

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 18 MARCH 2014

REPORT BY THE DIRECTOR OF FINANCE AND SUPPORT SERVICES

MONTHLY CORPORATE HEALTHCHECK – OCTOBER 2013 TO
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 the period September/Quarter 2 for 2013.

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| <u>RECOMMENDATION FOR CORPORATE BUSINESS SCRUTINY COMMITTEE:</u> that |
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| | |
|------------|--|
| (A) | Performance be scrutinised and the Executive be advised of any recommendations. |
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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 'Red' and 'Amber' that would ordinarily be reported to Environment Scrutiny and Community Scrutiny. This is because of CBS's overall responsibility for performance management.

1.2 The report contains a breakdown of the following information by corporate priority:

- 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).

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 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 January 2014 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 No performance indicators from Environment and Community Scrutiny were off target i.e. 'Red' or 'Amber' for this priority in January 2014.

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. Environment Scrutiny committee met on 25th February 2014 and were presented with the December 2013 position. The Head of Environment Services gave a presentation to members on SPARC and the effect this had on missed collections. Members were satisfied that performance has improved significantly since November 2013.

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

Prosperity

Financial analysis

- 2.12 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.
- 2.13 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

- 2.14 **EHPI 5.2a - % of complaints about the Council and its services that are upheld: 1st stage.** Performance was 'Red' for Quarter 3. 10 out of 29 complaints were upheld during this quarter. Three were regarding refuse, five related to council tax, one related to Electoral Registration and the remaining one was in relation to Development Management.
- 2.15 **EHPI 12a – No. of short-term sickness absence days per FTE staff in post and EHPI 12c – Total number of sickness absence days per FTE staff in post.** Performance was 'Red' for both of these indicators in 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 staff are supported when returning to work.

2.16 **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 'Red' for January 2014. Commitment of £329,635 against a cumulative budget profile of £304,500, which is above profile. December 2013 spend was much higher than expected due to unforeseen work; and although this month's spend is slightly lower than expected the cumulative spend still is above target. However, because the monthly profile is based on an average of previous year commitments there will always be variations in the actual monthly commitments.

2.17 The following indicators were 'Green', meaning that targets were either met or exceeded for January 2014. They were:

- EHPI 5.1 - % of complaints resolved in 14 days or less.
- EHPI 5.2b - % of complaints about the Council and its services that are upheld: 2nd stage – appeal.
- EHPI 5.4 - % of complaints to the Local Government Ombudsman that are upheld.
- EHPI 8 - % of invoice paid on time.
- EHPI 12b - No. of long-term sickness absence days per FTE staff in post.

2.18 However despite meeting the target for January/Quarter 3 for 2014 the following indicators showed a declining trend when performance was compared to the previous month/Quarter:

- EHPI 12b - No. of long-term sickness absence days per FTE staff in post.
- EHPI 5.1 - % of complaints resolved in 14 days or less.
- EHPI 8 - % of invoice paid on time.

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

2.19 As reported in Quarter 2, ITSG proposed that the ICT indicators are measured further to establish proper baselines before targets are set. Year to date performance is set out in **Essential Reference Paper 'B'**.

2.20 Members are to note the updated position of the following three ICT measures:

- **EHPI 9.3 - Percentage Reduction in the Number of Incidents** – Baseline has yet to be established. This will be identified once the infrastructure roll out has been completed.
- **EHPI 9.7 - Delivery of Key ICT Projects** - Methodology now agreed through SMG. During ITSG development programme session in November 2013, it was agreed that the plan will be reviewed and targets and data will be reported in 2014/15.
- **EHPI 9.8 - Delivery of Key Milestones in the ICT Strategy** - Strategy now not due until Quarter 4 of 2013/14. Monitoring of milestones will begin in the new financial year.

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 Members at Executive on 4 March 2014 were asked to support the following:

- 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.

CONCLUSION

2.3 In conclusion Members are asked to:

- Note the performance indicator analysis for the period October 2013 to January 2014 in **Essential Reference Paper 'B'**
- Agree the recommendations 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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