

EAST HERTS COUNCIL

EXECUTIVE – 6 NOVEMBER 2012

REPORT BY THE LEADER OF THE COUNCIL

MONTHLY CORPORATE HEALTHCHECK  
– AUGUST & SEPTEMBER 2012

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 up to September / Quarter 2 for 2012 and risk monitoring for the period July 2012 to September 2012.




<b><u>RECOMMENDATIONS FOR DECISION:</u> that:</b>	
(A)	<b>the budgetary variances set out in paragraph 2.1 of the report be noted;</b>
(B)	<b>£20,000 of the IT Network, Servers and Storage capital budget is re-profiled from 2012/13 into 2013/14, as detailed at paragraph 2.34 of the report;</b>
(C)	<b>£30,000 of the Hardware Funding capital budget is re-profiled from 2012/13 into 2013/14 as detailed at paragraph 2.35 of the report;</b>
(D)	<b>£40,000 of The Bourne Ware play development area capital budget is re-profiled from 2012/13 into 2013/14 as detailed at paragraph 2.36 of the report;</b>
(E)	<b>£25,000 of the Hartham Common parks development plan project capital budget is re-profiled from 2012/13 into 2013/14 as detailed at paragraph 2.37 of the report;</b>
(F)	<b>the £10,000 capital budget for the Ventilation improvements to</b>



	<b>the Café kitchen at Hertford Theatre is vired to replacing the roof at the Castle Gardens bungalow as detailed at paragraph 2.38 of the report;</b>
<b>(G)</b>	<b>action taken to control strategic risks during the period July to September 2012, be noted; and</b>
<b>(H)</b>	<b>the list of 2011/12 Unit Cost performance indicators as detailed in paragraph 2.42 and Essential Reference Paper ‘G’ of the report submitted, be noted.</b>

## 1.0 Background

- 1.1 This is the monthly finance and performance monitoring report for the council, which also includes for this month only Quarter 2 data and risk monitoring information for the period July 2012 to September 2012.
- 1.2 Each month the report will contain a breakdown of the following information by each corporate priority where remedial action is needed:
- Salary, Capital and Revenue variance.
  - Performance information (based on the performance indicator suite that is reported on a monthly basis and where relevant quarterly data) and also the Directorate’s position in respect to payment of invoices and sickness absence.
- 1.3 **Essential Reference Paper ‘B’** shows the full set of performance indicators that are reported on a monthly and quarterly basis.  
**Essential Reference Paper ‘C’** shows 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.  
**Essential Reference Paper ‘G’** shows the full set of Unit Cost performance indicators for 2011/12.

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 September 2012.

	Position as at 30.09.12				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	72	0	52	71	0
Community Planning	0	11	0	0	0	11
Pest Control (wasps)	3	0	0	0	0	5
Animal Control	3	0	0	0	6	0

	Position as at 30.09.12				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>(2) Place</b>						
Waste contract (various budgets)	100	0	58	0	200	0
Recycling income	0	79	66	0	0	45
Organic Waste Collect	27	0	4	0	50	0
Materials Handling	4	0	1	0	7	0
Bulky Waste Income	0	1	0	0	0	3
Recycling Bank maint	5	0	1	0	6	0
Clinical Waste income	0	0	2	0	4	0
Kerbside dry collections	0	14	0	10	0	18
Alternative Financial Model	0	0	0	0	0	16
Trade Waste	14	0	1	0	11	0
Paper/Textile Banks	0	2	0	0	9	0
Clinical Waste collec/disposal	7	0	0	0	7	0
Trade Waste bins/disposal	102	0	0	0	22	0
Street Cleansing	64	0	0	0	54	0
Land Drainage	0	7	0	0	0	40
Police C.S O	7	0	0	0	0	21

	Position as at 30.09.12				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	82	0	23	0	150
Pay and Display income	43	0	66	0	90	0
PCN income	0	91	0	13	0	150
Parking Enforce. Contract	84	0	0	0	89	0
Investment Income	175	0	29	0	350	0
External Audit fees	113	0	14	0	43	0
SIAS-Audit Fees	0	28	0	18	0	7
Treasury Mgt Fees	45	0	0	0	30	0
DC Adverts/postage	19	0	0	0	25	0
Local Dev Framework	59	0	0	0	10	0
DC income	0	61	0	0	0	80
<b>TOTAL:</b>	<b>874</b>	<b>448</b>	<b>242</b>	<b>116</b>	<b>1,084</b>	<b>546</b>
<b>Net Projected Variance</b>					<b>538</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 £538k.
- 2.3 Salary budgets are constantly monitored and **Essential Reference Paper 'C'** shows a projected small under spend of £71k.

## **FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS**

### **People**

#### **Financial analysis**

- 2.4 Due to extremely low levels of wasp nest treatments income is anticipated to be down by £16k. This is partly off set by a reduction in external resources, to supplement in house resources, of £11k giving a net £5k projected adverse position.
- 2.5 Envirocrime and the Dog Control Officer have been very effective at re-homing stray dogs and keeping kenneling costs to a minimum, despite no reduction in the number of stray dogs. Thus projecting a saving of £6k.

#### **Performance analysis**

- 2.6 **EHPI 3a – Usage: number of swims (under 16)**. Performance was 'Red' for quarter two. Figures for quarter two in 2012/13 show that there has been a decline in throughput for this period when a comparison is made against 2011/12, although throughput did increase against the previous quarter in line with seasonal trends. The service is monitoring the continuing decline and is actively in discussion with SLM on ways to improve throughput for this age group.
- 2.7 **NI 181 – Time taken to process Housing Benefit/Council Tax Benefit new claims and change events**. Performance was 'Red' for September 2012. Performance for September was 21.98 days against a target of 10 days. This was a slight improvement in performance when compared to the previous month. Cumulative average performance is 17.48 days.
- 2.8 The following indicators were 'Green', meaning that the target was either met or exceeded for September. They were:
- EHPI 3b - Usage: number of swims (16 – under 60 year olds)
  - EHPI 3c - Usage: number of swims (60 year old +)

- EHPI 4a - Usage: Gym (16 – under 60 year olds)
- EHPI 4b – Usage: Gym (60 + year olds)
- EHPI 129 – Response time to anti social behaviour (ASB) complaints made to East Herts Council.

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

## **Place**

### **Financial analysis**

- 2.9 The waste contract covers various budgets but there are lower costs of transition to date and an under spend of £200k is anticipated for 2012/13. This may not be transferable into 2013/14 base budgets if recycling collection costs increase with the removal of card from the organic bins. A report will be brought to the Executive in December 2012.
- 2.10 The income and expenditure budgets relating to paper and textile banks are predicting a net £9k favourable variance due to a combination of lower paper usage and additional textile tonnage collected.
- 2.11 The clinical waste collection and disposal budgets are currently under spending amounting to circa £7k.
- 2.12 The kerbside dry collections budget is likely to be overspent by £18k. £11k is due to indexation on fuel being higher than forecasted and £7k is due to property growth, as approximately 1,000 more flats are receiving full recycling services.
- 2.13 The latest Alternative Financial Model (waste reduction) income forecast for 2011/12 is £419,000. £16k below the sum accrued.
- 2.14 The Trade Waste Collection service is estimating an additional £21k of income due to an increased level of business. This will be partly offset by additional costs of £10k, giving a net £11k favourable position.
- 2.15 The delivery of trade waste bins coupled with lower trade waste disposal costs shows a £22k favourable under spend. £2k relates to under spending on bin delivery and £20k relates to lower disposal costs due to businesses producing less weight per capita
- 2.16 There is £4k additional street cleansing income received and a



possible £50k under spend on the street cleansing contract due to lower than expected ad-hoc cleansing work. This may vary according to weather conditions, particularly if there is the need for ad-hoc work in the winter months.

- 2.17 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. In addition, circa £40k of administrative costs will be lost. A separate report will be forwarded to CMT on the subject in due course.
- 2.18 Only £28k was received from Herts County Council for Safer Stronger Communities against a budgeted figure of £55k. A proportion of this was to fund Police Community Support Officers. There is also a requirement from the Home Office to compile a specialised report on a Homicide within the District. This will result in an estimated net adverse position of £21k.

### **Performance analysis**

- 2.19 **EHPI 2.1e – Planning Enforcement: Service of formal Notices.** Performance was 'Red' for September 2012. This was because no notices were issued in September so the value entered was 0% against a target of 50%. There was no issue with performance.
- 2.20 **NI 191 – Residual household waste per household** was 229kg for the month of September. Waste arisings continue to be below expectations, against the national and county trend.
- 2.21 **NI 192 - Percentage of household waste sent for reuse, recycling and composting.** The September performance data for this indicator was not available for inclusion in this report; however the data for this period will be verbally reported by the Chief Executive and Director of Customer and Community Services at Executive on 6 November 2012.
- 2.22 The following indicators were 'Green', meaning that the targets were either met or exceeded for September 2012. They were:
- EHPI 2.4 – Fly-tips: Removal
  - EHPI 2d - Planning Enforcement: Initial Site Inspections.
  - 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**

- 2.23 The Parking Enforcement contract is anticipated to show an under spend of £89k. Two projects (mobile camera enforcement and vehicle removals) will go live next year so operational costs will not be incurred this financial year. There is also a contractor under spend relating to vacancies in management which the council benefits from.
- 2.24 Penalty Charge Notice income remains as an adverse variance currently projected to be £150k due to the failure of contractor equipment and management arrangements
- 2.25 As a consequence of withdrawing investment income from the Council's fund managers and re-investing in fixed term deposits, fees for managing these funds will reduce by £30k.
- 2.26 The Shared Internal Audit Service Board agreed on the 7 December 2011 to increase the daily charge rate for Audit services from £240/day to £255/day. An increase of 6.25%. The effect of this will have an adverse £7k on the budget.
- 2.27 Budgets within Development Control for advertising and postage are estimated to underspend by £25k. Advertising is in line with last year's expenditure and other forms of communication are being used therefore postage costs are falling
- 2.28 Commitments to date on the Local Development Framework suggest there will be saving of £10k.
- 2.29 Development Control income is down by £80k against profile. Some of the shortfall may be recovered depending on when a large application for Bishop's Stortford is received.

### **Performance analysis**

- 2.30 **EHPI 6.8 – Turnaround of pre NTO PCN challenges.** Performance was 'Red' for September 2012. Performance has slipped below target due to annual leave this month. Turnaround of NTO representations

remains within target.

2.31 **EHPI 8 – % of invoices paid on time.** Performance was ‘Amber’ for September 2012. Although the short term trend for this indicator has improved.

2.32 The following indicators were ‘Green’, meaning that targets were either met or exceeded for September 2012. They were:

- 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.

### **CAPITAL FINANCIAL SUMMARY**

2.33 The table below sets out expenditure to 30 September 2012 against the Capital Programme. The Executive 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.

	<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	
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	1,523,129	2,866,430	(109,350)
Place	824,600	952,160	298,596	952,540	380
Prosperity	1,000,150	1,785,090	682,594	1,756,720	(28,370)
Re-profiling potential Slippage	(250,000)	(250,000)		(250,000)	
<b>TOTAL</b>	<b><u>4,578,150</u></b>	<b><u>5,463,030</u></b>	<b><u>2,504,319</u></b>	<b><u>5,325,690</u></b>	<b><u>(137,340)</u></b>

2.34 Executive to support a request to re-profile £20k of the IT Network, Servers and Storage Upgrade budget from 2012/13 into 2013/14 as any spend is dependent on the Shared Service decision.

2.35 Executive to support a request to re-profile £30k of the IT Hardware

Funding budget from 2012/13 into 2013/14 as any spend is dependent in part on the Shared Service outcomes.

- 2.36 Executive to support a request to re-profile £40k of “The Bourne”, Ware play development area programme from 2012/13 into 2013/14 as sources of external funding have not yet been identified.
- 2.37 Executive to support a request to re-profile £25k of the Hartham Common parks development plan project from 2012/13 into 2013/14 as staff resources are undertaking other priorities.
- 2.38 Executive to support a request to vire £10k from the Ventilation to the Café kitchen at Hertford Theatre to replacing the roof at the Castle Gardens bungalow as the quotes received for this work exceed the existing budget following a more detailed investigation into the roof condition. The kitchen serving the café was used by the previous operator of the café for preparing an extensive range of hot food. The ventilation of the kitchen was not designed for this level of hot food preparation. A £10k budgetary provision was agreed to improve the ventilation, but since being approved the original refurbishment contractor has installed air conditioning. The kitchen is now run directly by the council and the new menu involves less hot food preparation. Consequently the £10k budget is not now required for these specific works.
- 2.39 There will be a £9,730 under spend on the Buntingford Car Park improvement to surface water drainage as the second phase of the project is now not required.
- 2.40 The On-street Pay and Display charges budget of £48,200 has been closed and the capital provision is no longer required.

### **STRATEGIC RISKS**

- 2.41 Controls have been updated for all risks for the period July to September 2012. No scores have changed.
- 2.42 Please refer to **Essential Reference Paper ‘F’** for the Strategic Risk Register.

### **UNIT COST PERFORMANCE INDICATORS**

- 2.43 Each year the council publishes unit cost information as soon as it becomes available. The Executive is asked to note the 2011/12 Unit Cost outturns detailed in **Essential Reference Paper ‘G’**. These

indicators are used by officers as a tool to help identify possible service efficiencies.

### 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

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

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