

EAST HERTS COUNCIL

EXECUTIVE – 4 MARCH 2014

REPORT BY THE LEADER OF THE COUNCIL

MONTHLY CORPORATE HEALTHCHECK – JANUARY 2014

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 January 2014.

<u>RECOMMENDATIONS FOR EXECUTIVE: that:</u>	
(A)	the budgetary variances set out in paragraph 2.1 of the report be noted; and
(B)	as detailed at paragraph 2.22 of the report submitted;
	<ul style="list-style-type: none">• slippage of £17,840 for Grange Paddocks Renewal of Pool Calorifiers to 2014/15 be approved, as the scheme is still at the design stage;• slippage of £20,950 from the Community Capital Grants budget to 2014/15 be approved;• slippage of £20,000 for Energy Grants to 2014/15, be approved;• a virement of £31,000 ICT – Authentication Scheme to ICT Applications be approved; and• slippage of £5,000 to 2014/15 for the Arts in Parks Project be approved, due to the impact of current weather conditions.

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 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 January 2014.

	Position as at 31.01.14				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	33	0	8	0	30
Environmental Action Grants	32	0	3	0	9	0
Land Charge Income	56	0	9	0	45	0
Staff salaries (Essential Reference Paper 'C').	0	105	0	71	0	97
Customer Services – security	5	0	1	0	5	0
Revenues and Benefits Services - Recovery Of Summons Costs	0	0	0	0	0	25
Welfare Reform	87	0	0	6	97	0

	Position as at 31.01.14				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 - Income	149	0	0	76	31	0	
Hertford Theatre - Equipment	0	7	0	7	0	10	
Community Safety	14	0	0	0	8	0	
Green Waste Collection	39	0	0	68	43	0	
Recycling – Contributions from Other Authorities	0	308	0	308	97	0	
Domestic Refuse – Contract costs	166	0	0	142	11	0	
Maintenance of Recycling Banks	7	0	0	0	6	0	
Commercial and Clinical Waste Collection	0	63	0	47	0	2	
Clinical Waste income	0	0	0	16	16	0	
Street Cleansing	40	0	0	11	25	0	
Grounds Maintenance(Net)	58	0	0	45	7	0	

	Position as at 31.01.14				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)						
Parks and Open Spaces	0	69	0	0	36	0
Playground Inspection	10	0	0	0	11	0
Kerbside Dry Recyc. Collection	0	6	0	1	13	0
Textiles Bank (Net)	9	0	4	0	0	6
Trade Waste income	36	0	0	120	32	0
Trade Waste Collection contract	0	15	0	0	0	12
Environ Protection Parish Litter	0	1	0	0	0	1
Paper Bank Income	0	17	0	0	0	16
Dry Recycling	240	0	0	43	0	60
Animal Services and pest Control	8	0	1	0	12	0
Pest Control Income	0	2	0	0	0	5

	Position as at 31.01.14				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)						
Leisure Services Income	136	0	0	0	0	19
Development Plans Service – LDF Upkeep budget not required for 2013/14.	50	0	10	0	30	0
Repayment of Housing Grant	9	0	3	0	5	0
Prevention of Repossession	8	0	1	0	10	0
Priority Spend	0	30	0	0	180	0
Neighbourhood Services – increased License fees and income	40	0	40	0	33	0
(3) Prosperity						
Development Management income	567	0	34	0	450	0
Pre Application Advice Income	29	0	5	0	30	0
Development Management Cost of Appeals	0	57	0	22	0	160

	Position as at 31.01.14				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 (Cont)						
Pay and Display Car Park Income	0	157	52	0	0	175
Investment Interest	0	65	0	25	0	196
Car Park Enforcement Contract.	207	0	0	13	99	0
Supermarket Reimbursement.	198	0	0	0	46	0
Parking Repairs & Maintenance.	0	17	0	0	0	10
Parking – PCN Income.	0	64	0	1	0	75
Parking - Gascogne Way – car washing.	0	6	0	0	0	8
Parking – Bishop Stortford Season tickets.	13	0	0	0	9	0
Customer Services & Parking	16	0	5	0	0	4
Public Conveniences – Cleaning Contract.	7	0	0	5	5	0

	Position as at 31.01.14				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 (Cont.)						
Housing Options – Government Grant	0	0	0	0	50	0
Supplies and Services Base Budget reduction	38	0	0	0	38	0
Shared Audit Service	34	0	0	29	9	0
Asset Management – Reduction in Non Domestic Rates costs for council assets.	76	0	76	0	76	0
Asset Management – Professional Fees	0	26	0	26	0	36
Markets - Income	0	19	0	4	0	15
TOTAL:	2,486	929	226	1,009	1,649	956
Net Projected Variance - Favourable						693
Supported by supplementary estimates						
Total Supplementary Estimates						

- 2.2 Subject to all other budgets being equal, this would result in an underspend of £693,000.
- 2.3 A forecast under spend of £200k for the Domestic Refuse Collection contract has not been included in the table at 2.1. In line with the business case for SPARC (Separate paper and Recycling Collections) the identified underspend will be applied to finance the 2013/14 revenue costs of the scheme.
- 2.4 A summarised salaries monitoring report for the period April to December 2013 is attached to this report in **Essential Reference Paper C**. An unfavorable variance of approximately £105,114 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 £96,900. This is a slight reduction on the prior period forecast outturn (£112,850).

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

People

Financial analysis

- 2.5 There are no material financial changes to report since the last reporting period.

Performance analysis

- 2.6 The following indicators were 'Green', meaning that the targets were either met or exceeded for January 2014. 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.

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

Place

Financial analysis

- 2.7 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 £440k which if not required during the

year will result in an additional favourable variance over and above the £693,000 reported for the period. These budgets are for one-off areas of spend. No permanent service growth has been identified for the service costs detailed below for inclusion in the 2014/15 base budget.

	£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	Community Safety Partnership team cost of moving to Hertford Police Station
	12	Corporate ICT training. Agreed 21.01.2014.
Planning Contingency still to be utilised	440	

- 2.8 The Building Control Services is forecast to over achieve on various income streams of £16,000 approximately in total.
- 2.9 Income from dry recycling income has been reduced by £20,000 to reflect the County wide consortium contract and prices being lower than anticipated.
- 2.10 Licences Fees and Renovation grant income is forecast to over achieve by £33,000 by the end of March 2013.

Performance analysis

- 2.11 **EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.** Performance was 'Red' for January 2014. Performance has improved considerably this month, with refuse and composting levels returning to near normal levels. Missed collections on recycling remain higher than the norm, but have reduced considerably compared to the first two months of the comingled service. It is anticipated that levels may not reduce sufficiently throughout February 2014 and March 2014 for the target to be met.
- 2.12 **EHPI 191 – Residual household waste per household.**
The level of waste to date this year is 3 Kg per household, equivalent to 0.78% lower than last year.
- 2.13 **EHPI 192 - Percentage of household waste sent for reuse, recycling and composting.** With comingled tonnage exceeding expectations the year to date performance is 1.1% points better than year to date in January 2013.
- 2.14 The following indicators were 'Green', meaning that the targets were either met or exceeded for January 2014. They were:
- EHPI 2.4 – Fly-tips: Removal.
 - EHPI 2.1d – Planning Enforcement: Initial Site Inspections.
 - EHPI 2.1e – Planning Enforcement: Service of formal notices.
 - EHPI 157a – Processing of planning applications: Major applications.
 - EHPI 157b – Processing of planning applications: Minor applications.
 - EHPI 157c – Processing of planning applications: Other applications.
- 2.15 However despite meeting the target for January 2014 the following indicator shows a declining trend when performance is compared to the previous month:
- EHPI 2.1d – Planning Enforcement: Initial Site Inspections.

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

Prosperity

Financial analysis

- 2.16 A revised investment income forecast, anticipates £196,000 income lower than initially expected. As previously agreed by the Executive, the shortfall will be financed from the Interest Equalisation Reserve.
- 2.17 The review of Non Domestic Rates costs in relation to various council assets has resulted in a net saving after consultancy costs of £40,000 approximately.

Performance analysis

- 2.18 **EHPI 12c – Total number of sickness absence days per FTE staff in post.** Performance was 'Red' for January 2014. Absences were over the council absence levels due to seasonal illnesses causing higher volumes of short-term absences across a number of services. Management have taken action to ensure illnesses are logged and support staff on returning to work.
- 2.19 The following indicators were 'Green', meaning that targets were either met or exceeded for January 2014. 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.
- 2.20 However despite meeting their targets for January 2014 the following indicators show a declining trend when performance is compared to the previous month:
- 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

- 2.21 The table below sets out expenditure to 31 January 2014 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	1,256	884	1,146	(110)
Place	730	2,836	2,518	2,826	(10)
Prosperity	1,648	1,398	583	1,436	38
Re-profiling potential slippage	(250)	0	0	0	0
Total	4,443	5,490	3,985	5,408	(82)

2.22 The Executive is asked to approve:

- Slippage of £17,840 for Grange Paddocks Renewal of Pool Calorifiers to 2014/15, as the scheme is still at the design stage.
- Slippage of £20,950 from the Community Capital Grants budget to 2014/15. Projected total spend forecast to be £58,896.
- Slippage of £20,000 for Energy Grants to 2014/15.
- Virement of £31,000 from ICT – Authentication Scheme to ICT Applications.
- Slippage of £5,000 to 2014/15 for the Arts in Parks Project due to the impact of current weather conditions.

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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