

EAST HERTS COUNCIL

EXECUTIVE – 5 FEBRUARY 2013

MONTHLY CORPORATE HEALTHCHECK – DECEMBER 2012

REPORT BY THE LEADER OF THE COUNCIL

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 December/Quarter 3 for 2012.

<u>RECOMMENDATIONS FOR EXECUTIVE:</u> that:	
(A)	the budgetary variances set out in paragraph 2.1 of the report be noted;
(B)	£5000 in respect of a “web front page template” to be funded from an underspend in the external customer services security budget, as detailed at paragraph 2.5 of the report submitted, be approved;
(C)	£34,750 of the Local Strategic Capital Grants budget be re-profiled from 2013/14 into 2012/13, as detailed at paragraph 2.23 of the report submitted;
(D)	£45,020 of the Footbridge over the River Stort capital budget be re-profiled from 2012/13 into 2013/14, as detailed at paragraph 2.24 of the report submitted; and
(E)	£15,480 of the North Drive-reconstruct road and drainage capital budget be re-profiled from 2012/13 into 2013/14; as detailed at paragraph 2.25 of the report submitted.

1.0 Background

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

1.2 Although this report will be focusing on the December/Quarter 3 performance, there is an accompanying reported titled '2012/13 Estimates and Future Targets' which details the estimated outturn for the 2012/13 performance indicator set.

1.3 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.




1.4 **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.

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 December 2012.

	Position as at 31.12.12				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
(1) People						
Turnover	0	55	0	16	165	0
Community Planning	0	11	0	0	0	11
Pest Control (wasps)	0	2	0	1	0	10
Animal Control	5	0	1	0	6	0
Revs & Bens	0	21	0	0	0	21
Emergency Planning	7	0	2	0	5	0
Imp Grant repayment	18	0	5	0	18	0
Housing Options Supps & Serv	7	0	1	0	14	0
Housing Options Service	57	0	0	0	43	0
Hillcrest Hostel Rent income	0	0	0	6	0	0
Electoral Registration	0	62	0	0	0	13
Cost of Change Contingency	30	0	0	0	30	0
Summons costs recovered	0	0	0	0	0	14
Housing Benefit Subsidy	79	0	8	0	106	0
New Homes Bonus Grant	0	51	0	6	35	0
Section 106 receipts	63	0	0	0	63	0
Wallfields Rates	36	0	0	0	26	0
Leisure Contract	33	0	0	0	22	0

	Position as at 31.12.12				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
(2) Place						
Waste contract (various budgets)	150	0	17	0	200	0
Dry Recycling income	0	42	4	0	0	7
Organic Waste Collect	38	0	2	0	52	0
Materials Handling	6	0	1	0	8	0
Bulky Waste Income	0	1	1	0	0	2
Recycling Bank maint.	5	0	0	0	7	0
Clinical Waste income	8	0	5	0	7	0
Kerbside dry collections	0	36	0	15	0	29
Alternative Financial Model	0	0	0	0	0	41
Trade Waste	18	0	0	0	18	0
Paper/Textile Banks	0	2	1	0	5	0
Clinical Waste collec/disposal	5	6	0	0	8	0
Trade Waste bins/disposal	110	0	0	0	37	0
Street Cleansing	98	0	15	0	84	0
Land Drainage	0	17	0	3	0	33
Police C.S O	0	0	0	0	0	30
Hertford Theatre Cafe	0	12	0	0	0	13
Depot electricity	17	0	0	0	15	0

	Position as at 31.12.12				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
Hertford Theatre income	79	0	0	0	50	0
Refuse transport subsidy	0	5	0	0	11	0
(3) Prosperity						
Building Control income	0	130	0	25	0	180
Pay and Display income	0	156	0	104	120	0
PCN income	0	98	0	4	0	120
Parking Enforce. Contract	123	0	8	0	74	0
Investment Income	307	0	34	0	410	0
External Audit fees	109	0	0	8	72	0
SIAS-Audit Fees	0	45	0	27	0	7
Treasury Mgt Fees	57	0	8	0	34	0
DC Adverts/postage/photo	22	0	1	0	21	0
Local Dev Framework	63	0	0	0	30	0
DC income	0	23	74	0	0	0
Democratic Core	27	0	11	0	22	0
Market Income	0	11	0	3	0	9
DC Pre-Application advice	46	0	10	0	35	0
Engineers Copyright fees	6	0	1	0	8	0
Public Conveniences	17	0	1	0	19	0
Dev Cont. Prof training	6	0	0	0	8	0

	Position as at 31.12.12				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
Dev Con Appeals costs	2	0	0	0	0	15
TOTAL:	1,654	786	211	218	1,888	555
Net Projected Variance					1,333	
Supported by supplementary estimates						
Total Supplementary Estimates						

2.2 Subject to all other budgets being equal, this would result in an under spend of £1,333k. This compares to the November reported under spend of £1,006k, resulting in a net favourable month on month position of £327k. The principal favourable movements over £20k are;

- Turnover £46k,
- Leisure Contract £22k
- Street Cleansing £30k
- Hertford Theatre income £50k
- Parking £60k
- Local Development Framework £20k,
- Development Control income £80k
- Other minor movements of £108k.

The principal adverse movements are a reduction in Building Control income £30k and other minor movements totaling £59k.

2.3 Salary budgets are constantly monitored and **Essential Reference Paper 'C'** shows a projected under spend of £165k.

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

People

Financial analysis

2.4 There is expected to be an underspend of £22k on the leisure contract management fee due to a negotiated reduction following the Council's capital investment in new gym equipment.

2.5 £5000 in respect of a "web front page template". It is recommended that this is funded by an underspend in the external customer services security budget.

Performance analysis

2.6 **EHPI 3a – Usage: number of swims (under 16)**. Performance was 'Red' for quarter three. Quarter three shows that there has been a decline in throughput for this period when comparison for throughput is made (7,715 in quarter 3 2011/12 against 6,805 in quarter 3 2012/13). Although throughput did decrease against the previous 2012/13 quarter in line with seasonal trends. This reduction in junior swims may be due to the prevailing economic climate. 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 **EHPI 4a - Usage: Gym (16 – under 60 year olds).** Performance was 'Red' for quarter three. Performance has not achieved the target for this quarter. Generally leisure centre membership numbers are increasing, although it appears the frequency of attendance of these members has reduced for this quarter. This may be due to external factors.
- 2.8 **EHPI 4b – Usage: Gym (60 + year olds).** Performance was 'Red' for quarter three. Throughput is lower than target or the normal seasonal trend. This may be due to seasonal factors but generally the leisure centre membership has increased but frequency of use seems to have reduced.
- 2.9 **NI 181 – Time taken to process Housing Benefit/Council Tax Benefit new claims and change events.** Performance was not available for inclusion in this report; however December performance data will be verbally reported by the Director of Finance and Support Services at Executive on 5 February 2013.
- 2.10 The following indicators were 'Green', meaning that the targets were either met or exceeded for December/Quarter 3 2012. They were:
- EHPI 3b – Usage: number of swims (16 – under 60 year olds)
 - EHPI 3c – Usage: number of swims (60 year old +)
 - 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

- 2.11 There is a possible underspend due to lower than expected ad-hoc cleansing work within the Street Cleansing contract of £80k. This may vary according to the weather conditions need for ad-hoc work in winter months. There is also an additional £4k of income received for cleansing services. Last month these were reported as £54k favourable (£50k and £4k).
- 2.12 There is a predicted under spend of £15k on the Buntingford Depot electricity budget largely due to an overestimated amount relating to 2011/12.

- 2.13 Income from Hertford Theatre is predicting to be £50k more than estimated. £20k of this sum is from the pantomime.
- 2.14 The transport subsidy for Refuse Collection is expected to be £11k higher than estimated.

Performance analysis

- 2.15 **NI 191 – Residual household waste per household and NI 192 - Percentage of household waste sent for reuse, recycling and composting.** The December performance data for these indicators were 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 5 February 2013.
- 2.16 The following indicators were 'Green', meaning that the targets were either met or exceeded for December 2012. They were:
- EHPI 2.4 – Fly-tips: Removal
 - EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.
 - EHPI 2.1d – Planning Enforcement: Initial Site Inspections.
 - EHPI 2.1e – Planning Enforcement: Service of formal notices.
 - 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

- 2.17 Given current use Pay and Display income will exceed the budget by £120k. This was reported last month as £90k favourable. Furthermore, problems with the DVLA systems resulted in a write off of approximately £20k in Penalty Charge Notice income. The systems fully operational now. The failure of the contractors IT equipment and changes in contractor staff including management have impacted on PCN issue which has impacted on income Close contract supervision has now rectified performance and the projected adverse variance is now £120k compared to £150k last month. These two movements between months has resulted in a net £60k favourable variance.

- 2.18 A number of development proposals have materialised that were not previously expected to impact in this financial year. The budget will be achieved this year and the £80k adverse variance reported last month will not now occur.
- 2.19 A saving of £8k on staff training within Development Control is expected as all current staff have completed their professional development.
- 2.20 There will be additional Development Control Appeals costs of circa £15k as there are additional consulting costs associated with the Bennington Turbine appeal.

Performance analysis

2.21 The following indicators were 'Green', meaning that targets were either met or exceeded for December 2012. They were:

- EHPI 12c – Total number of sickness absence days per FTE staff in post.
- EHPI 6.8 – Turnaround of pre NTO PCN challenges.
- EHPI 6.9 – Turnaround of NTO Representations.
- EHPI 8 – % of invoices paid on time.

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

CAPITAL FINANCIAL SUMMARY

2.22 The table below sets out expenditure to 31 December 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.

	Column 1	Column 2	Column 3	Column 4	
Summary	2012/13 Original Estimate	2012/13 Revised Estimate	2013/13 Actual Commit to date	2012/13 Projected spend	Variance Col 4 – Col 2
	£	£	£	£	£
People	3,003,400	2,081,710	1,710,566	2,116,460	34,750

	Column 1	Column 2	Column 3	Column 4	
Summary	2012/13 Original Estimate	2012/13 Revised Estimate	2013/13 Actual Commit to date	2012/13 Projected spend	Variance Col 4 – Col 2
Place	824,600	629,310	374,903	629,310	0
Prosperity	1,000,150	1,466,610	905,088	1,406,110	(60,500)
Re-profiling potential slippage	(250,000)	0	0	0	0
Total	4,578,150	4,177,630	2,990,557	4,151,880	(25,750)

2.23 Members are being asked to support a request to re-profile £34,750 of the Local Strategic Partnership Capital Grants budget from 2013/14 into 2012/13. The LSP board determine when grants are paid. The October Healthcheck previously had approved a re-profiling of £47,670 of this budget from 2012/13 into 2013/14.

2.24 Members are being asked to support a request to re-profile £45,020 of the Footbridge over the River Stort budget from 2012/13 into 2013/14. There is an outstanding dispute with the contractor still unresolved.

2.25 Members are being asked to support a request to re-profile £15,480 of the North Drive – reconstruct road and drainage budget from 2012/13 into 2013/14. The scheme is being discussed between officers regarding the possibility of accessing external funding to support the project should there be private development within the vicinity.

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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