

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 26 AUGUST 2014

REPORT BY THE DIRECTOR OF FINANCE AND SUPPORT SERVICES

MONTHLY CORPORATE HEALTHCHECK – APRIL 2014 TO JUNE 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 June/Quarter 1 for 2014.

<b><u>RECOMMENDATION FOR CORPORATE BUSINESS SCRUTINY:</u></b> that	
<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 '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’** Provides guidance notes and definitions for the performance indicators relating to Corporate Business Scrutiny.

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
<b>(1) People</b>						
Land Charge Income	10	0	2	0	50	0
Staff salaries (Essential Reference Paper 'D').	110	0	17	0	55	0
B and B Charges	1	0	0	0	3	0
Renovation Grant – Repayment	8	0	0	0	8	0
<b>(2) Place</b>						
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
<b>(3) Prosperity</b>						
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
<b>TOTAL:</b>	<b>486</b>	<b>19</b>	<b>19</b>	<b>58</b>	<b>391</b>	<b>169</b>
<b>Net Projected Variance - Favourable</b>						<b>222</b>
<b>Contingency Projected Underspend</b>						<b>245</b>
<b>Total Favourable Variance</b>						<b>467</b>

- 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 and Breakfast charges is expected to exceed budget by approximately £3,000.

#### **Performance analysis**

- 2.6 **EHPI 3b – Usage: number of swims (16 – under 60 year olds).** Performance was 'Red' for Quarter 1. Performance is below target this quarter. There is a downturn in adult swimming. This is in part due to increasing gym membership (as gym members can have a swim without this being recorded). Everyone Active has been seeking to stem the decline by adding additional early morning swims at Grange Paddocks and are looking at other promotional activities.

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
<b>Contingency budget at the start of the financial year</b> <b>Less Committed Budget:</b>	513	
<b>People and Organisation</b>	5	<b>One-off Funding</b> 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.
<b>Facilities</b>	12	<b>One-off funding</b> 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.

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



<b>Bureaux</b>		funding required for 2015/16.
<b>Contingency still to be utilised</b>	<b>225</b>	

### **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.

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

### **Prosperity**

#### **Financial analysis**

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

### **Performance analysis**

- 2.14 **EHPI 9.2 - Percentage Resolution of Incidents Within 4 Hours and EHPI 9.5 - Percentage of Calls Resolved at First Point of Contact.** Performance was ‘Red’ for Quarter 1. It is envisaged that new service desk staff will be employed following the forthcoming restructure and that performance will improve. Performance in month 1 was so poor possibly because of a bias that resulted from under-logging of calls.
- 2.15 **EHPI 9.6 - Satisfaction with ICT Services.** Performance was ‘Red’ for Quarter 1. A concern being dealt with in a number of ways including through ‘here to help’.
- 2.16 **EHPI 9.7 - Delivery of Key ICT Projects and EHPI 9.8 - Delivery of Key Milestones in the ICT Strategy.** Performance not currently available as the New Development programme and ICT Strategy is due to be discussed by ITSG. Performance is expected to commence from Quarter 2 or Quarter 3.

2.17 Quarter 1 performance data is not currently available for the complaints indicators listed below. This is due to the system for logging complaints was changed at the start of the 2014/15 financial year from LAGON to INFREEMATION and teething problems with the new system meant that the data cannot be extracted. The issue is currently being reviewed and will be resolved by early September 2014. Quarter 1 data will be reported in the next healthcheck report along with Quarter 2 data.

- 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.

2.18 The following indicators were 'Green', meaning that targets were either met or exceeded for June/Quarter 1 for 2014. They were:

- EHPI 8 – % of invoice paid on time.
- EHPI 9.1 – Percentage availability of core systems during supported hours.
- EHPI 9.3 – Average Incidents per day.
- EHPI 9.4 – Percentage of Calls Abandoned on ICT Service Desk.
- EHPI 10.2 – Council tax collection, % of current year liability collected.
- EHPI 10.4 – NNDR (Business rates) collection, % of current year liability collected.

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

### **CAPITAL FINANCIAL SUMMARY**

2.19 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.

	<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>Summary</b>	<b>2014/15 Original Estimate</b>	<b>2014/15 Revised Estimate</b>	<b>2014/15 Projected Final Outturn</b>	<b>Variance Col 3 – Col 2</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
<b>Total</b>	<b>3,265</b>	<b>4,117</b>	<b>3,998</b>	<b>(119)</b>

2.20 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 and 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**

- 2.21 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.
- 2.22 As at the end of the first quarter, 79% 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 April 2014 to June 2014 in **Essential Reference Paper 'C'**
  - 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:**

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?Cld=119&MId=2311&Ver=4>

### **Contact Officer:**

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