

EAST HERTS COUNCIL

EXECUTIVE – 3 DECEMBER 2013

REPORT BY THE LEADER OF THE COUNCIL

MONTHLY CORPORATE HEALTHCHECK – OCTOBER 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 October for 2013.

<u>RECOMMENDATIONS FOR EXECUTIVE:</u> that:	
(A)	the budgetary variances set out in paragraph 2.1 of the report be noted;
(B)	£15k of the planning contingency budget being used for joint enforcement manager role, as detailed at paragraph 2.9 of the report, be noted;
(C)	the transfer of any underspend in 2013/14 on the priority spend budget to the new homes bonus priority reserve, as detailed at paragraph 2.12 of the report, be supported;
(D)	the slippage of £0.777 million of capital schemes to 2014/15 be supported and the budget adjustment for Community Capital Grants, as detailed at paragraphs 2.25 and 2.26 of the report, be agreed; and
(E)	£45,000 capital budget for property Investment, as detailed at paragraph 2.27 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 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.

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 October 2013.

	Position as at 31.10.13				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	19	5	0	0	20
Environmental Action Grants	25	0	1	0	9	0
Land Charge Income	28	0	8	0	20	0
Staff salaries (Essential Reference Paper 'C').	40	0	15	0	0	121
Customer Services – security	4	0	0	0	5	0
Revenues and Benefits Services - Recovery Of Summons Costs	0	0	0	0	0	25
Welfare Reform	64	0	0	0	97	0

	Position as at 31.10.13				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						
Hertford Theatre	87	0	0	0	6	0
Community Safety	27	0	0	0	8	0
Green Waste Collection	165	0	68	0	40	0
Recycling – Contributions from Other Authorities	29	0	0	0	81	0
Maintenance of recycling banks	7	0	1	0	5	0
Commercial and Clinical Waste Collection	15	0	0	0	6	0
Clinical Waste income	7	0	0	0	16	0
Street Cleansing	8	0	0	0	25	0
Grounds Maintenance(Net)	13	0	0	0	14	0
Parks and Open Spaces	2	0	0	0	0	7
Kerbside Dry Recyc. Collection	193	0	97	0	0	0

	Position as at 31.10.13				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 (continued)						
Textiles Bank (Net)	0	15	0	0	0	9
Trade Waste income	39	0	11	0	28	0
Trade Waste Collection contract	0	1	0	9	0	6
Environ Protection Parish Litter	0	1	0	0	0	1
Paper Bank Income	0	13	2	0	0	16
Dry Recycling	230	0	0	49	0	80
Animal Services and pest Control	7	0	0	0	12	0
Development Plans Service – LDF Upkeep budget not required for 2013/14.	40	0	0	0	60	0
Repayment of Housing Grant	6	0	0	0	6	0
Prevention of Repossession	7	0	0	0	10	0
Priority Spend	0	19	0	0	180	0

	Position as at 31.10.13				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	522	0	45	0	450	0
Pre Application Advice Income	23	0	3	0	25	0
Development Management Cost of Appeals	0	22	0	3	0	160
Pay and Display Car Park Income	0	175	109	0	0	175
Investment Interest	0	65	0	25	0	150
Car Park Enforcement Contract.	162	0	2	0	99	0
Supermarket Reimbursement.	141	0	0	0	46	0
Parking Repairs & Maintenance.	0	17	5	0	0	16
Parking – PCN Income.	0	46	24	0	0	75
Parking - Gascoigne Way – car washing.	0	5	0	0	0	8

	Position as at 31.10.13				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 (continued)						
Parking – Bishop Stortford Season tickets.	13	0	1	0	9	0
Customer Services & Parking	0	4	0	0	0	3
Public Conveniences – Cleaning Contract.	19	0	4	0	4	0
Supplies and Services Base Budget reduction	38	0	0	0	38	0
Markets - Income	0	15	0	0	0	15
TOTAL:	2,036	417	401	77	1,374	887
Net Projected Variance - Favourable					487	
Supported by supplementary estimates						
Total Supplementary Estimates						

- 2.2 Subject to all other budgets being equal, this would result in an underspend of £487k.
- 2.3 A summarised salaries monitoring report for the period April to October 2013 is attached to this report in **Essential Reference Paper C**. A minor favorable variance of approximately £40,000 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 £120,670. This is a slight increase on the prior period forecast outturn (£97k).
- 2.4 The Budget Challenge process is now complete resulting in a base budget reduction for 2014/15 of £350k. This period's healthcheck now includes the 2013/14 impact of the base budget reductions.

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

People

Financial analysis

- 2.5 A review of income recovery for summons costs has resulted in the identification of an adverse variance of £25,000 for the financial year.
- 2.6 The Welfare Reform budget for 2013/14 is currently showing an underspend with no further commitment identified against the budget a likely favourable variance of £97,000 is forecast.

Performance analysis

- 2.7 The following indicators were 'Green', meaning that the targets were either met or exceeded for October for 2013. They were:
- 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.
- 2.8 However despite meeting the target for October 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. Although this indicator has been showing a declining trend since May 2013, this is expected as this is a

cumulative indicator.

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 £452k which if not required during the year will result in an additional favourable variance over and above the £487k reported for the period. These budgets are for one-off areas of spend and if permanent growth is required for future years, would have to form part of the budget-setting process.

	£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
	15	Review of Carpark Management Systems.
	20	Resources to support the development of the Council's Investment Strategy.
	15	Joint Enforcement Manager
Planning Contingency still to be utilised	452	

- 2.10 A favourable variance has been identified of £81,000 on the payments from County for diversion of waste from landfill as a result of the implementation of the SPARC (Separate Paper and Recycling Collections).

- 2.11 The budget for the Local development Plan upkeep is not required for 2013/14 resulting in a favourable variance of £60,000.
- 2.12 A forecast outturn of £30,000 is expected on the Priority Spend budget for 2013/14. In view that the budget supports medium to short term economic development the uncommitted sums for 2013/14 will be transferred to the New Homes Bonus Priority Reserve.
- 2.13 In line with the national trend, Dry Recycling income is now forecast to result in an adverse variance of £80,000 (£15,000 for September Healthcheck) by the end of the financial year.

Performance analysis

- 2.14 **EHPI 2.1e – Planning Enforcement: Service of formal notices.** There were no notices served in October, so there is no performance data to analyse.
- 2.15 **NI 191 – Residual household waste per household and NI 192 - Percentage of household waste sent for reuse, recycling and composting.** The October 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.
- 2.16 The following indicators were ‘Green’, meaning that the targets were either met or exceeded for October 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.
- 2.17 However despite meeting the target for October 2013 the following indicators show a declining trend when performance is compared to the previous month:

- EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste. This is the second consecutive month this indicator has shown a declining trend. The service has explained that performance this month fell due to an increase in missed collections for the composting service.
- EHPI 2.4 – Fly-tips: Removal.
- 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

- 2.18 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 £450k (revised from £330k in September 2013). Larger fees are being received for proposed developments in Buntingford and Hertford.
- 2.19 The adverse variance on Planning Appeals has been revised to £160,000 (£60,000 for September Healthcheck).
- 2.20 Lower than expected returns on the Council's investment portfolio are likely to result in a revised adverse variance of £150,000 (£100,000 September Healthcheck).
- 2.21 In line with national trends Market licence income has experienced a downturn as a result of fewer market traders.

Performance analysis

- 2.22 The following indicators were 'Green', meaning that targets were either met or exceeded for October 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.

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

- EHPI 12c – Total number of sickness absence days per FTE staff in post.

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

CAPITAL FINANCIAL SUMMARY

2.24 The table below sets out expenditure to 31 October 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	1,800	761	1,220	(580)
Place	730	2,809	1,695	2,727	(82)
Prosperity	1,648	1,738	186	1,388	(350)
Re-profiling potential slippage	(250)	0	0	0	0
Total	4,443	6,347	2,642	5,335	(1,012)

2.25 Members are asked to support the re-profile of £0.777 million within the Capital Programme to 2014/15 as follows:

- People – Various schemes totalling £421,960
- Place – Various schemes totalling £35,760.
- Prosperity – Various schemes totalling £319,750.

2.26 Members are asked to support a request to bring forward £14,950 for the 2014/15 Community Capital Grants budget. This reflects 2012/13 grant commitment no longer required and can be reallocated to other projects in 2013/14.

2.27 Members are asked to support a capital budget of £45,000 for investment of property assets.

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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