

EAST HERTS COUNCIL

EXECUTIVE – 1 JULY 2014

REPORT BY THE LEADER OF THE COUNCIL

MONTHLY CORPORATE HEALTHCHECK – MAY 2014

WARD (S) AFFECTED: All

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Purpose/Summary of Report:

- To set out an exception report on finance and performance monitoring for East Herts Council for May 2014.

<b><u>RECOMMENDATION FOR EXECUTIVE:</u> that:</b>	
<b>(A)</b>	<b>the budgetary variances set out in paragraph 2.1 of the report be noted;</b>
<b>(B)</b>	<b>the use of £116,780 from the Local Plan Reserve as noted in paragraph 2.3 of this report, be approved;</b>
<b>(C)</b>	<b>an additional £20,000 to support the Citizen Advisory Bureau as detailed in paragraph 2.5 of this report, be approved;</b>
<b>(D)</b>	<b>the virement of £30,000 from the Credit Union to Rent Deposit budget as detailed in paragraph 2.8 of this report, be approved;</b>
<b>(F)</b>	<b>a request to slip £40,000 of Community Capital Grant into 2015/16 as outlined in paragraph 2.23 of this report, be approved; and</b>
<b>(G)</b>	<b>carry forward requests of £38,245, £81,750, £18,000, £73,325, £15,000, £5,000 and £6,730 as outlined in paragraphs 2.24 to 2.32 be approved.</b>

## 1.0 Background

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

1.2 Each 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).

1.3 **Essential Reference Paper 'B'** shows the Dashboard performance indicator summary analysis against the Executive basket of performance indicators (as agreed by the Executive on 3 June 2014). **Essential Reference Paper 'C'** shows the full set of performance indicators that are reported on a monthly basis. **Essential Reference Paper 'D'** shows summarised information on salary costs. **Essential Reference Paper 'E'** shows detailed information on the capital programme.

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

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

Short Term Trends	
	The value of this performance indicator has changed in the short term.
	The value of this performance indicator 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 2014 to May 2014.

The accountancy section and senior managers are currently finalising the closure of the Council's 2013/14 accounts, the final position of which could have implications for the 2014/15 plans.

The financial figures detailed below, are therefore best estimates as at the beginning of the new financial year. A better picture of the Council's financial outlook will be formed as the year progresses.

	Position as at 31.05.14				Projected Position year end	
	Favour- able £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>(1) People</b>						
Land Charge Income	8	0	0	0	50	0
Staff salaries (Essential Reference Paper 'D').	93	0	0	0	59	0
Housing Options – ODPM Rent Deposit	0	3	0	0	0	30
Housing Options – Credit Union	6	0	0	0	30	0
<b>(2) Place</b>						
DCLG Grant Income (Housing Options)	0	0	0	0	0	50
Kerbside Dry Recycle Collection	0	16	0	0	0	80

<b>(3) Prosperity</b>							
Environmental Health	0	0	0	0	0	3	
Jackson Square Car Washing	0	0	0	0	0	6	
<b>TOTAL:</b>	<b>107</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145</b>	<b>163</b>
<b>Net Projected Variance - Adverse</b>							<b>-18</b>
<b>Planning Contingency Projected Underspend</b>							<b>282</b>
<b>Total Favourable Variance</b>							<b>264</b>

- 2.2 Subject to all other budgets being equal, this would result in over-spend of approximately £18,000.
- 2.3 Request is made to utilise £116,780 from Local Plan Reserve to fund new temporary posts in Development Plans (until June 2015), overtime and additional hours for existing staff. This amount may change depending on start dates and subject to the temporary staff enrolling in the pension scheme.
- 2.4 A summarised salaries monitoring report for the period April to May 2014 is attached to this report in **Essential Reference Paper D**. A favourable variance of approximately £59,000 has been identified comparing projected salary costs for the financial year with the approved annual budget. The variance reflects the following:
- Vacancies within the Planning Section.
  - 15 members of staff have opted out of the auto enrolment for the pension scheme which equates to approximately £45,000 of the under spend.
  - The 2014/15 salary estimates assumed that all staff would be in the pension scheme from 1 April 2014.

## **FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS**

### **People**

#### **Financial analysis**

- 2.5 Demand for advice increases significantly during periods of recession, placing added pressure on resources. In response to this, an additional £20,000 will be required in each of the financial years 2014/15 and 2015/16, to be met from contingency in support of the Citizen's Advice Bureau.
- 2.6 Additional grant of £14,964 has been received from the Department for Works and Pension (DWP). This is being used to fund a post for which Stevenage is contributing £23,402. A further £2,007 from DWP has been received to fund changes in Automated Transfer of Local Authority Data and Cap on Housing Benefit.
- 2.7 Subject to a high degree of uncertainty, it is predicted at this early stage of the financial year, that local land charge income will exceed expectation by approximately £50,000 in 2014/15.
- 2.8 Executive are asked to approve a request to vire £30,000 from the

“Credit Union” budget, that funds a rent deposit scheme for East Herts residents, to the Councils “Rent Deposits” budget. The Council gave £26,000 to the credit union in 2013/14 to carry out a function to loan money to residents to fund rent deposits. £15,000 of this money will be carried forward by the Credit Union into 2014/15 as they have, to date, given out approximately £11,000 in loans of which they received £1,500 in loan repayments. At this stage in 14/15, they do not require further top up, so we will use the £30,000 to fund other rent deposit schemes. We will work with the Credit Union to consider whether or not further top up will be required, or through their loan scheme the repayments generated may support the scheme to continue on a sustainable and self-funding basis. This will be reassessed in January 2015.

### **Performance analysis**

2.9 The following indicator was ‘Green’, meaning that the target was either met or exceeded for May 2014. It is:

- EHPI 181 – Time taken to process Housing Benefit new claims and change events

2.10 However despite meeting the target for May 2014 EHPI 181 – Time taken to process Housing Benefit new claims and change events showed a declining trend when performance is compared to the previous month.

Please refer to **Essential Reference Paper ‘C’** for full details.

### **Place**

### **Financial analysis**

2.11 The decision to haul materials to the re-processor in exchange for a higher material price, has resulted in a projected overspend of £80,000. It is expected that this will be offset by additional income over time; however it is too early to estimate how much additional income will be made at this stage.

2.12 Following changes to the Government’s 2014/15 funding arrangement, the assumed £50,000 DCLG (Housing Options) grant has been incorporated within the Council’s Revenue Support Grant.

2.13 The original 2014/15 budget includes a planning contingency sum of £513,000 which allows for unforeseen events to be funded in-year.

Currently there is a balance of £282,000 which if not required during the year will result in an additional favourable variance to absorb the **£18,000 overspend reported** for the period. Future Healthcheck reports will consider if there are further calls on this sum. These budgets are mainly for one-off areas of spend; however, some service growth has been identified (detailed below) for inclusion in the 2015/16 base budget.

	£000	Comment
<b>Planning Contingency budget at the start of the financial year</b> <b>Less Committed Budget:</b>	513	
<b>People &amp; Organisation</b>	9	<b>One-off funding</b> to support one post in people and organisational Services to August 2014
<b>Facilities</b>	12	<b>One-off funding</b> to support one temporary position and also to bridge funding gap in an existing role that has been graded upwards from Grade 6 to Grade 9 in Facilities Services.
<b>Procurement</b>	8	<b>To provide on-going</b> support for the Post of one procurement officer now employed fulltime. <b>This is a growth item which will also be needed for future years.</b>
<b>Housing</b>	12	To fund permanent increase in Housing Manager Hours. <b>This is a growth item required for future years</b>
<b>Environmental Health</b>	30	<b>One-off funding</b> to support 3 posts of different grades in Environmental Health. Could potentially affect 2015/16 contingency budget depending on start dates.
<b>Head of Customer Services</b>	14	<b>On-going</b> funding to support full time replacement of Customer Service Manager from August 2014/15. <b>Growth Item needed for future years</b>

<b>The Web Team</b>	13	<b>One-off cost</b> to support the role of Information analyst within the Web Team for 6 months only.
<b>Parking Services</b>	30	<b>One-off</b> funding to support Car Park Consultancy and signage cost
<b>Parking Services</b>	52	<b>On-going</b> funding to support evening enforcement contract. <b>Growth Item needed for future years</b>
<b>Business &amp; Technology Services</b>	11	<b>On-going</b> funding for Microsoft Software Licence. <b>Growth Item needed for future years</b>
<b>HR</b>	20	<b>On-going</b> funding to support LGA Graduate Trainee Scheme for a 2year term. Further funding required for 2015/16 with implications for 2016/17 depending on start date
<b>Accountancy Services</b>	20	<b>One-off</b> funding to support the strategic review of the financial Services function.
<b>Planning Contingency still to be utilised</b>	<b>282</b>	

## Performance analysis

2.14 **EHPI 192 – Percentage of household waste sent for reuse, recycling and composting.** May 2014 performance data was not available at the time of writing this report. Performance data will be verbally reported by the Chief Executive and Director of Customer and Community Services at the Executive meeting on 1 July 2014.

2.15 The following indicators were 'Green', meaning that the targets were either met or exceeded for May 2014. They were:

- EHPI 157a – Processing of planning applications: Major applications.
- EHPI 157b – Processing of planning applications: Minor applications.
- EHPI 157c – Processing of planning applications: Other applications.

- EHPI 2.2 – Missed waste collections per 100,000 collections of household waste
- EHPI 2.4 – Fly-tips: Removal

2.16 However despite meeting the target for May 2014 the following indicators showed a declining trend when performance is compared to the previous month:

- EHPI 157b – Processing of planning applications: Minor applications.
- EHPI 157c – Processing of planning applications: Other applications.

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

## **Prosperity**

### **Financial analysis**

- 2.17 Cost relating to noise pollution at the Standon Calling Festival is expected to exceed budget by £3,400.
- 2.18 With the award of the Jackson Square Car wash contract, the Parking Service expects to achieve additional income of £8,000 per annum. However only £6,000 is deemed achievable in 2014/15 financial year as the contract only comes into effect on 31 July 2014.

### **Performance analysis**

- 2.19 **EHPI 8 – % of invoices paid on time.** Performance was 'Amber' for May 2014. Management have taken corrective action to ensure that future invoices are paid on time.
- 2.20 The following indicators were 'Green', meaning that targets were either met or exceeded for May 2014. They were:
- EHPI 6.8 – Turnaround of pre NTO PCN challenges
  - EHPI 6.9 – Turnaround of NTO Representations
  - EHPI 10.2 – Council tax collection, % of current year liability collected.
  - EHPI 10.4 – NNDR (Business rates) collection, % of current year liability collected.
  - EHPI 12c – Total number of sickness absence days per FTE staff in post

2.21 However despite meeting the target for April 2014 the following indicator showed a declining trend when performance is compared to the previous month:

- EHPI 12c – Total number of sickness absence days per FTE staff in post

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

### **CAPITAL FINANCIAL SUMMARY**

2.22 The table below sets out projected expenditure to 31 March 2015 against the Capital Programme. Members are invited to consider the overall position. **Essential Reference Paper 'E'** contains details of the 2014/15 Capital Programme. Comments are provided by the Project Control Officers in respect of individual schemes.

	<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 5</b>
<b>Summary</b>	<b>2014/15 Original Estimate</b>	<b>2014/15 Revised Estimate</b>	<b>2014/15 Projected Final Outturn</b>	<b>Variance Col 4 – Col 2</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
People	1,970	2,046	1999	(47)
Place	874	1,111	1,111	0
Prosperity	671	1250	1,249	(1)
Re-profiling potential slippage	(250)	(250)	(250)	0
<b>Total</b>	<b>3,265</b>	<b>4,157</b>	<b>4,109</b>	<b>(48)</b>

2.23 The Executive are asked to approve/note:

- Possible underspend of the Future Social Housing Scheme (Budget of £820k). Registered Providers are currently awaiting the outcome of bids to the HCA. If unsuccessful they may approach the Council for funding. First priority is to spend S106 sums which have been collected for affordable housing.
- A request to slip £40,000 of Community Capital Grant into 2015/16.

£80,000 of Community Capital Grants is available for allocation in 2014/15 with a deadline of 6 June 2014. We anticipate that if the grants are awarded in July and beneficiaries have a year to spend, most will not claim until the following financial year, hence £40,000 slippage is estimated at this stage.

- The total slippage into 2015/16 of £40,000.

### **CARRY FORWARD REQUESTS**

- 2.24 Heads of Service were asked to identify any carry forward requests from unspent 2013/14 budgets along prescribed guidelines. The Section 151 Officer administers the scheme and reports to the Chief Executive.
- 2.25 Proposals on any underspends to be carried forward will be made in the context of the Council's overall financial position and reported to the Executive and submitted to Council for approval.
- 2.26 Seven areas of underspend have been identified by certain Heads of Services.
- 2.27 The Head of People and Property Services has requested that £38,245 of the Wallfields Toilet Refurbishment budget be carried forward. The original intention was to undertake a full refurbishment of the toilets however following the rejection of the capital bid the specification of the works was significantly reduced. This unexpected change has resulted in an unavoidable delay in the refurbishment until 2014/15.
- 2.28 The Head of Revenues and Benefits has requested that £81,750 of the Welfare reform staffing budget be carried forward. The aim is to undertake a review to assist individuals in debt management and reduce council tax arrears and costs to East Herts. Delay has been due to lack of suitable accommodation as staff will have to deal with confidential information.
- 2.29 The Director of Neighbourhood Services has requested a further £18,000 of the Welfare reform staffing budget to be carried forward to part fund a new post in the Housing Options team.
- 2.30 The Head of IT Shared Service has requested that £73,325 of the IT Shared Service Set Up costs be carried forward. This has been agreed at the Shared Services Partnership Board. It relates to potential redundancy costs from the second phase of Shared

Services restructuring. This restructure was deferred in order to complete the Hosted Desk Top roll out with the larger staff group.

- 2.31 The Head of Community Safety has requested that £15,000 be carried forward. This money is required to contribute to CCTV control room server upgrades which have been delayed due to the creation of the partnership company.
- 2.32 The Head of Community Safety and Health Services has also requested that £5,000 Landfill Gas Survey budget and £6,730 Contaminated land Survey Budget be carried forward. This request is the same as the carry forward request as at 31 March 2013 as the works were not commissioned in 2013/14. Therefore the previous unspent budget and the budget for 2013/14 were not spent and are requested to be carried forward. Since the Council has purchased a number of historical maps, it has become evident that a large number of potentially contaminated sites have been missed. The department would like to employ a consultant to add these sites to the list of potential site and prioritise them according to the strategy.

### 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:

2013/14 Estimates and Future Targets Report, Essential Reference Paper B – For complete list of performance indicators that are being monitored for 2014/15.

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

2014/15 Executive basket of performance indicators measured monthly and quarterly agreed by Executive on 3 June 2014.

<http://online.eastherts.gov.uk/moderngov/ieListDocuments.aspx?CId=119&MId=2314&Ver=4>

#### Contact Officer:

In terms of performance issues

Karl Chui – Performance Monitoring Officer

Ext 2243

[karl.chui@eastherts.gov.uk](mailto:karl.chui@eastherts.gov.uk)

In terms of financial issues

Joseph Abraham-Koranteng – Principal Accountant  
Ext 2138

[joseph.abraham-koranteng@eastherts.gov.uk](mailto:joseph.abraham-koranteng@eastherts.gov.uk)

Report Author:

Karl Chui – Performance Monitoring Officer  
Ext 2243

[karl.chui@eastherts.gov.uk](mailto:karl.chui@eastherts.gov.uk)