI 9.8 - Delivery of Key Milestones in the ICT Strategy** - Strategy now not due until Quarter 4 of 2013/14. Monitoring of milestones will begin in the new financial year.

CAPITAL FINANCIAL SUMMARY

2.31 The table below sets out expenditure to 31 December 2013 against the Capital Programme. Members are invited to consider the overall position. **Essential Reference paper 'D'** contains details of the 2013/14 Capital Programme. Comments are provided by the Project Control Officers in respect of individual schemes.

	Column 1	Column 2	Column 3	Column 4	Column 5
Summary	2013/14 Original Estimate	2013/14 Revised Estimate	2013/14 Actual Commit to date	2013/14 Projected spend	Variance Col 4 – Col 2
	£'000	£'000	£'000	£'000	£'000
People	2,315	1,266	874	1,256	(9)
Place	730	2,727	2,476	2,723	(4)
Prosperity	1,648	1,388	209	1,387	(1)
Re-profiling potential slippage	(250)	0	0	0	0
Total	4,443	5,381	3,559	5,366	(15)

2.32 Executive is asked to approve:

- Slippage of £9,400 allocated for the Replacement of Presdales Pavilion to 2014/15.
- The transfer of £20,000 allocated to the Server Room Fire Suppressions System scheme to Refurbishment works for the older part of the Wallfields buildings.
- Note the financing of addition costs for various ICT Schemes from underspends within the ICT Capital programme.

2013/14 SAVINGS

2.33 The external auditor requires the Council to establish whether the 2013/14 savings offered up by Heads of Service and Managers and agreed by Members to set the 2013/14 Council Tax have actually been achieved. This is monitored and reported on a quarterly basis. **Essential Reference Paper 'G'** sets out those savings and using a RAG system of Red, Amber or Green Heads of Service and Managers have indicated the relevant RAG with accompanying narrative as to the savings status.

2.34 As at the end of December 2013, 76% of the total savings have been classified as 'Green' or 'Amber'.

STRATEGIC RISKS

2.35 Controls have been updated for all risks for the period October to December 2013. Scoring remains unchanged, with the exception of SR1. The impact rating has been lowered from 4 to 3 following the announcement of the finance settlement.

Please refer to **Essential Reference Paper 'H'** for the Strategic Risk Register.

3.0 Implications/Consultation

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

Background Papers:

2012/13 Estimates and Future Targets Report, Essential Reference Paper B – For complete list of performance indicators that are being monitored for 2012/13

<http://online.eastherts.gov.uk/moderngov/ieListDocuments.aspx?CId=119&MId=1792&Ver=4>

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