

Harlow Council

**Joint Finance and Performance Report
for the period ending**

30/09/2017

The Council's aim for 2017-18:-

"to improve Harlow for residents, businesses and visitors"

The Council's priorities:

1. More and better housing



2. Regeneration and a thriving economy



3. Wellbeing and social inclusion



4. A clean and green environment



5. Successful children and young people



How to use this report

You may wish to consider the following questions to form an idea on how well the Council is doing in achieving its priorities and objectives.

Questions which the reader may wish to consider:

1. What are the reasons for the performance being below target?
2. What is the Council's expenditure on this service?
3. Has performance fluctuated between quarters and what are the reasons for this?
4. Is it anticipated that the target will be met by the end of the year?
5. What are the proposed actions to improve performance and achieve the target and when will this be done by?
6. How well is the Council responding to gaps in performance or shortfalls in income?

Other areas for consideration could include:

1. Is the indicator a high priority for the Council? Is this reflected in the budget?
2. How does the service compare to other local authorities in terms of value for money – how does the Council's expenditure on this service and performance achieved compare to similar local authorities?
3. What are other Council's doing to improve performance in this area?
4. Are there any overspends/underspends in the budget area within which the under performing indicator sits?
5. Are there any future projects planned that will enhance existing performance?
6. How severe or likely are risks associated with lower level performance?

Performance Symbols:

Harlow Council uses the below symbols when reporting performance.

Below Target: e.g. more than 5% worse than target	On Target: e.g. within 5% of target	Above Target: e.g. more than 5% above target	Data not yet available: e.g. survey information pending
			

Direction of Travel (DOT) Symbols:

The direction of travel is from the same quarter in the previous year.

Going up and getting better e.g. % of rent collected	Going down and getting better e.g. crime levels	Exactly the same as previous year	Going up and getting worse e.g. levels of litter	Going down and getting worse e.g. income generated
				

Section One: Key considerations for Year End

The key issues relating to the Council's finances, performance, risks and corporate projects (excluding the HRA):

FINANCE

The forecast out-turn position for 2017/18 is that the controllable General Fund revenue budget will under-spend by **£213,000** on its gross controllable costs. This represents an under spend of **-0.35%** of the Council's approved gross budget for the General Fund. Taking into consideration the budgets which are not controllable by services, the forecast under-spend is **£495,000** or **-0.82%**.

Key risks in relation to financial management are currently:

1. The risks and volatility associated with the Government's localisation of council tax support and business rates.
2. Variations in income from fees and charges and public spending habits response to the economic climate.
3. The impacts of austerity measures placed upon local government by central government.
4. The impact on the Council's treasury management activities following the EU Referendum vote for 'Brexit.'

PERFORMANCE

The following performance indicators did not meet their performance target:

Finance : BV008 Invoices paid within 30 days (%)

RISK

The following **exceptional residual risks** (rated as high likelihood, high impact) have been highlighted for this quarter:

CR01 - Financial resilience
CR03 - Lack of Suitable Housing Mix
CR08 - Information Governance and Data Compliance

CORPORATE PLAN

The Council is on target to meet ninety-four per cent of its corporate milestones with 49 out of 238 key milestones completed between April and September 2017.

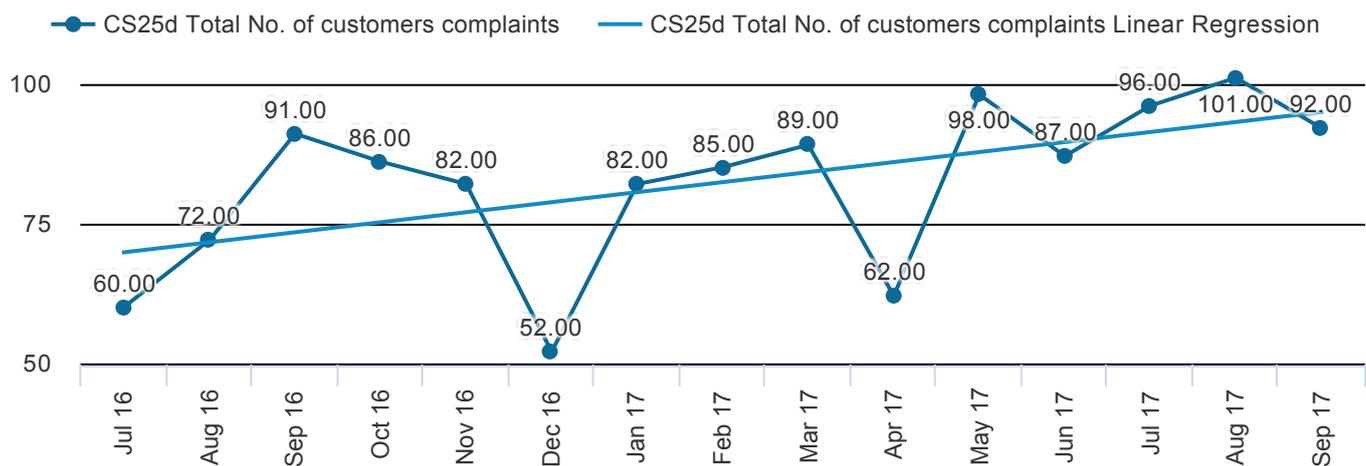
There are no 'red' milestones and 11 milestones 'not started' for the quarter ending 30 September 2017.

Section Two: What our customers are telling us (complaints)

The Council provides and commissions a large number of services to a population of over 85,000 residents. In its role as a Housing Provider with over nine thousand properties, each year it undertakes in excess of 600,000 housing transactions, deals with hundreds of thousands of enquiries at Contact Harlow and provides Housing Benefit and Local Council Tax Support administration for a caseload of nine thousand benefit claimants.

The Council takes all complaints seriously and aims to respond to and resolve all stage one and stage two complaints within ten working days and stage three complaints within 15 working days.

The trend line on the chart below, shows a gradual increase in the overall number of complaints over the last year. There was an increase in the volume of complaints for quarter two which primarily related to HTS (P&E) Ltd (Housing). Eighty four per cent of complaints were resolved by Stage One.



In quarter two (July to September 2017) there were 251 performance, 18 person and 20 policy related complaints.

Whilst there has been a continued increase in the receipt of complaints received by the Council (up 26 per cent on Quarter 1), there has also been an overall increase in meeting target times during the quarter. The main areas of complaints continue to focus on the areas of high service demand - HTS Housing (37 per cent of the total received) and Housing Services (34 per cent). The increase in Housing complaints is due to people seeking access to the Housing Register and alternative accommodation/facilities.

A review continues to be undertaken of the complaints policy to ensure complaints are dealt with more effectively and to ensure the overall process takes less time to resolve, resulting in improved performance.

Section Three: The Latest Financial Performance

The Council continues to face extreme financial challenges as identified within its Medium Term Financial Strategy (MTFS). The contents of this report highlight the excellent financial control being placed upon existing budgets by all services.

The forecast service underspend on the controllable budgets in 2017/18 total £213,000 or -0.35% of the Council's gross budget. Taking into account the reduction in the HRA recharges to the General Fund together with other non-controllable costs, the forecast underspend is £495,000 or -0.82% of the gross budget.

The Council has been determined to continue to deliver key services to and for the benefit of Harlow residents despite unprecedented Government funding cuts.

Simon Freeman, Head of Finance

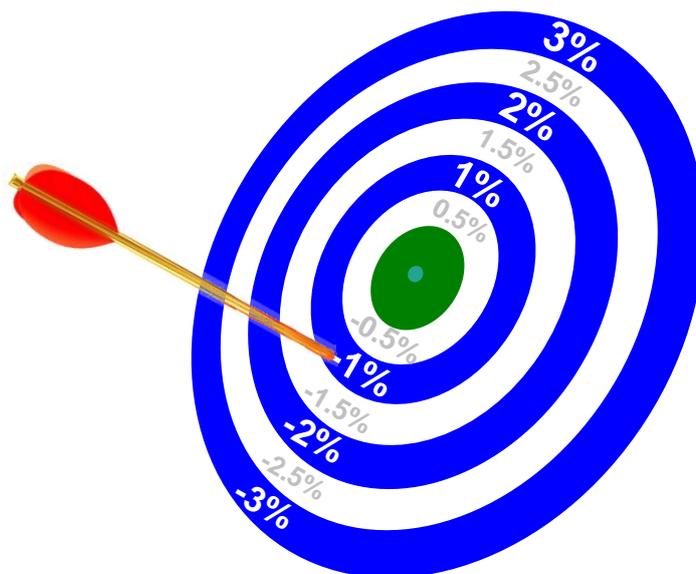
Movements in General Fund Balance in Quarter Two 2017/18

	<i>£millions*</i>
General Fund closing balance as at 31 March 2017	5.458
Variations resulting from previous Cabinet decisions:	
• Transfer to Planning and LDF Reserve	(0.300)
• Additional Community Safety resources	(0.200)
• Harlow 70 th Birthday celebrations	(0.025)
• Carry forwards from 2016/17 to 2017/18	(0.219)
Effective General Fund closing balance as at 31 March 2017	4.714
Current Variations	
• Service budget variations	0.213
• Other variations	0.282
Balance on General Fund at 31 March 2018 (Projected)	5.209

* Note: Figures in brackets () reduce the projected General Fund Balance.

2017/18 Projected Outturn

The Council projects to underspend by a margin of **-0.82%** on its gross General Fund revenue budget.



Latest Financial Performance (Budget Variations / Exceptions):

Major Variances – Quarter 2 of 2017/18:

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
Community Wellbeing				
Other Minor Service Variances	30		30	
Total Community Wellbeing			30	
Place				
Latton Bush Centre		(61)	(61)	Impacts of the 2017 revaluation of the ratings list by the Valuation Office Agency (£26k) coupled with increased rental income (£24k) as a result of higher occupancy.
Domestic Refuse Collection		(54)	(54)	This underspend is the result of a reduced cost of the refuse contract and increased income from Tipping Away Credit which is offset by the costs associated with the waste re-rendering exercise in 2018.
Recycling	30		30	This forecast overspend is due to an increase in the cost of the recycling contract (£49k) offset by additional income from green waste (£10k)
The Stow Shopping Centre		(26)	(26)	This variation is due to rental income being higher than estimated.
Planning Services		(51)	(51)	This forecast underspend is the result of staffing vacancies (£115k) offset by higher than anticipated agency staff costs of £60k.
HTS	68		68	Forecast increase in expenditure resulting from revised pension arrangements under the HTS contract.
Civic Centre	47		47	An increase in business rates as a result of the 2017 revaluation of the ratings list.
Other Minor Service Variances		(53)	(53)	
Total Place			(100)	

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
Housing (General Fund) Services				
Housing Options and Advice	58		58	The demand for homeless accommodation has increased. The Council is due additional Government funding which will need allocating between the General Fund and HRA.
Other Minor Service Variances		(14)	(14)	
			44	
Finance Service				
Finance Miscellaneous		(23)	(23)	External Audit fee forecast to be lower than the approved budget
Insurance		(96)	(96)	HTS Service Level Agreement income (£70k) together with a projected underspend on policy excesses due to lower than expected claims (£85k) offset by reduced recharge income from the HRA of £58k.
Early Retirement / Under Funding Pension Scheme		(21)	(21)	There is a forecast underspend on superannuation / added years payments.
Other Minor Service Variances	33		33	
Total Finance Service			(107)	
Chief Executive and Services				
Corporate Management Team		(42)	(42)	Forecast underspend resulting from a restructuring of Corporate Management Team
Governance Service				
Human Resources		(28)	(28)	This forecast underspend is due to a vacant payroll post and a career break by another officer.
Other Minor Service Variances		(10)	(10)	
Total Governance Service			(38)	
Service Specific Variations			(213)	Sub-total

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
Other				
Transition Grant		(25)	(25)	Grant funding from the DCLG which is designed to ease the change from a system based on Government grant funding to one in which local resources determine a council's revenue.
Council Tax Sharing Agreement		(295)	(295)	Council Tax sharing Agreement income comprising of the final share for 2016/17 (£148k) and the estimated share for 2017/18 (£347k). This is compared to an approved income budget of (£200k).
Interest Payments / Receipts	252	(295)	(43)	6 month review of interest payments and receipts carried out.
Community Safety	81		81	Costs associated with the extension to the travellers injunction work.
Total Other Variations			(282)	
Total General Fund Budget Variations			(495)	

**** Note: Figures in () are a credit e.g. income or underspend**

Service Based Analysis

Community Wellbeing, Jane Greer

Overall, financial control is satisfactory. The overspend relates to additional security costs at the Playhouse Theatre and additional staffing costs at Pets Corner, which it is anticipated will be at least partly offset by increased income in 17/18.

Place Services, Graeme Bloomer

Financial control for the first two quarters remains good and there are no indications that would, at this stage, point towards areas of concern. Commercial estate revenue continues to increase and planning application fee income is up again, against anticipated profile.

Housing, Andrew Murray

Forward forecast outturn position at quarter 2 demonstrates the expected increase of 35% in the on-going demand for temporary accommodation. Guidance has been received from the Government (CLG) outlining specific implementation requirements of the new Homelessness Reduction Act (2016). It is expected that there is likely to be a further increase in the on-going demand for use of temporary accommodation which will further impact on rare resources going forward.

Other resources to tackle housing need are continually being reduced and due to the lack of housing at Harlow that is generally affordable there is an on-going need to prioritise and target resources to priorities. Further evidence is being provided that London Boroughs are buying up empty office units and converting them into residential use which increases the costs and completion locally of temporary accommodation which is becoming more scarce.

The service continues to prioritise homelessness prevention initiatives in an attempt to reduce the increased demand thus reducing the Council's statutory provision and overall costs. In addition, the review of supported housing is due to be completed in November 2017. This will provide a plan for going forward against the background of the funding cessation from Essex County Council and housing related support for commissioning arrangements.

Governance, Brian Keane

Good financial control continues to be maintained during the second quarter of the 2017/18 financial year with no major variations to be reported at this stage of the year. Issues which may arise will generally be staffing related, through the occurrence of vacancy savings currently built into the service budget. Income from Land Charges will be monitored closely as this will be largely determined by the housing market locally.

Finance, Simon Freeman

The current forecast for the Finance Service is that it will underspend by £107,000 in 2017/18. The underspend is linked both to areas of the service budget which support corporate activity such as Insurances, and Pensions and other service specific budgets which are broadly aligned to original estimates.

Section Four: Performance

Harlow Council performed on target or above target for 50 out of 51 (98 per cent) of performance indicators. Sixty per cent of indicators have been maintained or improved compared to Quarter Two 2016/17.

Percentage of indicators within or better than target	Qtr ended 30/09/2016	Qtr ended 31/12/2016	Qtr ended 31/03/2017	Qtr ended 30/06/2017	Qtr ended 30/09/2017
	90 %	92 %	95 %	95 %	98 %
Percentage of indicators improving or unchanged from the same period last year	Qtr ended 30/09/2016	Qtr ended 31/12/2016	Qtr ended 31/03/2017	Qtr ended 30/06/2017	Qtr ended 30/09/2017
	60 %	66 %	60 %	67 %	60 %

Good Performance:

Harlow Council continues to improve performance in a number of areas. Thirty one out of fifty one (61 per cent) performance indicators performed significantly above their target. Listed below is a selection of KPI's which are contributing towards the achievement of the Council's priorities.

		30/09/2017 Actual	30/09/2017 Target	30/09/2016 Actual	30/09/2016 Target
★	↑	Community Wellbeing : CS50 Average waiting time of calls received by Contact Harlow			
		42.00	45.00	35.00	45.00
The average time taken to answers calls was within the target of 45 seconds. This is due to ensuring that the right amount of resource was employed to balance demand.					
★	→	Place Services : HTS 2.11 Removal of graffiti or fly posting of a racist or obscene nature removed with 24 hours			
		100.00	100.00	100.00	100.00
There were 7 reports of graffiti or fly posting of a racist or obscene nature in the reporting period. All were removed within 24 hours of the report being recorded.					
★	→	Place Services : HTS 2.2 Removal of hypodermic or other drug related paraphernalia (%)			
		100.00	100.00	100.00	100.00
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.					
★	✓	Place Services : HTS 5.3 Standard requests for repairs and minor adaptations carried out within 20 working days (%)			
		100.00	93.00	97.00	97.00
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 : BV066a.05 Rent Collected / Rent Owed (%)			
		99.03	98.00	98.41	99.00
The target for 2017/18 takes into account the likely impact of the full roll out of Universal Credit (UC) in Harlow in September 2017. Performance for Quarter 2 is currently over the set target but the full impact of the welfare reform changes (for example initial customer claims for Universal Credit are taking around 6/7 weeks to receive first payment) has the potential to affect Quarter 3 and/or Quarter 4. The Council will continue to monitor UC to identify specific trends/measures that could impact on arrears recovery.					
★	↑	Housing : LHI SO26 Annual Leasehold Service Charge Collection			
		57.90	49.50	59.55	49.50
The collection rate is 8.4% above target due to an increase in the uptake of payment by Direct Debit and robust recovery procedures.					

Section Five: Improvement Action Plans

Harlow Council keeps track of any indicator which has been subjected to an Improvement Action Plan (IAP) during the past 12 months. The table below illustrates how each indicator subjected to an IAP has performed over time.

HTS (Property and Environment) Limited began trading in February 2017. HTS performance from quarter ended 30 June 2017 is compared with prior JVCo (Kier Harlow Ltd) performance. The agreed performance scheme for HTS is red, amber, amber marginal and green whereas JVCo performance was historically reported as red, blue and green in line with Council performance monitoring. For comparison purposes, Kier Harlow Ltd blue performance is shown as amber.

...	Performance Indicator	QTR ended 30/09/2016	QTR ended 31/12/2016	QTR ended 31/03/2017	QTR ended 30/06/2017	QTR ended 30/09/2017
...	CS25q % of customer complaints responded to within target time	●	▲	●	▲	●
...	BF005 Average days to process new claims	▲	▲	●	●	●
...	BF006 Average days to process change events	▲	●	★	★	★
...	BV008 Invoices paid within 30 days (%)	●	●	●	▲	▲
...	NI156 Number of households living in Temporary Accommodation	▲	▲	▲	★	★
	HTS 2.10b Percentage of public land and highways with unacceptable levels of graffiti	▲	★	★	★	★
	HTS 2.9 Empty full and overflowing litter and dual bins within 3.5 hours	▲	▲	■	★	★
	HTS 3.11d Tree works - work carried out within 80 working days	■	■	▲	★	★
	Number of Red indicators	5	4	3	2	1

N.B. 4Q16 had three indicators subject to IAP. BV202 people sleeping rough is now a contextual indicator and is no longer included in above list

Improvement Action Plan

Reporting Period Ended 30/09/2017

Performance Indicator

BV008 Invoices paid within 30 days (%)

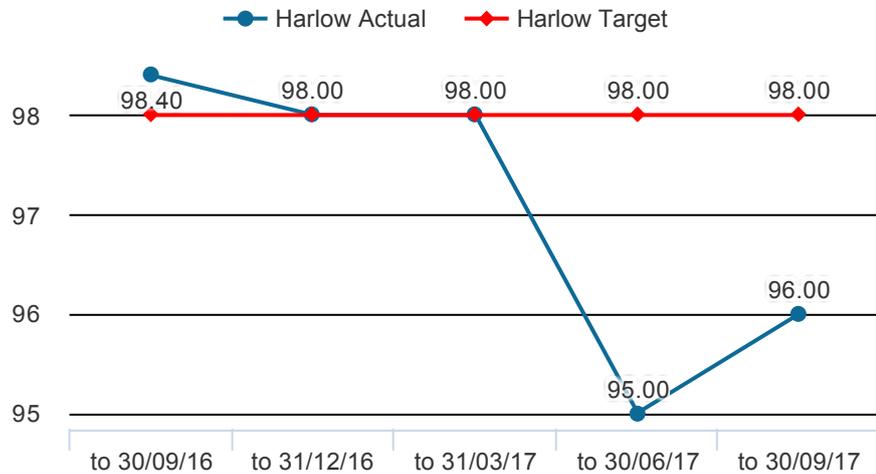
Performance

	to 30/09/16	to 31/12/16	to 31/03/17	to 30/06/17	to 30/09/17
Harlow Actual	98.40	98.00	98.00	95.00	96.00
Harlow Target	98.00	98.00	98.00	98.00	98.00

Description

The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority.

Performance Chart



Direction of Travel



What is the performance situation?

As previously reported at Q1 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 performance.

Having filled the vacant post, substantially addressed the implementation issues and completed the closure of accounts the performance is now improving in Q2 although still below target.

What practical steps are being taken to improve?

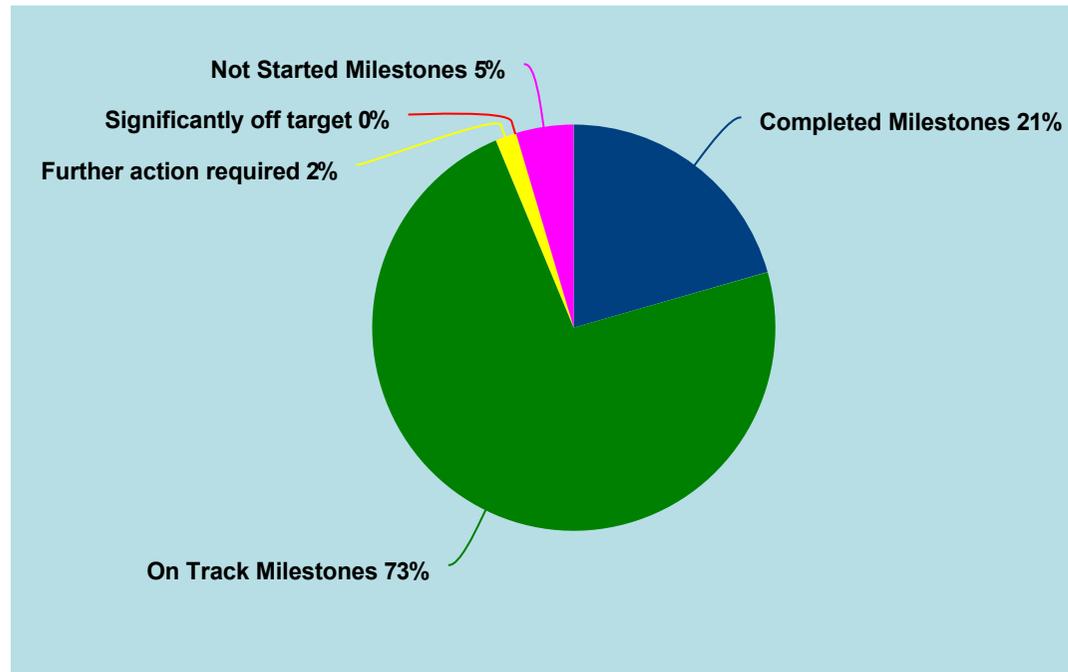
Staff have been reminded of the need to record disputed invoices, and to accurately capture the date invoices are received by the authority which should improve the data on which the performance reporting is based.

It is expected that the performance will further improve back to the target level in Q3.

Risk Owner	Inherent Likelihood	Inherent Impact	Controls Already in Place	Residual Likelihood	Residual Impact	Residual Risk Score	Residual Risk Indicator	DoT	Foreseeable Likelihood	Foreseeable Impact	Foreseeable Risk Score	Additional actions to mitigate risk	Last Reviewed
Keane, Brian	Almost Certain (5)	Major (4)	group set up and project plan underway. Corporate Information Asset Register established and being reviewed. Electronic database identification underway. Awareness campaign has begun with employees. Regular monitoring by Governance Group. Browne Jacobson have been employed as legal consultants and are looking at Corporate policies and reviewing Privacy Notices.	Likely (4)	Major (4)	21	▲	➡	Moderate (3)	Major (4)	18	Appoint/Nominate Data Controller. Data retention policy to be reviewed/refreshed. Corporate policy/process rollout and training across the Council. Fair Processing Notices require updating. Data sharing agreements to be reviewed, updated or drafted. Data Impact Assessments to be carried out as necessary.	30/09/2017

Section Seven: Progress in delivering the Corporate Plan

The Corporate Plan includes an Action Plan setting out the milestones the Council needs to complete in order to deliver its objectives. Below is a status update of how well the Council is doing in delivering its Plan.



The position of the Corporate Milestones as at 30 September 2017 is as follows:

94% (223 out of 238) of all the milestones are self-assessed as completed (49) or on-track (174).

2% (4 out of 238) of the milestones have lapsed or require further action to ensure they are brought back on track.

There are no milestones (0%) significantly off target.

5% (11 out of 238) of the milestones have not started. This is due to the milestones either **a)** awaiting the closure of a previous milestone or **b)** the milestone is not due to start until sometime in the future.

Overdue Service Milestones	Due Date	Status	What is the performance situation?
✓ FIN05.02.01 Continued PSN code of connection certification/business critical services are maintained	31/07/2017	●	Certification dependant upon migration from 2003 Servers which is due to be completed in third quarter.
✓ FIN05.03.01 Updated Strategy reported to ICT Strategy Board	30/06/2017	●	Work will continue now that recruitment is complete and structure fully staffed. draft has been produced but not presented to Strategy Board.
✓ GovM Complete the development project management in INPHASE	30/09/2017	●	Delayed due to other work priorities & development work required for JFPR within INPHASE.
✓ PLC6.4.1 DMS available and operable for all EH and L Users	30/09/2017	●	There have been some delays due to unexpected incompatibility between the scanning hardware and software which has now been resolved. Minor software conflicts remains to be resolved. It is expected that DMS will be operable shortly.