

EAST HERTS COUNCIL

EXECUTIVE – 3 SEPTEMBER 2013

REPORT BY THE LEADER OF THE COUNCIL

MONTHLY CORPORATE HEALTHCHECK – JUNE TO JULY 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 June to July and Quarter 1 for 2013.

<u>RECOMMENDATION FOR EXECUTIVE:</u> that:	
(A)	the budgetary variances set out in paragraph 2.1 of the report be noted;
(B)	in accordance with Financial Regulation 4.5.5, the £40k virement from the Planning Contingency budget agreed by CMT on 16 July for a Housing Needs Survey as detailed at paragraph 2.10 of the report, be noted;
(C)	in accordance with Financial Regulation 4.5.5, the £24k virement from the Planning Contingency budget agreed by CMT on 16 July for a Human Resources post as detailed at paragraph 2.10 of the report, be noted;
(D)	the continued monitoring of the performance of EHPI 157a – Processing of planning applications: Major applications by CMT to ensure service changes are implemented, as detailed at paragraph 2.22 of the report, be noted;
(E)	the planned appropriation to the interest equalization reserve in 2013/14 being reduced in line with any shortfall in investment income arising in the current year as detailed at paragraph 2.27 of the report, be approved;

(F)	April and May sickness absence data for EHPI 12c - Total number of sickness absence days per FTE being restated, as detailed at paragraph 2.29 of the report, be noted;
(G)	£54,900 of the Community Capital Grants budget be re-profiled from 2013/14 into 2014/15 as outlined in paragraph 2.38 of the report;
(H)	in accordance with Financial Regulation 4.5.5, the virement of £21,000 from the Discretionary Disabled Facility grants capital budget into the Historic Buildings grant budget as detailed at paragraph 2.39 of the report, be noted;
(I)	£15,000 of the IT Merging Licensing and Environmental Health capital budget be re-profiled from 2013/14 into 2014/15 as outlined in paragraph 2.40 of the report; and
(J)	the controls and scores listed in the strategic risk register for the period April to June 2013 as detailed at paragraph 2.42 of the report, be approved.

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 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 the capital programme.



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

Essential Reference Paper 'E' shows the council's 2013/14 savings.

Essential Reference Paper 'F' shows the April to June 2013 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 2013 to July 2013.

	Position as at 31.07.13				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						
New Homes Bonus Grant	20	0	0	0	20	0
Collection Fund Balance	55	0	0	0	55	0
Hillcrest Hostel Rent Income	0	12	0	3	0	25
Environmental co-ordination	20	0	0	0	9	0
(2) Place						
Community Safety	21	0	13	0	8	0
Green Waste Collection	86	0	72	0	40	0
Maintenance of recycling banks	4	0	1	0	5	0
Clinical Waste income	5	0	0	1	20	0
Street Cleansing	80	0	75	0	25	0
Grounds Maintenance	13	0	0	0	13	0
Kerbside Dry recyc. Collection	101	0	0	0	0	31
Textiles Bank income	0	14	0	0	0	16
Trade Waste income	25	0	0	0	60	0
Environ Protection Parish Litter	0	1	0	0	0	1

	Position as at 31.07.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
(3) Prosperity						
Development Management income	362	0	48	0	250	0
Pay and Display car park income	0	41	10	0	0	12
Investment Interest	0	8	0	0	0	100
Car Park Enforcement contract	123	0	0	0	20	0
TOTAL:	915	76	219	4	525	185
Net Projected Variance					340	
Supported by supplementary estimates						
Total Supplementary Estimates						

- 2.2 Subject to all other budgets being equal, this would result in an underspend of £340k.
- 2.3 A new payroll system has been installed and staff are being successfully paid. However, the output from the system is being tested and April, May and June have been run into the ledger, but unfortunately too late to be reflected in this Healthcheck. July is currently being tested for interfacing. As a consequence there is no information on budgetary monitoring for April to July.
- 2.4 The Budget Challenge process is underway and Heads of Service are being challenged over their budget needs compared to previous years spends. The purpose being to identify savings that will be brought forward to future Healthcheck meetings and reflected in future budget proposals as appropriate.

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

People

Financial analysis

- 2.5 The occupancy rate at Hillcrest Hostel is lower than the last financial year. If there is no up lift in the winter months then the shortfall of income could be greater than the £25k being reported.
- 2.6 Due to a decline in the uptake of local environmental action grants the Environmental Co-ordination budget is likely to underspend by £9k.

Performance analysis

- 2.7 **EHPI 3b - Usage: number of swims (16 – under 60 year olds).** Performance was 'Red' for Quarter 1. Performance was below target, and throughput was down against service expectations. This user group will be monitored by both the Leisure Service Manager and SLM.
- 2.8 The following indicators were 'Green', meaning that the targets were either met or exceeded for July/Quarter 1 2013. They were:
- EHPI 3a - Usage: number of swims (under 16)
 - 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.
- EHPI 181 – Time taken to process Housing Benefit new claims and change events.

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

Place

Financial analysis

- 2.9 The original 2013/14 budget included a planning contingency sum of £591k which allows for unforeseen events to be funded in-year. Currently there is a balance of £502k which if not required during the year will result in an additional favourable variance from the £340k reported this month.
- 2.10 CMT agreed on 16 July 2013 to vire £40k of the Planning Contingency budget for a Housing Needs Survey. They also agreed to vire a sum for an additional Human Resources admin post for one year on scale 5. The table below shows a summary of the Planning Contingency budget: as it stands as at the end of July 2013.

	£000	Comment
Planning Contingency budget at the start of the financial year	591	
Less	25	New Recycling Initiative
	40	Housing Needs Survey
	24	Human Resources Post
Planning Contingency still to be utilised	502	

- 2.11 There has been a CCTV refund of £8k received from Stevenage Council in respect of previous years running costs.

- 2.12 There is a possible underspend on Green Waste collection of £40k (subject to the implementation of the new recycling scheme). This is due to limited opportunities to implement organic waste collection from hard to reach properties and contract design efficiencies.

- 2.13 There is an expected underspend of at least £5k on the maintenance of recycling banks. Recycling banks have been reduced in recent years to collect paper and textiles only. There is a reduction in the number of sites due to supermarkets making their own arrangements expected. Members chose not to implement cardboard recycling banks as part of the new recycling service.
- 2.14 Business in the first quarter suggests additional income of £20k with Clinical Waste.
- 2.15 There is a possible underspend of £25k in the Street Cleansing service due to contact efficiencies.
- 2.16 There is a net saving of £13k in the Grounds maintenance contract as Hertford Town Council has taken over the maintenance of the Castle grounds under a service level agreement. This was a Non Key decision report made in September 2012.
- 2.17 The Kerbside Dry Recycling budget is currently overspending due to additional transport costs of recyclables. Therefore, this budget is anticipating overspending by £31k.
- 2.18 The Textile Banks income budget could show a shortfall of £16k. The first quarter showed an adverse £2.7k, but is highly seasonal. However, this sum would be partly off set by reduced expenditure for collection of around £6k.
- 2.19 Due to an increase in Trade Waste business, income is predicting to be £60k greater than expected. This is partly off set by increased operating costs.
- 2.20 There will be a £1k over spend on the Environmental Protection Parish Litter budget.
- 2.21 Following a review of VAT arrangements at Hertford Theatre the Council has made a voluntary declaration to HMRC that the Council owes some VAT relating to 2011/12 and 2012/13. The total cost is circa £40k, but given the better than anticipated performance in year it is believed this amount can be covered without the need for additional one off budget in the service.

Performance analysis

- 2.22 **EHPI 157a – Processing of planning applications: Major**

applications. Performance was 'Red' for July 2013. 1 out of 5 decisions were made within the target timescale. The remaining four were delayed either by applicants or as a result of the requirement for additional input from third party organisations. CMT were advised in their June Healthcheck report the reasons for performance being off target for the first quarter. CMT accepted the recommendation that it would be inappropriate to change the approach in relation to the preparation of legal agreements at this stage, which had impacted on performance between April to June 2013. However CMT did support the proposal that the service ensured sufficient priority is made available for major development proposals. It is recommended that CMT continue to monitor performance closely in respect to this measure.

2.23 **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 by the Chief Executive and Director of Customer and Community Services at the Executive meeting on 3 September 2013.

2.24 The following indicators were 'Green', meaning that the targets were either met or exceeded for July 2013. They were:

- EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.
- EHPI 2.4 – Fly-tips: Removal.
- EHPI 2.1d – Planning Enforcement: Initial Site Inspections.
- EHPI 2.1e – Planning Enforcement: Service of formal notices.
- 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

2.25 There has been a £12k loss of income (£5k stolen) due to machines being broken into and then out of action (£7k).

- 2.26 With Development Management income of £125k received from the Bishop's Stortford North Development and the underlying income being maintained, the extra income will move to £250k. Larger fees are being received for proposed developments in Buntingford and Hertford.
- 2.27 Investment interest is anticipated to be £100k less than budgeted for due to the lower returns that are available on the maturing funds. Also, the Fund Manager has taken a more pro-active stance with the Council's gilt holdings and at this stage it would be prudent to reduce the return until the position taken starts to show the positive returns that could follow in the future. It is proposed that the planned appropriation to the Interest Equalisation Reserve in 2013/14 be reduced to offset this shortfall.
- 2.28 The vehicle removal scheme was discontinued as per a report to Executive on the 23 July 2013. As a consequence there will be a £20k saving on the Parking Enforcement budget.

Performance analysis

- 2.29 **EHPI 12c – Total number of sickness absence days per FTE staff in post.** Performance was 'Green' for July 2013. Executive are advised that following the discovery of an accounting error on the new HR system (Wealden) there has been an adjustment to the figure for the April and May 2013 period. The table below details the updated performance data following the adjustment:

Corporate Healthcheck Report	Previously reported	Performance data following adjustment
April	0.97 days	0.36 days
May	0.83 days	0.67 days

- 2.30 Sickness absence data previously reported in April and May did not meet the council absence standard of 0.70 days because of the error, however following the adjustments both April and May absence standards were met.
- 2.31 Going forward the council's performance management system will be updated with the amended figures.

2.32 A new set of performance indicators is being developed to measure ICT performance in consultation with ITSG. A suite of eight measures have been agreed. Performance is being captured against the following five indicators:

- EHPI 9.1 - Percentage availability of core systems during supported hours.
- EHPI 9.2 - Percentage Resolution of Incidents Within 4 Hours
- EHPI 9.4 - Percentage of Calls Abandoned on ICT Service Desk
- EHPI 9.5 - Percentage of Calls Resolved at First Point of Contact
- EHPI 9.6 - Satisfaction with ICT Services

2.33 ITSG have proposed that performance be measured for a further three months to establish a proper baseline for performance. Targets will then be set for the performance of the service until the year end. Actual performance achieved year to date is set out in **Essential Reference Paper B**.

2.34 A further three measures have been proposed as follows:

- EHPI 9.3 - Percentage Reduction in the Number of Incidents
- EHPI 9.7 - Delivery of Key ICT Projects
- EHPI 9.8 - Delivery of Key Milestones in the ICT Strategy

2.35 The reduction in the number of incidents measure will be reported once a 6 month baseline for performance has been established. The delivery of Key ICT Projects indicator will be reported upon from quarter 3 onwards, once the ICT programme has been reviewed and agreed by ITSG. The key milestones indicator will be reported once the ICT Strategy has been agreed.

2.36 The following indicators were 'Green', meaning that targets were either met or exceeded for July 2013. They were:

- 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

2.37 The table below sets out expenditure to 31 July 2013 against the Capital Programme. Members are invited to consider the overall

position. **Essential Reference paper 'C'** contains details of the 2013/14 Capital Programme. Comments are provided by the project Control Officers in respect of individual schemes.

	Column 1	Column 2	Column 3	Column 4	Column 5
Summary	2013/14 Original Estimate	2013/14 Revised Estimate	2013/14 Actual Commit to date	2013/14 Projected spend	Variance Col 4 – Col 2
	£	£	£	£	£
People	2,314,970	2,717,750	184,490	2,612,860	(104,890)
Place	729,510	3,061,770	187,939	2,947,720	(114,050)
Prosperity	1,647,540	1,683,130	111,160	1,653,210	(29,920)
Re-profiling potential slippage	(250,000)	(250,000)	0	(250,000)	0
Total	4,442,020	7,212,650	483,589	6,963,790	(248,860)

2.38 It is estimated that more than half of the Community Capital Grants budget will be claimed within this financial year. Therefore, Members are being asked to support a request to re-profile £54,900 of the remaining committed funds from 2013/14 into 2014/15.

2.39 Further to the Healthcheck report to Executive on the 4 June 2013, it is now highly likely that requests for grants for Buildings at Risk will be forth coming and there is no capital provision in this financial year. Therefore, in accordance with Financial Regulations 4.5.5 a virement of £21k has been sought from the under spend within the Discretionary Disabled Facility Grants budget.

2.40 Executive are being asked to support a request to re-profile £15k of the IT Merging of Licensing and Environmental Health systems budget from 2013/14 into 2014/15. The budget is unlikely to be required this financial year. Software has been tested, but does not meet the Council's needs. However, new Licensing staff have been appointed who may have input into other options that maybe available.

2012/13 SAVINGS

- 2.41 The external auditor requires the Council to establish whether the 2013/14 savings offered up by Heads of Service and Managers and agreed by Members to set the 2013/14 Council Tax have actually been achieved. This will be monitored and reported on a quarterly basis. **Essential Reference Paper 'E'** 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 the savings status.

STRATEGIC RISKS

- 2.42 All strategic and operational risks were reviewed ahead of the new risk year following completion of service plans, consideration of new and emerging risks identified by local authorities and other sources, and discussions at both Departmental and Corporate Management Team meetings.
- 2.43 The eight strategic risks from 2012/13 remain and a new risk concerning the welfare reforms has been added for 2013/14. (Reference 13-SR9).
- 2.44 The Strategic Risk Register for 2013/14, including control commentary for the period April to June 2013 can be found at **Essential Reference Paper 'F'**. (In previous years the Audit Committee timetable has been followed, but quarterly reporting has been introduced to mirror the financial year. This has resulted in a one month overlap with the final report of 2012/13).
- 2.45 A new risk scoring matrix has been introduced following revision of the Risk Management Strategy. The Strategy was presented to Corporate Business Scrutiny Committee on 27 August and will go to Audit Committee on 18 September, and the Executive on 1 October 2013. The new matrix, and all strategic and operational risks, can be viewed on Covalent.

Please refer to **Essential Reference Paper 'F'** for the Strategic Risk Register.

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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