

Essential Reference paper C-1

EAST HERTS COUNCIL

JOINT SCRUTINY – 1 JUNE 2010

MONTHLY CORPORATE HEALTHCHECK – MARCH 2010

REPORT BY THE LEADER OF THE COUNCIL

WARD (S) AFFECTED: All

Purpose/Summary of Report:

To set out an exception report on the finance, risk and performance monitoring for East Herts Council for March 2010.

<u>RECOMMENDATION FOR DECISION:</u>	
That Scrutiny:	
(A)	Scrutinise the budget variances and performance, and Executive be informed of any recommendations.

1.0 Background

- 1.1 This is the monthly finance and performance (quarter 4 for risk) 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 also the Directorate's position in respect to payment of invoices and sickness absence.
- 1.3 On a quarterly basis information on the Strategic Risk Register will be provided. The schedule attached at **Essential Reference Paper C-7** summarises actions carried out during the period 1 January to 31 March 2010.
- 1.4 **Essential Reference Paper 'C-3'** (page *) shows the full set of performance indicators that are reported on a monthly and quarterly

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basis.




Essential Reference Paper 'C-4' (page *) shows detailed information on salaries.



Essential Reference Paper 'C-5' (page *) shows detailed information on capital.

Essential Reference Paper 'C-6' (page*) shows explanations of variances on the Revenue Budget reported in previous months.

Essential Reference Paper 'C-7' (page*) shows updates for Corporate Risk Register quarter 4 2009/10.

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 2009 to March 2010.
- 2.2 Members are reminded that the approved variance from the original to probable estimate was £464k.
- 2.3 Therefore the Healthcheck will now report any material variances against the Probable Estimate.
- 2.4 The closure of the 2009/10 accounts has commenced, but it is in its early stages. The figures presented may alter before final closure in the knowledge of further information becoming available. A number of significant budget areas have still to be finalised which are likely to impact on the overall outturn figure.
- 2.5 The table below summarises and updates the known position as at the end of March and projects the year end outturn based on current

information.

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	Position as at 31.03.10				Projected Position year end	
	Favour- able £000	Adverse £000	Favour- able Variance since last month £000	Adverse Variance since last month £000	Favour- able £000	Adverse £000
(1) Promoting prosperity & well being; providing access & opportunities						
Concessionary Fares	0	70	58	0	0	47
Leisure	0	20	30	0	0	20
Hillcrest Hostel	28	0	0	0	25	0
(2) Fit for purpose						
Benefits Service	0	0	0	0	20	0
Investment Income	270	0	120	0	270	0
Turnover	0	100	0	108	0	100
IT Licences	96	0	45	0	95	0
Misc. Props income	27	0	5	0	20	0
IFRS support	0	17	0	0	0	17
Revs/Benefits Printing	9	0	0	13	9	0

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	Position as at 31.03.10				Projected Position year end	
	Favour- able £000	Adverse £000	Favour- able Variance since last month £000	Adverse Variance since last month £000	Favour- able £000	Adverse £000
(3) Pride in East Herts						
Parking Enforcement	0	0	0	4	0	0
Car Parks (PCN)	0	0	10	0	0	0
Car Parks Pay and Display	19	0	0	0	19	0
(4)Caring about what's built and where						
Refuse Main Contract	25	0	15	0	22	0
Commercial Waste Income	24	0	5	0	19	0
Recycling Service	446	0	401	0	436	0
Street Cleansing	25	0	0	0	30	0

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	Position as at 31.03.10				Projected Position year end	
	Favour- able £000	Adverse £000	Favour- able Variance since last month £000	Adverse Variance since last month £000	Favour- able £000	Adverse £000
(5) Shaping now, shaping the future						
Development Control Income	84	0	31	0	84	0
Building Control Income	0	0	20	0	0	0
Dev Con studies etc	0	0	0	30	0	7
Dev Con Appeals	0	0	0	23	0	0
Dev Con Advertising	0	13	0	3	0	13
Dev Con local plan upkeep	10	0	0	0	8	0
DC wildlife protection grant	17	0	0	0	17	0
Piper Lifelines	7	0	0	0	7	0
Housing and Planning						
Delivery Grant	134	0	0	0	134	0
Land Charges Income	29	0	0	0	40	0
(6) Leading the way, working together	There is nothing to report for this Priority.					

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	Position as at 31.03.10				Projected Position year end	
	Favour- able £000	Adverse £000	Favour- able Variance since last month £000	Adverse Variance since last month £000	Favour- able £000	Adverse £000
TOTAL:	1,250	220	740	181	1,255	204
Net Projected Variance					1,051	
Supported by supplementary estimates						0
Total Supplementary Estimates						0

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- 2.6 Subject to all other budgets being equal, this would result in an under spend of £1,051k against the Probable estimate and £587k under spend against the Original estimate. Therefore the Executive on 18 May 2010 approved the transfer reserves of £120k to the Interest Equalisation Fund Reserve and £275k to the Waste Recycling Reserve.
- 2.7 Salary budgets have been constantly monitored and **Essential Reference Paper 'C-4'** shows a projected over spend of £100k. This incorporates redundancy and strain (pension) costs of circa £132k. The strain costs have been incorporated into the turnover figure for March 2010. This was previously reported as a separate line on the February Healthcheck.

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

Promoting Prosperity and well-being, providing access and opportunities

Financial analysis

- 2.8 The Hillcrest hostel rental income has increased to circa £25k since the probable estimate was calculated due to higher occupancy rates.

Performance analysis

- 2.9 The following indicators are 'Green', meaning that the targets are either being met or exceeded for Quarter 4 and or March 2010. They are:
- EHPI 2.15(42) – Health and safety inspections.
 - EHPI 213 - Preventing Homelessness - number of households where homelessness prevented.
 - NI 156 - Number of households living in temporary accommodation.
- 2.10 The national indicators below do not currently have any targets set as the Police are in the process of setting their targets which East Herts will use to ensure activity is aligned.
- 2.11 **NI 15 – Serious violent crime rate.** In March iQuanta data shows that East Herts featured the lowest for most serious violence when compared to other partnerships, with 0.007 crimes per 1000 head of population (1 December 2009 - 28 February 2010).

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2.12 **NI 16 - Serious acquisitive crime rate.** In March there is a percentage increase of 36.4% in serious acquisitive crime compared to the same period last year which equates to an increase of 36 crimes. In comparison to the other 9 districts in Hertfordshire, East Herts experienced the highest levels of serious acquisitive crimes in March.

2.13 **NI 20 – Assault with injury crime rate.** In March there were 23 Assaults with Less Serious Injury from 1 March 2010 to 31 March 2010. This is 13 crimes less when compared to the same period last year.

Please refer to **Essential Reference Paper ‘C-3’** for full details.

Fit for purpose

Financial analysis

2.14 As at the end of March 2010 the Fund Managers investment performance on behalf of the Council would suggest an additional £270k of income, but this figure needs to be finalised. Executive on 11 May 2010 agreed a transfer of £150k to the Interest Equalisation Reserve based on the February 2010 Healthcheck report.

2.15 Delays in implementing schemes and lower than expected charges has resulted in an under spend of circa £95k within the IT Licences budget.

Performance analysis

2.16 **EHPI 6.8 - Turnaround of pre NTO PCN challenges.** Performance is currently in ‘Red’ for March 2010. This is due to annual leave and the high level of PCNs issued in March across the three councils (East Herts, Welwyn and Stevenage). The end of year position for this indicator is 15 days which is just off the annual target of 14 days.

2.17 **EHPI 7.0 - % pre NTO PCN challenges responded to within 10 days.** Performance is currently in ‘Red’ for March 2010. This is due to annual leave and the high level of PCNs issued in March across the three councils (East Herts, Welwyn and Stevenage). The end of year position for this indicator is 40% which is significantly off the annual target of 95%. The target set for this indicator has been reviewed in the 2009/10 Estimate and Targets report that went to Joint Scrutiny

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Committee on 16 February 2010 and it was agreed by Executive on 9 March 2010 that 2010/11 target will be lowered to 75%.

2.18 The following indicators are 'Green', meaning that targets are either being met or exceeded for March 2010. They are:

- NI 181 - Time taken to process Housing Benefit/Council Tax Benefit new claims and change events.
- EHPI 12a - No. of short-term sickness absence days per FTE staff in post.
- EHPI 12b - No. of long-term sickness absence days per FTE staff in post.
- EHPI 12c - Total number of sickness absence days per FTE staff in post.
- EHPI 6.9 – Turnaround of PCN representations.
- EHPI 7.1 – PCN representations responded to within 28 days.
- EHPI 7.35 – Commitment compared to profile
- EHPI 8 - % of invoices paid on time.

2.19 The data for the following complaints indicators are for information only as they were being piloted during 2009/10. Targets for 2010/11 were agreed by the Executive on 9 March 2010.

- EHPI 5.1 - % of complaints resolved in 14 days or less.
- EHPI 5.2a - % of complaints about the Council and its services that are upheld: 1st stage.
- EHPI 5.2b - % of complaints about the Council and its services that are upheld: 2nd stage – appeal.
- EHPI 5.3 - % of customers using the Council's complaint system that are fairly or very satisfied with the way in which their complaint was handled.
- EHPI 5.4 - % of complaints to the Local Government Ombudsman that are upheld.

Please refer to **Essential Reference Paper 'C-3'** for full details.

Pride in East Herts

Financial analysis

2.20 The anticipated under spend on the Parking Enforcement Contract has not materialised (£8K) and the anticipated reduction in Penalty Charge Notices (£10k) has been abated.

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Performance analysis

2.21 The following indicators are 'Green', meaning the target is either being met or exceeded for March 2010 They are:

- EHPI 2.4(47) – Fly-tips: removal.
- EHPI 218a – Abandoned vehicles - % investigated within 24 hours.
- EHPI 218b – Abandoned vehicles - % removed within 24 hours of required time.

Please refer to **Essential Reference Paper 'C-3'** for full details.

Caring about what's built and where

Financial analysis

2.22 Environment services predicts to under spend or generate additional income from the following areas resulting in a favourable variance of £436k:

- Following the successful implementation of ARC there was less publicity needed than planned - £27K.
- The cost of glass collection levels have fallen back to that of the original estimate saving £9k.
- There is additional income of £8k from glass sales as prices have increased.
- There is a predicted £50k under spend on Kerbside waste collection due to renegotiation of part of the contract and additional savings from ARC.
- There is additional income of £5k from the paper banks as a result of higher material prices.
- Kerbside dry sales show an additional £62k as a result of higher prices and ARC.
- There is additional income from Hertfordshire Waste Partnership of circa £275k as a contribution towards EHC waste and recycling costs.

2.23 The Street Cleansing contract is likely to be under spent by £30k as the contractor is unable to undertake all the work required by the end of the financial year.

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Performance analysis

- 2.24 **EHPI 204 – Planning appeals allowed.** Performance is currently in 'Red' for March 2010. Target not achieved with three out of nine appeals allowed. These related to proposals for a farm managers dwelling, a change of use and a residential extension. Dismissed schemes included the wind turbine proposals at Benington, new residential development and residential extensions. As is often the case, comparing the decisions does not give any basis for a change in the approach to decision making on the basis of the monthly outcome. The performance for the six months October 2009 to March 2010 will be reported to the next meeting of the Development Control Committee. The end of year outturn for this indicator is 32.0% which is just above the target of 29.0%. The target set for this indicator has been reviewed and it was agreed by the Executive on 9 March 2010 that the future target will be changed to 34%.
- 2.25 **NI 157a – Processing of planning applications: Major applications.** Performance is currently in 'Amber' for March 2010. Target not achieved as one out of three decisions was made outside the target period. This application was considered by the Council's Development Control Committee on 2 July 2008. Subsequent protracted negotiations and lengthy periods of inactivity by the applicant in relation to section 106 legal agreement resulted in a lengthy delay beyond the target decision making date. Although the monthly target was not met, the end of year outturn is performing above target having achieved 79% against the annual target of 70%.
- 2.26 The following indicators are 'Green', meaning that targets are either being met or exceeded for March 2010. They are:
- NI 157b - Processing of planning applications: 'Minor' applications.
 - NI 157c – Processing of planning applications: Other applications.
 - EHPI 2.10(3) - Percentage of building sites re-inspected in less than 3 months
 - EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste
 - EHPI 2.23(188) - Planning decisions delegated to officers.

Please refer to **Essential Reference Paper 'C-3'** for full details.

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Shaping now, shaping the future

Financial analysis

- 2.27 Development Control income is favourable by £84k as a result of two larger schemes of £50k materialising.
- 2.28 The income streams in Building Control have been robust enough in the last month to reach the probable budget. Thus mitigating an adverse variance.
- 2.29 There is an over spend of £7k in the Development Plans Policy Studies budget due to £17k of Stansted costs.
- 2.30 The Planning Appeals budget will now be fully spent.
- 2.31 Development Control advertising is £13k over budget which has been incurred in the course of the normal work flow.
- 2.32 The Local Plan upkeep budget will under spend by £8k.
- 2.33 There has been an unexpected extension to the Development Control Wild Life Protection grant of £17k.
- 2.34 There has been an under spend on Piper Lifelines of £7k. The costs are lower than anticipated as a consequence of the new arrangements.
- 2.35 Additional income of £36k from Land Charges has materialised due to the housing market being less depressed than anticipated.

Leading the way, working together

Financial analysis

- 2.36 There are no new financial issues this month regarding this priority.

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Performance analysis

2.37 The following Leisure indicators data is for information only as they were piloted during 2009/10. Targets for these and the suite of customer satisfaction indicators were agreed by Executive on 9 March 2010.

- EHPI 2 - Net cost/subsidy per visit
- EHPI 3a - Usage: number of swims (under 16)
- EHPI 3b - Usage: number of swims (16 – under 60 year olds)
- EHPI 3c - Usage: number of swims (60 year old +)
- EHPI 4a - Usage: Gym (16 – under 60 year olds)
- EHPI 4b - Usage: Gym (60 + year olds)

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

CAPITAL FINANCIAL SUMMARY

2.39 The table sets out expenditure (including capital creditors) to 31 March 2010 against the Capital Programme, but not all capital creditors and slippage has been finalised. Members are invited to consider the overall position.

SUMMARY	2009/10 Original Estimate	2009/10 Revised Estimate	2009/10 Actual	Variance Col 3 - Col 2	Slippage
	£	£		£	£
Promoting Prosperity	3,469,700	5,591,430	5,251,209	(340,221)	207,700
Fit for Purpose	1,033,600	1,549,430	1,080,239	(469,191)	450,700
Pride in East Herts	235,000	408,400	261,797	(146,603)	146,700
Caring about what's built	592,000	590,750	527,385	(63,365)	9,500
Shaping now	47,500	116,200	51,885	(64,315)	64,300
Leading the Way	0	0	0	0	0
TOTAL	<u>5,377,800</u>	<u>8,256,210</u>	<u>7,172,515</u>	<u>(1,083,695)</u>	<u>878,900</u>

2.40 **Essential Reference Paper 'C-5'** contains the detailed Capital Programme which reflects the recommendations to Executive on 9 March 2010. Comments are provided by Project Control Officers in respect of individual schemes.

2.41 There is identified slippage to date of £879k within the programme.

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3.0 Implications/Consultation

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'C-2'** (Page xxx).

Background Papers:

July 2009 CMT Corporate Healthcheck Essential Reference Paper C - Complete list of Performance Indicator by Corporate Priority

Contact Officer:

In terms of performance issues

Ceri Pettit, Head of Strategic Direction (Shared) and Performance Manager – ext 2240

Lorna Georgiou, Performance and improvement Coordinator – ext 2244

Karl Chui, Performance Officer – ext 2243

In terms of financial issues

Mick O'Connor, Principal Accountant – ext 2054

Essential Reference Papers

Essential Reference Paper C-3 – Performance Indicator set relating to Executive.

Essential Reference Paper C-4 – Detailed information on Salaries

Essential Reference Paper C-5 – Detailed information on Capital

Essential Reference Paper C-6 - Explanation of variances on the Revenue Budget report in previous months

Essential Reference Paper C-7 – Updates for Corporate Risk Register 2009/10

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ESSENTIAL REFERENCE PAPER 'C-2'

Contribution to the Council's Corporate Priorities/ Objectives:	<p>Promoting prosperity and well-being; providing access and opportunities <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p>Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i></p> <p>Pride in East Herts <i>Improve standards of the neighbourhood and environmental management in our towns and villages.</i></p> <p>Caring about what's built and where <i>Care for and improve our natural and built environment.</i></p> <p>Shaping now, shaping the future <i>Safeguard and enhance our unique mix of rural and urban communities, ensuring sustainable, economic and social opportunities including the continuation of effective development control and other measures.</i></p> <p>Leading the way, working together <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
Consultation:	Performance monitoring discussions have taken place between, Chief Executive, Directors and Heads of Service.
Legal:	There are no legal implications.
Financial:	There are no financial implications.
Human Resource:	There are no Human Resource implications.
Risk Management:	There are no Risk implications.

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