

EAST HERTS COUNCIL

EXECUTIVE – 5 NOVEMBER 2013

REPORT BY THE LEADER OF THE COUNCIL

MONTHLY CORPORATE HEALTHCHECK – SEPTEMBER 2013

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 September/Quarter 2 for 2013.




<b><u>RECOMMENDATIONS FOR EXECUTIVE:</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>the re-profile of Capital Scheme budgets totaling £1.08 million to 2014/15 as detailed at paragraphs 2.34, be approved;</b>
<b>(C)</b>	<b>the virement of budget (£15,000) savings from the Hertford Theatre: McMullen gates refurbishment to the renewal of the Theatre's Boilers, as detailed at paragraph 2.37, be noted;</b>
<b>(D)</b>	<b>the 2013/14 savings position, as detailed at paragraph 2.38, be noted; and</b>
<b>(E)</b>	<b>the controls and scores listed in the strategic risk register for the period July to September 2013, as detailed at paragraph 2.40, be approved.</b>



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 summarised information on salary costs.  
**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 2013/14 savings.  
**Essential Reference Paper ‘G’** shows the July to September 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 September 2013.

	Position as at 30.09.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>(1) People</b>						
New Homes Bonus Grant	20	0	0	0	20	0
Collection Fund Balance	55	0	0	0	55	0
Hillcrest Hostel Rent Income	0	24	0	9	0	25
Environmental Action Grants	24	0	4	0	9	0
Land Charge Income	28	0	8	0	20	0
Staff salaries (Essential Reference Paper 'C').	25	0	10	0	0	97
Customer Services security	4	0	0	1	5	0

	Position as at 30.09.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>(2) Place</b>						
Community Safety	27	0	6	0	8	0
Green Waste Collection	97	0	27	0	40	0
Maintenance of recycling banks	6	0	2	0	5	0
Clinical Waste income	7	0	0	0	20	0
Street Cleansing	87	0	0	0	25	0
Grounds Maintenance(Net)	13	0	0	0	13	0
Kerbside Dry Recyc. Collection	96	0	0	29	0	23
Textiles Bank (Net)	0	15	0	0	0	10
Trade Waste income	39	0	11	0	30	0
Trade Waste Collection contract	0	1	9	0	0	10
Environ Protection Parish Litter	0	1	0	0	0	1
Paper Bank Income	0	15	0	5	0	10
Dry Recycling	279	0	0	0	0	15

	Position as at 30.09.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>(3) Prosperity</b>						
Development Management income	477	0	19	0	330	0
Development Management Income	20	0	0	0	25	0
Development Management Cost of Appeals	0	19	0	0	0	60
Pay and Display Car Park Income	0	284	0	33	0	175
Investment Interest	0	65	0	25	0	100
Car Park Enforcement Contract.	160	0	95	0	99	0
Supermarket Reimbursement.	141	0	0	0	46	0
Parking Repairs & Maintenance.	0	22	0	6	0	16
Parking – PCN Income.	0	70	0	0	0	75
Parking - Gascogne Way – car washing.	0	5	0	0	0	8
Parking – Bishop Stortford Season tickets.	12	0	0	0	9	0
Public Conveniences – Cleaning Contract.	15	0	0	0	4	0

	Position as at 30.09.13				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>TOTAL:</b>	1,632	521	191	108	763	625
<b>Net Projected Variance - Favourable</b>					<b>138</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 underspend of £138k.
- 2.3 A summarised salaries monitoring report for the period April to September 2013 is attached to this report in **Essential Reference Paper C**. A minor favorable variance of £25k has been identified comparing actual salary costs for the reporting period with the profiled budget. The Forecast Outturn for 2013/14 is expected to result in an adverse variance of £97,000. This is a slight improvement on the prior period forecast outturn (£113k) as arrangements for Pensions Auto Enrolment have been deferred to April 2014.
- 2.4 The Budget Challenge process is underway and Heads of Service are being challenged over their budget needs both for 2013/14 and 2014/15 in light of prior year trends. The purpose being to identify savings that will be brought forward to November's Healthcheck meeting and reflected in future budget proposals as appropriate.

## **FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS**

### **People**

#### **Financial analysis**

- 2.5 No material variances have been identified since the last Healthcheck reporting period.

#### **Performance analysis**

- 2.6 **EHPI 3b - Usage: number of swims (16 – under 60 year olds).** Performance was 'Red' for Quarter 2. Throughput is down on service expectations, but has increased when performance is compared to Quarter. Current throughput is performing at the seasonal norm. This group continues to be monitored by both the Leisure Service Manager and SLM.
- 2.7 **EHPI 3c - Usage: number of swims (60 year old +).** Performance was 'Red' for Quarter 2. Although throughput is not at the same level compared to same period last year, the Quarter 2 throughput is still within service expectations and has increased inline with normal seasonal trends.
- 2.8 **EHPI 4b - Usage: Gym (60 + year olds).** Performance was 'Red' for Quarter 2. Although throughput did not achieve the same level compared to same period last year, throughput is still within service

expectations.

2.9 **EHPI 4a - Usage: Gym (16 – under 60 year olds).** Performance was 'Amber' for Quarter 2. Although throughput did not achieve the same level compared to the same period last year, throughput is not dissimilar to previous year Quarter 2 values and in line with normal trends for this period. This group to be monitored by both the Leisure Service Manager and SLM.

2.10 The following indicators were 'Green', meaning that the targets were either met or exceeded for September/Quarter 2 for 2013. They were:

- EHPI 3a - Usage: number of swims (under 16)
- 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.

2.11 However despite meeting the target for September 2013 the following indicator shows a declining trend when performance is compared to the previous month:

- 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**

2.12 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 £487k which if not required during the year will result in an additional favourable variance over and above the £138k reported for the period.



	£000	Comment
Planning Contingency budget at the start of the financial year	591	
Less	25	New Recycling Initiative
	15	Review of Car Park Management Systems
	40	Housing Needs Survey
	24	Human Resources Post
Planning Contingency still to be utilised	487	

2.13 Since the last reporting period the forecast outturn position for Kerbside Dry Recycling collection has been reduced to £23,000 (£31,000 for August 2013). Trade waste income has also been marginally revised downwards.

2.14 In line with the national trend, Dry Recycling income is forecast to result in an adverse variance of £15,000 by the end of the financial year.

### Performance analysis

2.15 **EHPI 2.1e – Planning Enforcement: Service of formal notices.** There were no notices served in September, so there is no performance data to analyse.

2.16 **EHPI 191 – Residual household waste per household.** Waste levels for the first half of the year are at the same level as last year, so the expectancy of a reduction may not be fulfilled.

2.17 **EHPI 192 - Percentage of household waste sent for reuse, recycling and composting.** Cumulative performance is lower in September and slightly below the half year level when compared to the same period in 2012/13. The primary variant being a 3% reduction in dry recycling.

2.18 The following indicators were 'Green', meaning that the targets were either met or exceeded for September 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 157a – Processing of planning applications: Major applications.
- EHPI 157b – Processing of planning applications: Minor applications.
- EHPI 157c – Processing of planning applications: Other applications.

2.19 However despite meeting the target for September 2013 the following indicators shows a declining trend when performance is compared to the previous month:

- EHPI 2.1d – Planning Enforcement: Initial Site Inspections.
- EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.

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

## **Prosperity**

### **Financial analysis**

2.20 With Development Management income of £125k received from the Bishop's Stortford North Development and the underlying income being maintained, the forecast outturn for income is expected to increase by £330k (revised from £300k in July 2013). Larger fees are being received for proposed developments in Buntingford and Hertford.

2.21 In line with increased development activity in the District pre-application advice is expected to increase resulting in a forecasted favourable variance of £25,000. However Planning Appeals are expected to increase in 2013/14 resulting in a forecast adverse variance of £60,000 for the additional costs.

2.22 Parking PCN income is expected to be £75,000 lower than expected by the end of the financial year. Officers are satisfied that the issue

and processing arrangements for the service are robust. The adverse variance may have an ongoing impact for the 2014/15 budget. This adverse variance is partially offset by higher than expected season ticket sales at Bishop Stortford (£9,000). However the car washing income for Hertford is no longer a feasible income stream.

## **Performance analysis**

2.23 The following indicators were 'Green', meaning that targets were either met or exceeded for September 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.
- EHPI 12c – Total number of sickness absence days per FTE staff in post.

2.24 However despite meeting the target for September 2013 the following indicator shows a declining trend when performance is compared to the previous month:

- EHPI 8 – % of invoices paid on time.

2.25 ITSG have proposed that for the ICT indicators below, performance be measured further to establish a proper baseline for performance before targets are set. Actual performance achieved year to date is set out in **Essential Reference Paper B**:

2.26 **EHPI 9.1 - Percentage availability of core systems during supported hours.** Core systems availability has remained strong since April 2013.

2.27 **EHPI 9.2 - Percentage Resolution of Incidents Within 4 Hours.** Performance has improved somewhat compared to Quarter 1 but is still below benchmark good performance. New proposals to improve the service desk and second line support arrangements should help improve this from October onwards.

2.28 **EHPI 9.4 - Percentage of Calls Abandoned on ICT Service Desk.** Performance continues to be disappointing. Additional agency staff has been appointed to cover the service desk, although there were unavoidable delays in the process. New proposal to ITSG to transfer the service desk to Stevenage should significantly improve performance.

- 2.29 **EHPI 9.5 - Percentage of Calls Resolved at First Point of Contact.** Performance is disappointing and can be explained by a lack of cover on the service desk and in new staff taking some time to get up to speed with EHC processes and systems. This indicator should improve significantly now that the service desk is in Stevenage (transfer occurred in early October).
- 2.30 **EHPI 9.6 - Satisfaction with ICT Services.** Performance off target, a formal report on Quarter 2 performance is to be submitted to the November meeting of ITSG.
- 2.31 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
- 2.32 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.

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

### **CAPITAL FINANCIAL SUMMARY**

- 2.33 The table below sets out expenditure to 31 September 2013 against the Capital Programme. Members are invited to consider the overall position. **Essential Reference paper 'D'** contains details of the 2013/14 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>	<b>Column 5</b>
<b>Summary</b>	<b>2013/14 Original Estimate</b>	<b>2013/14 Revised Estimate</b>	<b>2013/14 Actual Commit to date</b>	<b>2013/14 Projected spend</b>	<b>Variance Col 4 – Col 2</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
People	2,315	2,642	707	1,749	(893)
Place	730	3,083	1,078	2,767	(271)
Prosperity	1,648	1,750	176	1,726	(24)
Re-profiling potential slippage	(250)	(250)	0	(250)	0
<b>Total</b>	<b>4,442</b>	<b>7,180</b>	<b>1,961</b>	<b>5,992</b>	<b>(1,188)</b>

2.34 Members are asked to support the re-profile of £1.08 million within the Capital Programme to 2014/15 as follows:

- People – Social Housing Schemes - £820,740.
- People – Community Capital Grants - £21,100.
- Place – Parks – Hartham Common - £25,000.
- Place – Castle weir Micro Hydro Scheme - £203,980.
- Prosperity – Automated Telling Machines at Hertford and B/Stortford - £12,800.

2.35 The Social Housing Investment strategy is currently under review as registered social housing providers have limited development funding and project management capacity to progress the original social housing investment strategy.

2.36 The Castle Weir Micro Hydro Scheme is subject to further negotiation with the Environment Agency.

2.37 Members are asked to note the application of savings realised for the McMullen Gates Refurbishment to the renewal of the Theatre's boilers.

## **2013/14 SAVINGS**

- 2.38 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 is monitored and reported on a quarterly basis. **Essential Reference Paper 'G'** 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.
- 2.39 As at the end of September 76% of the total savings have been classified as 'Green' or 'Amber'.

## **STRATEGIC RISKS**

- 2.40 Controls have been updated for all risks for the period July to September 2013. Scoring remains unchanged from last quarter.

Please refer to **Essential Reference Paper 'G'** 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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