

EAST HERTS COUNCIL

EXECUTIVE – 4 SEPTEMBER 2012

MONTHLY CORPORATE HEALTHCHECK – JUNE - JULY 2012

REPORT BY THE LEADER OF THE COUNCIL

WARD(S) AFFECTED: All

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Purpose/Summary of Report:

- To set out an exception report on the finance and performance monitoring for East Herts Council for June – July 2012 and risk monitoring for the period May 2012 to June 2012.

<b><u>RECOMMENDATIONS FOR COUNCIL:</u> that:</b>	
<b>(A)</b>	<b>the budgetary variances set out in paragraph 2.1 of the report be noted;</b>
<b>(B)</b>	<b>Investment Income in excess of the budgeted sum, to the extent that it is not needed to offset adverse budget variances during 2012/13, be transferred to the Interest Equalisation Reserve at 31 March 2013, as detailed at paragraph 2.2 of the report;</b>
<b>(C)</b>	<b>a Supplementary Revenue Estimate of £120,000 as outlined in paragraph 2.4, in respect of increased workloads in the Revenues and Benefits Service; and</b>
<b>(D)</b>	<b>spend of £358,000 for the provision of rent accommodation from the monies held by Uttlesford Council who act as banker for these funds, be approved, as detailed at paragraph 2.6 of the report.</b>




1.0 Background



1.1 This is the monthly finance and performance monitoring report for the Council, which includes for this month only risk monitoring information

for the period May 2012 to June 2012 and quarter 1 performance.

- 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 on the capital programme.  
**Essential Reference Paper 'E'** shows explanations of variances on the Revenue Budget reported in previous months.  
**Essential Reference Paper 'F'** shows the strategic risk register.

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

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

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

## 2.0 Report – Directorate Position

### REVENUE FINANCIAL SUMMARY

- 2.1 The financial aspects of this report are based on budgetary information from April 2012 to July 2012.

	Position as at 31.07.12				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>(1) People</b>						
Turnover	0	24	0	47	4	0
Community Planning	0	11	0	0	0	11
<b>(2) Place</b>						
Waste contract (various budgets)	33	0	8	0	100	0
Recycling income	0	109	0	9	0	60
Organic Waste Collect	86	0	71	0	50	0
Materials Handling	6	0	4	0	7	0
Bulky Waste Income	0	1	0	0	0	6
Recycling Bank Maint	4	0	0	0	7	0
Clinical Waste income	0	2	0	0	6	0

	Position as at 31.07.12				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>(3) Prosperity</b>						
Building Control income	0	48	0	0	0	150
Pay and Display income	0	14	0	0	89	0
PCN income	0	72	0	0	0	75
Investment Income	117	0	0	0	350	0
External Audit fees	86	0	0	0	20	0
<b>TOTAL:</b>	<b>332</b>	<b>281</b>	<b>83</b>	<b>56</b>	<b>633</b>	<b>302</b>
<b>Net Projected Variance</b>					<b>331</b>	
<b>Supported by supplementary estimates</b>						
<b>Total Supplementary Estimates</b>						

- 2.2 Subject to all other budgets being equal, this would result in an under spend of £331k.
- 2.3 Salary budgets are constantly monitored and **Essential Reference Paper 'C'** shows a projected small under spend of £4k.

## **FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS**

### **People**

#### **Financial analysis**

- 2.4 At the Joint Revenues and Benefits Committee on 19 July 2012 it was identified that due to the increased workload and to avoid increasing backlogs of work both councils needed to fund an additional £120k each for agency staff to support the service. As a consequence a Supplementary Revenue estimate from the council of £120k requires approval. The greater than allowed for under spend in 2011/12 permits for this funding to be approved from the general reserve.
- 2.5 Income of £53,800 was received in 2011/12 for Community Planning Resource Mapping, but the final payment of £11,169 was not made until 2012/13.
- 2.6 Stansted Area Housing Partnership – As part of the process for granting planning permission for the expansion of Stansted Airport, the section 106 agreement provided a sum of money for affordable housing in East Hertfordshire. This sum of money amounts to approximately £358,000. At present a site in Sawbridgeworth is being developed, with a section 106 agreement providing for affordable homes. The site meets the location criteria of the Stansted S.106.

#### **Performance analysis**

- 2.7 **EHPI 3a – Usage: number of swims (under 16)**. Performance was 'Red' for Quarter 1, as throughput has declined when a comparison is made against the same period last year, although performance is slightly higher than the previous quarter's throughput. This is being discussed to consider ways to improve throughput for this age group.
- 2.8 **NI 181 – Time taken to process Housing Benefit/Council Tax Benefit new claims and change events**. Performance was 'Red' for July 2012. Performance for the period 13 July 2012 to 13 August was 23.56 days. This indicator has been 'Red' consistently during 2012/13. As noted at paragraph 2.4 it is proposed to supplement

resources to improve performance.

- 2.9 **EHPI 4b – Usage: Gym (60 + year olds).** Performance was ‘Amber’ for Quarter 1. Throughput was slightly off target but is following the normal seasonal trend.
- 2.10 The following indicators were ‘Green’, meaning that the targets were either met or exceeded for July/Quarter 1. They were:
- EHPI 129 – Response time to anti social behaviour (ASB) complaints made to East Herts Council.
  - EHPI 3b - Usage: number of swims (16 – under 60 year olds)
  - EHPI 3c - Usage: number of swims (60 year old +)
  - EHPI 4a - Usage: Gym (16 – under 60 year olds)

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

## Place

### **Financial analysis**

- 2.11 An under recovery of £59k of recycling income is expected from the sale of recyclable materials collected at the kerbside believed to be due to the economic downturn and the increasing use of electronic communication (reducing the amount of newspapers and magazines consumed).
- 2.12 There is a likely under spend in the contracted costs of organic waste collection of £50k.
- 2.13 An under spend of £7k is expected in the costs of materials handling at the Service Centre.
- 2.14 The Environment Agency has withdrawn the funding for the land drainage work East Herts carries out on their behalf. This has repercussions for the cost of any similar work that would have been carried out for East Herts under the same terms. A separate report will be considered by Corporate Management Team.
- 2.15 Bulky waste income is forecasting a £6k adverse variance believed to be due to the economic climate.
- 2.16 As there are less recycling banks to maintain there is a forecast under spend of £7k.

2.17 Clinical Waste Collection income is forecasting additional income of £6k due to additional business in the first part of the year.

### **Performance analysis**

2.18 **EHPI 2d - Planning Enforcement: Initial Site Inspections.**

Performance was 'Amber' for July 2012. Performance was just below target for this period.

2.19 **NI 191 – Residual household waste per household and NI 192 - Percentage of household waste sent for reuse, recycling and composting.** The July performance data for these indicators were not available for inclusion in this report; however the data for this period will be verbally reported at Executive on 4 September 2012. Performance in June showed that NI 191 achieved a performance of 115kg and NI 192 achieved a performance of 52.20%.

2.20 The following indicators were 'Green', meaning that the targets were either met or exceeded for July 2012. They were:

- EHPI 2.4 – Fly-tips: Removal
- EHPI 2.1e – Planning Enforcement: Service of formal Notices.
- EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.
- NI 157a – Processing of planning applications: Major applications.
- NI 157b – Processing of planning applications: Minor applications
- NI 157c - Processing of planning applications: Other applications

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

### **Prosperity**

#### **Financial analysis**

2.21 If the current trend continues the indications are a short fall of circa £150k in Building Control income. Processes being considered to rectify the situation are to possibly increase fees and potential other sources of income.

2.22 Car Parking Pay and Display income is predicted to produce a £89,000 favourable variance by year end.

2.23 Car Parking Penalty Charge Notice income is under achieving as at the end of July and is likely to show a shortfall of circa £75k. This is

due in part to the bedding in of the new enforcement contract and the inability to process Notices to owners due to a new system migration at DVLA.

- 2.24 Investment funds have been and are continuing to be placed on fixed deposit with U.K. clearing banks to take advantage of the rates being offered. (See report to Council July 2012). Expectations are that the 2012/13 estimated Investment income will be exceeded by circa £350k.
- 2.25 A reduction in Core Audit fees of £20k will result in a favourable variance.

### **Performance analysis**

- 2.26 **EHPI 8 – % of invoices paid on time.** Performance was 'Amber' for July 2012. Management have taken remedial action to ensure that future invoices are paid on time.
- 2.27 **EHPI 12c – Total number of sickness absence days per FTE staff in post.** Performance was 'Amber' for July 2012. Absences were just below target, management have taken corrective action.
- 2.28 The following indicators were 'Green', meaning that targets were either met or exceeded for July 2012. They were:
- EHPI 6.8 – Turnaround of pre NTO PCN challenges.
  - EHPI 6.9 – Turnaround of NTO Representations.

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

### **CAPITAL FINANCIAL SUMMARY**

- 2.29 The table below sets out expenditure to 31 July 2012 against the Capital Programme. Members are invited to consider the overall position. **Essential Reference paper 'D'** contains details of the 2012/13 Capital Programme. Comments are provided by the Project Control Officers in respect of individual schemes.



SUMMARY	2012/13 Original Estimate	2012/13 Revised Estimate	2012/13 Actual Commit to date	2012/13 Projected Spend	Variance Col 4 - Col 2
	£	£	£	£	£
People	3,003,400	2,975,780	1,380,324	2,870,780	(105,000)
Place	824,600	1,017,160	224,228	1,018,610	1,450
Prosperity	1,000,150	1,835,090	435,097	1,809,390	(25,700)
Re-profiling potential Slippage	(250,000)	(250,000)		(250,000)	
<b>TOTAL</b>	<b><u>4,578,150</u></b>	<b><u>5,578,030</u></b>	<b><u>2,039,649</u></b>	<b><u>5,448,780</u></b>	<b><u>(129,250)</u></b>

2.30 The Decent Homes Grants and Energy Grants budgets are behind profile at this time by £100k and £5k respectively.

2.31 The capital spend on the Housing Benefits System was approved by Council on 9 December 2009. The scheme had an element of risk and reward payments. Triggers that prompt these payments suggest that £31,300 will be required this year.

### **RISK MONITORING ANALYSIS**

2.32 The 2012/13 Strategic Risk Register was compiled following reviews of service plans, the previous year's Strategic and Operational Risk Registers, and then discussions with Directors and Heads of Service.

2.33 Such a short space of time has passed since the new register was compiled that few additional controls have been implemented. (The 'risk year' commenced in May to reflect the Audit Committee timetable). These are detailed at **Essential Reference Paper 'F'**.

### 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:

2011/12 Estimates and future targets report, Essential Reference Paper B – For complete list of performance indicators that are being monitored for 2012/13

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