

REPORT TO: CABINET

DATE: 7 DECEMBER 2017

TITLE: QUARTER TWO JOINT FINANCE AND PERFORMANCE REPORT 2017/18

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This is not a Key Decision

This decision is not subject to Call-in procedures for the following reasons:

The recommendations are within the scope of the original budget and

Corporate Plan approved by Full Council in February 2017.

This decision will affect no ward specifically.

RECOMMENDED that:

- A** Cabinet acknowledges the projected out-turn position set out in sections three and four of Appendix A to this report for the second quarter (July – September) of 2017/18 as follows:
- (i) A favourable variation on controllable budgets of £213,000 representing -0.35 per cent of the gross General Fund Budget.
 - (ii) A total projected underspend of £495,000 representing -0.82 per cent of the gross General Fund Budget.
 - (iii) The Council performed on target or above target for 50 out of 51 (98 per cent) of performance indicators.

REASON FOR DECISION

- A** To ensure that Cabinet reviews performance against the Council's approved General Fund Budget and Corporate Plan for 2017/18, acknowledges the extremely small variation and the caution that should be applied to it given the challenges the Council may face in the later part of the financial year.

BACKGROUND

1. This report sets out the Council's corporate priorities, financial and performance position as at the end of September 2017. The report is the second in the formal reporting process for the 2017/18 financial year.

SUMMARY OF QUARTER TWO FINANCIAL PERFORMANCE – 2017/18

1. A review of the second quarter of 2017/18 indicates that, in total, the controllable General Fund Budget is projected to be under-spent by £213,000 or -0.35 per cent when compared to the approved gross General Fund Budget. Section three of the Appendix to this report summarises the major budget variations. This variance is extremely small in the context of the Council's approved budget and range of services provided.
2. Taking in to consideration the budgets which are not directly under service area control the overall position at the end of September 2017 was that the General Fund is forecast to underspend by £495,000 or -0.82 per cent when compared to the approved gross General Fund Budget.
3. Careful management of budgets continues to be exercised across all services in order to guard against expenditure pressures and to offset income reductions.
4. Appendix A to this report details the major variations across both controllable and non-controllable budgets. The situation will be closely monitored in the coming months and should the position change the forecasts for future financial reports will be amended and reported accordingly.

SUMMARY OF QUARTER TWO OPERATIONAL PERFORMANCE – 2017/18

1. Section four of the Appendix details information about the Council's operational performance. The Council performed on target or above target for 50 out of 51 (98 per cent) of performance indicators. Ninety-four per cent of all Corporate Plan milestones were successfully completed or on track for completion as at September 2017.

Details of all of the Council's performance indicators can be found on the Council's website, www.harlow.gov.uk/performance/

2. Despite an extraordinarily challenging financial environment, the Council made performance improvements in several key areas linked to its corporate priorities during the second quarter of 2017/18 including:

Average waiting time of calls received by Contact Harlow: The average time taken to answer calls in Quarter Two was within the target of 45 seconds. This is due to ensuring that the right amount of resource was employed to balance demand.

Removal of graffiti or fly posting of a racist or obscene nature removed within 24 hours: There were 7 reports of graffiti or flyposting of a racist or obscene nature in the reporting period. All were removed within 24 hours of the report being recorded.

Removal of hypodermic or other drug related paraphernalia: There were 6 reports of hypodermic or other drug related paraphernalia for Quarter Two and each was removed within the target time of 8 working hours.

Standard requests for repairs and minor adaptations carried out within 20 working days (%): HTS achieved 100% of standard requests for repairs and minor adaptations carried out within 20 working days in Quarter Two. This is attributable to regular monthly meetings to ensure jobs that are considered Works in Progress (WIP) are well resourced and kept on target for completion.

Housing Rent Collected/Rent Owed (%): Ninety nine percent of rent was collected in Quarter Two, exceeding a target of ninety eight percent. The target set for this year aimed to take into account the full roll out of Universal Credit in Harlow which completed on the 17 September 2017. Therefore whilst performance is currently over the set target, the Council has yet to see the full impact of the welfare reform changes.

Annual Leasehold Service Charge Collection: The collection rate of 57.9% for Quarter Two is 8.4% above the target of 49.5% due to an increase in the uptake of payment by Direct Debit and robust recovery procedures.

3. One out of fifty one (2 per cent) of performance indicators did not perform as well as expected; there is a detailed IAP which explains why the performance did not perform as well as expected.

Invoices paid within 30 days (%): As previously reported at Quarter One the Accounts Payable Team had operated with a vacancy impacting on the ability to hit the performance target. This situation combined with the need to focus the teams reduced resources on the systems upgrade project and the achievement of the earlier accounts closure deadline significantly impacted on performance.

SIGNIFICANT RISKS / OPPORTUNITIES

1. The Council is operating in a period of major change driven by both the world-wide economic condition and the legislative changes being introduced by the Government. Some of the key changes that will or are already impacting on the Council include -
 - i. The risks and volatility associated with the Government's localisation of Council Tax support and future localisation of business rates.
 - ii. Variations in income from fees and charges and public spending habits response to the economic climate.
 - iii. The impacts of the long-term austerity measures placed upon Councils by Central Government.
 - iv. The impact on the Councils treasury management activities following the EU Referendum vote for 'Brexit'.
2. Section six of the Appendix details information about the three exceptional risks (rated 20 or higher – high likelihood, high impact) recorded in the Council's Risk Register as of September 2017* which are:
 - i. The Government's fiscal policy in respect of deficit reduction reducing public sector funding, combined with the Council's limited ability to raise income, could result in the Council's financial resilience being at risk.
 - ii. The town requires a suitable housing mix to attract new and retain existing residents for an evolving and sustainable community. Supply must be balanced with demand and housing need, taking into account National Housing and Planning policies. As part of that mix, housing for local people that is genuinely affordable remains a high priority for the Council.
 - iii. The Council requires an Information Governance Framework to ensure information is dealt with efficiently, effectively and in compliance with statutory provisions and regulations. The General Data Protection Regulation (GDPR) applies in the UK from 25 May 2018, replacing the Data Protection Act 1998, imposing a much tougher data protection regulatory framework. Also on the horizon is Electronic Data Protection Regulation (EDPR).

* These risks relate to 30 September 2017 and may have changed between that period of time and the meeting of Cabinet.

IMPLICATIONS

Place

Any specific implications are set out in the report.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

Any specific implications are set out in the report.

Author: **Simon Freeman, Head of Finance**

Housing

Any specific implications are set out in the report.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

Any specific implications are set out in the report.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

Any specific implications are set out in the report.

Author: **Brian Keane, Head of Governance**

Background Papers

None

Glossary of terms/abbreviations used

IAP – Improvement Action Plan