

EAST HERTS COUNCIL

EXECUTIVE – 6 SEPTEMBER 2011

MONTHLY CORPORATE HEALTHCHECK – JULY 2011

REPORT BY THE CHIEF EXECUTIVE

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 July 2011.

<b><u>RECOMMENDATION FOR EXECUTIVE: that:</u></b>	
<b>(A)</b>	<b>the budgetary variances set out in paragraph 2.1 of the report be noted;</b>
<b>(B)</b>	<b>£18k from the Rye Street Car Park North refurbishment capital budget be vired to the Grange Paddocks Overspill refurbishment capital budget; (Paragraph 2.26)</b>
<b>(C)</b>	<b>a supplementary capital estimate of £30k for the Vantorts Play Scheme be approved, in accordance with Financial Regulations 4.62(c); (Paragraph 2.27)</b>
<b><u>RECOMMENDATION FOR COUNCIL: that:</u></b>	
<b>(D)</b>	<b>with regard to the Council's financial information system (1) £30k of the £50k provision in the capital programme be brought forward from 2012/13 to 2011/12 with the balance of £20k to lapse as a saving; and  (2) in accordance with Financial Regulation 4.7.1 a carry forward from 2010/11 to 2011/12 of 80k be approved for implementation support with this sum to be drawn down only to the extent essential to mitigate implementation risks. (Paragraph 2.28)</b>

## 1.0 Background

1.1 This is the monthly finance and performance monitoring report for the Council.

1.2 Each month the 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 also the Directorate's position in respect to payment of invoices and sickness absence.




1.3 **Essential Reference Paper 'B'** shows the full set of performance indicators that are reported on a monthly/quarterly basis.



**Essential Reference Paper 'C'** shows detailed information on salaries.

**Essential Reference Paper 'D'** shows detailed information 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 2011 to July 2011.

	Position as at 31.07.11				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) Promoting prosperity &amp; well being; providing access &amp; opportunities</b>						
Local Services Support Grant	17	0	4	0	50	0
Concessionary Fares	19	0	0	0	19	0
Taxi Licensing income	0	6	1	0	0	8
<b>(2) Fit for purpose</b>						
Turnover	0	194	0	40	0	526
Print/Desk Top Publishing	0	18	0	5	0	53
Hartham Land Sale	50	0	0	0	50	0
Office Moves	0	21	0	0	0	21
Investment Income	0	55	0	0	0	55

	Position as at 31.07.11				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>(3) Pride in East Herts</b>						
Pay and Display machines	0	0	0	0	0	17
Car Parks legal fees	0	8	0	0	0	10
Car Parks advertising	4	0	1	0	0	15
CCTV Contributions	11	0	0	0	0	13
Recycling Materials Handling	13	0	3	0	40	0
Waste Contract (various bud)	0	0	0	0	125	0
Hydro Electric plant	0	3	0	0	0	11
Bulky waste collection income	0	5	0	0	0	13
Waste Contract	100	0	0	0	100	0
Kerbside dry recycling income	0	183	0	0	0	80
Recycling banks maintenance	0	1	0	0	8	0

	Position as at 31.07.11				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>(4) Shaping now, shaping the future</b>						
New Homes Bonus Grant	415	0	0	0	415	0
Discharge of Conditions	14	0	7	0	12	0
<b>(5) Leading the way, working Together</b>						
Member's Allowances	24	0	0	0	65	0
<b>TOTAL:</b>	667	494	16	45	884	822
<b>Net Projected Variance</b>					62	0
<b>Supported by supplementary estimates</b>						
Car Park Pay and Display Machines						17
<b>Total Supplementary Estimates</b>						17

- 2.2 Subject to all other budgets being equal, this would result in an under spend of £62k.
- 2.3 Salary budgets are constantly monitored and **Essential Reference Paper 'C'** shows a projected over spend of £526k. This is predicted to be a worse case scenario and should reduce as more budgeted savings begin to be delivered.

## **FINANCIAL ANALYSIS AND PERFORMANCE ANALYSIS**

### **Promoting Prosperity and well-being, providing access and opportunities**

#### **Financial analysis**

- 2.4 There are no new financial issues this month regarding this priority.

#### **Performance analysis**

- 2.5 **EHPI - 129 - Response time to anti social behaviour (ASB) complaints made to East Herts Council.** Performance was 'Red' for July 2011. There were 6 complaints made directly to the ASB and Projects Officer at East Herts Council. One of which was not dealt with within 2 working days due to officer training.

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

### **Fit for purpose**

#### **Financial analysis**

- 2.6 The sale of land associated with the supermarket development at Hartham will generate a windfall sum of £50k.
- 2.7 Costs associated with the office moves such as the disposal of redundant files, physical storage and moving staff temporarily during the refurbishment works is estimated to cost £21k.
- 2.8 The movement and uncertainty in the financial markets has not made it conducive at this moment to invest further in structured deposits as per the original estimate. Therefore, investment income is anticipated to be £55k less than estimated.

## **Performance analysis**

- 2.9 **NI 181 - Time taken to process Housing Benefit/Council Tax Benefit new claims and change events.** As reported in the previous month this represents an increase in caseload seen in the period and the need to avoid some planned weekend working to allow ICT to undertake changes required for office moves. A plan to recover this downtime has been agreed by the Director of Internal Services.
- 2.10 **EHPI 6.8 - Turnaround of pre NTO PCN challenges.** Performance was 'Red' for July 2011. Performance was off target due to continued high levels of PCN's being issued, however performance has improved from the previous month.
- 2.11 The following indicators were 'Green', meaning that the targets were either met or exceeded for July 2011:
- EHPI 12c - Total number of sickness absence days per FTE staff in post.
  - EHPI 6.9 – Turnaround of NTO Representations.

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

## **Pride in East Herts**

### **Financial analysis**

- 2.12 The planned hydro electric plant located at the Hertford Theatre has been delayed with an adverse £11k effect.
- 2.13 Bulky waste income is currently under recovering by 25% due to falling demand for the service and could result in a £13k adverse position.
- 2.14 There is an early indication that the costs of transition to the new waste contract have been lower than expected to date and an under spend of £100k is probable.
- 2.15 There is a possible £80k under recovery of income due to falling tonnage of materials collected regards Kerbside dry recycling. This is a national trend associated with the economic downturn.
- 2.16 The recycling banks maintenance costs are reducing following the successful removal of glass, cans and plastic banks thus resulting in a

£8k favorable position.

### **Performance analysis**

- 2.17 **NI 191 - Residual household waste per household.** Performance exceeds service expectations for this month.
- 2.18 **NI 192 - Percentage of household waste sent for reuse, recycling and composting.** Performance improved this month, with cumulative slightly better than expectation.
- 2.19 The following indicator was 'Green', meaning that the target was either met or exceeded for July 2011:
- EHPI 2.4 – Fly-tips: Removal

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

### **Shaping now, shaping the future**

#### **Financial analysis**

- 2.20 There are no new financial issues this month regarding this priority.

#### **Performance analysis**

- 2.21 **NI 157c – Processing of planning applications: Other applications.** Performance was 'Amber' for July 2011. Performance is slightly below target for July 2011, there were 119 applications out of a total of 131 that were determined on time.
- 2.22 The following indicators were 'Green', meaning that targets were either being met or exceeded for July 2011. They are:
- NI 157a - Processing of planning applications: 'Major' applications.
  - NI 157b - Processing of planning applications: 'Minor' applications.
  - EHPI 2.2(45) – Number of collections missed per 100,000 collections of household waste.

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

### **Leading the way, working together**

#### **Financial analysis**



2.23 A review of the budget for members Allowances has identified an under spend of circa £65k

### Performance analysis

2.24 There are no performance indicators that are being monitored on a monthly basis for this priority.

### CAPITAL FINANCIAL SUMMARY

2.25 The table below sets out expenditure to 31 July 2011 against the Capital Programme. **Essential Reference paper D** contains details of the 2011/12 Capital Programme. Comments are provided by the Project Control Officers in respect of individual schemes.

SUMMARY	2011/12 Original Estimate	2011/12 Revised Estimate	2011/12 Actual Commit to date	2011/12 Projected spend	Variance Col 4 - Col 2
	£	£	£	£	£
Promoting Prosperity	2,144,940	2,876,060	932,168	2,896,560	20,500
Fit for Purpose	1,385,550	2,033,970	688,000	2,033,970	0
Pride in East Herts	2,326,200	1,994,790	155,440	1,964,690	(30,100)
Shaping now	380,500	512,600	15,856	505,500	(7,100)
Leading the Way	0	0	0	0	0
Re-profiling potential Slippage	(750,000)	(750,000)		(750,000)	0
<b>TOTAL</b>	<b><u>5,487,190</u></b>	<b><u>6,667,420</u></b>	<b><u>1,791,464</u></b>	<b><u>6,650,720</u></b>	<b><u>(16,700)</u></b>

2.26 The Executive is requested to vire £18k from the savings on the Rye Street Car Park North refurbishment budget to the Grange Paddocks Overspill refurbishment budget now that tenders have been received.

2.27 Following an extensive public consultation exercise and discussions with Sawbridgeworth Town Council a revised scheme for the Vantorts Open Space has been agreed. The Capital Programme includes the sum of £50,000 (based on £40,000 funded by EHC, £10,000 by STC). The revised scheme increases the sum to be included in the Capital Programme to £80,000, with the additional £30,000 funded by the Town Council. This was agreed by EHC Members (Non-Key Decision report July 2011) and is subject to tender prices.

## **Upgrade to the financial information system**

- 2.28 Discussions have been held with Civica the current supplier about the potential to upgrade the financial management information system planned 2012/12. The version on which the Council runs is expensive to support as there are only two other councils which have not upgraded to later versions and Civica has sought assurances about our future intentions in pricing support into 2012/13.
- 2.29 The option of a move to an entirely new system was considered earlier and which led to a provision of £250k in the capital programme in 2009/10. In setting the budget for 2011/12 renewal of the telephone system was identified as the higher priority and the funding of £250k diverted to this project with a £50k provision made for the financial system on the basis that an upgrade rather than replacement was a viable option. A review of the Civica upgrade and some soft marketing testing confirms it would offer significant additional functionality whilst being cheaper and potentially much quicker to implement than other options. By committing to the upgrade in 2011/12 the Council can obtain support for the existing version at no increase in cost during the transition.
- 2.30 The cost of the upgrade is a one off license fee of £30k which is within the budget of 30k but will require the bringing forward of the provision from 2012/13 to 2011/12.
- 2.31 There are different levels of support that Civica offer to assist with the migration ranging from one off £50k to £80k. Given the critical nature of the system, the reduction and the commitments of the ICT development team to current projects, it is proposed that funding for the higher level of support be agreed to mitigate risks, on the basis that support will be drawn down only to the extent required as detailed implementation planning takes place. The cost of this support will be drawn down only to the extent required as detailed implementation planning takes place. The cost of this support is proposed to be met by a further call on the under spend in 2010/11 above that forecast at probable outturn. The additional unbudgeted under spend was £527k of which £29k was approved to be brought forward in accordance with Financial Regulation 4.7.3 to be spend in 2011/12 in the April health check.

### 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:

2010/11 Estimates and future targets report, Essential Reference Paper B – For complete list of performance indicators that are being monitored for 2011/12

## Contact Officer:

### In terms of performance issues

Lorna Georgiou, Performance and improvement Coordinator – ext 2244

Karl Chui, Performance Officer – ext 2243

### In terms of financial issues

Mick O'Connor, Principal Accountant – ext 2054

### In terms of risk issues

Graham Mully, Insurance Officer – ext 2166

## Essential Reference Papers

Essential Reference Paper B – Performance Indicator set relating to CMT.

Essential Reference Paper C – Detailed information on salaries

Essential Reference Paper D – Detailed information on capital

Essential Reference Paper E – Explanations of variances on the Revenue Budget reported in previous months.

## ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives:	<p><b>Promoting prosperity and well-being; providing access and opportunities</b> <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p><b>Fit for purpose, services fit for you</b> <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i></p> <p><b>Pride in East Herts</b> <i>Improving standards of the built neighbourhood and environmental management in our towns and villages.</i></p> <p><b>Shaping now, shaping the future</b> <i>Safeguard and enhance our unique mix of rural and urban communities, ensuring sustainable, economic and social opportunities including the continuation of effective development control and other measures.</i></p> <p><b>Leading the way, working together</b> <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
Consultation:	Performance monitoring discussions have taken place between, Chief Executive, Directors and Heads of Service.
Legal:	There are no legal implications.
Financial:	There are no financial implications.
Human Resource:	There are no Human Resource implications.
Risk Management:	There are no Risk implications.