

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY – 27 MAY 2014

REPORT BY THE DIRECTOR OF FINANCE AND SUPPORT SERVICES

MONTHLY CORPORATE HEALTHCHECK – FEBRUARY 2014 TO MARCH 2014

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 the period March/Quarter 4 for 2014.

<b><u>RECOMMENDATION FOR CORPORATE BUSINESS SCRUTINY: that</u></b>	
<b>(A)</b>	<b>Performance be scrutinised and the Executive be advised of any recommendations.</b>

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 'E2'** shows the full set of performance indicators that are reported on a monthly and quarterly basis. **Essential Reference Paper 'E3'** shows summarised information on




salary costs.



**Essential Reference Paper 'E4'** shows detailed information on the capital programme.

**Essential Reference Paper 'E5'** shows explanations of variances on the Revenue Budget reported in previous months.

**Essential Reference Paper 'E6'** shows the council's 2013/14 savings.

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 March 2014. The accountancy section and senior managers are currently working on the closure of the Council's accounts; therefore the financial figures detailed below are 'provisional' pending completion of the closure process.

	Position as at 31.03.14				Projected Position year end	
	Favourable £000	Adverse £000	Favourable Variance since last month £000	Adverse Variance since last month £000	Favourable £000	Adverse £000
<b>(1) People</b>						
New Homes Bonus Grant	20	0	0	0	20	0
Collection Fund Balance	55	0	0	0	61	0
Hillcrest Hostel Rent Income	0	31	0	1	0	31
Environmental Action Grants	28	0	0	4	22	0
Land Charge Income	81	0	18	0	80	0
Staff salaries (Essential Reference Paper 'C').	0	103	0	59	0	103
Customer Services – security	6	0	1	0	5	0
Revenues and Benefits Services - Recovery Of Summons Costs	11	0	11	0	19	0

<b>(1) People (cont.)</b>							
Revenues and Benefits Service – Prosecution costs	14	0	14	0	0	9	
Revenues and Benefits Service – Net Cost of printing /postage	4	0	4	0	4	0	
Revenues and Benefits Service – Overpayments Recovery and Bad Debt Provision.	0	20	0	20	0	20	
Welfare Reform	58	0	0	0	60	0	
<b>(2) Place</b>							
Hertford Theatre - Income	101	0	0	69	56	0	
Hertford Theatre - Equipment	0	7	0	7	0	10	
Community Safety	11	0	1	0	12	0	
Green Waste Collection	43	0	0	1	43	0	
Recycling – Contributions from Other Authorities	138	0	411	0	138	0	
Domestic Refuse – Contract costs	200	0	24	0	1	0	
Maintenance of Recycling Banks	9	0	1	0	9	0	

**(2) Place(Cont.)**

Commercial and Clinical Waste Collection	2	0	0	0	2	0
Clinical Waste income	18	0	0	0	18	0
Street Cleansing	16	0	23	0	21	0
Grounds Maintenance(Net)	10	0	0	37	0	20
Parks and Open Spaces	51	0	0	8	51	0
Grounds Maintenance Income	0	10	26	0	0	23
Playground Inspection	2	0	0	8	2	0
Kerbside Dry Recyc. Collection	0	15	0	11	0	15
Textiles Bank (Net)	0	18	0	12	0	16
Trade Waste income	30	0	0	1	35	0
Trade Waste Collection Contract	0	16	0	3	0	16
Environ Protection Parish Litter	0	1	0	2	0	1
Paper Bank Income	0	21	0	4	0	14
Dry Recycling	0	70	187	0	0	71
Animal Services and pest Control	9	0	1	0	9	0
Pest Control Income	0	7	0	2	0	5

<b>(2) Place ( Cont.)</b>							
Pitch Maintenance	0	3	0	2	3	0	
Grounds Maintenance – Churchyards	2	0	0	2	2	0	
Leisure Services Income	0	18	0	111	0	19	
Development Plans Service – LDF Upkeep budget not required for 2013/14.	36	0	19	0	36	0	
Repayment of Housing Grant	9	0	12	0	9	0	
Prevention of Repossession	10	0	1	0	13	0	
Houses in Multiple Occupation	13	0	4	0	10	0	
Priority Spend	174	0	204	0	175	0	
Neighbourhood Services – increased License fees and income	19	0	0	21	19	0	
Housing Options - Net budget variance	6	0	4	0	9	0	
Environmental Pollution (Net)	1	0	0	28	1	0	
<b>(3) Prosperity</b>							
Development Management income	458	0	0	98	458	0	
Pre Application Advice Income	33	0	2	0	33	0	
Development Management Cost of Appeals	0	331	0	321	0	331	

**(3) Prosperity (Cont.)**

Building Control Income	0	28	0	28	0	33
Building Control travel expenses	0	4	0	0	0	4
Pay and Display Car Park Income	0	118	18	0	0	134
Investment Interest	0	65	0	25	0	196
Car Park Enforcement Contract.	150	0	0	68	151	0
Supermarket Reimbursement.	45	0	0	0	45	0
Parking Repairs & Maintenance.	0	7	10	0	0	7
Parking – PCN Income.	0	80	0	6	0	80
Parking - Gascogne Way – car washing.	0	8	1	0	0	8
Parking – Bishop Stortford Season tickets.	10	0	0	13	9	0
Customer Services & Parking	0	15	0	25	0	15
Public Conveniences – Cleaning Contract.	4	0	0	3	4	0
Housing Options – Government Grant	0	0	0	0	50	0
Supplies and Services Base Budget reduction	38	0	0	0	38	0





- 2.2 Subject to all other budgets being equal, this would result in an underspend of £605,000.
- 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 March 2014 is attached to this report in **Essential Reference Paper E3**. An unfavorable variance of approximately £103,890 has been identified comparing actual salary costs for the financial year with the annual budget. The variance reflects the following:
- Costs in relation to interim support within Accountancy, HR/Facilities and the Housing Agency, and
  - Turnover being lower than anticipated during the year.

## **FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS**

### **People**

#### **Financial analysis**

- 2.5 Land Charges Income continued to overachieve in March 2014 as a result of the ongoing improvement in the District's housing market, resulting in a net overachievement of £80,000 approximately.

#### **Performance analysis**

- 2.6 **EHPI 3b – Usage: number of swims (16 – under 60 year olds).** Performance was 'Amber' for Quarter 4. Although performance was slightly below target, throughput is up in line with normal trend patterns. Lower than expected performance throughout 2013/14 has meant that the annual target was not met having achieved an annual outturn of 101,583 against a target of 105,000.

Please refer to **Essential Reference Paper 'E2'** for full details.

2.7 In terms of the annual outturn:

Performance Indicator	Annual Status
EHPI 3b – Usage: number of swims (16 – under 60 year olds)	indicator is 1-5% off target

**Place**

**Financial analysis**

2.8 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 £443k which if not required during the year will result in an additional favourable variance over and above the £605,000 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 Committed Budget:	25	New Recycling Initiative
	40	Housing Needs Survey. Due to project slippage a request has been received to carry over the budget to 2014/15.
	24	Human Resources Post
	15	Review of Carpark Management Systems
	20	Resources to support the development of the Council's Investment Strategy
	0	Community Safety Partnership team cost of moving to Hertford Police Station. Recruitment process started March 2014. Post built into 2014/15

		base budget. Budget no longer required for 2013/14
	12	Corporate ICT training. Agreed 21.01.2014.
	12	Social Enterprise Business Case – consultancy costs.
<b>Planning Contingency still to be utilised</b>	<b>443</b>	

2.9 The following planning contingency commitments have been identified and agreed by CMT for the 2014/15 budget:

<b>£000</b>	<b><i>On-going Financial Impact/One Off</i></b>	<b><i>Comment</i></b>
30	<i>One off</i>	<i>Carpark Consultation and signage</i>
52	<i>On-going</i>	<i>Carpark Pay and Display Policy: Enforcement Contract re evening Enforcement</i>
14	<i>One off</i>	<i>Information Analyst – 6 month contract</i>
11	<i>On-going</i>	<i>Microsoft Licensing</i>
TBC	<i>On-going</i>	<i>LGA Graduate – 2 year term</i>
43	<i>On-going</i>	<i>Corporate Project Co Coordinator</i>
20	<i>One off</i>	<i>Financial Services review</i>
12	<i>On-going</i>	<i>0.5 FTE Procurement Officer Permanent Post</i>
<b>182</b>	<b><i>TOTAL</i></b>	

2.10

### **Performance analysis**

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

## Prosperity

### Financial analysis

- 2.12 There continues to be increased planning activity within the District resulting in forecast additional income taking into account increased appeals activity of £160,000. The prior period variance has been reduced by the increased cost for Planning Appeals.
- 2.13 The projected cost of the Car park Enforcement Contract is expected to be £151,000 approximately for 2013/14 and increase since the last financial reporting period of £52,000.

### Performance analysis

- 2.14 **EHPI 12a – No. of short-term sickness absence days per FTE staff in post.** Performance was 'Red' in March 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 is supported when returning to work.
- 2.15 **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 is 'Amber' for March 2014. March 2014 commitment of £404,197 against the cumulative budget profile of £411,000, which is slightly below profile. Last month's spend was much lower than expected due to previous month overspends; and although this month's spend is significantly lower than expected the cumulative spend only just off target.
- 2.16 The following indicators were 'Green', meaning that targets were either met or exceeded for March/Quarter 4 for 2014. They were:
- EHPI 5.1 - % of complaints resolved in 14 days or less.
  - EHPI 5.2a - % of complaints about the Council and its services that are upheld: 1st stage.
  - 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.

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

2.17 However despite meeting the target for March/Quarter 4 for 2014 the following indicator showed a declining trend when performance was compared to the previous Quarter:

- EHPI 5.4 - % of complaints to the Local Government Ombudsman that are upheld.

Please refer to **Essential Reference Paper 'E2'** for full details.

2.18 In terms of the annual outturn:

<b>Performance Indicator</b>	<b>Annual Status</b>
EHPI 5.1 - % of complaints resolved in 14 days or less.	Indicator is on or above target
EHPI 5.2a - % of complaints about the Council and its services that are upheld: 1st stage.	Indicator is 6% or more off target.
EHPI 5.2b - % of complaints about the Council and its services that are upheld: 2nd stage – appeal.	Indicator is on or above target
EHPI 5.4 - % of complaints to the Local Government Ombudsman that are upheld.	Indicator is on or above target
EHPI 8 – % of invoices paid on time	Indicator is on or above target
EHPI 12a – No. of short-term sickness absence days per FTE staff in post	Indicator is on or above target
EHPI 12b - No. of long-term sickness absence days per FTE staff in post.	Indicator is on or above target
EHPI 12c – Total number of sickness absence days per FTE staff in post	Indicator is on or above target
EHPI 7.35 – Commitment compared to profile	Indicator is 1%-5% off target.

2.19 Following the ITSG meeting on 24 April 2014 new targets have been agreed for five out of eight ICT performance indicators and will commence from 2014/15. Year to date performance is set out in **Essential Reference Paper E2**.

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** – Performance will be reported from Quarter 1 2014/15 now that a baseline has been established for this measure.
- **EHPI 9.7 - Delivery of Key ICT Projects** - Performance against this indicator will begin in 2014/15 once the new Development programme has been agreed.
- **EHPI 9.8 - Delivery of Key Milestones in the ICT Strategy** - Targets for 2014/15 will be established once the new ICT Strategy is in place.

### **CAPITAL FINANCIAL SUMMARY**

2.21 The table below sets out expenditure to 31 March 2014 against the Capital Programme. Members are invited to consider the overall position. **Essential Reference Paper 'E4'** 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 5</b>
<b>Summary</b>	<b>2013/14 Original Estimate</b>	<b>2013/14 Revised Estimate</b>	<b>2013/14 Final Outturn</b>	<b>Variance Col 4 – Col 2</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
People	2,315	1,221	1,122	(100)
Place	730	2,657	2,606	(51)
Prosperity	1,648	1,062	772	(289)
Re-profiling potential slippage	(250)	0	0	0
<b>Total</b>	<b>4,443</b>	<b>4,941</b>	<b>4,500</b>	<b>(441)</b>

2.22 Members are asked to note:

- ICT Projects – Request for total slippage of £159,160 over various projects. The majority of the outstanding schemes will complete in early 2014/15.
- Footbridge over River Stort - £87,400. Retention payment held pending resolution of contractual issues.
- Heart of Bishop Stortford, Market Improvement Scheme - £45,300. Scheme still in development stage.
- Slippage on various other schemes totalling £42,430 on various other schemes.
- Total slippage into 2014/15 of £334,290.

### **2013/14 SAVINGS**

2.23 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 'E6'** 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.

- As at the end of the financial year 87% of the total savings have been classified as 'Green' or 'Amber' or alternative action taken.

### **CONCLUSION**

2.3 In conclusion Members are asked to:

- Note the performance indicator analysis for the period February 2014 to March 2014 in **Essential Reference Paper 'E2'**
- 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 2013/14

<http://online.eastherts.gov.uk/moderngov/ieListDocuments.aspx?CId=119&MId=1792&Ver=4>

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