

Appendix A

Harlow Council

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

30/09/2018

The Council's aim for 2018-19:-

"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

The key issues relating to the Council's finances, performance, risks and corporate plan:

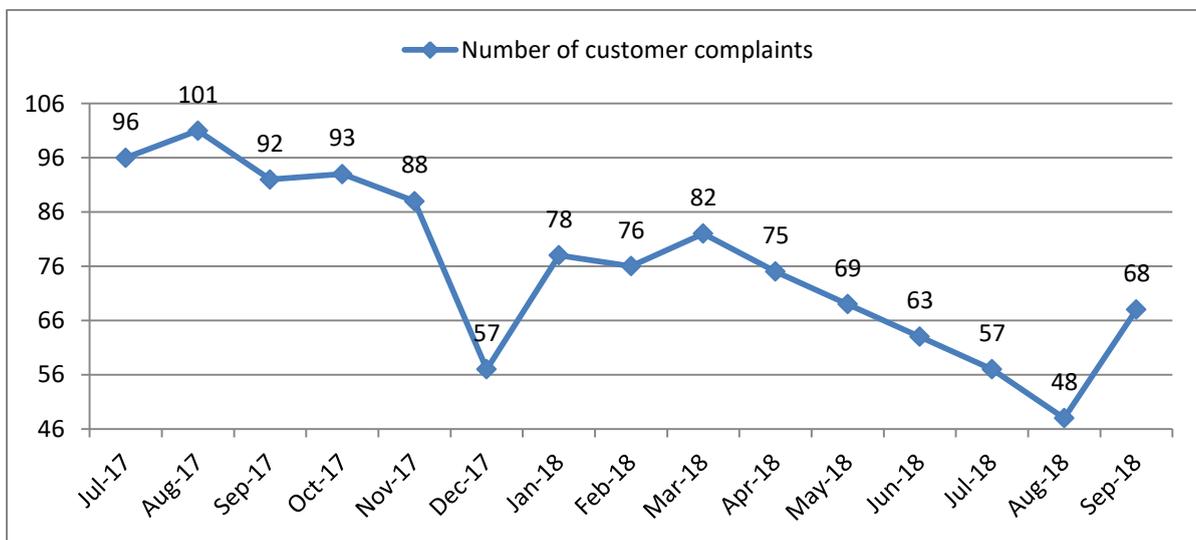
FINANCE	<p>The forecast outturn position for 2018/19 is that the controllable General Fund revenue budget will overspend by £141,000 on its gross controllable costs. This represents an over spend of 0.23% of the Council's approved gross budget for the General Fund. Taking into consideration the budgets which are not controllable by services, there is an overall forecast underspend of £1,076,000 or -1.78%.</p> <p>Key risks in relation to financial management are currently:</p> <ul style="list-style-type: none">• The risks and volatility associated with the Government's localisation of business rates.• Variations in income from fees and charges.• The uncertainty regarding the future financial settlements including the end of the four year funding deal beyond the current spending review period from 2020/21 onwards.	All the indicators for quarter 2 achieved or exceeded their target.	PERFORMANCE
RISK	<p>The following exceptional residual risks (rated as high likelihood, high impact) have been highlighted for this quarter:</p> <p>SRFIN02 - Financial Systems Operational Availability SRHSG03 - Tackling housing need SRPLC11 - Continue to lobby Central Government to meet the infrastructure requirements of Harlow</p>	<p>17.4% of the milestones were successfully completed between July and September 2018.</p> <p>71.1% of the milestones have started and are on track.</p> <p>1.3% of the milestones require further actions.</p> <p>10.2% of the milestones have not started as the due dates are in the future.</p> <p>There are no 'red' milestones for quarter two.</p>	CORPORATE PLAN

Section Two: What Our Customers are Telling Us (Complaints)

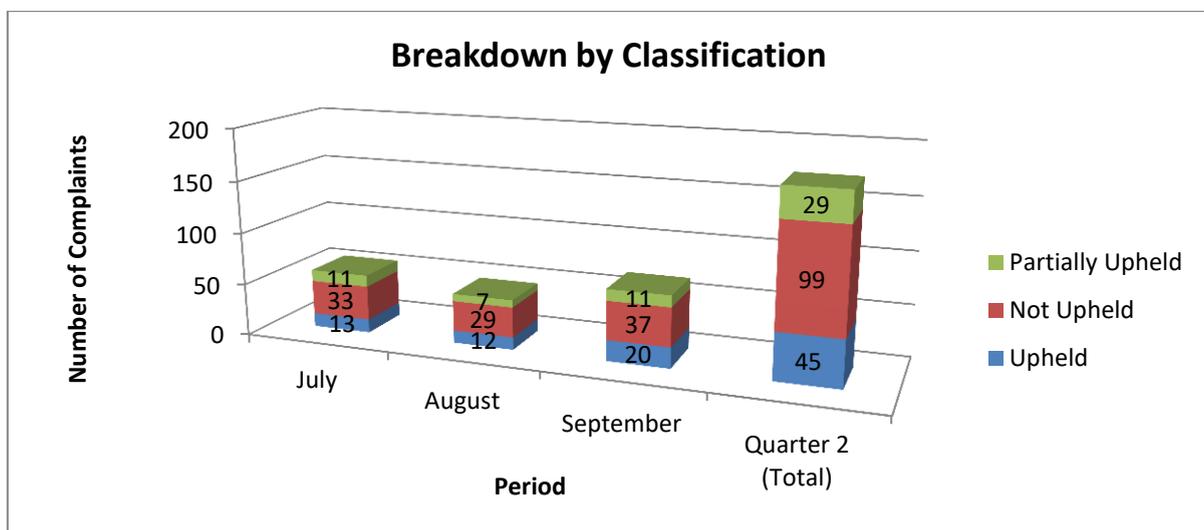
The Council provides and commissions a large number of services to a population of over 85,000 residents. Each year the Council undertakes over 600,000 housing transactions, deals with hundreds of thousands of enquiries at Contact Harlow and provides an administrative service for Housing Benefit and Local Council Tax Support to a caseload of nine thousand benefit claimants.

The Council 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 chart below shows the number of complaints for Quarter Two (July to Sept 2018). When compared to the same Quarter in 2017/18, there was a 40% reduction in complaints due to closer monitoring. The annual trend continues to be downwards.



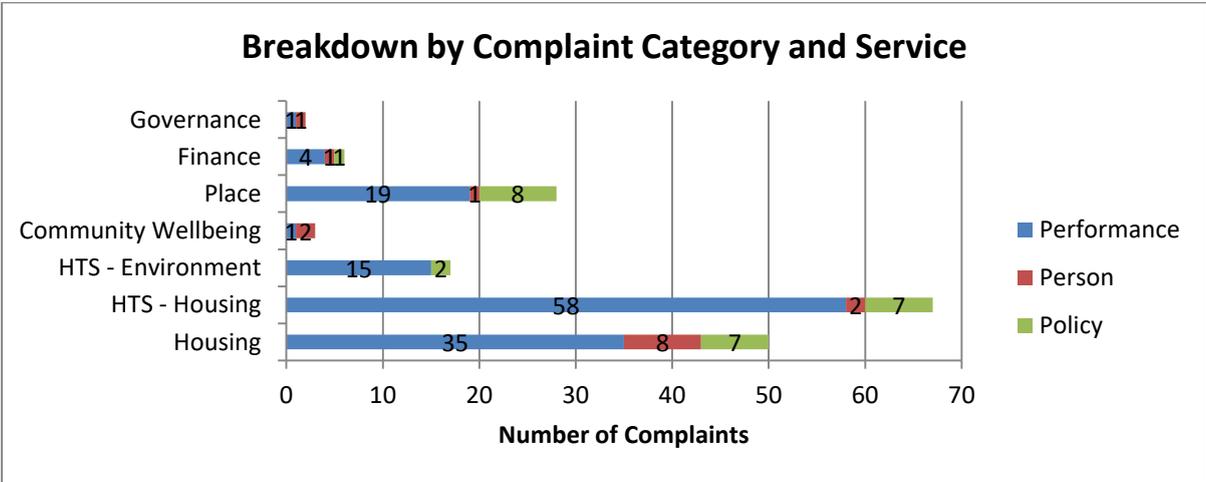
In Quarter Two (July to Sept 2018), the Council received a total of 173 complaints. Of these complaints, 45 (26%) were upheld, 99 (57%) were not upheld and 29 (17%) were partially upheld. The chart below shows the breakdown by classification for each month in Quarter Two.



The table below shows the breakdown of complaints by the Stage for each month in Quarter Two. Eighty-two per cent of the complaints were resolved by Stage One, twelve per cent of the complaints were resolved by Stage Two and seven per cent of the complaints reached Stage Three.

Time Period	Stage One	Stage Two	Stage Three
July	46	6	5
August	39	5	4
September	56	9	3
Total for Quarter Two	141	20	12

Between July and September 2018, there were 133 (performance), 15 (person) and 25 (policy) related complaints. The above is illustrated in the chart below by Service areas.



Additional information is collected on all closed complaints that were either upheld or partially upheld to ensure lessons are learnt to improve service delivery; and minimise the risk of reoccurrence.

This information is logged by the Service areas responding to the complaint and includes:

- What will be done as a result of the complaint?
- Who by?
- By when?

The Customer Services Officer receives monthly reports to ensure that action(s) are completed. Any failures/blockages are reported to the Customer and Media Services Manager to progress to the relevant Head of Service.

Reports on trends and resolutions are provided to the Senior Management Board to ensure continuous improvement.

Section Three: The Latest Financial Performance

The Council continues to face financial challenges, especially those created by the long term reductions in its core Government funding which have, and will continue to feature 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.

There remain great uncertainties for the future, but with the record of strong financial management coupled with the ambition to operate to lower cost base in advance of required savings, the Council can have confidence that its services will continue to be delivered to the residents it serves without reduction or cuts for the foreseeable future.

The forecast service over spend on the controllable budgets in 2018/19 is £141,000 or 0.23% of the Council's gross budget. Taking into account the non-controllable costs, there is a forecast underspend of £1,076,000 or -1.78% 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 funding cuts to its core Government grants.

Simon Freeman, Head of Finance

[Movement in General Fund Balance \(Q2\) 2018/19; The Budget Variances & Exceptions \(Q2\) 2018/19](#)

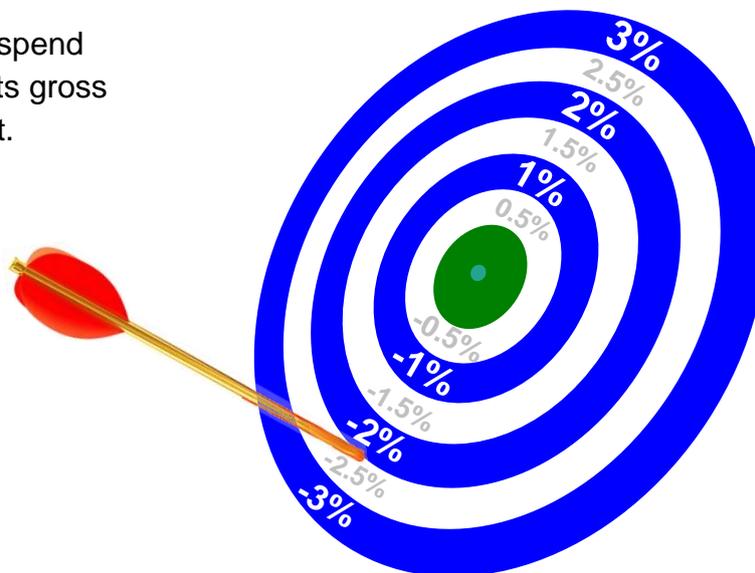
Movements in General Fund Balance in Quarter Two 2018/19

	<i>£millions*</i>
General Fund closing balance as at 31 March 2018	6.734
Variations resulting from previous Cabinet / Council decisions:	
• Planned investment in Harlow's environment	(1.000)
• Transfer to Harlow & Gilston Garden Town Funding Reserve	(0.500)
• Replacement of Paddling Pools	(0.750)
• Contribution to Discretionary Services Fund	(0.026)
• Carry forwards from 2017/18 to 2018/19	(0.137)
Effective General Fund closing balance as at 31 March 2018	4.321
Current Variations	
• Service budget variations	(0.141)
• Other variations	1.217
Balance on General Fund at 31 March 2018 (Projected)	5.397

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

2018/19 Projected Outturn

The Council projects to underspend by a margin of **-1.78%** on its gross General Fund revenue budget.



Latest Financial Performance (Budget Variations / Exceptions):

Major Variances - Quarter 2 of 2018/19

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
Community Wellbeing				
Support for Voluntary Organisations		(76)	(76)	This budget was previously used to award Discretionary Rate Relief to businesses / charities. This expenditure is now accounted for within the Collection Fund rather than the General Fund as a result of legislative changes in accounting practice.
Pets Corner	32		32	This forecast overspend is mainly due to the cost of 2 apprentices paid at the living wage which were not included in the original estimate.
Leah Manning Centre		(31)	(31)	Additional income from the County Council net of staffing costs.
Regeneration Team		(60)	(60)	Vacant posts (£33k) and increased Government grant to fund some officer's costs.
Other Minor Variations	40		40	
Total Community Wellbeing			(95)	
Place				
Refuse and Recycling	171		171	This forecast overspend is mainly due to the indexation uplift of both the refuse and recycling contracts of £34k, a reduced container / vehicle rebate of £37k and the payment of recycling gate fees of £90k.
Street Cleansing	35		35	Forecast overspend due to the purchase of additional litter bins.
Cemetery & Crematorium	32		32	Legal fees and other costs associated with the extension of burial land.
Housing Garages - GF	73		73	This forecast variation reflects a net increase of recharges to the HRA £18k and an increased contribution to capital resulting from a slippage in the 2017/18 capital programme of £77k, offset by increased rental income (£22k).
Commercial Properties - Miscellaneous		(34)	(34)	Forecast increased rental income.
Water Gardens Car Park	52		52	The income from this contract is forecast to be lower than initially estimated.
Civic Centre	43		43	This forecast overspend is mainly due an increase in building maintenance costs of £27k and electricity costs of £10k.
Planning Services		(60)	(60)	A forecast increase in planning fees.
Other minor variations	29		29	
			341	
Housing (General Fund) Services				
Supporting People		(62)	(62)	Increased income for alarms and increased income from HRA recharges.
Housing Options & Advice	63		63	A forecast increase in the cost of temporary accommodation of £189k and grants to voluntary Organisations of £111 offset by additional grant funding (£205k).
Total Housing (General Fund) Services			1	
Finance Service				
Finance Miscellaneous	30		30	A forecast underspend on risk management has resulted in a reduced recharge of HRA income.
Revenues and Benefits		(40)	(40)	Additional government grant funding offset by increased bank charges and Allpay charges and the cost of GDPR software.
Minor Service variances	17		17	
Total Finance Service			7	
Managing Director and Services				
Managing Director		(5)	(5)	Salary and superannuation savings.
Governance				
Land Charges		(19)	(19)	New Burdens search fee grant.
Head of Governance		(26)	(26)	Forecast underspend on salary costs.
Legal Section		(17)	(17)	Staff vacancy and saving on secondment.
Local Elections & Electoral Services		(28)	(28)	Cabinet Office funding for IER
Other minor variances		(18)	(18)	
Total Governance Service			(108)	
Service Specific Variations			141	Sub-total
Other				
Council Tax Sharing Agreement		(60)	(60)	Council Tax sharing agreement income from County, Fire and Police is estimated at £460,000. This compares to an approved income budget of £400,000.
S31 Grant		(717)	(717)	Grant received from the Government to compensate the Council for legislative changes that reduce the amount of business rates that are collected.
Finance Miscellaneous	331	(223)	108	Shortfall of business rates income of £150k from the Enterprise Zone offset by reduced interest costs (EZ Loan not required in 18/19 as previously forecast. The mid year review of interest earned is highlighting that it will be below the budgeted figure.
HTS Management		(290)	(290)	The year-end variation reflects the final settlement from Kier following the conclusion of the JVCO.
Housing Benefits		(258)	(258)	Lower cost of the national housing benefit scheme than anticipated.
Total Other Variations			(1,217)	Sub-total
Total General Fund Budget Variations			(1,076)	

Service Based Analysis

Community Wellbeing, Jane Greer

Overall, financial control is generally satisfactory although some reconciliation of staffing budgets between service areas will be required over the following quarter. In addition the overspend at Pets Corner has occurred due to the changes to the living wage which were not included in the original estimates.

Place Services

The quarter 2 forecast for Place Services is showing a net overspend of £341k for the current financial year. The Overspend is influenced by a number of issues that have been identified during the second quarter budget monitoring process, including refuse and recycling pressures. Costs associated with the extension of the Cemetery and additional maintenance costs associated with the Councils asset portfolio. Almost £100,000 of additional income has also been secured through increased commercial rents and additional planning fees generated and further detail has been provided in the Major Variations analysis.

Overall financial control remains good and the position across the service area will continue to be monitored throughout the remainder of the year with a view to reducing the overspend where possible.

Housing, Andrew Murray

Resources for housing need were previously reduced which required the need for ongoing prioritisation and the targeting of resources. There is an anticipated increase in the costs externally sourced temporary accommodation. As anticipated incidences of homelessness and preventions have however continued to rise during Quarters 1 and 2 both locally and nationally.

Central Government initiatives to reduce homelessness including the commencement of the Homelessness Reduction Act in April 2018 have placed additional relief duties on the Local Authority to provide longer term temporary accommodation whilst homelessness enquiries are completed. No additional budget was previously identified to cover these increases. Additionally, increased prevention duties require extra resources to comply with the new legislation. Whilst the overall numbers in TA have remained fairly constant in the first six months of this financial year, indications still suggest that those levels will rise over the remainder of the year.

This trend is reflected in the forecasted budget variation, however there are still uncertainties over the predicted increases throughout the remainder of 2018/19. The review of supported housing was completed in November 2017. Cabinet recommended a plan for going forward against the background of reduced funding and cessation of funding from Essex County Council for Housing Related Support.

Governance, Colleen O'Boyle

Good financial control continues to be maintained during the second quarter of the 2018/19 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 £7,000 in 2018/19. This is an extremely small variance against service controllable budgets of over £40 million and the position will continue to be monitored very closely throughout the remainder of the financial year to ensure that the service manages within its approved budget allocation.

Section Four: Performance

The Council performed on or above target for 48 out of 48 (100 per cent) of its performance indicators. Sixty six per cent of the indicators have been maintained or improved compared to Quarter Two 2017/18.

Percentage of indicators within or better than target	Qtr ended 30/09/2017	Qtr ended 31/12/2017	Qtr ended 31/03/2018	Qtr ended 30/06/2018	Qtr ended 30/09/2018
	98 %	98 %	92 %	98 %	100 %
Percentage of indicators improving or unchanged from the same period last year	Qtr ended 30/09/2017	Qtr ended 31/12/2017	Qtr ended 31/03/2018	Qtr ended 30/06/2018	Qtr ended 30/09/2018
	60 %	64 %	57 %	67 %	66 %

Good Performance:

Fifteen out of the Forty eight (31 per cent) indicators performed significantly above their target. Listed below are a selection of the performance indicators which have contributed towards the achievements of the Council's priorities.

			30/09/2018 Actual	30/09/2018 Target	30/09/2017 Actual	30/09/2017 Target
★	✓	Community Wellbeing : CS25q % of customer complaints responded to within target time	94.83	85.00	82.35	85.00
All complaints continue to be monitored closely to reduce the risk of reoccurrence and ensure continuous improvement.						
★	✓	Finance : BF006 Average days to process change events	9.74	13.00	12.57	13.00
This is due to the seasonal fluctuation of the indicator during the summer months.						
★	✓	Housing : HTS 4.11 Emergency Housing requests attended within 2 working hours and made safe	99.65	99.50	98.58	99.00
HTS continues to maintain an excellent performance within this priority.						
★	✓	Place Services : HTS 3.1 Compliance with Landscape Maintenance requirements	99.93	93.00	94.69	92.50
A high performance continues to be maintained by HTS.						

Section Five: Improvement Action Plans

The Council and HTS (Property & Environment) Ltd monitors all performance indicators which have been subject to an Improvement Action Plan (IAP) during the past 12 months. The table below illustrates how the indicators subject to an IAP have performed over time.

All performance indicators are reported as red, blue and green in line with the Council performance monitoring.

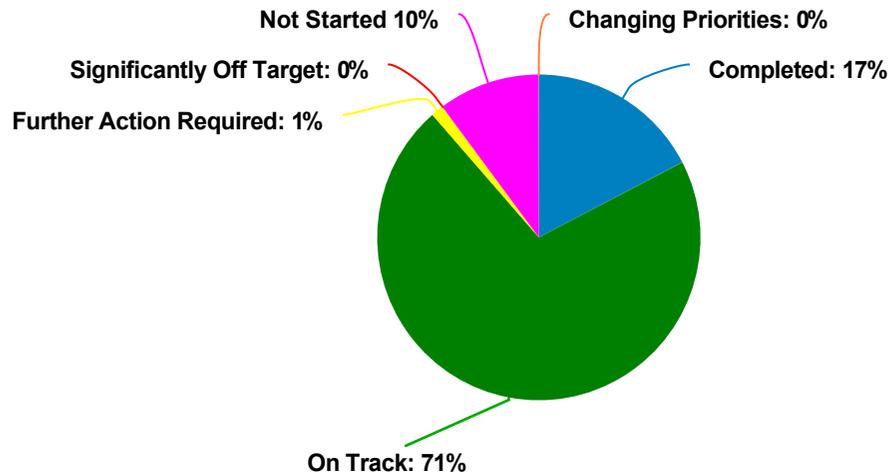
	Quarterly Performance Indicator	QTR ended 30/09/2017	QTR ended 31/12/2017	QTR ended 31/03/2018	QTR ended 30/06/2018	QTR ended 30/09/2018
...	BF005 Average days to process new claims	▲	▲	▲	●	●
...	HTS 2.1b Routine cleaning of streets (NI195) Detritus to Grade A standard (Wave)	★	★	▲	★	★
...	BV008 Invoices paid within 30 days (%)	▲	●	●	●	●
...	BV012 Average number of working days / shifts lost to sickness and absence	●	●	▲	★	★
...	BV082ai Household waste recycled (%)	●	●	●	▲	●
	Number of Red Quarterly Indicators	2	1	3	1	0

Section Six: Key Corporate and Financial Risks

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
SRFIN02 - Financial Systems Operational Availability													
IF : If the financial systems are not properly supported													
THEN : Then we may lack reliable and efficient reporting													
BACKGROUND : The Council uses Unit 4 Business World (formerly Agresso) accounting software. Expertise is required to enable ongoing support for systems reporting													
Freeman, Simon	Almost Certain (5)	Major (4)	Council has bought in expertise	Likely (4)	Major (4)	21	▲	»	Likely (4)	Major (4)	21	Review of systems support, create and develop skillsets within accountancy service to enable robust and reliable systems reporting	30/09/2018
SRHSG03 - Tackling housing need													
IF : If housing need is not met													
THEN : Then there will be residents who have a lack of housing or are in unsuitable housing conditions													
BACKGROUND : There is a known acute housing shortage of all tenures particularly social housing which results in increased Housing Need Register and overcrowding													
Murray, Andrew	Likely (4)	Major (4)	Allocations Policy and Homelessness Strategy	Likely (4)	Major (4)	21	▲	➡	Almost Certain (5)	Major (4)	23	Partnership working and Government grants to target scarce resources Successful award of additional Government rough sleepers grant to increase the supply of supported housing accomodation	30/09/2018
SRPLC11 - Continue to lobby Central Government to meet the infrastructure requirements of Harlow													
IF : If the key infrastructure needs of the town are not met													
THEN : Then housing growth cannot be delivered													
BACKGROUND : In particular, the Garden Town infrastructure requirements need to be met to ensure a sustainable development that will contribute to the renewal of Harlow													
Cooper, Dianne	Likely (4)	Catastrophic (5)	A Housing Infrastructure Fund bid has been shortlisted by Homes England and a full business case is to be submitted by March 2019	Likely (4)	Catastrophic (5)	24	▲	»	Moderate (3)	Major (4)	18	Further work needs to be done with developers, neighbouring authorities and Government to deliver the growth objectives	30/09/2018

Section Seven: Progress in delivering the Corporate Plan

The Corporate Plan sets out the goals the Council needs to complete in order to deliver its corporate priorities and principles. Below is an update of how well the Council is doing in delivering its Corporate Plan.



The position of the Corporate Milestones as at 30 September 2018 are broken down as follows:

41 (17.4%) out of the 236 milestones have been successfully completed.

168 (71.1%) out of the 236 milestones have started and are on track.

3 (1.3%) out of the 236 milestones require further action.

24 (10.2%) out of the 236 milestones have not started as the due dates are in the future.

There were no milestones significantly off target, suspended or cancelled.

Service Milestones requiring further action	Due Date	Status	What is the performance situation?
CM1.2.1 Chair &/or Lead Officer of HWB attend 2 LA Public Health meetings per quarter (6 meetings)	31/03/2019	●	Two meetings missed due to the Chair and Lead Officer leaving. New person seconded to Lead officer on 6.11.18.
GM02.1.2 Visits to be arranged with colleges and sixth forms	31/12/2018	●	Milestone will now be completed early 2019 due to the impending By Election
PM8.6.1 Deliver capital projects approved in 2017/18 Capital Programme	31/03/2019	●	A number of projects have been delayed or deferred due to resourcing and/or issues identified as part of the project scoping.