

EAST HERTS COUNCIL

EXECUTIVE – 4 JUNE 2013

REPORT BY THE DIRECTOR OF FINANCE AND SUPPORT SERVICES

8. MONTHLY CORPORATE HEALTHCHECK – FEBRUARY TO MARCH 2013

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 the periods February to March and Quarter 4 for 2013.

<u>RECOMMENDATIONS FOR THE EXECUTIVE: that</u>	
(A)	The budgetary variances detailed in paragraph 2.1 of the report be noted.
(B)	In accordance with Financial Regulation 4.7.3, the Executive recommend to Council the carry forward of the capital budgets not spent in 2012/13, as detailed in <u>Essential Reference Paper D</u> and summarised at paragraph 2.26 and that these sums be added to the 2013/14 estimates.
(C)	The ICT performance indicators, as detailed in <u>Essential Reference Paper 'G'</u>, will be monitored as part of the Corporate Healthcheck in 2013/14. (Paragraph 2.28).




1.0 Background



- 1.1 This is the monthly and quarterly 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 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 council's 2012/13 savings.
Essential Reference Paper 'G' shows the list of ICT performance indicators.

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 March 2013.

	Position as at 31.03.13				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	157	0	0	0	157	0
Community Planning	0	11	0	0	0	11
Pest Control	0	9	0	2	0	9
Animal Control	5	0	0	0	5	0
Revs and Bens	0	21	0	0	0	21
Emergency Planning	7	0	0	0	7	0
Imp Grant repayment	29	0	7	0	29	0
Housing Options Supps and Serv	6	0	0	4	6	0
Housing Options Service	64	0	0	6	64	0
Hillcrest Hostel Rent income	0	12	0	4	0	12
Electoral Registration	0	65	0	1	0	12
Cost of Change Contingency	37	0	0	43	37	0
Summons costs recovered	0	0	0	0	0	14
Housing Benefit Subsidy	106	0	9	0	106	0
New Homes Bonus Grant	0	68	0	5	0	68
Section 106 receipts	63	0	0	0	63	0
Wallfields Rates	26	0	0	10	26	0
Leisure Contract	27	0	0	8	27	0
Wallfields toilets	40	0	3	0	40	0
Legal Fees-Asset recovery	183	0	183	0	183	0
Security Services	2	0	0	0	2	0
Public Consultation	5	0	1	0	5	0
Community Engagement	5	0	0	0	5	0

	Position as at 31.03.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
Bus Subsidy	3	0	7	0	3	0
Taxi Licencing income	5	0	5	0	5	0
(2) Place						
Waste contract (various budgets)	200	0	17	0	200	0
Dry Recycling income	1	0	150	0	1	0
Organic Waste Collect	51	0	4	0	51	0
Materials Handling	8	0	1	0	8	0
Bulky Waste Income	0	3	0	1	0	3
Recycling Bank maint.	6	0	1	0	6	0
Clinical Waste income	14	0	2	0	14	0
Kerbside dry collections	0	44	0	11	0	44
Alternative Financial Model	0	29	0	29	0	29
Trade Waste	16	0	2	0	16	0
Paper/Textile Banks	0	0	10	0	0	0
Clinical Waste collec/disposal	10	0	4	0	10	0
Trade Waste bins/disposal	33	0	1	0	33	0
Street Cleansing	127	0	5	0	127	0
Land Drainage	0	32	0	9	0	32
Police C.S O	0	21	0	21	0	21
Hertford Theatre Cafe	0	6	4	0	0	6
Depot electricity	15	0	0	4	15	0

	Position as at 31.03.13				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	66	0	0	34	66	0
Refuse transport subsidy	32	0	16	0	32	0
Street Name Plate renewal	9	0	0	3	9	0
Refuse Contract	209	0	20	0	9	0
Footpath Lighting	0	9	0	9	0	9
Recycling Publicity	5	0	0	0	5	0
CCTV running costs	3	0	3	0	10	0
(3) Prosperity						
Building Control income	0	186	0	40	0	186
Pay and Display income	95	0	45	0	110	0
PCN income	0	118	0	10	0	118
Parking Enforcement Contract	85	0	0	55	85	0
Investment Income	500	0	124	0	500	0
External Audit fees	78	0	0	33	78	0
SIAS-Audit Fees	0	0	45	0	0	0
Treasury Mgt Fees	42	0	0	12	42	0
DC Adverts/postage/photo	27	0	2	0	27	0
Local Dev Framework	48	0	3	0	48	0
DC income	0	4	96	0	0	4
Democratic Core	41	0	1	0	41	0
Market Income	0	21	0	6	0	21
DC Pre-Application advice	45	0	0	6	45	0
Engineers Copyright fees	8	0	1	0	8	0

	Position as at 31.03.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
Public Conveniences	19	0	2	0	19	0
Dev Cont Prof training	3	0	0	4	3	0
Dev Con Appeals costs	0	23	0	3	0	23
Consultants budget	9	0	0	18	9	0
District by-elections	10	0	0	0	10	0
Pay and Display machines	10	0	1	0	10	0
Economic Development	129	0	165	0	124	0
Members ICT expenses	16	0	16	0	16	0
Business advice	9	0	2	0	9	0
Environmental coordination	22	0	0	6	6	0
Jackson Square car park	58	0	0	0	0	60
TOTAL:	2,829	682	958	397	2,572	703
Net Projected Variance					1,869	
Supported by supplementary estimates						
Total Supplementary Estimates						

- 2.2 Subject to all other budgets being equal, this would result in an under spend of £1,869k. This compares to the February reported under spend of £1,853k, resulting in a net favourable month on month position of £16k.

The principal favourable movements over £20k are;

- Alternative Financial Model £31k
- Investment income £50k

The principal adverse movements are;

- New Homes Bonus grant £103k
- Jackson Square car park £60k

- 2.3 Salary budgets are constantly monitored and **Essential Reference Paper 'C'** shows a projected underspend of £157k.

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

People

Financial analysis

- 2.4 The Housing Options service shows a favourable outturn position of £64k compared with £45k previously reported. Temporary accommodation is below budget because the numbers that went into bed and breakfast were considerably lower due to the effect of more development in the District enabling more people to be housed. This freed space in the hostel that could be utilised rather than bed and breakfast.
- 2.5 The DCLG has changed the phasing of funding for New Homes Bonus grant. The Council was expecting to be paid a portion of the new homes bonus grant in 2012/13, however this has not happened and it is now expected to be paid in 2013/14. Therefore there is an accounting shortfall of £103k in 2012/13.
- 2.6 Hackney carriage licencing income is up £5k as a result of greater demand in the current economic climate.

Performance analysis

- 2.7 **EHPI 3b - Usage: number of swims (16 – under 60 year olds) and EHPI 3c - Usage: number of swims (60 year old +).** Performance

was 'Amber' for Quarter 4. Performance is slightly below target, however throughput is within service expectations and year end target has been exceeded.

- 2.8 **EHPI 4a - Usage: Gym (16 – under 60 year olds).** Performance was 'Amber' for Quarter 4. Performance is below target, however the council will be working with SLM to improve throughput at Grange Paddocks and Fanshawe. Lower than expected performance in this quarter and last quarter means that the annual target for 2012/13 has not been met.
- 2.9 **EHPI 4b - Usage: Gym (60 + year olds).** Performance was 'Amber' for Quarter 4. Performance is slightly below target, however throughput is within service expectations. Performance for 2012/13 is also below target.
- 2.10 **EHPI 181 – Time taken to process Housing Benefit/Council Tax Benefit new claims and change events.** For the status on March 2013 please refer to the table in the 'Data Quality' section later on in the report, at paragraph 2.40.
- 2.11 The following indicators were 'Green', meaning that the targets were either met or exceeded for March/Quarter 4 2013. They are:
- EHPI 129 – Response time to anti social behaviour (ASB) complaints made to East Herts Council.
 - EHPI 3a - Usage: number of swims (under 16)

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

Place

Financial analysis

- 2.12 Income from the Alternative Financial Model shows a reduction in adversity from £60k to £29k.
- 2.13 The Refuse Transport Subsidy now reflects a favourable £32k position as it now allows for additional income in 2011/12 and 2012/13.
- 2.14 There is an underspend on the Recycling Publicity budget as campaign material cost less than expected.
- 2.15 The CCTV general running costs are £10k lower.

Performance analysis

- 2.16 **EHPI 157a – Processing of planning applications: Major applications.** Performance was 'Red' for March 2013. Five decisions were made in the month of which only two were within the target timescale. Decisions which took longer were as a result of legal obligation agreements and deferral from committee to seek further information.
- 2.17 **EHPI 2.4 – Fly-tips: Removal.** Performance was 'Amber' for March 2013. This was due to fewer small fly tips which can be cleared on the same day and an increase in larger ones, which can take longer to arrange clearance.
- 2.18 **EHPI 191 – Residual household waste per household.** The level of waste for disposal was comparable to the same period last year (March 2012).
- 2.19 **EHPI 192 - Percentage of household waste sent for reuse, recycling and composting.** Please note that the March performance includes an estimate for paper bank tonnage throughout Quarter 4, but this would only amount to 55 tonnes out of the 9,740 tonnes recycled/composted this year. Dry recycling tonnages were comparable with last month and March 2012, but composting levels were some 340 tonne, 27% below last March, due to the poor weather delaying some gardening activity. As a result the year to date performance has fallen below 48%.
- 2.20 **EHPI 2.1e – Planning Enforcement: Service of formal notices.** No notices were served in the March 2013 period.
- 2.21 The following indicators were 'Green', meaning that the targets were either met or exceeded for March 2013. They were:
- EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.
 - EHPI 2.1d – Planning Enforcement: Initial Site Inspections.
 - EHPI 157b – Processing of planning applications: Minor applications.
 - EHPI 157c – Processing of planning applications: Other applications

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

Prosperity

Financial analysis

- 2.22 Investment income is now predicting a £500k favourable position. This is £50k more than previously reported. The Fund manager returns (Investec) including fees were just over 1% compared with a revised estimate of 0.8% increasing the interest by circa £40k. Also, NatWest maintained the interest rate on the SIBA account at 0.9% longer than previously indicated.
- 2.23 Costs relating to the Democratic Core have moved from £22k favourable to £41k favourable. £8K relates to a change in profile payments for the Local Government Information Unit. Member's car mileage claims were £2k less than expected and overall Members Expenses were less than anticipated.
- 2.24 The rebate to Sainsbury's for Jackson Square car park for the first half of 2012/13 is much higher than that budgeted for. Officers are investigating the reason for the increase. This has resulted in a £60k adverse position to date. There is a potential further overspend if the trend continues.

Performance analysis

- 2.25 The following indicators were 'Green', meaning that targets were either met or exceeded for March 2013. 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

- 2.26 The table below sets out expenditure (including capital creditors) to 31 March 2013 against the Capital Programme. Expenditure is £383,427 less than the approved budget for 2012/13 of which it is proposed to carry forward as slippage £270,460, leaving a net saving of £112,967. This report seeks approval to add slippage from the 2012/13 to the 2013/14 budget. The slippage is summarised in the table below and the details by scheme are set out in **Essential**

Reference paper ‘D’. The saving of £112,967 will reduce the Council’s previously approved commitment of capital resources.

	Column 1	Column 2	Column 3	Column 4	Column 5
Summary	2012/13 Original Estimate	2012/13 Revised Estimate	2012/13 Actual	Variance Col 2 – Col 3	Slippage
	£	£	£	£	£
People	3,003,400	2,057,410	1,976,356	(81,054)	41,940
Place	849,600	589,610	515,976	(73,634)	67,760
Prosperity	975,150	1,314,970	1,086,231	(228,739)	160,760
Re-profiling potential slippage	(250,000)	0	0	0	0
Total	4,578,150	3,961,990	3,578,563	(383,427)	270,460

2012/13 SAVINGS

2.27 The external auditor requires the council to establish whether the 2012/13 savings offered up by Heads of Service and agreed by Members to set the 2012/13 Council Tax have actually been achieved. **Essential Reference Paper ‘F’** sets out those savings and using a RAG system of Red, Amber or Green Heads of Service and Managers have indicated the relevant RAG with accompanying narrative as to whether the savings have been achieved.

NEW PERFORMANCE INDICATORS

2.28 At the meeting of ITSG on 18 March it was agreed that ICT services should report on the eight performance indicators detailed in **Essential Reference Paper ‘G’**.

2.29 Members are requested to decide which of the eight measures should be monitored corporately and appear in the Corporate Healthcheck reports. Officers have provided a steer indicating four that would be beneficial to measure at this level, however two still require targets to be set.

2.30 Please note all eight indicators will be uploaded to the council’s

performance management system. For the indicators that will be reported corporately these will be denoted by the prefix 'EHPI' and the indicators that will be retained at a service level for monitoring will be denoted by the prefix 'SPI'.

- 2.31 Members will be advised of the new indicators in the 2012/13 Performance Indicator Outturn Report due to be reported to CMT in May 2013 and scrutiny committee meetings in May and June 2013.

DATA QUALITY SPOT CHECK

- 2.32 Members are advised that a data quality incident has occurred regarding EHPI 181 - Time taken to process Housing Benefit/Council Tax Benefit new claims and change events.
- 2.33 The issue relates to a **missing reporting period** for monthly data and the way it is aligned to the Corporate Healthcheck report **and not the value**.
- 2.34 This was reported to CMT on 23 April 2013. The issue has been rectified and recommendations were made to improve data quality.

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:

2012/13 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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