

EAST HERTS COUNCIL

EXECUTIVE – 5 AUGUST 2014

MONTHLY CORPORATE HEALTHCHECK – JUNE 2014

REPORT BY THE LEADER OF THE COUNCIL

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- To set out an exception report on finance, performance and risk monitoring for East Herts Council for June/Quarter 1 for 2014.

<u>RECOMMENDATION FOR EXECUTIVE:</u> that:	
(A)	the budgetary variances set out in paragraph 2.1 of the report be noted;
(B)	the virement of £15,000 from the merging of IT systems Capital budget within the Licensing and Environmental Health divisions to the Funding for Applications budget as detailed in paragraph 2.19 of this report, be approved; and
(C)	the controls and scores listed in the strategic risk register for the period April to June 2014, as detailed at paragraph 2.22, be approved.

1.0 Background

1.1 This is the finance, performance and risk monitoring report for the council.

1.2 Each 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).
- Risk information

- 1.3 **Essential Reference Paper ‘B’** shows the Dashboard performance indicator summary analysis.
Essential Reference Paper ‘C’ shows the full set of performance indicators that are reported on a monthly/quarterly basis.
Essential Reference Paper ‘D’ shows summarised information on salary costs.
Essential Reference Paper ‘E’ shows detailed information on the capital programme.
Essential Reference Paper ‘F’ shows explanations of variances on the Revenue Budget reported in previous months.
Essential Reference Paper ‘G’ shows the council’s 2014/15 savings.
Essential Reference Paper ‘H’ shows the April to June 2014 strategic risk register.

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 2014 to June 2014.

Following closure of the 2013/14 accounts Carry Forward Budgets were approved by the Executive on 1 July 2014. These will now be incorporated into the 2014/15 budgets.

The financial figures detailed below, are best estimates for the first quarter of the new financial year. Finance Staff and Budget holders will continue to monitor budgets through the year, and report any exceptions where necessary.

	Position as at 30.06.14				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						
Land Charge Income	10	0	2	0	50	0
Staff salaries (Essential Reference Paper 'D').	110	0	17	0	55	0
B&B Charges	1	0	0	0	3	0
Renovation Grant – Repayment	8	0	0	0	8	0
(2) Place						
Community Safety	0	0	0	0	0	17
DCLG Grant Income (Housing Options)	0	0	0	0	0	50
Kerbside Dry Recycle Collection	0	19	0	3	0	80

Trade Bin Disposal	51	0	0	2	0	3
Parking Enforcement Contract	95	0	0	48	54	0
RinGo Expenses	0	0	0	5	0	16
(3) Prosperity						
Environmental Health	0	0	0	0	0	3
Jackson Square Car Washing	0	0	0	0	6	0
Development Management Charges	206	0	0	0	200	0
Development Management Charges Pre Application Advice	5	0	0	0	15	0
TOTAL:	486	19	19	58	391	169
Net Projected Variance - Favourable						222
Planning Contingency Projected Underspend						245
Total Favourable Variance						467

- 2.2 Subject to all other conditions being equal, this would result in underspend of approximately £222,000 against service budgets and if the rest of the contingency budget is not required. This would be £467,000 underspend.
- 2.3 A summarised salaries monitoring report for the period April to June 2014 is attached to this report in **Essential Reference Paper 'D'**. A favourable variance of approximately £55,000 has been identified comparing projected salary costs for the financial year with the approved annual budget. The variance reflects the following:
- Vacancies within the Planning Section
 - 15 members of staff have opted out of the auto enrolment for the pension scheme which equates to approximately £45,000 of the under spend. Whereas the assumptions included in the budget were that all staff would be in the pension scheme following auto enrolment.

FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS

People

Financial analysis

- 2.4 Income is being received from the repayment of renovation grant which was not expected this year. At the end of June, £8,290 had been received.
- 2.5 Income from Bed & Breakfast charges is expected to exceed budget by approximately £3,000.

Performance analysis

- 2.6 The following indicator was 'Green', meaning that the target was either met or exceeded for June 2014. It was:
- EHPI 181 – Time taken to process Housing Benefit new claims and change events

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

Place

Financial analysis

- 2.7 Trade bin disposal is likely to overspend by £3,000 due to an under accrual in 2013/14.
- 2.8 Enforcement contract contingency budget of £25,000 which is held for the purpose of bedding in the contract is no longer required. Also the Mobile ANPR camera implementation (£29,000) is impacted by the status of County Traffic Regulation Orders on Schools Zigzags. Delay has become necessary to ensure that Orders are in place.
- 2.9 Ringo use increased by 106% between 2012/13 to 2013/14. Additional use increases the cost to the Council, as it is provided as a free service to the motorist
- 2.10 The original 2014/15 budget includes a contingency sum of £513,000 which allows for unforeseen events to be funded in-year. Currently there is a balance of £245,000 which if not required during the year will result in a further favourable variance in addition to £222,000 underspend reported for the period. Future Healthcheck reports will consider if there are further calls on this sum. These budgets are mainly for one-off areas of spend; however, some service growth has been identified (detailed below) for inclusion in the 2015/16 base budget.

	£000	Comment
Planning Contingency budget at the start of the financial year Less Committed Budget:	513	
People & Organisation	5	One-off Funding to support one HR officer to August 2014. This has now been extended to August 2015 with additional £20k funding approved as Special Item for 2014/15 only.
Facilities	12	One-off funding to support one temporary position and also to bridge funding gap in an existing role that has been graded upwards

		from Grade 6 to Grade 9 in Facilities Services.
Procurement	7	Procurement Officer now employed full time by EHDC, contingency to fund 14/15 shortfall only. Growth item needed for future
Housing	12	To Fund permanent increase in Housing Manager Hours. This is a growth item required for future years
Environmental Health	34	One-off funding to support 4 posts of different grades in Environmental Health. Could potentially affect 2015/16 contingency budget depending on start dates.
Environmental Health	18	£3k to support Waste Services Manager and £15k to support Assistant Waste Services Manage posts
Head of Customer Services	14	On-going funding to support full time replacement of Customer Service Manager from August 2014/15. Growth Item needed for future years
The Web Team	13	One-off cost to support the role of Information analyst within the Web Team for 6 months only.
Parking Services	30	One-off funding to support Car Park Consultancy and signage cost
Parking Services	52	On-going funding to support evening enforcement contract. Growth Item needed for future years
Business & Technology Services	11	On-going funding for Microsoft Software Licence. Growth Item needed for future years
HR	40	On-going funding to support LGA Graduate Trainee Scheme for a 2year term. Further funding required for 2015/16 with implications for 2016/17 depending on start date
Accountancy Services	20	One-off funding to support the strategic review of the financial Services function.

Citizen Advice Bureaux	20	On-going funding to support The Citizen Advice Bureaux Service for 2 years. Further funding required for 2015/16.
Planning Contingency still to be utilised	225	

Performance analysis

- 2.11 **EHPI 2.4 – Fly-tips: Removal.** Performance was ‘Amber’ for June 2014. Performance in June was not as good as in May due to some larger fly tips, which required a specialist contractor.
- 2.12 **EHPI 192 – Percentage of household waste sent for reuse, recycling and composting.** Performance continues to exceed expectations, with organic waste slightly below last year’s level, whilst recycling was considerably higher and waste to landfill was also a little below last year June levels.
- 2.13 The following indicators were ‘Green’, meaning that the targets were either met or exceeded for June/Quarter 1 for 2014. They were:
- EHPI 157a – Processing of planning applications: Major applications.
 - EHPI 157b – Processing of planning applications: Minor applications.
 - EHPI 157c – Processing of planning applications: Other applications.
 - EHPI 2.2 – Missed waste collections per 100,000 collections of household waste.
 - EHPI 2.6 - Percentage of residual waste (refuse) sent for disposal.
- 2.14 However despite meeting the target for June 2014 the following indicators showed a declining trend when performance is compared to the previous month:
- EHPI 157a – Processing of planning applications: Major applications.
 - EHPI 2.2 – Missed waste collections per 100,000 collections of household waste.

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

Prosperity

Financial analysis

- 2.15 It is anticipated that income target for Development Management Charges in 2014/15 will be exceeded by some £200,000.
- 2.16 Pre application fee income is expected to exceed target by approximately £15,000 in the current year.

Performance analysis

- 2.17 The following indicators were 'Green', meaning that targets were either met or exceeded for June/Quarter 1 for 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.
 - EHPI 10.2 - Council tax collection, % of current year liability collected.
 - EHPI 10.4 - NNDR (Business rates) collection, % of current year liability collected.
 - EHPI 12c – Total number of sickness absence days per FTE staff in post.

Please refer to Essential Reference Paper 'C' for full details.

CAPITAL FINANCIAL SUMMARY

- 2.18 The table below sets out projected expenditure to 31 March 2015 against the Capital Programme. Members are invited to consider the overall position. Essential Reference Paper 'E' contains details of the 2014/15 Capital Programme. Comments are provided by the Project Control Officers in respect of individual schemes.

	Column 1	Column 2	Column 3	Column 4
Summary	2014/15 Original Estimate	2014/15 Revised Estimate	2014/15 Projected Final Outturn	Variance Col 3 – Col 2
	£'000	£'000	£'000	£'000
People	1,970	2,005	1,999	(6)

Place	874	1,111	1,111	0
Prosperity	671	1,251	1,138	(113)
Re-profiling potential slippage	(250)	(250)	(250)	0
Total	3,265	4,117	3,998	(119)

2.19 Executive are asked to approve/note:

- The merging of IT systems within the Licensing and Environmental Health divisions will not go ahead in its original form. It is proposed that the budget of £15,000 be vired to support the funding for the applications scheme.
- There is agreement in principle to surrender the Car Park Lease at Bircherley Green MSCP. Therefore, the refurbishment work there will not be necessary. The budget of £55,000 for that refurbishment is no longer required.
- The resurfacing of footpath & retainment works at Cricketfield Lane, Bishop's Stortford has been reviewed and a reduced scheme planned for summer holidays. This is expected to achieve a savings of about £55,000.

2014/15 SAVINGS

2.20 The external auditor requires the Council to establish whether the 2014/15 savings offered up by Heads of Service and Managers and agreed by Members to set the 2014/15 council tax, have actually been achieved. This is monitored and reported on a quarterly basis. **Essential Reference Paper 'G'** 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.

2.21 As at the end of the first quarter, 79% of the total savings have been classified as 'Green' or 'Amber' or alternative action taken.

STRATEGIC RISKS

2.22 Strategic risks were reviewed for the 2014/15 financial year following consideration of the 2013/14 register, service plans, and trends and

emerging risks. This is the first quarter that the refreshed risk register has been reported.

- 2.23 The nine risks reported in 2013/14 were updated and remain on the register. New risks were identified; the investment strategy, local plan, public health, increasing demands on services and the Here to Help programme. (Public health falls within 'control' so does not feature on the register).

Please refer to **Essential Reference Paper 'H'** for the Strategic Risk Register.

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:

2013/14 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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