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of the Executive

cc. All other recipients of the
Executive agenda

Your contact: Martin Ibrahim
Ext: 2173

Date: 31 August 2011

Dear Councillor

EXECUTIVE - 6 SEPTEMBER 2011

Please find attached the following reports which were marked "to follow" on the agenda for the above meeting:

- 5. Issues Arising from Scrutiny (Pages 3 - 6)
- 7. Draft 2010/11 Annual Governance Statement (Pages 7 - 40)
- 12. Monthly Corporate Healthcheck - July 2011 (Pages 41 - 74)

Please bring these papers with you to the meeting next Tuesday

Yours faithfully

Martin Ibrahim
Senior Democratic Services Officer
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MEETING : EXECUTIVE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 6 SEPTEMBER 2011
TIME : 7.00 PM

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EAST HERTS COUNCIL

EXECUTIVE – 6 SEPTEMBER 2011

REPORT BY SCRUTINY COMMITTEE CHAIRMEN

ISSUES ARISING FROM SCRUTINY

WARD(S) AFFECTED: All

Purpose/Summary of Report

- This report details the comments and recommendations made by the Scrutiny Committees since the last meeting of the Executive and should be read in conjunction with reports of the Executive Members found elsewhere on the agenda.

<u>RECOMMENDATION FOR DECISION:</u>
(A) That the report be received.

1.0 Background

1.1 Scrutiny meetings have been held recently as follows:

Corporate Business Scrutiny Committee – 23 August 2011

2.0 Report

2.1 **Corporate Strategic Plan 2012/13 – 2015/16**
(Agenda Item 6)

The Corporate Business Scrutiny Committee resolved that the Executive be informed that the Committee commends the Corporate Strategic Plan 2012/13 – 2015/16 subject to drafting amendments discussed at the meeting.

2.2 Financial Strategy 2011; MTFP 2012/13 – 2015/16 and Application of the New Homes Bonus (Agenda Item 8)

The Corporate Business Scrutiny Committee resolved that the Executive be informed that the Committee:

(A) supports the recommendations to Council as set out in the report now submitted; and

(B) advises the Executive that:

- (1) the three proposed uses of the New Homes Bonus are appropriate and a fair balance is struck in the proposed apportionment;
- (2) a key Council priority should receive funding from this source with spending proposals to be developed in this budget round;
- (3) the suggestion for point scoring of criteria for grants is too prescriptive and should be deleted;
- (4) a light touch should be adopted to the administration and audit of the spend on grants and the lower cost of this is welcomed;
- (5) Decisions on spending would normally be expected to be made through Town Councils in the towns and at Ward level in rural areas.

2.3 Monthly Corporate Healthcheck – June 2011 (Agenda Item 11)

The Corporate Business Scrutiny Committee resolved that the Executive be informed of its comments concerning the need to achieve planned savings on salaries.

3.0 Other Issues

3.1 The Corporate Business Scrutiny Committee considered a report on the **Corporate Annual Report 2010/11** and resolved that the Executive be informed that the Committee approves the initial draft of the Council's Annual Report 2010/11, subject to the drafting amendments discussed at the meeting.

4.0 Implications/Consultations

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

Background Papers

None

Contact Members: Councillor D Andrews, Chairman, Corporate Business Scrutiny Committee.
Councillor Mrs D L E Hollebon, Chairman, Environment Scrutiny Committee.
Councillor G McAndrew, Chairman, Community Scrutiny Committee.

Contact Officer: Jeff Hughes – Head of Democratic and Legal Support Services, Extn: 2170.

Report Authors: Martin Ibrahim - Senior Democratic Services Officer,
Marian Langlely – Scrutiny Officer

ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/Objectives (<i>delete as appropriate</i>):	This report seeks to summarise scrutiny activities, which in general terms, support all of the Council's objectives.
Consultation:	This report assists the wider consultation process in reporting issues arising from scrutiny to the Executive.
Legal:	The Constitution requires issues arising from Scrutiny to be reported to the Executive.
Financial:	None
Human Resource:	None
Risk Management:	None

EAST HERTS COUNCIL

EXECUTIVE – 6 SEPTEMBER 2011

REPORT BY THE LEADER OF THE COUNCIL

DRAFT 2010/11 ANNUAL GOVERNANCE STATEMENT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report presents the draft 2010/11 Annual Governance Statement at **Essential Reference Paper 'B'**.

<u>RECOMMENDATION FOR DECISION: that:</u>	
(A)	the Draft Annual Governance Statement be considered in the light of the External Auditor's report to the July 2011 Audit Committee and the subsequent Officer response, and
(B)	the Executive is asked to determine whether the Annual Governance Statement should be amended, or that, proposals in the Officer response to the External Auditor's report be developed for the 2011/12 Annual Governance Statement.

1.0 Background

1.1 The Annual Governance Statement is necessary to meet the requirements set out in the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

2.0 Report

2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.

- 2.2 The Council should undertake regular, at least annual, reviews of its governance arrangements by means of an Annual Governance Statement, to ensure continuing compliance with best practice. It is important that such reviews are reported both within the Council, to the Audit Committee and externally with the published accounts, to provide assurance that:
- governance arrangements are adequate and operating effectively in practice, or
 - where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future.
- 2.3 The process of preparing the governance statement should itself add value to the corporate governance and internal controls framework of the Council.
- 2.4 A governance statement should include the following information:
- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
 - an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide
 - a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant.
 - a brief description of the process that had been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of:
 - the Council
 - the Executive
 - the Audit Committee/ overview and scrutiny function/ Standards Committee
 - Internal Audit
 - other explicit review/ assurance mechanisms.
 - an outline of the actions taken, or proposed, to deal with significant governance issues.
- 2.5 It is important to recognise that the governance statement covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure that:

- the authority's policies are implemented in practice.
- high quality services are delivered efficiently and effectively.
- the authority's values and ethical standards are met.
- laws and regulations are complied with.
- required processes are adhered to.
- financial statements and other published performance information are accurate and reliable.
- human, financial, environmental and other resources are managed efficiently and effectively.

2.6 The statement has subsequently been considered by Audit Committee, Human Resources Committee, Corporate Business Scrutiny Committee and Standards Committee. The revised Annual Governance Statement is attached as **Essential Reference Paper 'B'**. This document shows tracked recommended amendments resulting from previous consultations.

2.7 Audit Committee on 12 July received a report from Grant Thornton entitled "Annual Governance Statement: adding real value?". This is attached as **Essential Reference Paper 'C'**. The officer response to the issues raised is attached as **Essential Reference paper 'D'**.

3.0 Implications/Consultations

3.1 Appropriate Consultations have taken place with senior Council Officers. Members of the Executive and Committee Chairmen have also been given the opportunity to contribute to the process. The consultation process has been with Members of the Audit Committee on 12 July 2011, the Human Resources Committee on 13 July 2011 and the Corporate Business Scrutiny Committee on 19 July 2011. The report is brought to the Corporate Management Team on 16 August 2011 and will be taken to the Executive on 6 September 2011 before bringing back a final Annual Governance Statement to Audit Committee on 21 September 2011. The External Auditor has also been consulted. Information on corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers:

Draft 2010/11 Annual Governance Statement – Audit Committee 12 July 2011.

Contact Member: Councillor Anthony Jackson
Leader of the Council

Contact Officer: Anne Freimanis
Chief Executive -
Ext 1403

Report Authors: Alan Madin
Director of Internal Services -
Ext 1406

Simon Drinkwater
Director of Neighbourhood Services -
Ext 1405

Chris Gibson
Manager of Corporate Risk –
Ext 2073

ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives:	Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i>
Consultation:	No public or partner consultations were required during the preparation of this report.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.

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ESSENTIAL REFERENCE PAPER 'B'

DRAFT ANNUAL GOVERNANCE STATEMENT 2010/11 AND ACTION PLAN 2011/12

Scope of responsibility

East Hertfordshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (CIPFA 2007).

This statement explains how the Council has complied with the code and also how it meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

Further copies of this statement are available on the Council's website www.eastherts.gov.uk/, alternatively paper copies can be obtained from:

East Hertfordshire District Council
Director of Internal Services
Wallfields
Pegs Lane,
Hertford
SG13 8EQ

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and by which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Controls cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify risks to the achievement of the council's policies,

aims and objectives. It evaluates the likelihood of those risks being realised and the impact should they be realised, and it prioritises and manages them efficiently, effectively and economically.

The governance framework described below has been in place at the Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The Governance Framework

The Council's governance framework derives from the six core principles identified by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The Commission used work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007.

The six core principles are:

- a. focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
- b. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- c. promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- d. taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- e. developing the capacity and capability of Members and officers to be effective; and
- f. engaging with local people and other stakeholders to ensure robust public accountability.

The key elements of East Herts Council's application of each of these core principles are as follows:

a) Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

The Sustainable Community Strategy outlines the vision, aims and priority themes for the district. It was produced in conjunction with the East Hertfordshire Local Strategic Partnership, which brings together all relevant stakeholders, including those that deliver services in the area.

The Council's aims and objectives are set out in the annually updated Corporate Strategic Plan. This contains five priorities (which are currently under review), plus related aims and objectives. The Corporate Strategic Plan sets out what the Council expects to deliver over the next four years and, in many cases, beyond this timeframe. The details of how the Council will get there are incorporated in the individual service plans. The Plan will be updated each year to include new service developments and to remove actions once they are completed. The Plan sets the direction for the financial planning of the Council based on the Council's priorities.

The Executive receives the Medium Term Financial Strategy covering a four-year period, which is used to set initial parameters for the coming budget process to ensure that spending proposals are affordable and sustainable over the medium term.

The diagram below sets out the various links in the process of establishing and subsequently monitoring the achievement of the Council's ambitions. It shows the links between the Sustainable Community Strategy and Corporate Strategic Plan which then feed into, and are informed by, service plans, service targets and individual employees via specific areas of responsibility allocated to them.



The Council has an effective performance management framework using a dedicated IT system to record and report performance. The system is driven by the Service Plans which focus on activities that will deliver the Council's ambitions and priorities. This is cascaded through individual employee appraisals.

This process monitors how the Council is meeting its targets and triggers corrective actions where targets are proving challenging.

The Council's Executive and its Scrutiny Committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary. For ease of interpretation performance graphs are reported. There are reports which include the results of monthly and quarterly budget monitoring reports covering the revenue expenditure, capital projects, key performance indicators and absence monitoring.

The monitoring process has enabled the Council to concentrate on areas which require particular attention.

The Council is therefore able to monitor all key measures on a monthly basis and respond quickly and effectively to changes at an early stage.

The Council maintains an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.

Through reviews by external auditors, external agencies, Internal Audit, and internal review teams, the Council constantly seeks ways of securing continuous improvement in

the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness in the use of resources. The Council has regularly reviewed Financial Regulations and has adopted new Procurement Regulations from November 2010 to ensure proper arrangements are in place for procurement of goods and services.

All budget cost centres are allocated to a named post holder, who is responsible for controlling spend against those budgets, and who is also responsible for maximising the benefits from assets used in the provision of their service.

b) Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people.

As required by the Local Government and Public Involvement in Health Act 2007, East Hertfordshire District Council drew up proposals for new arrangements for the discharge of its executive functions, to take effect immediately after the Council elections in May 2011.

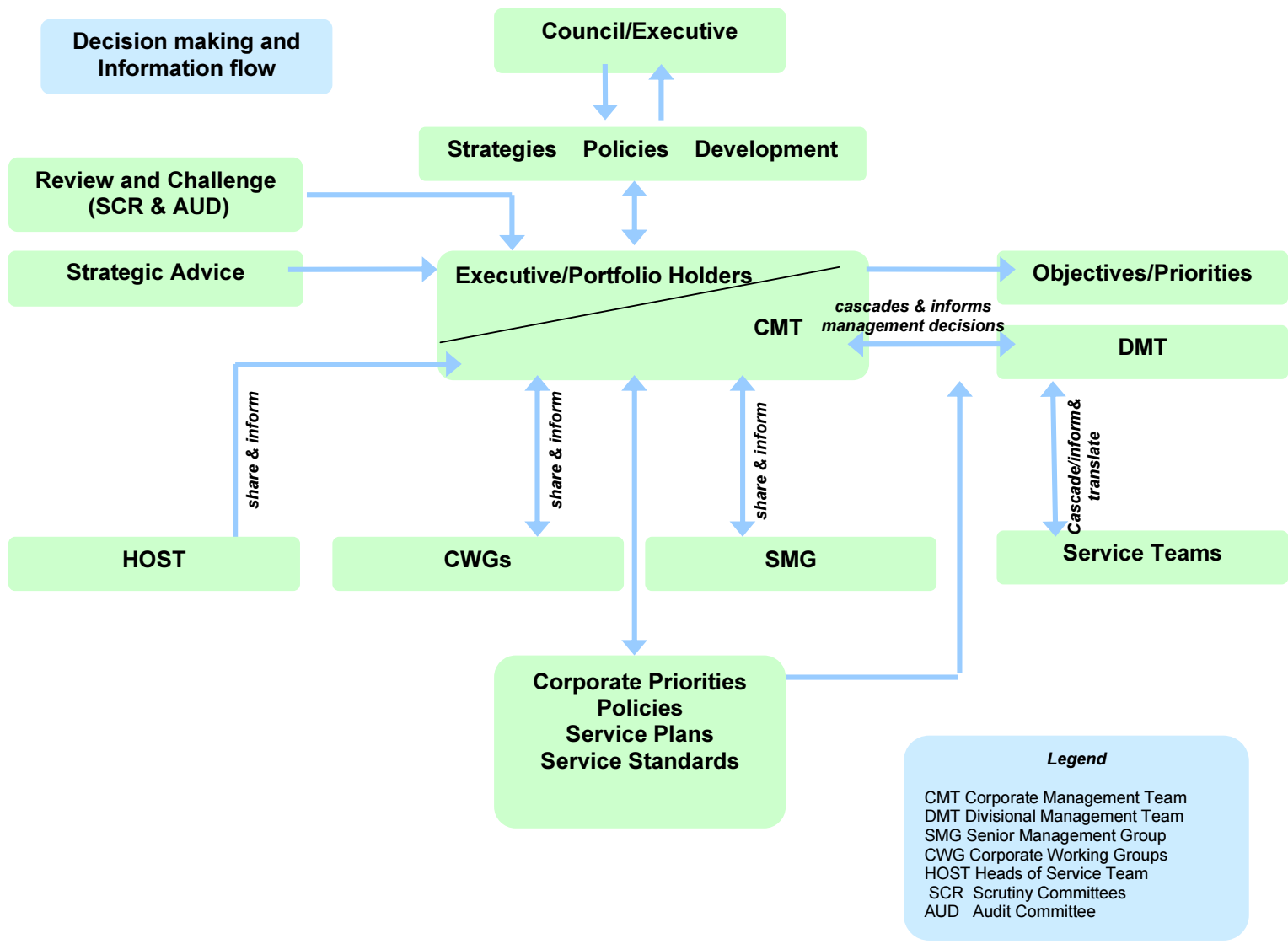
These proposals followed public consultation by the Council on the two broad options for new executive arrangements allowed by the 2007 Act (Leader and Cabinet Executive; and Mayor and Cabinet Executive).

The Council adopted the Leader and Cabinet Executive model. The main features are:

- The Council's Executive consists of a Leader and ~~four~~^{between two and nine} other Councillors.
- The Leader is elected by full Council (initially at its annual meeting in May 2011) and will hold office until his term as Councillor has expired.
- The other Executive Members will be appointed by the Leader who will decide their portfolios and also which executive functions will be discharged by full Executive, any of its Committees or any individual Executive Member or officers.
- There are currently five Councillors on the Executive.

The Council's Corporate Management Team (CMT) consisting of the Chief Executive, Directors and the Head of People and Organisational Services meets on a fortnightly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. CMT also considers internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management. Members of CMT meet with Portfolio Holders on a monthly basis to review progress in achieving the Council's ambitions, priorities for action, budget monitoring, performance management and forward planning for major issues. CMT has a corporate responsibility for the messages that the Council produces, both internally and externally.

Below CMT the management structure is well defined. The chart below indicates how decisions are implemented and cascaded:



The Senior Management structure review is currently underway in order to implement the cost savings agreed within the Medium Term Financial Plan. The reduction in management capacity will require senior management to undertake more operational responsibilities. There will be a reduction in capacity of more senior officers to respond to enquiries. Focus will be on key activities.

The Council has adopted a number of codes and protocols that will govern both Member and officer activities. These are:

- Members' Code of Conduct
- Officers' Code of Conduct
- Members' Planning Code of Good Practice
- Member/Officer Relations Protocol

c) Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting the Chief Executive and Section 151 Officer he will report to the full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Under Section 5 of the Local Government and Housing Act 1989 it is the duty of the Council's Monitoring Officer to report to Council if it appears that the Authority, a Committee or Officer of the Authority has made a decision which is contrary to law. There were no reports made during 2010/11.

The Council has responsibility for responding to Freedom of Information Requests (FOI) promptly and within 20 working days. It has not always been possible to respond to all requests within this timescale.

The Council has taken action to improve its speed of response to FOIs. An important element of that plan is to shift the Council from waiting for FOI requests to proactively reducing the need for individuals to request information by making a wider range of information more easily available through the Council's website. This will include designing improvements to the website front page and more clearly signposting enquirers to the most used information. An action plan to better facilitate easy access to information and the management of freedom of information has been agreed.

The Council recognises that expenses of politicians have come under serious scrutiny. The current Members Allowances scheme is published in the Constitution. A new Independent Remuneration Panel was established and its recommendations for Members Allowances in 2011/12 were considered by Council in February 2011. The review of 2012/13 allowances by the Panel will commence in Autumn 2011.

All Council services are delivered by trained and experienced people. All posts have a detailed post profile and person specification. Training needs are identified through the Personal Development Review Scheme and addressed via the Human Resources service and/or individual services as appropriate.

The Council achieved re-accreditation for a further three years from April 2009 under the Investors in People Standard, which is a quality framework to ensure that the Council's employees have the right knowledge, skills and motivation to work effectively.

The financial management of the Council is conducted in accordance with the Constitution and with Financial Regulations. The Director of Internal Services is the statutory Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

The Council has a Treasury Management Strategy Statement and Annual Investment Strategy in place. Investments are made in accordance with the Council's approved policy. All investment transactions and transfers undertaken in house are supported by appropriate documentation and are properly authorised. External fund managers are subject to strict regulation by the FSA. The Portfolio holder and the Leader of the Council receive regular updates from the Director of Internal Services. The Chairman of the Audit Committee and Chairman of Corporate Business Scrutiny Committee are invited to participate in review meetings with Fund Managers.

The Council maintains an Internal Audit section, which operates to the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. An Anti-Fraud and Anti-Corruption Strategy and a Disclosure (Whistleblowing) Code are in place. A Whistleblowing hotline and email facility operates and has been well publicised. All staff received Annual Declaration Letters with their February 2011 payslips. The Council has adopted a policy on Bribery during the last year. The Council does not tolerate bribery committed by Council employees or its contractors or partners and will take consistent and swift action against those persons committing bribery.

Individual services have produced Service Plans that are updated each year so that services know what they are required to do to achieve the Council's priorities and ambitions.

At individual employee level the Council has established a Personal Development Review Scheme so as to jointly agree individual employee objectives and identify training and development needs. The Scheme provides for a mid-year review as well as an annual appraisal at which past performance is reviewed.

d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

The Council has several committees which carry out regulatory or scrutiny functions. These are:

- Overview and Scrutiny committees (Corporate Business Scrutiny, Community Scrutiny and Environment Scrutiny) review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions, developing the capacity and capability of members and officers to be effective.
- Audit Committee provides assurance about the adequacy of internal controls, financial accounting and reporting arrangements, and that effective risk management

is in place. Its work is intended to enhance public trust in the corporate and financial governance of the council;

- Development Control Committee determines planning applications and related matters;
- Licensing Committee monitors and reviews the effectiveness of the Council's licensing policy and procedures;
- The Human Resources Committee's functions relate to all aspects of the Council's role as an employer. This includes the monitoring and strategic overview of Human Resources activities.
- Standards Committee promotes, monitors and enforces probity and high ethical standards amongst the Council's Members, and this extends to having the same responsibility for all town and parish councils within the District;

The Council has data protection policies and a data sharing protocol in place to ensure that personal data is maintained securely and used correctly.

The Risk Management Strategy defines risk management, explains the benefits of a strategic approach, outlines how it will be implemented, identifies roles and responsibilities and formalises the process. The Strategy sets out the links between risk management, emergency planning and business continuity. It recognises that risk management is a key part of the management of projects and partnerships.

The Strategy highlights how risk management supports strategic planning, financial planning, policy making and review and performance management.

The Corporate Management Team is responsible for ensuring that the key risks on the strategic risk register are managed. Strategic and service risk registers are reviewed on a quarterly basis. Risks will be amended so that they reflect the current situation, obsolete risks deleted and new risks added. This will ensure that the risk register and the resulting risk mitigation measures are appropriate for corporate objectives and services.

Risk management reporting arrangements are included which describe the roles and responsibilities of Members and officers. Members have received risk management training.

A new Strategic Risk Register was developed with assistance from Zurich Management Services Ltd. [A list of New operational risks has also been developed](#). The Council also has a Partnership Protocol in place.

The Council is one of four partners in the Stevenage CCTV Partnership. The structure of the partnership is being reviewed. This review will include the governance arrangements.

e) Developing the capacity and capability of Members and officers to be effective

The Council plans and provides training for members in carrying out their roles effectively including their responsibilities for governance, challenge, scrutiny and review.

During 2010/11 Councillors attended the following scrutiny related events:

- Implications of New Government

- Data Quality
- Covalent training (Performance Management software)
- Questioning for Scrutiny
- CfPS Parliamentary Seminars
- Assessing the Quality of Evidence
- Big Society Learning Network meetings delivered by Local Government Information Unit.
- Programme and Project Management
- Information Governance
- Pension Assets and Liabilities
- Anti-Fraud arrangements and fraud awareness
- Risk Management
- Commuted Sums.

The Members' Corporate Training Plan for 2011/12 provides training in the following areas relating to scrutiny:

- Development Control Committee training.
- IT Training
- Covalent Training
- Web pages and Web casting
- Effective Scrutiny
- Chairing Meetings
- Licensing Training
- Council Budgets
- Procurement/ Health and Safety/ Shared Services

Various other training initiatives are also in the process of development to be delivered to future Scrutiny and Audit Committees.

The Council has an infrastructure in place to support members' needs in respect of ICT requirements and the Council's Democratic Services team provide advice and assistance.

Protocols have been adopted to ensure clarity of the respective roles of officers and members.

The Council's recruitment process is designed to ensure only well qualified applicants are employed and the subsequent induction process is robust so that employees are effective. The Performance Development Review process ensures individual contributions are effective in meeting corporate priorities and capability issues addressed by training. Internal communications methods and processes are reviewed to ensure staff remain well informed and their feed back is responded to. A biennial staff survey leads to action plans to improve effectiveness.

The Council reviews its organisation and capacity as part of its annual service planning to ensure its staffing is commensurate in both quantitative and qualitative terms with its business plans. The Council is committed to taking forward the shared services agenda which will ensure more effective use of scarce skills by sharing across boundaries. A Shared Internal Audit Service across Hertfordshire came into operation from June 2011

and approval has been given to have a shared service for Revenues and Benefits with Stevenage Borough Council. Sharing ICT, HR, Exchequer and Facilities Management services with North Hertfordshire and Stevenage Councils is under active consideration.

The Council's HR People Strategy seeks to ensure its pay and terms and conditions are adequate to attract and retain sufficient staff and to encourage staff to invest in their own development.

The Council seeks to maintain effective industrial relations to enable a high standard of service to the public to be maintained. Staff are fully consulted on proposed changes to terms and conditions. The Council engages with the trade union and staff to manage issues arising from pay settlements and changes to the organisation including the Local Joint Panel and the Human Resources Committee.

Extensive use is made of the Intra net to provide staff with ready access to learning material and best practice via a series of tool kits.

f) Engaging with local people and other stakeholders to ensure robust public accountability.

The Council encourages all members of the local communities to contribute to, and participate in, the work of the Council. The Council achieves this through various resident polls, Community Voice and budget consultation exercises, to ensure that what it is doing meets the needs of its residents. The National Place Survey which was previously introduced to replace the Best Value Performance Indicator (BVPI) survey is no longer taking place. Community Voice will not continue in its current format. Engagement events around specific issues will be considered where they provide a proportionate and cost effective model for engagement.

The Council carried out a Residents' Survey in 2009 and Corporate Business Scrutiny Committee were presented the results on 17 November 2009, along with an action plan which incorporated the actions coming out of the 2008 Place Survey findings. Overall, both survey results recorded improvements for example:

- Satisfaction with the local area has risen from 82% in the 2006/07 BVPI Survey to 89.5 % in the Place Survey, demonstrating that the Council in partnership with other agencies is focusing and delivering on the concerns of local residents.
- Three out of five residents (61%) are generally satisfied with how the Council is running East Herts according to 2009 Residents Survey. This level of satisfaction is broadly reflected in the results from previous resident surveys.
- The percentage of residents that feel that the Council provides good value for money was relatively balanced between positive and negative in 2009 (53% and 48% respectively) and was a significantly more positive result than in 2006/07 when only 45% responded in the positive to this statement and 56% responded negatively.
- Similarly an increasing proportion of residents, responded positively to the statement that the Council is efficient and well run: 63% in 2009 Residents Survey and 61% in 2006/07.

The action plan is a monitoring tool to help the Council and its partners continue to improve. Corporate Business Scrutiny Committee monitors the action plan on an annual

basis. The final monitoring against this action plan was presented to Corporate Business Scrutiny on 31 May 2011.

The next Residents Survey is due to be undertaken in autumn 2011. The results of this survey will be used to form the basis of the next action plan.

Alongside the surveys, the Council consults residents and local businesses through specific focus group consultation seeking to ensure representation from the wider community on the forthcoming budget proposals. For 2011/12 this took place between October and November 2010 and focused on issues such as community grants, public toilets, homelessness help, Police Community Support Officers (PCSOs), engagement and consultation and supporting businesses. Alongside focus group consultation an online budget simulator was made available for the first time in order to engage more of the East Herts population.

As a result of this consultation, it was agreed that the Council would:

- continue to support PCSOs for another year whilst we hold a community safety review
- reduce the consultation budget by £14,000
- reduce but not remove the rent deposit support for people moving into the rental market
- continue to support businesses, subsidising where necessary whilst ensuring where possible that businesses are self funding.

The Council also consults with its staff, the most recent Staff Survey being undertaken in December 2008. The Staff Survey has now become triennial and therefore the next survey is due in 2011.

The Council's Community Voice meetings engaged with the public. Information from these meetings has been used to shape the future development of our vision including future investment and service provision. As part of this process, any impact on governance arrangements has been identified and responded to appropriately. Community Voice will not continue in its current format but Engagement events around specific issues will be considered.

Individual members are active in their localities and with local groups and serve on a number of external bodies.

The Hertfordshire County LSP and the East Herts District LSP are forums for active engagement with wider stakeholders and a mutual holding to account in delivering the Community Plans. The Chairman of the Health Engagement Panel (a standing panel under Community Scrutiny Committee) has a seat on the Hertfordshire Health Scrutiny Committee.

The Council publishes an Annual Report setting out progress on its priorities in the prior year. An Annual Report on Overview and Scrutiny is also published every year.

There is a strategic approach to consultation to ensure the information returned is reliable – the Council has adopted a Consultation Toolkit setting out best practice.

The Council's web site is under constant review to ensure it is of a good standard and that information is easily accessed. A consultation section has been introduced so members of the public can easily access open consultations and information on closed consultations.

The Council manages freedom of information requests effectively to ensure transparency including the corporate governance arrangements. Information is made available on the website to reduce the need for requests.

Review of Effectiveness

Each year, the Council reviews its governance framework including the system of internal control. The process to be adopted for a review is detailed below:

- All Directors, Heads of Service, Members of the Executive and Chairmen of Committees given the opportunity to make contributions.
- Production of a draft Annual Governance Statement.
- Consideration by the Audit Committee.
- Consideration by the Human Resources Committee.
- Consideration by the Corporate Business Scrutiny Committee.
- Consideration by Corporate Management Team
- Consideration by the Executive
- Approval by the Audit Committee.
- Approval by full Council.

The next paragraphs give more detail regarding the actual review process, and actions undertaken during 2010/11.

The review of effectiveness is informed by the work of the Directors within the Council who have responsibility for the development and maintenance of the governance environment, the reports by the Internal Audit and Business Improvement Manager and also by comments made by the Council's External Auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes:

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes.

The Council has three overview and scrutiny committees. The committees can establish 'task and finish' groups, which can look at particular issues in depth, taking evidence from internal and external sources, before making recommendations to their 'parent' Scrutiny Committee and on to the Executive. Four Members can "call-in" a decision which has been made by the Executive but not yet implemented, to enable it to consider whether the decision is appropriate. In addition the Corporate Business Scrutiny Committee can exercise its scrutiny role in respect of Executive functions, Scrutiny Committees will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.

The Standards Committee

- In July 2008 the Standards Committee approved processes for local assessment of complaints to be processed. These processes have been updated.
- Assessment Sub-Committees considered eight complaints in 2010/11. No breaches of the Code were identified.

The following complaints that a Councillor had breached the code of conduct were considered during 2010/11.

Complaints considered by the :

Assessment Sub Committee

	Number	Decision
<u>District Councillors</u>	<u>5</u>	<u>No action</u>
	<u>1</u>	<u>Referred for other action</u>
<u>Town / Parish Councillors</u>	<u>2</u>	<u>Referred for other action</u>

Review Sub Committee

<u>District Councillor</u>	<u>4</u>	<u>No action</u>
	<u>1</u>	<u>Referred for other action</u>
<u>Town Parish Councillor</u>	<u>0</u>	<u>-</u>

Standards Committee Hearing

<u>District Councillor</u>	<u>1</u>	<u>No breach of the Code of Conduct</u>
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The Localism Bill

In the Localism Bill, the Government will abolish the Standards Board regime. Instead, it will become a criminal offence for Councillors to deliberately withhold or misrepresent a personal interest. A local regime will be identified by the authority.

Regulation of Investigatory Powers Act (RIPA) 2000:

The Council complies with the RIPA. The number of directed surveillance authorisations granted since April 2010 was ten of which:

- Eight authorisations were for fly-tipping.
- One authorisation was for anti-social criminal behaviour.
- One authorisation was for fly-posting.

The Audit Committee

Seven Councillors sit on the Audit Committee. The Committee's terms of reference are detailed below:

Audit Activity

1. To consider the Internal Audit and Business Improvement Manager's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
2. To consider summaries of specific Internal Audit reports as requested.
3. To consider reports dealing with the management and performance of the providers of Internal Audit services.
4. To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
5. To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the External Auditor.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To liaise with the Audit Commission over the appointment of the Council's External Auditor.
9. To commission work from internal and external audit.

Regulatory Framework

10. To maintain an overview of the Council's Constitution in respect of rules of procedure relating to contracts, financial regulations and financial procedures and codes of conduct and behaviour.
11. To review any issue referred to it by the Chief Executive or a Director or any Council body.
12. To monitor the effective development and operation of risk management and corporate governance in the Council.
13. To monitor Council policies on "Confidential Reporting" and the anti-fraud and anti-corruption strategy and the Council's complaints process.
14. To oversee the production of the Authority's Annual Governance Statement and to recommend its adoption.
15. To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
16. To consider the Council's compliance with its own and other published standards and controls.
17. To review arrangements for delivering value for money.

18. To review the Council's finances including borrowing, loans, debts investments and banking arrangements.

Accounts

- To approve the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the External Auditors' report to those charged with governance on issues arising from the audit of the accounts.

The Audit Committee's work programme and the minutes of its meetings are public documents and are published on the Council's web site.

Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a 3-year plan, from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant chief officer and service manager. The report includes recommendations for improvements that are included within an action plan (and graded as high, medium or low risk). This requires agreement or rejection by relevant chief officer and/or service manager. The process includes follow-up reviews of recommendations to ensure that they are acted upon, usually within six months. All Internal Audit reports include an opinion on the quality and effectiveness of internal control within the Council's systems, and an assessment in accordance with quantification and classification of internal control level definitions.

Substantial assurance	All required controls are in place and functioning correctly, performance indicators are good and no errors were detected during the period of review.
Good assurance	All major controls are in place, some minor controls may be absent or have faltered, performance indicators are good and no errors were detected during the period of review.
Adequate assurance	Major controls are in place, some minor controls may be absent or have faltered, performance indicators suggest no problems and no significant errors were detected during the period of review.
Limited assurance	Major controls have failed or are absent and/or major errors have been detected during the period of review.

Direction of travel statements in respect of any change of audit opinion since the previous review are also contained within all audit reports.

All Internal Audit reports are circulated to members of the Audit Committee and the progress reports on the work of Internal Audit address issues arising from these ratings. The Internal Audit and Business Improvement Manager has a direct reporting line to the Director of Internal Services.

The Internal Audit and Business Improvement Manager's 2010/11 Annual Report has confirmed that the overall level of assurance awarded for systems reviewed is "good". This represents an unchanged direction of travel. During 2010/11 the Internal Audit team assigned substantial assurance to eight areas, good assurance to twelve areas, adequate assurance to three areas and a limited assurance to IT Procurement.

The Internal Audit service is subject to regular inspection by the Council's External Auditors who place reliance on the work carried out by the section. External Audit have recently concluded that "the Internal Audit service continues to provide an independent and satisfactory service to the Council and that we can take assurance from their work in contributing to an effective internal control environment at the Council". Their review of files confirmed that "no issues were identified with internal audit's work and these (files) were produced to a high standard"

The Hertfordshire Shared Internal Audit Service has taken on responsibility for delivery of the Internal Audit Plan from 1 June 2011. The Shared Internal Audit Service (SIAS) will also deliver a service to Hertfordshire County Council, Hertsmere Borough Council, North Hertfordshire District Council, Stevenage Borough Council and Welwyn Hatfield Borough Council. The three main drivers for this partnership are seen as providing greater resilience, higher levels of performance and greater efficiencies.

The SIAS will in future give one of five levels of assurance: Full, Substantial, Moderate, Limited or No Assurance.

For performance management, a traffic light monitoring and reporting system is in place. Performance data is reported to the Scrutiny committees on a frequent basis, with corrective action plans put in place for any under-performing areas.

In January 2010 the Audit Committee received a report from the External Auditor on the Council's arrangements for audit and scrutiny. The report concluded that the Council had developed the scrutiny function since 2007 and that the Audit Committee had improved its effectiveness. The level of scrutiny at East Herts is considered similar to other councils audited by the External Auditor and "the commitment to scrutiny is strong and well supported by officers". Arising from this report an Action Plan was agreed and six monthly progress reports were presented to Audit Committee during the period November 2009 to November 2010. This action plan is now deemed to have been completed. An evaluation of the scrutiny of C3W is scheduled for Corporate Business Scrutiny Committee to consider in November 2011.

External Audit identified audit risks in their Audit Plan 2010/11 as Accounting under IFRS, Financial performance pressures, revaluation of fixed assets and the C3W project. They have not identified any new risk areas in their Accounts Audit Approach Memorandum in June 2011.

The most significant areas where the self assessment has highlighted further development is needed are set out below. Given the previously highlighted situation of constrained resources, focus has been placed on identifying only significant weaknesses.

The Council's Corporate Management Team has reviewed and approved this Annual Governance Statement.

ACTION PLAN 2011/12

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Significant governance issues

The following required enhancements to internal control arrangements were identified during 2010/11 as a result of the review of arrangements and by the work of external and internal audit:

Required enhancements to internal control arrangements:

Milestone	Resp. Off.	Target Date	Actions needed to achieve milestone	Status
Risk that Shared Services programmes fail to deliver required levels of efficiency	Alan Madin	March 2012	<ul style="list-style-type: none"> Strategic Business cases to be delivered in respect of services in scope. 	AMBER
Risk of failure to deliver an effective, efficient and economic IT service	Alan Madin	March 2011 Revised to March 2012	<ul style="list-style-type: none"> IT Strategy in place. All outstanding high risk IT audit recommendations implemented. Resilient IT business continuity arrangements in place. IT Procurement undertaken in line with Procurement Regulations. 	AMBER
The actions arising from the review by the External Auditor of C3W need to be completed and embedded.	Neil Sloper	Nov. 2011	<ul style="list-style-type: none"> Completion of C3W Project Plan, Completion of Scrutiny Committee evaluation of C3W. 	AMBER
Risk of failure to introduce flexible working arrangements will limit the opportunity to make cost savings,	Neil Sloper	March 2011	<ul style="list-style-type: none"> Completion of Business Process Improvement process. 	AMBER

opportunities to work with other partners and adversely affect staff retention.				
To implement health and safety risk assessments.	Chris Gibson	March 2011 Revised to Sept 2011	<ul style="list-style-type: none"> All risk assessments completed and published on the Intranet. Regular reporting of compliance arrangements in place. 	AMBER
Hertford Theatre future governance arrangements	George Robertson	June 2013	<ul style="list-style-type: none"> Options to be developed to consider financial and other risks during a period of transition. 	AMBER
CCTV governance issues	Simon Drinkwater	Sept 2011	<ul style="list-style-type: none"> New governance arrangements in operation. 	AMBER
Refuse Contract- to ensure that new contract is embedded.	George Robertson	May 2012	<ul style="list-style-type: none"> New contract arrangements seen to be working well in report to Scrutiny Committee after twelve months. 	AMBER
Ability to maximise efficiencies making use of the Web	Neil Sloper	March 2012	<ul style="list-style-type: none"> Put in place monitoring arrangements to review value for money of publishing information and to ensure it meets customer needs. <u>Arrangements seen to be in place for clarity of published planning information and specifically that Officers should use plain English.</u> 	AMBER

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We propose to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Certification by the Leader of the Council and the Chief Executive

Name

Position

Date

Signature

Councillor A P Jackson

Leader

Anne Freimanis

Chief Executive

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Annual Governance Statement: adding real value?

Spring 2011

Overview

Local authorities have been required to produce an Annual Governance Statement (AGS) since 2007/08. The AGS replaced the Statement on Internal Control as local government needed a holistic assurance rather than a narrow financial and control basis. The AGS produced by local authorities appears in the published annual accounts and is normally signed by the Chief Executive and leader of the Council. CIPFA/SOLACE have prescribed a framework for the AGS which requires authorities to document the scope, purpose and responsibility of the Governance Framework as well as reporting on its effectiveness and documenting any significant control weaknesses, and actions taken to mitigate them.

The AGS – still in development?

We have significant experience of the AGS and its development and our research has involved review of a number of 2009/10 AGSs across the country. It is our view that most authorities are still in the “compliance” phase of their development, and their main focus is ensuring compliance with the specified CIPFA/SOLACE framework. Many of the statements we review lack much local flavour or perspective and are often anodyne and bland. Conversely, others contain excessive commentary on local process, making it difficult to draw out the key messages. Most tellingly it is often difficult to understand why governance failings recorded in the document are deemed significant.

What are the main issues?

- **The AGS is static and lack status** – Our experience shows that in preparing the AGS authorities primarily concerned with “ticking the boxes” ready for member/audit review. The AGS is all too often:
 - a year end rather than year round exercise
 - not updated to reflect significant issues arising between the draft accounts and audit opinion
 - written and presented by internal audit
 - amended incrementally each year to document new control weaknesses and follow up last year’s issues, rather than fundamentally reviewed with the council’s strategic objectives and vision in mind
 - not challenged by officers, members and auditors on the value it adds to governance arrangements.
- **The overall purpose of the governance framework is rarely articulated** - The AGS is often a description of a long list of processes the Council has put in place to achieve sound governance. The AGS rarely addresses some basic questions such as: *What is the level of assurance we are trying to achieve? Will these processes and controls provide sufficient assurance?*

- **Assurances obtained from governance processes are very rarely articulated?** - Our experience shows that few AGS explicitly link the assurances actually obtained in the current year from the processes described. The better AGS have documented assurances obtained from external audit and inspection, and in some cases from internal audit. We have found very few examples where assurances obtained from internal governance procedures are documented or evidenced. Readers are unclear over: *What assurances have these processes actually given and to whom? Have we achieved the level of assurance we need?*
- **Significant weaknesses are often vague** - The majority but not all authorities include significant weaknesses at the end of the AGS. However:
 - it is often unclear whether weaknesses recorded are significant in the context of achievement of the council’s vision and strategic objectives
 - it is difficult to understand which part of the framework identified the weaknesses and what this means for the wider governance processes
 - “significant weaknesses” identified in year and follow up of action on prior year issues are often vaguely articulated and action planning rarely meets the ‘SMART’ test.

What needs to be done?

To add real value we believe the AGS should:

- Have greater status within the council’s management and reporting processes as the key document that records the planned and obtained assurances over achievement of the vision and strategic objectives
- Be owned from the top, used to plan and monitor internal and external assurance gathering throughout the year
- Be fundamentally reviewed each year so that it clearly includes what is significant and excludes what is not
- Have only significant weaknesses recorded with SMART action planning
- Provide a robust, transparent and honest assessment of the governance framework for the year.

Who should I contact?

The Grant Thornton Governance Institute will continue to issue briefing notes in the interests of wider awareness, and we intend to hold a variety of other promotional and thought-development events. For further information:

Paul Hughes
Grant Thornton Governance Institute
T 020 7728 2256
E paul.hughes@gt.uk.com

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ESSENTIAL REFERENCE PAPER 'D'

Improving the Annual Governance Statement – response to the generic issues raised by the Grant Thornton report

Grant Thornton's report to the Audit Committee on 12 July was based on their review of AGS's across the country which identified a number of generic issues which they feel detracts from the potential value of the AGS. Their report identified 4 main issues. Set out below is a response to each designed to add value to East Herts AGS and the way in which it is developed and presented.

1. "The AGS is static and lacks focus"

Response:

Generally, the part of the statement which narrates the governance arrangements will not change much from year to year. For the future this description of arrangements might be a document which could be appended to the Constitution. The AGS would then simply refer to this statement as the reference point for the AGS with the AGS more focussed on how the review has been undertaken and the outcomes.

Section 8 in the Constitution:

"Summary of Governance Arrangements"

This statement is a general summary and explanation of the Council's policies, processes and procedures to ensure good governance of all the Council's activities. The arrangements are subject to ongoing review - the outcome of which will be incorporated in an Annual Governance Statement to accompany each year's financial statements. The Council's Constitution in parts 1 to 7 takes precedence over any statement in this summary"

The annual governance statement could then focus on the review undertaken in year and the outcomes.

This presentation would also respond to an issue about a perceived excessive length of the statement raised by a member.

- **" a year end rather than year round exercise"**

Response:

The action plan is reviewed in year and responses are made to governance issues on an ongoing basis but these issues and responses are not logged until the AGS is drafted.

As part of the risk management section of the health check we might include tracked issues (and responses) as they arise.

Governance issues can arise from :

- Reports proposing significant changes to the way we work – outsourcing, partnerships, delegations
- Minutes of meetings where governance issues are raised
- External audit reporting
- Internal audit reporting
- Peer reviews
- Complaints
- Service failures to customers
- Major incident reports
- Identified breaches of controls and regulations
- Disciplinary and other HR issues

Governance Issue	Significance	Where identified or reported	Response / action plan	Responsible Officer

- **“not updated to reflect significant issues arising between the draft accounts and audit opinion”**

Response:

Existing arrangements provide for this to happen

- **“Written and presented by Internal Audit”**

Response:

The initial draft is created by the Monitoring Officer, S151 Officer and Risk Manager previously Head of Internal Audit . Different officers present the statement to different audiences. With internal audit now provided by the Herts SIAS complete separation from audit is achieved.

- **“amended incrementally each year to document new control weaknesses and follow up last years issues, rather than fundamentally reviewed with council’s strategic objectives and vision in mind”**

Response:

The absence of significant change to governance arrangements is not evidence of any lack of fundamental review.

The Council regularly reviews its Constitution, its Financial and Procurement Regulations and these have been subject to a number of significant changes. As part of annual service planning the strategic objectives are similarly reviewed. However, strategic objectives should not change too frequently so it might be expected that these would hold good between elections given our 4 yearly cycle. Similarly, the Executive arrangements, structures and delegations set out in the Constitution are regularly reviewed but if performing would be expected to have a good degree of stability.

- **“not challenged by officers, members and auditors on the value it adds to governance arrangements”**

Response:

The AGS has triggered debate in all forums both on fundamental issues and points of detail. For example this year about the government’s proposals to amend arrangements for audit committees and whether these would improve or detract from governance.

The separation of narrative from review may create a better focus for challenge.

2. “The overall purpose of the governance statement is rarely articulated”

Response:

The opening pages of the existing statement make reference to the purpose but this can be expanded from the statutory reference to more of a statement of intent.

Although the review may be backward looking there is a need to anticipate events which could cause arrangements to be amended

- **“what is the level of assurance we are trying to achieve?”**

Response:

Articulation of a level of assurance is challenging. The AGS refers to reasonable not absolute assurances but we do not say what “reasonable” might be.

A draft statement for inclusion in the AGS is:

“Reasonable means that we acknowledge and accept that there will be occasional service failures because the cost of arrangements to avoid all service failures (through for example multiple checks and fail safe procedures) is not affordable. The assurances we seek aim to ensure there is a 95% or better probability there will be no widespread service failures (impacting on 5% or more of customers at any one time) prolonged service failures (continuing for more than 5 days) or critical failures where there is potential serious injury to customers, employees or suppliers/contractors. The governance arrangements are primarily concerned with issues within our control – decision making, processes and procedures, service design, management of suppliers etc and it is in these areas that the definition of reasonableness primarily applies.

However, governance also involves the way we prepare to respond to and mitigate the impact of potential external events including natural disasters. Whilst the same definition applies here the governance arrangements acknowledge that some external events might disrupt services beyond the limits set out above. In its risk management reporting the Council will seek to set out the nature of such risks.”

- **“will these processes and controls provide sufficient assurances”**

Response:

Against the broad definition of reasonableness the view expressed by all reviewers has been “yes”. Against a more defined statement of “reasonableness” the answer must be “don’t know” until that definition is agreed and tested.

3. “Assurances obtained from governance processes are very rarely articulated.”

Response:

The Council’s health check reporting arrangements provide assurance to the Executive, Scrutiny Committees and ultimately to Council about performance, finance and risk management issues highlighting potential variance from plans.

The Audit Committee receives reports from all audits as they are completed and monitors the follow up of recommendations.

At officer level CMT receive corporate monitoring data and through team meetings and one to one meetings there are checks in the system to identify governance issues as they arise.

However, we do not attempt to describe the assurance produced in quantitative or qualitative terms. This is an area where good practice from elsewhere might be followed up with the assistance of Grant Thornton.

- **“what assurances have these processes really given and to whom, have we achieved the level of assurance we need?”**

Response:

We do not capture a statement on the level of assurance achieved other than the negative statements where issues are logged. Examples of good practice can be reviewed.

4. “Significant weaknesses are often vague”

Response:

The format used to set out the “issues” raised can be expanded to say more about the weakness and to make a separate comment about why this is seen as a significant issue.

- **“it is often unclear whether weaknesses are significant in the context of achievement of the council’s vision and strategic objectives”**

Response:

We have tended to record a mix of issues of varying significance. For the future we can publish only the most significant for monitoring by the Audit Committee with a supplementary list for monitoring by CMT. The Audit Committee might determine those issues it wishes to monitor.

- **“ it is difficult to understand which part of the framework identified the weakness and what this means for the wider governance process.”**

The proposed logging of issues will address this point

- **“significant weaknesses identified in year and follow up action on prior year issues are often vaguely articulated and action planning rarely meets the SMART test”**

Response

The tabular format used to identify issues has led to issues being set out in headline only fashion. By focussing on fewer issues in the AGS there will be scope to be clearer on the nature of the issue, why it is regarded as significant and set out actions with SMARTer targets.

EAST HERTS COUNCIL

EXECUTIVE – 6 SEPTEMBER 2011

MONTHLY CORPORATE HEALTHCHECK – JULY 2011

REPORT BY THE CHIEF EXECUTIVE

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 July 2011.

<u>RECOMMENDATION FOR EXECUTIVE: that:</u>	
(A)	the budgetary variances set out in paragraph 2.1 of the report be noted;
(B)	£18k from the Rye Street Car Park North refurbishment capital budget be vired to the Grange Paddocks Overspill refurbishment capital budget; (Paragraph 2.26)
(C)	a supplementary capital estimate of £30k for the Vantorts Play Scheme be approved, in accordance with Financial Regulations 4.62(c); (Paragraph 2.27)
<u>RECOMMENDATION FOR COUNCIL: that:</u>	
(D)	with regard to the Council's financial information system (1) £30k of the £50k provision in the capital programme be brought forward from 2012/13 to 2011/12 with the balance of £20k to lapse as a saving; and (2) in accordance with Financial Regulation 4.7.1 a carry forward from 2010/11 to 2011/12 of 80k be approved for implementation support with this sum to be drawn down only to the extent essential to mitigate implementation risks. (Paragraph 2.28)

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 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/quarterly basis.



Essential Reference Paper 'C' shows detailed information on salaries.

Essential Reference Paper 'D' shows detailed information capital programme.

Essential Reference Paper 'E' shows explanations of variances on the Revenue Budget reported in previous months.

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 2011 to July 2011.

	Position as at 31.07.11				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) Promoting prosperity & well being; providing access & opportunities						
Local Services Support Grant	17	0	4	0	50	0
Concessionary Fares	19	0	0	0	19	0
Taxi Licensing income	0	6	1	0	0	8
(2) Fit for purpose						
Turnover	0	194	0	40	0	526
Print/Desktop Top Publishing	0	18	0	5	0	53
Hartham Land Sale	50	0	0	0	50	0
Office Moves	0	21	0	0	0	21
Investment Income	0	55	0	0	0	55

	Position as at 31.07.11				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) Pride in East Herts						
Pay and Display machines	0	0	0	0	0	17
Car Parks legal fees	0	8	0	0	0	10
Car Parks advertising	4	0	1	0	0	15
CCTV Contributions	11	0	0	0	0	13
Recycling Materials Handling	13	0	3	0	40	0
Waste Contract (various bud)	0	0	0	0	125	0
Hydro Electric plant	0	3	0	0	0	11
Bulky waste collection income	0	5	0	0	0	13
Waste Contract	100	0	0	0	100	0
Kerbside dry recycling income	0	183	0	0	0	80
Recycling banks maintenance	0	1	0	0	8	0

	Position as at 31.07.11				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
(4) Shaping now, shaping the future						
New Homes Bonus Grant	415	0	0	0	415	0
Discharge of Conditions	14	0	7	0	12	0
(5) Leading the way, working Together						
Member's Allowances	24	0	0	0	65	0
TOTAL:	667	494	16	45	884	822
Net Projected Variance					62	0
Supported by supplementary estimates						
Car Park Pay and Display Machines						17
Total Supplementary Estimates						17

- 2.2 Subject to all other budgets being equal, this would result in an under spend of £62k.
- 2.3 Salary budgets are constantly monitored and **Essential Reference Paper 'C'** shows a projected over spend of £526k. This is predicted to be a worse case scenario and should reduce as more budgeted savings begin to be delivered.

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

Promoting Prosperity and well-being, providing access and opportunities

Financial analysis

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

Performance analysis

- 2.5 **EHPI - 129 - Response time to anti social behaviour (ASB) complaints made to East Herts Council.** Performance was 'Red' for July 2011. There were 6 complaints made directly to the ASB and Projects Officer at East Herts Council. One of which was not dealt with within 2 working days due to officer training.

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

Fit for purpose

Financial analysis

- 2.6 The sale of land associated with the supermarket development at Hartham will generate a windfall sum of £50k.
- 2.7 Costs associated with the office moves such as the disposal of redundant files, physical storage and moving staff temporarily during the refurbishment works is estimated to cost £21k.
- 2.8 The movement and uncertainty in the financial markets has not made it conducive at this moment to invest further in structured deposits as per the original estimate. Therefore, investment income is anticipated to be £55k less than estimated.

Performance analysis

- 2.9 **NI 181 - Time taken to process Housing Benefit/Council Tax Benefit new claims and change events.** As reported in the previous month this represents an increase in caseload seen in the period and the need to avoid some planned weekend working to allow ICT to undertake changes required for office moves. A plan to recover this downtime has been agreed by the Director of Internal Services.
- 2.10 **EHPI 6.8 - Turnaround of pre NTO PCN challenges.** Performance was 'Red' for July 2011. Performance was off target due to continued high levels of PCN's being issued, however performance has improved from the previous month.
- 2.11 The following indicators were 'Green', meaning that the targets were either met or exceeded for July 2011:
- EHPI 12c - Total number of sickness absence days per FTE staff in post.
 - EHPI 6.9 – Turnaround of NTO Representations.

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

Pride in East Herts

Financial analysis

- 2.12 The planned hydro electric plant located at the Hertford Theatre has been delayed with an adverse £11k effect.
- 2.13 Bulky waste income is currently under recovering by 25% due to falling demand for the service and could result in a £13k adverse position.
- 2.14 There is an early indication that the costs of transition to the new waste contract have been lower than expected to date and an under spend of £100k is probable.
- 2.15 There is a possible £80k under recovery of income due to falling tonnage of materials collected regards Kerbside dry recycling. This is a national trend associated with the economic downturn.
- 2.16 The recycling banks maintenance costs are reducing following the successful removal of glass, cans and plastic banks thus resulting in a

£8k favorable position.

Performance analysis

- 2.17 **NI 191 - Residual household waste per household.** Performance exceeds service expectations for this month.
- 2.18 **NI 192 - Percentage of household waste sent for reuse, recycling and composting.** Performance improved this month, with cumulative slightly better than expectation.
- 2.19 The following indicator was 'Green', meaning that the target was either met or exceeded for July 2011:
- EHPI 2.4 – Fly-tips: Removal

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

Shaping now, shaping the future

Financial analysis

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

Performance analysis

- 2.21 **NI 157c – Processing of planning applications: Other applications.** Performance was 'Amber' for July 2011. Performance is slightly below target for July 2011, there were 119 applications out of a total of 131 that were determined on time.
- 2.22 The following indicators were 'Green', meaning that targets were either being met or exceeded for July 2011. They are:
- NI 157a - Processing of planning applications: 'Major' applications.
 - NI 157b - Processing of planning applications: 'Minor' applications.
 - EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.

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

Leading the way, working together

Financial analysis

2.23 A review of the budget for members Allowances has identified an under spend of circa £65k

Performance analysis

2.24 There are no performance indicators that are being monitored on a monthly basis for this priority.

CAPITAL FINANCIAL SUMMARY

2.25 The table below sets out expenditure to 31 July 2011 against the Capital Programme. **Essential Reference paper D** contains details of the 2011/12 Capital Programme. Comments are provided by the Project Control Officers in respect of individual schemes.

SUMMARY	2011/12 Original Estimate	2011/12 Revised Estimate	2011/12 Actual Commit to date	2011/12 Projected spend	Variance Col 4 - Col 2
	£	£	£	£	£
Promoting Prosperity	2,144,940	2,876,060	932,168	2,896,560	20,500
Fit for Purpose	1,385,550	2,033,970	688,000	2,033,970	0
Pride in East Herts	2,326,200	1,994,790	155,440	1,964,690	(30,100)
Shaping now	380,500	512,600	15,856	505,500	(7,100)
Leading the Way	0	0	0	0	0
Re-profiling potential Slippage	(750,000)	(750,000)		(750,000)	0
TOTAL	<u>5,487,190</u>	<u>6,667,420</u>	<u>1,791,464</u>	<u>6,650,720</u>	<u>(16,700)</u>

2.26 The Executive is requested to vire £18k from the savings on the Rye Street Car Park North refurbishment budget to the Grange Paddocks Overspill refurbishment budget now that tenders have been received.

2.27 Following an extensive public consultation exercise and discussions with Sawbridgeworth Town Council a revised scheme for the Vantorts Open Space has been agreed. The Capital Programme includes the sum of £50,000 (based on £40,000 funded by EHC, £10,000 by STC). The revised scheme increases the sum to be included in the Capital Programme to £80,000, with the additional £30,000 funded by the Town Council. This was agreed by EHC Members (Non-Key Decision report July 2011) and is subject to tender prices.

Upgrade to the financial information system

- 2.28 Discussions have been held with Civica the current supplier about the potential to upgrade the financial management information system planned 2012/12. The version on which the Council runs is expensive to support as there are only two other councils which have not upgraded to later versions and Civica has sought assurances about our future intentions in pricing support into 2012/13.
- 2.29 The option of a move to an entirely new system was considered earlier and which led to a provision of £250k in the capital programme in 2009/10. In setting the budget for 2011/12 renewal of the telephone system was identified as the higher priority and the funding of £250k diverted to this project with a £50k provision made for the financial system on the basis that an upgrade rather than replacement was a viable option. A review of the Civica upgrade and some soft marketing testing confirms it would offer significant additional functionality whilst being cheaper and potentially much quicker to implement than other options. By committing to the upgrade in 2011/12 the Council can obtain support for the existing version at no increase in cost during the transition.
- 2.30 The cost of the upgrade is a one off license fee of £30k which is within the budget of 30k but will require the bringing forward of the provision from 2012/13 to 2011/12.
- 2.31 There are different levels of support that Civica offer to assist with the migration ranging from one off £50k to £80k. Given the critical nature of the system, the reduction and the commitments of the ICT development team to current projects, it is proposed that funding for the higher level of support be agreed to mitigate risks, on the basis that support will be drawn down only to the extent required as detailed implementation planning takes place. The cost of this support will be drawn down only to the extent required as detailed implementation planning takes place. The cost of this support is proposed to be met by a further call on the under spend in 2010/11 above that forecast at probable outturn. The additional unbudgeted under spend was £527k of which £29k was approved to be brought forward in accordance with Financial Regulation 4.7.3 to be spend in 2011/12 in the April health check.

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:

2010/11 Estimates and future targets report, Essential Reference Paper B – For complete list of performance indicators that are being monitored for 2011/12

Contact Officer:

In terms of performance issues

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

In terms of risk issues

Graham Mully, Insurance Officer – ext 2166

Essential Reference Papers

Essential Reference Paper B – Performance Indicator set relating to CMT.

Essential Reference Paper C – Detailed information on salaries

Essential Reference Paper D – Detailed information on capital

Essential Reference Paper E – Explanations of variances on the Revenue Budget reported in previous months.

ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives:</p>	<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>Improving standards of the built neighbourhood and environmental management in our towns and villages.</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>
<p>Consultation:</p>	<p>Performance monitoring discussions have taken place between, Chief Executive, Directors and Heads of Service.</p>
<p>Legal:</p>	<p>There are no legal implications.</p>
<p>Financial:</p>	<p>There are no financial implications.</p>
<p>Human Resource:</p>	<p>There are no Human Resource implications.</p>
<p>Risk Management:</p>	<p>There are no Risk implications.</p>









July Executive Corporate Healthcheck 2011/12

Traffic Light Red




Description Fit for purpose, services fit for you

Parking Services

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
EHPI6.8	Turnaround of Pre NTO PCN challenges (10 working days)		20 days	14 days		An improvement from last month with an improvement from 28 days to 20 days	<p>July 2011 result</p> 	None

Revenues and Benefits Services								
PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
NI 181	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events		16.4 days	10.0 days		Performance period from 13 June 2011 to 11 July 2011.	<p>July 2011 result</p> 	None




Traffic Light Red
Description Promoting prosperity & well being providing access & opportunities

Licensing and Community Safety								
PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
EHPI129	Response time to ASB complaints made to EHC.		83.00 %	100.00 %		There were 6 complaints made directly to the ASB and Projects Officer at East Herts Council for the month of July 2011. One of which was not dealt with within 2 working days due to officer training.	<p>July 2011 result</p> 	None

Traffic Light Amber

Description Fit for purpose, services fit for you




Financial Support Services

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
EHP18	% of invoices paid on time		96.53%	98.00%		Performance for July similar to previous month but still below target. Full details by service available in the attached document.	<p>July 2011 result</p> 	Directors continue to take corrective action where services are performing below targets for the payment of invoices.

Traffic Light Amber

Description Shaping now, shaping the future

Planning and Building Control

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
NI 157c (BV109c)	Processing of planning applications: Other applications		91.00%	93.00%		119 applications out of a total of 131 that were determined on time.	<p>July 2011 result</p> 	None

Traffic Light Green
Description Fit for purpose, services fit for you

Parking Services

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
EHP16.9	Turnaround of NTO Representations		20 days	28 days		This PI is now within target	<p>July 2011 result</p> <p>0 days 20 days 28 days 30 days 50 days</p>	None

People Services & Organisational Development

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
EHP112c	Total number of sickness absence days per FTE staff in post		0.52 days	0.70 days		Total sickness for the year so far = 2.12 days (target = 2.5)	<p>July 2011 result</p> <p>0.00 days 0.52 days 0.71 days 0.74 days 5.00 days</p>	None

Traffic Light Green
Description Pride in East Herts

Environmental Services

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
EHPI2.4 (47)	Fly-tips: removal		1.73	2		Whilst performance was not as good as previous months it was still better than the target. Fall was due to fewer small fly-tips which are cleared same day. Reduction in small fly tips is probably related to removal of recycling banks, which have been a favourite spot for small deposits of waste. Cumulative performance remains well below target.	<p>July 2011 result</p>	None

Environment Services

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
EHPI2.2 (45)	Waste: missed collections per 100,000 collections of household waste		43.6	50		Further improvement in performance this month as contract continues to be tightly managed and remedial measures applied when service delivery fails.	<p>July 2011 result</p>	None

Traffic Light Green
Description Shaping now, shaping the future

Planning and Building Control

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
NI 157a (BV109a)	Processing of planning applications: Major applications	✓	100.00%	69.00%	↑	Target Achieved. 2 applications out of 2 were determined on time.	<p>July 2011 result</p>	None

Planning and Building Control

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
NI 157b (BV109b)	Processing of planning applications: Minor applications	✓	86.00%	80.00%	↑	Target Achieved. 24 applications out of 28 were determined on time.	<p>July 2011 result</p>	None

Traffic Light Unknown
Description Pride in East Herts

Environment Services

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
NI 191	Residual household waste per household		119	N/A		Performance exceeds service expectations for this month.	N/A	None

Environment Services

PI code	Short Name	Status	Current Value	Current target	Short term trend	Notes	Performance Gauge	Action taken during last EXECUTIVE meeting on 26 th July 2011
NI 192	Percentage of household waste sent for reuse, recycling and composting		50.56%	N/A		Performance improved this month, with cumulative slightly better than expectation.	N/A	None

PI Status		Long Term Trends		Short Term Trends	
	Alert		Improving		Improving
	Warning		No Change		No Change
	OK		Getting Worse		Getting Worse
	Unknown				
	Data Only				

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SALARIES/AGENCY/APPOINTMENT OF STAFF/RELOCATION

Essential Reference Paper 'C'

	Estimate	Profile to 31.07.11	Actual to 31.07.11	Variance to Profile	Projected outturn	Projected Outturn Variance to Estimate
	£	£	£	£	£	£
Executive / Corp Support	458,430	152,810	171,647	18,837	504,400	45,970
Internal Services	4,116,920	1,372,307	1,486,209	113,902	4,390,640	273,720
Neighbourhood Services	3,676,640	1,225,547	1,244,806	19,259	3,735,100	58,460
Customer & Community	2,586,850	862,281	914,298	52,017	2,762,870	176,020
Summary	10,838,840	3,612,945	3,816,960	204,015	11,393,010	554,170
Strain Costs (funded)	87,709	0	0	0	87,709	0
Employer's Pension Cost (not charged to services)	456,550	152,183	142,668	-9,515	428,000	-28,550
TOTAL	11,383,099	3,765,128	3,959,628	194,500	11,908,719	525,620

g:P&F/SALARIES HEALTHCHECK

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CAPITAL EXPENDITURE MONITORING 2011/12

SUMMARY	Exp. To 31/07/11								
	2011/12 Original Estimate	Slippage from 2010/11	2011/12 Any other amendments	2011/12 Approved Estimate as @ July '11	2011/12 Actual to date	2011/12 Commitment Amount	2011/12 Total to Date	2011/12 Projected Spend	2011/12 Variance between Proj Spend and Approved Estimate
	£	£	£	£	£	£	£	£	£
1. Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable	2,144,940	653,620	77,500	2,876,060	880,670	51,498	932,168	2,896,560	20,500
2. Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation	1,385,550	498,420	150,000	2,033,970	590,083	97,917	688,000	2,033,970	0
3. Improve standards of the neighbourhood and environmental management in our towns and villages	2,326,200	(370,410)	39,000	1,994,790	99,588	55,852	155,440	1,964,690	(30,100)
4. 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	380,500	132,100	0	512,600	2,093	13,763	15,856	505,500	(7,100)
TOTAL	6,237,190	913,730	266,500	7,417,420	1,572,434	219,030	1,791,464	7,400,720	(16,700)
RE-PROFILING POTENTIAL SLIPPAGE (71264/7501)	(750,000)			(750,000)				(750,000)	0
	5,487,190	913,730	266,500	6,667,420	1,572,434	219,030	1,791,464	6,650,720	(16,700)

CAPITAL MONITORING 2011/12

INTERNAL SERVICES

Exp Code	2011/12 Approved Schemes	Project Control Officer	Exp. To 31/07/11									2011/12 Variance between Proj Spend and Approved Estimate £	COMMENTS
			2011/12 Original Estimate	Slippage from 2010/11	2011/12 Any other amendments	2011/12 Approved Estimate as @ July '11	2011/12 Actual to date	2011/12 Commitment Amount	2011/12 Total to Date	2011/12 Projected Spend			
			£	£	£	£	£	£	£	£	£		
Various	Grange Paddocks Pool	S. Whinnett	40,000	5,600		45,600	4,345	1,250	5,595	45,600	0		
72328	Hartham Swimming Pool	S. Whinnett		10,800		10,800			0	10,800	0	Remedial works outstanding	
Various	Leventhorpe Swimming Pool	S. Whinnett		35,000		35,000			0	35,000	0		
Various	Fanshawe Pool	S. Whinnett	30,000	4,900		34,900	1,724	845	2,569	34,900	0		
72332	Ward Freman Swimming Pool	S. Whinnett	68,740			68,740		38,567	38,567	68,740	0	Work commenced 1st August 2011	
72578	Dill Hall (Note 5)	W. O'Neill	0	200,000		200,000			0	200,000	0		
Various	Hertford Theatre	W. O'Neill/ S. Whinnett	211,200	1,270		212,470	(47,813)	2,778	(45,035)	212,470	0		
72571	Leisure Development Project	W. O'Neill	0		77,500	77,500			0	77,500	0	Supplementary estimate agreed at 5.7 Exec & 6.7 Council	
72545	Presdales - Replace Pavilion	W. O'Neill	0	59,100		59,100	4,817		4,817	59,100	0		
72530	Community Planning Grants	W. O'Neill	20,000	19,700		39,700	10,864		10,864	39,700	0	In first funding round, 5 organisations were allocated grants totalling £7,283.87. 3 Claims for £3,063 have been submitted. A further £12,716 has been recommended for allocation to 7 organisations. New financial year deadlines are 30 June, 30 Sept, 31 Dec and 31st Mar 2012.	
72582	LSP Capital Grants	W. O'Neill	0	76,800		76,800	(1,000)	750	(250)	76,800	0		
Various	Capital Grants 2009/10 - 2011/12	C. Pullen	83,000	45,950		128,950	2,977		2,977	128,950	0		
72683	Village Hall Community Challenge	C. Pullen	11,000	11,400		22,400	500		500	22,400	0	Watton-at-Stone Sports & Community Centre £500 paid.	
72512	Partnership Investment Fund	C. Pullen	26,000	43,600		69,600			0	69,600	0	6 allocations made for 2010/2011. No claims submitted to date. 3 applications received this financial year. To be assessed later in August.	
Various	Private Sector Improvement Grants		740,000	89,500		829,500	220,831		220,831	829,500	0		
72685	Social Housing Schemes-Calton House & Birch Green, Hertford	S. Drinkwater	700,000			700,000	661,000		661,000	700,000	0		
71201	Capital Salaries	S. Chancellor	25,400			25,400			0	25,400	0		
72504	Provision of Play Equipment	C. Cardoza	50,000			50,000	3,218		3,218	50,000	0		
72580	Vantorts Sawbridgeworth-Play Area Development Programme	C. Cardoza	0	50,000		50,000			0	80,000	30,000	Scheme approved by Members (NKD report July 2011). Currently at tender stage. Spend to be £80,000, £40,000 funded by EHC & £40,000 funded by Sawbridgeworth T.C.	
72583	Improvements to Works at Southern Country Park (Note 3)	C. Cardoza	36,000			36,000	22,425	4,090	26,515	26,500	(9,500)	Projected spend is now £26,515. The £9,485 external funding from the Countryside Management Service will now be spent directly by them and the overall value of the project in terms of external funding contributions remains unchanged.	
72584	Sacombe Road, Hertford - Play Area Development Programme (Note 2)	C. Cardoza	10,000			10,000			0	10,000	0		
72585	The Bourne, Ware - Play Area Development Programme	C. Cardoza	40,000			40,000			0	40,000	0	Report being prepared for Member consideration.	
71266	Capital Salaries	S. Chancellor	53,600			53,600			0	53,600	0		
TOTAL			2,144,940	653,620	77,500	2,876,060	880,670	51,498	932,168	2,896,560	20,500		

Expenditure on Joint Use Pools 40% funding sought from HCC/schools as appropriate.

Note 2. Reflects the minimum sum needed to bring the site up to standard. Will be used to bid for external funding to raise standards at the site.

Note 3. Externally funded - £46,000 BIFFA, £9,000 Env Agency, £10,000 Countryside Management Services. £10K EHC.

Note 5. Release of funding is contingent upon agreeing a full repairing lease with the occupier

CAPITAL MONITORING 2011/12

IT

Exp. To 31/07/11

Exp Code	2011/12 Approved Schemes	Project Control Officer	2011/12 Original Estimate	Slippage from 2010/11	2011/12 Any other amendments	2011/12 Approved Estimate as @ July '11	2011/12 Actual to date	2011/12 Commitment Amount	2011/12 Total to Date	2011/12 Projected Spend	2011/12 Variance between Proj Spend and Approved Estimate	COMMENTS
			£	£	£	£	£	£	£	£	£	
71342	PC Upgrades	D. Frewin	0			0	(205)	205	0	0	0	
71370	Development Control EDM	P. Bowler	0	4,500		4,500			0	4,500	0	
71374	Network, Servers & Storage Upgrade	D. Frewin	30,000	(400)		29,600	6,195		6,195	29,600	0	
71376	Home & Mobile Working	D. Frewin	0	750		750			0	750	0	
71377	BACS	P. Bowler	0	2,500		2,500			0	2,500	0	
71378	Business Continuity	D. Frewin	30,000			30,000			0	30,000	0	
71379	Authentication	P. Bowler	31,000			31,000			0	31,000	0	
71388	GIS	P. Bowler	0	5,470		5,470			0	5,470	0	
71389	Small Systems	P. Bowler	0			0	(2,400)	2,550	150	0	0	
71391	Hertford Audio Visual Upgrade	D. Frewin	0			0	(2,000)	2,000	0	0	0	
71395	EDM - Corporate	P. Bowler	52,700	2,870		55,570			0	55,570	0	
71396	Enhancement of Telephony System	P. Bowler	0	3,400		3,400			0	3,400	0	
71402	Council Chamber Enhancements	P. Searle	0			0	(1,576)	1,576	0	0	0	
71408	Revenues & Benefits System	S. Tarran	43,000			43,000			0	43,000	0	
71409	Locata	P. Bowler	37,700			37,700			0	37,700	0	
71410	Firewalls & Intrusion Protection	P. Bowler	0			0	(34,891)	34,891	0	0	0	
71412	Renewal of Cabling - Wallfields	D. Frewin	0	65,480	10,000	75,480			0	75,480	0	£10,000 has been transferred from 71414, hardware Funding as further works have been identified.
71413	New Telephone System	P. Bowler	100,000	(14,700)	150,000	235,300	95,136	38,925	134,061	235,300	0	Capital sum of £150,000 has been b/fwd from 2012/13 to enable purchase of new telephone system. Installation in July/August. £22,000 to be funded from SIF - this will be transferred
71414	Hardware Funding	D. Frewin	120,650	2,750	(10,000)	113,400	81,359	3,843	85,202	113,400	0	£10,000 has been transferred to 71412, Renewal of Cabling as further works have been identified.
71415	Applications	D. Frewin	72,000	5,700		77,700	500	2,200	2,700	77,700	0	
71416	Merging systems - Licensing & Env Health	B. Simmonds	15,000			15,000			0	15,000	0	
71362	Capital Salaries	P. Bowler	107,000			107,000			0	107,000	0	
Various	Asset Improvement Items - Council Offices	S. Whinnett	722,500	421,100		1,143,600	447,799	11,627	459,426	1,143,600	0	
1203	Replacement of Chairs & Desks	R. Crow	10,000	200		10,200	166	100	266	10,200	0	
71251	Automated Telling Machines (ATM's) at Hertford & B/S	N. Sloper	14,000	(1,200)		12,800			0	12,800	0	
TOTAL			1,385,550	498,420	150,000	2,033,970	590,083	97,917	688,000	2,033,970	0	

CAPITAL MONITORING 2011/12

CUSTOMER & COMMUNITY SERVICES

Exp Code	2011/12 Approved Schemes	Project Control Officer	2011/12 Original Estimate	Slippage from 2010/11	2011/12 Any other amendments	2011/12 Approved Estimate as @ July '11	Exp. To 31/07/11			2011/12 Projected Spend	2011/12 Variance between Proj Spend and Approved Estimate	COMMENTS
							2011/12 Actual to date	2011/12 Commitment Amount	2011/12 Total to Date			
			£	£	£	£	£	£	£	£		
Various	Refuse Collection & Recycling	C. Cardoza	286,000	11,960		297,960	55,824	12,423	68,247	267,960	(30,000)	
75168	Energy Efficiency & Carbon Reduction Measures (Note 1)	C. Cardoza	45,000			45,000			0	45,000	0	
75161	Energy Efficiency Initiatives	M. Shrobbree	0	40,000		40,000			0	40,000	0	Implementation being managed by the Facilities Management Service. Integrated with C3W works at Wallfields.
72593	Procurement of a Land Rover	C. Cardoza	19,000			19,000		18,924	18,924	18,900	(100)	Complete.
Various	Bircherley Green Car Park		625,000	2,900		627,900	9,136	8,745	17,881	627,900	0	
75241	Gascoyne Way MSCP - Major Refurb. & Repairs	S. Whinnett		24,500		24,500	1,438	492	1,930	24,500	0	Retention and remaining fees to be paid
Various	Other Car Parks		227,500	51,900	73,050	352,450	17,793	12,135	29,928	352,450	0	
75259	Grange Paddocks New Pedestrian Bridge	S. Whinnett	50,000			50,000	3,129		3,129	50,000	0	Tenders received
71267	Upgrade Pedestrian Route Grange Paddocks to Causeway	S. Whinnett	100,000			100,000			0	100,000	0	Tenders received
72590	Vantorts Open Space - Resurface Footpaths	S. Whinnett	10,000			10,000	7,770		7,770	10,000	0	90% Completed
Various	Other Car Parks	N. Sloper	784,000	(697,150)	(34,050)	52,800			0	52,800	0	
72572	What's On' signage in Bishop's Stortford	N. Sloper	0	15,000		15,000			0	15,000	0	
74102	Historic Building Grants	K. Steptoe	56,200	(4,400)		51,800	7,223		7,223	51,800	0	
72604	Energy Grants	S. Winterburn	20,000			20,000			0	20,000	0	No spend at present. Exit strategy for HEEP scheme being drawn up. Residual HEEP funds still available for loft and cavity wall insulation. Budget may be needed for boilers for priority group due to restrictions on national WarmFront scheme.
72592	New Stall Covers for Hertford & Ware Markets	T. Andrews	3,500			3,500			0	3,500	0	
74106	Heart of B/S - Market Improvement Scheme (Note 6)	W. O'Neill	0	50,300		50,300	1,010		1,010	50,300	0	
74107	Heart of B/S - Riverside Improvement Scheme (Note 7)	W. O'Neill	0	68,380		68,380			0	68,380	0	
74105	Town Centre Environmental Enhancements	P. Pullin	100,000	66,200		166,200	(3,735)	3,133	(602)	166,200	0	
TOTAL			2,326,200	(370,410)	39,000	1,994,790	99,588	55,852	155,440	1,964,690	(30,100)	

Note 1. Relates to provision for energy efficiency measures following C3W. This is subject to bids for grant funding.

Note 6. Fully funded from Town Centre Enhancement budget (£25k) & PRG (£75k).

Note 7. Fully funded from Town Centre Enhancement budget (£25k), S106 (£51,300), British Waterways (£20k) & PRG (£60k).

CAPITAL MONITORING 2011/12

NEIGHBOURHOOD SERVICES

Exp. To 31/07/11

Exp. Code	2011/12 Approved Schemes	Project Control Officer	2011/12 Original Estimate	Slippage from 2010/11	2011/12 Any other amendments	2011/12 Approved Estimate as @ July '11	2011/12 Actual to date	2011/12 Commitment Amount	2011/12 Total to Date	2011/12 Projected Spend	2011/12 Variance between Proj Spend and Approved Estimate	COMMENTS
			£	£	£	£	£	£	£	£	£	
72591	Castle Weir Micro Hydro Scheme	C. Cardoza	165,000			165,000			0	165,000	0	
71262	Elizabeth Road Shops - Renew Water Main	S. Whinnett		15,000		15,000		5,850	5,850	15,000	0	Works commenced
75160	River & Watercourse Structures	G. Field	65,500	(7,500)		58,000	2,093	7,913	10,006	58,000	0	A design for the proposed bridge and associated works in Pishiobury Park Sawbridgeworth has been agreed. Application forms will be submitted to the EA for approval within the next few weeks. A programme of other works is still under discussion with relevant officers and the Environment Agency.
75166	Replace Footbridge Library Car Park, Ware	G. Field	150,000			150,000			0	150,000	0	A further structural survey is to be arranged within the next few weeks to assess the work required.
75157	Footbridge Over River Stort	M. Shrobbree		107,100		107,100			0	100,000	(7,100)	The sum needed to complete the construction phase could be from £40k to £100k depending on the outcome of contractual disputes with Birse which we will, hopefully, resolve this financial year.
72568	Asset Improvement Items - Infrastructure (North Drive reconstruct road & drainage)	M. Shrobbree		17,500		17,500			0	17,500	0	
TOTAL			380,500	132,100	0	512,600	2,093	13,763	15,856	505,500	(7,100)	

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ESSENTIAL REFERENCE PAPER 'E1'

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

		Projected Outturn 31 March 2012 £'000	
1.1	April	212	Adverse
	May	223	Adverse
	June	42	Adverse

	ITEM (in order of Corporate Priority)	MONTH(S) REPORTED
	Promoting prosperity and well being	
1.2	LOCAL SUPPORT SERVICES GRANT The Department for Communities and Local Government announced on 22 March 2011 that East Herts Council is being awarded a Local Services Support Grant of £50k.	April
1.3	CONCESSIONARY FARES The costs associated with Concessionary Fares for 2010/11 are lower by £19k than anticipated when the accounts were closed and this will result in a favourable position in 2011/12.	May
1.4	HACKNEY CARRIAGE/PRIVATE HIRE SERVICE The general down turn in the economy is reflected in the demand for the Hackney Carriage/Private Hire service. As a consequence licence fees are anticipated to be adverse by £8k.	June
	Fit for purpose	
1.5	TURNOVER Salary budgets are constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected overspend of £607k. This is predicted to be a worse case scenario and should reduce as more budgeted savings begin to be delivered.	April

ITEM (in order of Corporate Priority)	MONTH(S) REPORTED
1.6 EFFICIENCY SAVINGS Efficiency savings planned to be made in 2011/12 within the Printing and Desk Top Publishing services have yet to be resolved and total £53k.	April
1.7 TURNOVER Salary budgets are constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected overspend of £612k. This is predicted to be a worse case scenario and should reduce as more budgeted savings begin to be delivered. However, any redundancy and new strain costs have not been accounted for here, as there is a specific reserve set up for these costs in the MTFP.	May
1.8 TURNOVER Salary budgets are constantly monitored and <u>Essential Reference Paper 'C'</u> shows a projected over spend of £587k. This is predicted to be a worse case scenario and should reduce as more budgeted savings begin to be delivered.	June
Pride in East Herts	
1.9 CAR PARKS (PAY AND DISPLAY) A supplementary estimate was approved in 2010/11 to enable the car park pay and display machines to be altered to allow for a change in coinage.	April
1.10 CAR PARK COURT AND LEGAL FEES The Car Park's Court and Legal fees budgets will overspend by £10k due to a last minute 40% increase in debt registration fees imposed by the County Court.	May
1.11 CAR PARKS ADVERTISING The Car Park's advertising budget is anticipated to overspend by £15k due to the requirement to advertise new On-street Traffic Regulation Order for East Herts which is being prepared by Herts County Council. This was not advised at the point of preparing the 2011/12 budgets.	May

ITEM (in order of Corporate Priority)	MONTH(S) REPORTED
1.12 CCTV The Executive agreed in February 2011 that the subsidy towards the full cost of CCTV cameras in town centres be continued for 2011/12 only and that the issue be considered further as part of the Community Safety Review. The maximum income will be £52k which is £13k short to that stated in the Estimates.	June
1.13 RECYCLING MATERIALS HANDLING PROJECT The Recycling Materials Handling project to introduce sorting/bailing equipment has been delayed due to the new contract and this coupled with the volatility of material prices will result in an under spend of £40k.	June
1.14 WASTE CONTRACT BUDGETS There is an early warning that within various Waste Contract budgets there will be an under spend of approximately £125k in 2011/12 with a full year effect £136k resulting from implementing shared services with neighbouring authorities through the new waste contractor. A full report will be submitted later in the year.	June
Shaping now, shaping the future	
1.15 NEW HOMES BONUS GRANT The DCLG announced the New Homes Bonus scheme. A sum of £415k has been awarded to East Herts Council. As yet, the MTFP makes no provision either for income from this source or how that income might be applied. The Local Development Panel will make proposals on the application of this funding for consideration by the Executive with recommendations to Council at its meeting on the 26 September 2011.	April
1.16 PLANNING DISCHARGE OF CONDITIONS Income from Planning Discharge of Conditions is predicted to be £12k favourable due to a greater level of developer activity than anticipated.	June

ITEM (in order of Corporate Priority)

**MONTH(S)
REPORTED**

Leading the Way, Working Together

1.17 There is nothing to report on this priority

April

G:\Stortford\BSWP\WP\Reports\Summary of previously reported variances-May 2011 healthcheck.doc

Health check reconciliation (all figures £000's)

ESSENTIAL REFERENCE PAPER 'E2'

	Year to date			Year end projection		
	Favourable	Adverse	Net	Favourable	Adverse	Net
At 30 June 2011	478	-182	296	661	-703	-42
<u>Changes in respect of previously reported items</u>						
In month favourable variances (y t d)						
Local Services Support grant	4	0	4	0	0	0
Taxi Licensing	0	1	1	0	0	0
Discharge of conditions	7	0	7	0	0	0
In month adverse variances (y t d)						
Turnover	0	-40	-40	0	61	61
Print/Desk Top Publishing	0	-5	-5	0	0	0
Car Parks advertising	1	0	1	0	0	0
Recycling Materials Handling	3	0	3	0	0	0
<u>Newly reported items/items no longer reported</u>						
Previously unreported variances at 31 July						
Hartham Land Sale	50	0	50	50	0	50
Office Moves	0	-21	-21	0	-21	-21
Investment Income	0	-55	-55	0	-55	-55
Hydro Electric Plant	0	-3	-3	0	-11	-11
Bulky waste Collection income	0	-5	-5	0	-13	-13
Waste Contract	100	0	100	100	0	100
Kerbside Dry Recycling	0	-183	-183	0	-80	-80
Recycling Banks Maintenance	0	-1	-1	8	0	8
Members Allowances	24	0	24	65	0	65
Previously reported items no longer having out turn variance						
None						

At 31 July 2011	667	-494	173	884	-822	62
Month on month change	189	-312	123	223	-119	104
less previously unreported variances						
Hartham Land Sale	50	0	50			
Office Moves	0	-21	-21			
Investment Income	0	-55	-55			
Hydro Electric Plant	0	-3	-3			
Bulky waste Collection income	0	-5	-5			
Waste Contract	100	0	100			
Kerbside Dry Recycling	0	-183	-183			
Recycling Banks Maintenance	0	-1	-1			
Members Allowances	24	0	24			
Taxi Licensing (negative adjustment)	-1	1	0			
In month variation	16	-45	29			