

Harlow Council

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

31/12/2018

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:

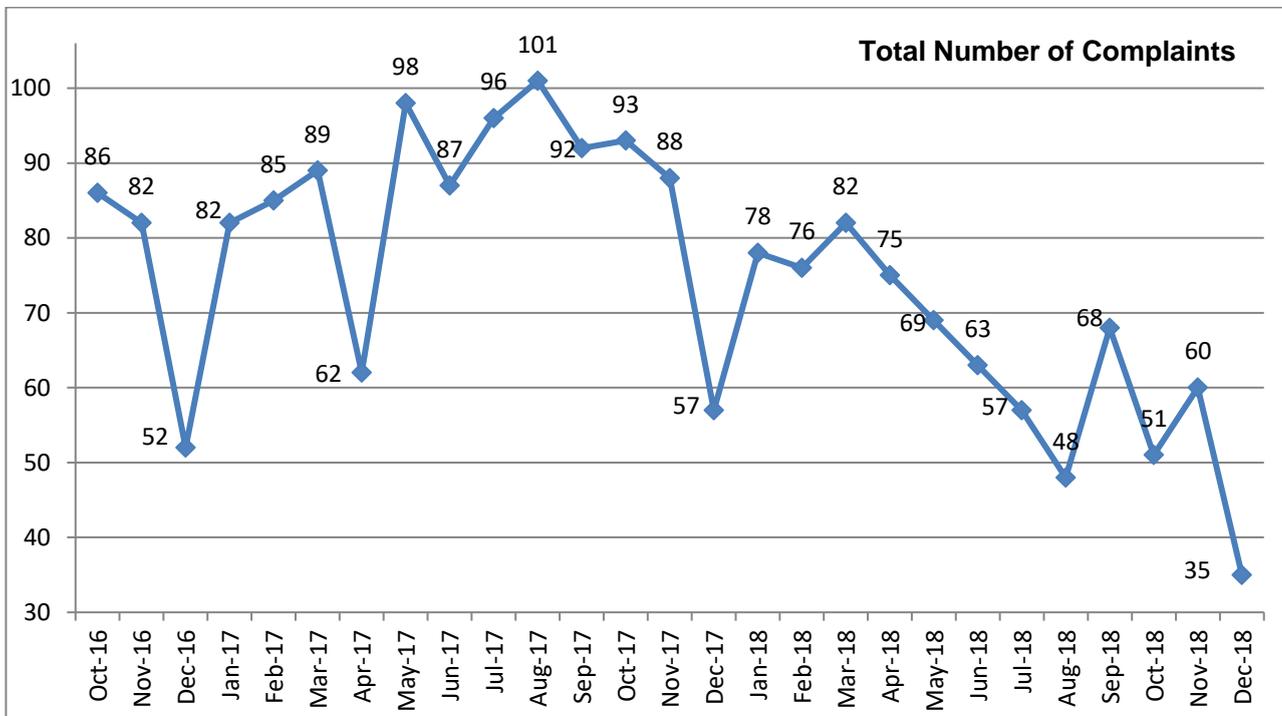
FINANCE	<p>The forecast outturn position for 2018/19 is that the controllable General Fund revenue budget will overspend by £20,000 on its gross controllable costs. This represents an underspend of 0.03% of the Council's approved gross budget for the General Fund. Taking into consideration the budgets which are not controllable by services, there is an overall forecast underspend of £1,225,000 or -2.03%.</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 3 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>SRCWB03 - Future of Discretionary services SRHSG03 - Tackling housing need SRPLC11 - Continue to lobby Central Government to meet the infrastructure requirements of Harlow</p>	<p>32.2 % of the milestones have been successfully completed. 60.2% of the milestones have started and are on track. 2.1 % of the milestones require further actions. 3.8% of the milestones have not started as the due dates are in the future. 1.7% of the milestones have been cancelled or deferred due to changing priorities. There are no 'red' milestones for quarter three.</p>	CORPORATE PLAN

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

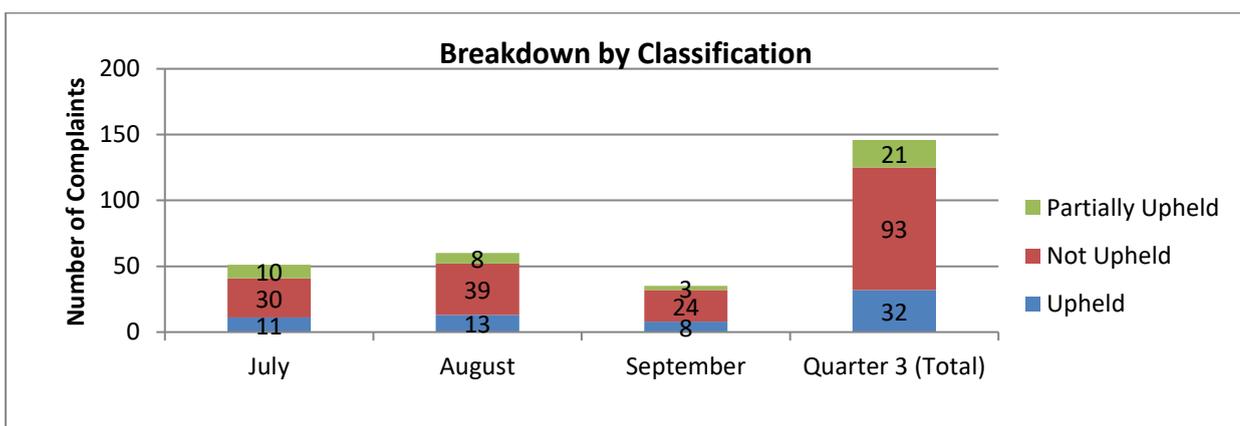
The Council provides and commissions a large number of services to a population of over 85,000 residents. Each year the Council undertakes over 600,000 housing transactions, deals with hundreds of thousands of enquiries at Contact Harlow and provides an administrative service for Housing Benefit and Local Council Tax Support to a caseload of 9,000 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 Three (October to December 2018). When compared to the same Quarter in 2017/18, there was a 39% reduction in complaints as a result of closer monitoring. The chart also includes a longer trend line, which shows the performance of complaints from October 2016 to December 2018. The annual trend continues to be downwards.



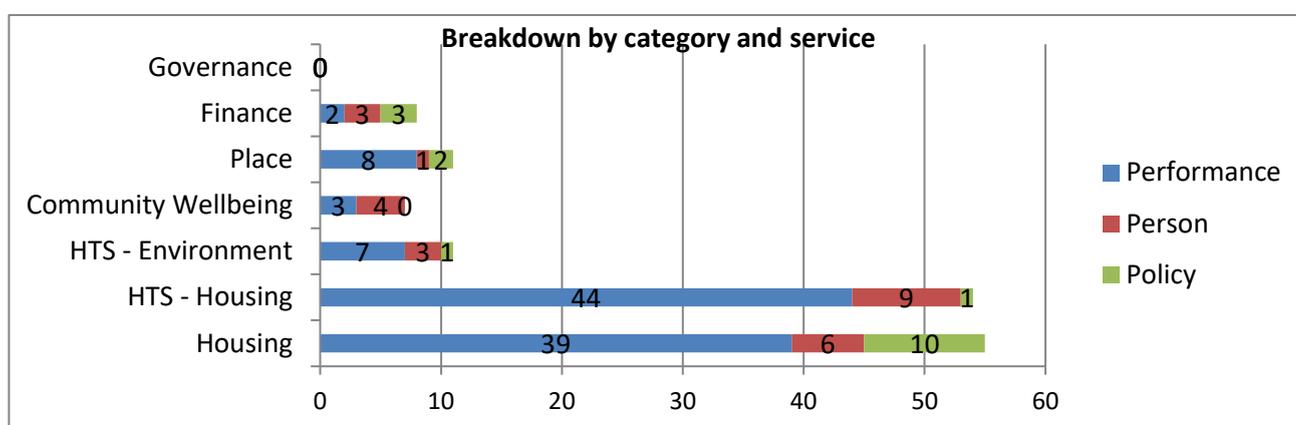
In Quarter Three, the Council received a total of 146 complaints. Of these complaints, 32 (22%) were upheld, 93 (64%) were not upheld and 21 (14%) were partially upheld. The chart below shows the breakdown by classification for each month.



The table below shows the breakdown of complaints by the stage for each month in Quarter Three. Eighty-four per cent of the complaints were resolved by stage one, eleven per cent of complaints were resolved by stage two and five per cent of the complaints reached stage three.

Month	Stage one	Stage two	Stage three
October	42	6	3
November	51	6	3
December	29	4	2
Total	122	16	8

Between October and December 2018, there were 133 (performance), 15 (person) and 25 (policy) related complaints. This 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). As has been previously reported to Cabinet, the long period of austerity and the resulting budget reductions that have been required over an extended period to enable a balanced budget to be approved each year are now creating a much greater challenge at service level in terms of managing service costs and income to the approved budget.

Unlike previous years, the aggregate of the service controllable variations shown in the 2018/19 Quarter 3 report are only generating a £20,000 adverse variation (£333k favourable variation at Q3 2017/18 and £314k favourable variation at Q3 2016/17) with the budgets now set having been reduced to meet savings targets in previous years the ability for services to deliver below the approved budget moving forward will be extremely difficult.

Despite this position, the content of this report highlights the excellent financial control being placed upon existing budgets by all services and, whilst there remain great uncertainties for the future arrangement for local government funding, the Council can have confidence that its services will continue to be delivered to residents it serves without reduction or cuts for the foreseeable future.

The forecast service underspend is just £20,000 on controllable budgets in 2018/19 or 0.03% of the Council's gross budget. Taking into account the non-controllable costs, there is a forecast underspend of £1,225,000 or -2.03% of the gross budget mainly resulting from unplanned government support for the business rates retention scheme and a reduction in the costs of Housing Benefit.

Simon Freeman, Head of Finance and Deputy to the Managing Director

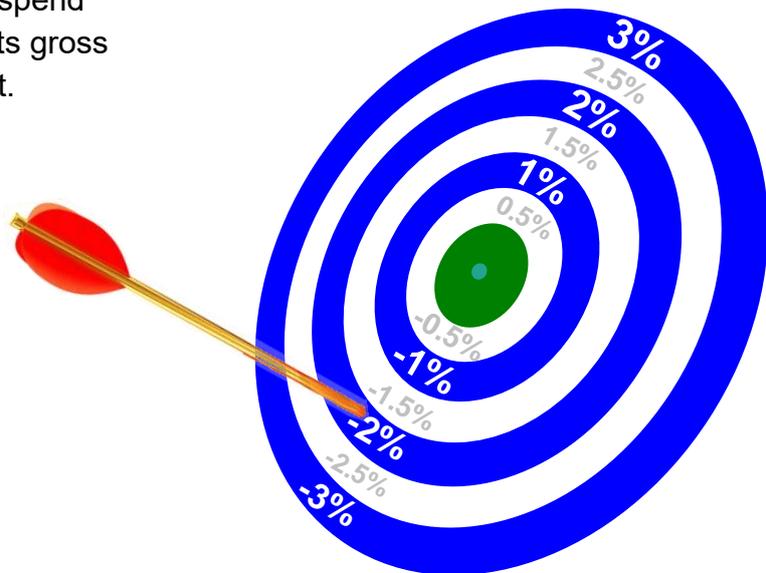
Movements in General Fund Balance in Quarter Three 2018/19

£millions*	
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	(0.020)
• Other variations	1.245
Balance on General Fund at 31 March 2018 (Projected)	5.546

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

2018/19 Projected Outturn

The Council projects to underspend by a margin of **-2.03%** on its gross General Fund revenue budget.



Latest Financial Performance (Budget Variations / Exceptions):

Major Variances - Quarter 3 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	35		35	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.
The Playhouse	80		80	The over-spend at the Playhouse has increased mainly due to technicalities related to the Playhouse Capital investment programme in 2018/19, specialist cleaning and repairs that have been required and contractual matters relating to the ticketing system and contracts with artists.
Regeneration Team		(84)	(84)	Vacant posts and increased Government grant to fund some officer's costs.
Communications	27		27	Increased staffing and advertising costs.
Other Minor Variations		(5)	(5)	
Total Community Wellbeing			(23)	
Place				
Refuse and Recycling	199		199	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 gate fees of £149k which was previously financed by the refuse contractor.
Street Cleansing	41		41	Forecast overspend of payment to HTS due to the purchase of additional litter bins and the cost of emptying them.
Cemetery & Crematorium	34		34	Legal fees and other costs associated with the extension of burial land.
Housing Garages - GF	70		70	This forecast variation reflects a net increase of recharges to the HRA £4k and an increased contribution to capital resulting from a slippage in the 2017/18 capital programme of £77k, offset by increased rental income (£11k).
Commercial Properties - Miscellaneous		(55)	(55)	Forecast increased rental income offset by reduced maintenance costs.
Water Gardens Car Park	75		75	The income from this contract is forecast to be lower than initially estimated.
Civic Centre	72		72	This forecast overspend is mainly due an increase in building maintenance costs of £27k and electricity costs of £10k.
Planning Services		(256)	(256)	This variance is mainly the result of an increase in planning fees of £190k and a part reversal of the previous year's legal costs appeal provision £55k.
Other minor variations		(39)	(39)	
			141	
Housing (General Fund) Services				
Supporting People		(59)	(59)	Increased income for alarms and increased income from HRA recharges.
Housing Options & Advice	34		34	A forecast increase in the cost of temporary accommodation of £193k and grants to voluntary Organisations of £106k offset by additional grant funding.
Other minor variations	20		20	
Total Housing (General Fund) Services			(5)	
Finance Service				
Finance Miscellaneous	35		35	A forecast over spend on external audit costs.
Revenues and Benefits		(98)	(98)	Additional government grant funding and salary savings offset by increased bank charges and Allpay charges and the cost of GDPR software.
Insurance	24		24	Overspend is primarily due to additional insurance costs associated with reinstatement works on a property.
Minor Service variances	22		22	
Total Finance Service			(17)	
Managing Director and Services				
Managing Director		(7)	(7)	Salary and superannuation savings.
Governance				
Human Resources		(24)	(24)	Savings from a vacant post offset by the cost of an apprentice commencing in December 2018.
Head of Governance		(30)	(30)	Forecast underspend on salary costs.
Other minor variances		(15)	(15)	
Total Governance Service			(69)	
Service Specific Variations			20	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 reimbursed by the Government for the loss of income under the business rates retention scheme which is as a result of tax changes announced at fiscal events.
New Homes Bonus	76		76	New Homes Bonus less than estimated.
Finance Miscellaneous	150		150	Shortfall of business rate income of £150k from the Enterprise Zone. This is offset by reduced interest costs (see below) as a loan for the Enterprise Zone is not required in 2018/19, which is likely to be deferred until 2020/2021.
Interest Payments		(223)	(223)	Mid year review of interest forecasts. Interest payments are forecast to be less than anticipated as there will be no new borrowing taken out in 2018/19.
Interest Income	173		173	Mid year review of interest forecasts.
HTS Management		(290)	(290)	The year-end variation reflects the final settlement from Kier following the conclusion of the JVCO.
Apprenticeship Levy	37		37	The cost of the apprentice levy paid to HMRC is higher than anticipated and the grant income budgeted to be paid to the Council from HMRC is paid directly to the training providers.
Housing Benefits		(391)	(391)	Lower cost of the national housing benefit scheme than anticipated.
Total Other Variations			(1,245)	Sub-total
Total General Fund Budget Variations			(1,225)	

Service Based Analysis

Community Wellbeing, Jane Greer

Overall, financial control is generally satisfactory with a net underspend of £23k predicted for the current financial year. The overspend at the Playhouse has occurred for a variety of reasons, which include technicalities related to the Playhouse Capital investment programme in 2018/19, and contractual issues. A new system of monitoring on a show by show basis to be introduced to flag and minimise any losses as soon as possible.

Performance across the service area remains good, and with just one milestone not being met, but it is anticipated this will be met in the first quarter of 2019/2020.

Place Services

The quarter 3 forecast for Place Services is showing a net overspend of £141k for the current financial year which has reduced by £200k since the quarter 2 report in December.

The Overspend continues to be influenced by a number of issues that have been identified during the budget monitoring process which include refuse and recycling pressures, cost associated with the extension of the Cemetery and additional maintenance costs associated with the Councils asset portfolio. However, further improvements in the income from fees and charges particularly in the lettings income from commercial properties and income from planning fees has helped to off-set these pressures and reduce the overall overspend for the service.

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 are continuing to be targeted against priorities. There is an anticipated ongoing increase in homelessness costs which include the provision of temporary accommodation (T/A) and prevention activities. The Council are continuing to bid for extra Government Grants to tackle rough sleeping initiatives.

The Council are continuing to implement the five year supported housing plan, and key milestones are continuing to be met with risk being mitigated through actions in the Corporate and Service Plan risk register.

Governance, Simon Hill

Service Risks

- Transparency - Regular performance reporting to Members and SMB remains in place. Officers are actively pursuing a Framework for Information Governance which will be reported to the Corporate Governance Group.
- The current HR/Payroll system is dated, unwieldy and difficult to support. The Council has approved a capital budget for a replacement during 2019-20.

Service Milestones

The Service milestones are on track with 23 out of the 69 milestones already completed and a further 36 milestones due to complete by the end of Quarter 4. One milestone has been cancelled due a change of priorities. Three milestones are slightly off track:

- Visits intended as part of the electoral canvass periods to colleges and sixth forms due in quarter 3 were not undertaken due to three by-elections being called within the busy canvass period.
- The roll-out of an upgrade to the Modern Gov confidential APP which supports Member's paperless meetings was delayed due to technical environment issues and is now being implemented.
- A report on sickness monitoring will be made during the final quarter.

Budgetary Matters

The Service is currently projected to slightly underspend by the end of Quarter 4. Major variances relate to staffing matters, although there has been some underachievement of income on searches for Local Land Charges which are dependent on the external housing market flows.

Finance, Simon Freeman

The current forecast for the Finance Service is that it will underspend by £17,000 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 allocations.

Section Four: Performance

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

Percentage of indicators within or better than target	Qtr ended 31/12/2017	Qtr ended 31/03/2018	Qtr ended 30/06/2018	Qtr ended 30/09/2018	Qtr ended 31/12/2018
	98 %	92 %	98 %	100 %	100 %
Percentage of indicators improving or unchanged from the same period last year	Qtr ended 31/12/2017	Qtr ended 31/03/2018	Qtr ended 30/06/2018	Qtr ended 30/09/2018	Qtr ended 31/12/2018
	64 %	57 %	67 %	66 %	56 %

Good Performance:

Nineteen of the forty eight (40%) 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.

			31/12/2018 Actual	31/12/2018 Target	31/12/2017 Actual	31/12/2017 Target
★	✓	Community Wellbeing : CS25q % of customer complaints responded to within target time	93.15	85.00	86.13	85.00
All complaints continue to be monitored, which has contributed to the KPI exceeding its target for Quarter 3.						
★	✓	Housing : HTS 4.13 Standard Housing requests completed within 20 working days	100.00	96.00	99.87	95.00
Excellent performance continues to be maintained.						
★	✓	Place Services : HTS 2.10b Percentage of public land and highways with unacceptable levels of graffiti	0.44	1.00	0.67	1.00
The KPI continues to exceed its target due to the importance placed on the quick removal of graffiti.						
★	✓	Place Services : HTS 3.11d Tree works - work carried out within 80 working days	98.00	100.00	81.53	100.00
The KPI performance continues to increase.						
★	✓	Place Services : HTS 5.4 Statutory tests for inspections completed prior to due date (%)	99	100	98	100
Good performance continues to be maintained for this KPI.						

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.

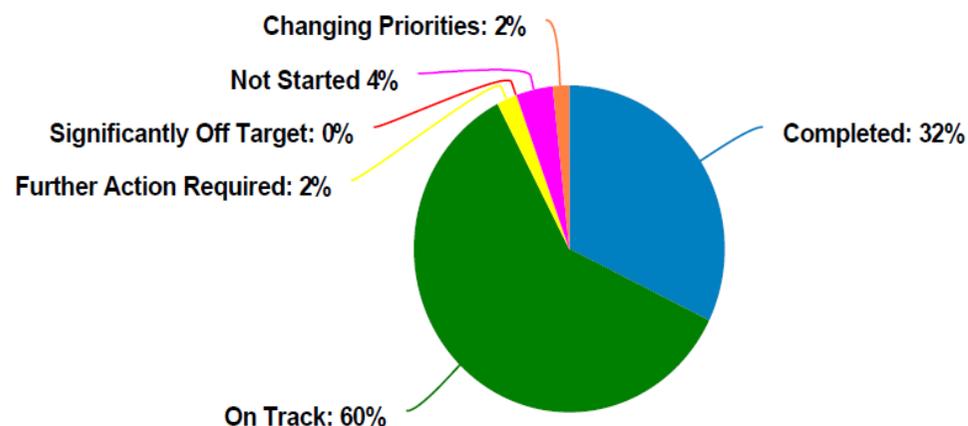
	Quarterly Performance Indicator	QTR ended 31/12/2017	QTR ended 31/03/2018	QTR ended 30/06/2018	QTR ended 30/09/2018	QTR ended 31/12/2018
...	BF005 Average days to process new claims	▲	▲	●	●	●
...	HTS 2.1b Routine cleaning of streets (NI195) Detritus to Grade A standard (Wave)	★	▲	★	★	★
...	BV012 Average number of working days / shifts lost to sickness and absence	●	▲	★	★	★
...	BV082ai Household waste recycled (%)	●	●	▲	●	●
	Number of Red Quarterly Indicators	1	3	1	0	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
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	31/12/2018
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 works needs to be done with developers, neighbouring authorities and Government to deliver the growth objectives	31/12/2018

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 31 December 2018 are broken down as follows:

76 (32.2%) out of the 236 milestones have been successfully completed.

142 (60.2%) out of the 236 milestones have started and are on track.

5 (2.1%) out of the 236 milestones require further action.

9 (3.8%) out of the 236 milestones have not started as the due dates are in the future.

4 (1.7%) out of the 236 milestones have been deferred or cancelled due to changing priorities.

Service Milestone requiring further action	Due Date	Status	What is the performance situation
Improve Communications - Review, Scope and make recommendations on Style Guide, Harlow times and other publications.	31/12/2018	●	The content/themes for Harlow Times have been reviewed and a digital version published. The Style Guide is linked to the completion of the Council's new Website in Quarter 1 2019/20.
Promote Democracy - Visits to be arranged with the colleges and sixth forms to promote enrolment onto the Electoral Register.	31/12/2018	●	Due to By Elections during the 3 rd Quarter, the milestone will now be completed early 2019.
Review Sickness Policy - Present findings and recommendations from the Staff sickness policy review to SMB.	31/12/2018	●	The Review will be completed in Quarter 4.
Improve efficiency - Co-ordinate the upgrade of Modern.gov and the confidential App system.	31/12/2018	●	Due to external IT issues the milestone has been delayed. The system will be tested by Councillors early in Quarter 4. The milestone will now complete by 31 March 2019.
Place - Deliver capital projects approved in 2017/18 Capital Programme.	31/3/2019	●	Information relating to these projects can be found in the Capital Programme report elsewhere on this Cabinet agenda.