

AST HERTS COUNCIL

EXECUTIVE – 3 MARCH 2015

MONTHLY CORPORATE HEALTHCHECK – JANUARY 2015

REPORT BY THE LEADER OF THE COUNCIL

WARD (S) AFFECTED: All

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Purpose/Summary of Report:

- To set out an exception report on finance and performance monitoring for East Herts Council for January 2015.

<b><u>RECOMMENDATIONS FOR EXECUTIVE:</u> that:</b>	
<b>(A)</b>	<b>the budgetary variances set out in paragraph 2.0 and the forecast outturn position in paragraph 3.4 of the report be noted; and</b>
<b>(B)</b>	<b>the Contingency Budget is used to fund tree inspections to be carried out on East Herts land, as detailed at paragraph 3.5 of the report.</b>

1.0 Background

1.1 This is the finance and performance 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) and also the directorate's position in respect of payment of invoices.

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 basis.

**Essential Reference Paper ‘D’** shows the Expected Variance at the 31 March 2015 on the Net Cost of Services by Priority




**Essential Reference Paper ‘E’** shows summarised information on salary costs.



**Essential Reference Paper ‘F’** shows detailed information on the capital programme.

**Essential Reference Paper ‘G’** shows explanations of variances on the Revenue Budget reported in previous months.

**Essential Reference Paper ‘H’** shows the amounts committed against the Contingency budget in 2014/15

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 or exceeding 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 **Financial and Performance Analysis for each Council priority**

- 2.1 This part of the report looks at financial and performance information on an exception basis for each of the Council’s priorities. This section is therefore reviewing the Net Cost of Services.
- 2.2 The financial aspects of this report are based on budgetary information from April 2014 to January 2015. The financial figures are best estimates for the forecast outturn based on year to date information. Strategic Finance and budget holders will continue to monitor budgets throughout the year and report any exceptions where necessary.
- 2.3 Details of budget variances reported against the Net Cost of Services in previous months can be found in **Essential Reference Paper ‘G’**. Movements from the position reported in previous months are

highlighted in the paragraphs that follow and in **Essential Reference Paper 'D'**.

2.4 The forecast outturn for the Net Cost of Services budget (Original Estimate) shows an underspend of £779k.

2.5 A summarised salaries monitoring report for the period April to January 2015 is attached at **Essential Reference Paper 'E'**. Currently a favourable variance of approximately £35,000 has been identified comparing salary costs for the financial year with the approved annual budget.

2.6 The variance reflects the following:

- Minor overspends due to the vacancy factor not being achieved and the use of agency staff
- The impact of the national and local Pay Award as detailed in the Budget Report
- The resizing of the Revenues & Benefits service included funding for new staff. Recruitment is taking longer than originally anticipated and agency staff have been engaged where available to cover vacancies but these are also in short supply. Consequently £68k of the £179k funding made available has not been committed, a carry forward request will be put through in 2015/16 to allow cover if recruitment remains a challenge.

## **People**

### **Financial analysis**

2.7 Housing Options temporary accommodation service has had unprecedented demand in the last six months particularly from large families that were intentionally homeless and required more than one room. This has resulted in an overspend of £24k.

2.8 Expenditure on Housing Options rent deposits will be lower than budgeted for due to additional funding received from DCLG. A underspend of £15k is predicted.

2.9 The forecast favourable variance for repayment of renovation grants has improved from the £23k previously reported to £31k. This is due to an increase in number of grants repaid.

### **Performance analysis**

- 2.10 **EHPI 181 – Time taken to process housing benefit new claims and change events.** Performance did not meet the target for January 2015. However, the short-term trend for this month shows that performance has improved slightly. The service is going through the process of recruiting further new staff although it is encountering some difficulty. There are currently 5.8 FTE posts vacant; temporary staff are supporting the service whilst recruitment continues.

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

## Place

### **Financial analysis**

- 2.11 The forecast adverse variance for development management appeals costs has increased from the £40k previously reported to £120k. This increase is due to a recent appeal being awarded against the Council. The increase in costs that will need to be paid over is an estimate at this stage the Council has not yet received the final settlement.
- 2.12 Due to increased business the anticipated favourable variance reported against commercial waste income has increased by £8k to £44k.
- 2.13 Additional income of £24k was previously reported in relation to the new Safestyle partnership, the number of applications has been less than expected and income of £15k is now projected.

### **Performance analysis**

- 2.14 **EHPI 192 – Percentage of household waste sent for reuse, recycling and composting.** Performance is within service expectations for this period of the year and above performance for the same period last year (December 2013) which achieved 49.99%.
- 2.15 The following indicators were ‘Green’, meaning that the targets were either met or exceeded for January 2015. They were:
- EHPI 2.2 – Missed waste collections per 100,000 collections of household waste.
  - EHPI 2.4 – Fly-tips: Removal.
  - EHPI 157a – Processing of planning applications: Major applications.
  - EHPI 157b – Processing of planning applications: Minor applications.

- EHPI 157c – Processing of planning applications: Other applications.

2.16 However despite meeting the target for January 2015 the following indicator showed a declining trend when performance is compared to the previous month:

- EHPI 157b – Processing of planning applications: Minor applications.

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

## **Prosperity**

### **Financial analysis**

- 2.17 Use of car parks continues to be buoyant following the change made by Council in September 2014 to pay and display charges. Usage has increased from last year and It is now estimated that the shortfall in income arising from the changes is £30k instead of the £198k shortfall originally forecast. This means that less budget is now needed from the Priority Spend Budget (see paragraph 3.22).
- 2.18 The favourable variance of £52k previously reported due to increased income levels at Hertford Theatre has increased to £62k.

### **Performance analysis**

- 2.19 **EHPI 8 – % of invoices paid on time.** Performance was 'Amber' for January 2015. There was a small dip in performance due to a delay in processing invoices in one section and delays in transfer of information. Remedial action has been taken and we do not expect this to reoccur. Overall performance in the month was 97.1% against a target of 98.5%.
- 2.20 **EHPI 12c – Total number of sickness absence days per FTE staff in post.** Performance for January has resulted in this indicator being outside council standards for the first time this year. As a result the short and long term trends are indicating that performance is declining (i.e. getting worse). Total absence for the year so far is 3.52 days (end of year target is 6.5 days) and the indicator is off target this month due to a number of ongoing long term sickness cases which HR Officers are working on with service managers. We are still below the overall target however.

2.21 The following indicators were 'Green', meaning that targets were either met or exceeded for January 2015. They were:

- EHPI 6.8 – Turnaround of pre NTO PCN challenges.
- EHPI 6.9 – Turnaround of NTO Representations.
- 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.

### **3 Total Revenue Budget and Forecast Outturn position**

- 3.1 This part of the report reviews the forecast outturn position for the Council's total revenue budget this includes both net cost of services and corporate budgets.
- 3.2 Priority Spend budget – The total budget for 2014/15 is £547k. As per paragraph 2.22 the estimated use of the priority spend budget to offset the introduction of pay and display changes has reduced from £198k to £30k. Therefore the budget remaining is £517k.
- 3.4 Contingency budget – The original 2014/15 budget is £513k, which allows for unforeseen events to be funded in-year. Currently there is a balance of £162k. Details of the items funded from the contingency budget can be found in **Essential Reference Paper 'H'**.
- 3.5 A number of tree inspections have been identified. It is recommended that these are funded from the Contingency Budget. The exact sum is still being calculated.
- 3.6 Following our latest valuation an investment placed with Investec has resulted in an increase in value of £120k.
- 3.7 It is anticipated that there will be an underspend of £1.5m in the total revenue budget at the end of this financial year. This is made up of:
- £779k of extra income and underspend in various budget items in net cost of services, as reported in paragraph 2.4.
  - A £318k net increase in the combined total income from NDR and section 31 grant income, as reported in the previous Healthcheck report.

- A £307k surplus from the collection fund that was not included in the original estimate, as reported in the previous Healthcheck report.
- A £120k gain on an investment placed with Investec.

3.8 This underspend could increase to £2.1m if the unallocated amounts in the Contingency Budget (£162k) and New Homes Bonus Priority Spend Fund (£517k) are not used.

#### 4.0 **Capital Programme**

4.1 The table below sets out summarised projected expenditure to 31 March 2015 on the capital programme (shown in column 3) whilst **Essential Reference Paper 'F'** contains detailed information with comments from project control officers on the individual capital schemes.

4.2 The latest forecast shows a further underspend on the capital programme from that being reported in the Budget Report (a £205k underspend from the proposed Revised Estimate).

	<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 Outturn</b>	<b>Variance Col 3 – Col 2</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
People	1,970	564	486	(78)
Place	874	660	585	(75)
Prosperity	671	1331	1,279	(52)
Re-profiling potential slippage	(250)	0	0	0
<b>Total</b>	<b>3,265</b>	<b>2,555</b>	<b>2,542</b>	<b>(205)</b>

Notes: The Revised Estimate is that proposed in the Budget Report for Council approval  
The brackets show an underspend against the capital programme budget

4.3 The movement of £205k from the Revised Estimate comprises of schemes slipping into the new financial year as detailed below in paragraphs 4.4 -4.12 (£172,220), schemes where minor savings have

been made in the capital budget (£55,910) and new capital schemes that are fully funded by Section 106 monies.

- 4.4 The scheme to renew the pool heat exchanger at Grange Paddocks Swimming Pool has slipped due to technical issues. It is recommended that the budget of £17,840 is reprogrammed as slippage into the 2015/16 capital programme.
- 4.5 £80k of the Decent Homes Grant capital budget has already been reprogrammed into 2015/16. Anticipated spend, however is £30k. It is recommended that a further £10k is slipped into the 2015/16 capital Programme when this issue can be resolved.
- 4.6 Peripheral additional work around the seating at Hertford Theatre is now programmed to take place in 2015/16. Therefore it is recommended that £11,500 is reprogrammed as slippage into the 2015/16 capital programme.
- 4.7 Due to ongoing negotiations with the fishing club regarding the Wetland Habitat Project at Pishiobury Park it is recommended that the £12,180 budget is slipped into the 2015/16 capital programme
- 4.8 The works at Southern Country Park for Board walk installation have been tendered and will be awarded in February. This scheme has to be delayed until September 2015 due to nesting birds. It is therefore recommended to slip £80,400 into the 2015/16 capital programme.
- 4.9 The scheme for Boiler room works at Wallfields is 95% complete, however further works are required to the Council Chamber plant and these are programmed for April 2015. It is recommended that £10,300 is slipped into the 2015/16 capital Programme.
- 4.10 The previously approved £30k for land improvement works has been reclassified as a revenue item as the land is not owned by East Herts Council. It is recommended that this budget is slipped into the 2015/16 capital programme to be utilised for other land improvement works.
- 4.11 The referral rate from HCC for Housing adaptations has been very low which has resulted in the demand on the Disabled Facilities Grant budget being lower than anticipated. Therefore the remaining budget of £50k will be unspent in 2014/15.
- 4.12 A new scheme for Play equipment at Watton-at-Stone for £28,790 will be fully funded from section 106 contributions.



## 5 Implications/Consultation

5.1 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 2014/15.

Budget Report and MTFP 2014/15 – 2018/19' Executive 3 February 2015.  
<http://online.eastherts.gov.uk/moderngov/ieListDocuments.aspx?CId=119&MId=1792&Ver=4>

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