

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY – 26 NOVEMBER 2013

REPORT BY THE DIRECTOR OF FINANCE AND SUPPORT SERVICES

11. MONTHLY CORPORATE HEALTHCHECK – JULY TO SEPTEMBER 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 period September/Quarter 2 for 2013.

| | |
|--|---|
| <u>RECOMMENDATION FOR CORPORATE BUSINESS SCRUTINY COMMITTEE:</u> that | |
| | |
| (A) | Performance be scrutinised and the Executive be advised of any recommendations. |
| | |
| (B) | Members provide feedback on the Dashboard Module detailed in Essential Reference Paper ‘D’ (Paragraph 2.37). |

1.0 Background

1.1 This is the monthly and quarterly finance and performance monitoring report for the council. Only performance data relevant to the scrutiny committee’s remit is contained in this report. In addition Corporate Business Scrutiny (CBS) also receive details on performance indicators that are in the ‘Red’ and ‘Amber’ that would be reported to Environment Scrutiny and Community Scrutiny. This is because of CBS’s overall responsibility for performance management.




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' provides a dashboard view of all performance indicators relating to Corporate Business Scrutiny Committee.
Essential Reference Paper 'H' provides guidance notes and definitions for the performance indicators relating to Corporate Business Scrutiny.

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 |
| (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 | 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 |
| (2) Place | | | | | | |
| 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 |
| (3) Prosperity | | | | | | |
| 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 |
| TOTAL: | 1,632 | 521 | 191 | 108 | 763 | 625 |
| Net Projected Variance - Favourable | | | | | 138 | |
| Supported by supplementary estimates | | | | | | |
| Total Supplementary Estimates | | | | | | |

- 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 1. 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.

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

Place

Financial analysis

- 2.10 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 | |

- 2.11 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.
- 2.12 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

- 2.13 All performance indicators for this priority are performing on target for the September/Quarter 2 period.

Prosperity

Financial analysis

- 2.14 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.
- 2.15 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.
- 2.16 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

- 2.17 **EHPI 5.2a - % of complaints about the Council and its services that are upheld: 1st stage.** Performance was 'Red' for Quarter 2. 34 cases were dealt with in this quarter with 17 being upheld. Reasons for complaints being upheld were: 2 staff training; 3 discuss at team meeting and 5 delivery of service.
- 2.18 **EHPI 5.2b - % of complaints about the Council and its services that are upheld: 2nd stage – appeal.** Performance was 'Red' for Quarter 2. Three complaints were dealt with at Stage Two and one

case was upheld. This related to poor communication regarding a missed waste collection.

2.19 **EHPI 7.35 – Commitment compared to profile (This indicator measures effectiveness of forecasting expenditure. The budget covers areas such as maintenance and repair of all East Herts operational and non operational properties).** Performance was 'Amber' for September 2013. September 2013 commitment of £225,021 against the cumulative budget profile of £219,065 being 2.71% above profile. As the monthly profile is based on an average of previous year commitments there will always be variations in the actual monthly commitments due to monthly changes in the levels in reactive maintenance work. However, with the exception of unforeseen changes in demand we expect to have committed + or - 2% of the budget by the end of year.

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

- EHPI 8 - % of invoice paid on time
- EHPI 5.1 - % of complaints resolved in 14 days or less.
- EHPI 5.4 - % of complaints to the Local Government Ombudsman that are upheld
- EHPI 12a - No. of short-term sickness absence days per FTE staff in post
- EHPI 12b - No. of long-term sickness absence days per FTE staff in post
- EHPI 12c – Total number of sickness absence days per FTE staff in post.

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

2.21 However despite meeting the target for September 2013 the following indicator showed a declining trend when performance was compared to the previous month:

- EHPI 8 - % of invoice paid on time

2.22 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:**

- 2.23 **EHPI 9.1 - Percentage availability of core systems during supported hours.** Core systems availability has remained strong since April 2013.
- 2.24 **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.
- 2.25 **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.
- 2.26 **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).
- 2.27 **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.
- 2.28 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
- 2.29 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.

CAPITAL FINANCIAL SUMMARY

- 2.30 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.

| | 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 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| 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 |
| Total | 4,442 | 7,180 | 1,961 | 5,992 | (1,188) |

2.31 Members at Executive on 5 November 2013 were 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.

2.32 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.

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

2.34 Members were asked at Executive on 5 November 2013 to note the application of savings realised for the McMullen Gates

Refurbishment to the renewal of the Theatre's boilers.

2013/14 SAVINGS

- 2.35 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 '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 the savings status.
- 2.36 As at the end of September 76% of the total savings have been classified as 'Green' or 'Amber'.

Dashboards Module - Covalent

- 2.37 The performance team is currently trialing a new module on the Council's performance management system Covalent called 'Dashboards'. Dashboards provide a visual representation of performance through performance indicator summaries and simple at-a-glance charts. The new module will come as a small additional cost should the Council decide to adopt it following member and officer consultation. Members are asked to comment on whether they find this additional reference paper useful to support the overall evaluation of the module.

CONCLUSION

- 2.38 In conclusion Members are asked to:
- Note the performance indicator analysis for the period April 2013 to September/Quarter 2 for 2013 in **Essential Reference Paper 'B'**
 - Agree the recommendation at the start of this report.

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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