

## **Appendix A**

**Harlow Council**

**Joint Finance and Performance Report  
for the Period Ending**

**30/09/2019**

## **The Council's aim for 2019-20:-**

**"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:<br>e.g. more than 5% worse than target | On Target:<br>e.g. within 5% of target | Above Target:<br>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<br>e.g. % of rent collected | Going down and getting better<br>e.g. crime levels | Exactly the same as previous year | Going up and getting worse<br>e.g. levels of litter | Going down and getting worse<br>e.g. income generated |
|   |  |                                   |   |   |

## Section One: Key Considerations

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

### FINANCE

The forecast outturn position for 2019/20 is that the controllable General Fund revenue budget will overspend by £441,000 on its gross controllable costs. This represents an overspend of just 0.81% 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 £75,000 or -0.14%.

Key risks in relation to financial management are currently:

- 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.

### RISK

At end of Quarter 2 2019/20 there are no exceptional strategic risks (rated 20 or higher – high likelihood, high impact) recorded on the Council's Risk Register.

### PERFORMANCE

The following indicators had poor performance in quarter 2 2019/20:

Finance : BV010 NNDR collected (%)

### CORPORATE PLAN

The position of the Corporate Milestones as at 30 September 2019 are broken down as follows:

- 10.3% (16 out of 155) have been successfully completed
- 82.2% (129 out of 155) have started and are on track
- 3.9% (6 out of 155) have not started
- 0.6% (1 out of 155) require further action
- 1.9% (3 out of 155) are significantly off track

There were no milestones cancelled or suspended.

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

The Council provides and commissions a large number of services, to a population of around 86,600 residents (2018 estimate). Every year the Council undertakes over 600,000 housing transactions and deals with hundreds of thousands of enquiries at Contact Harlow.

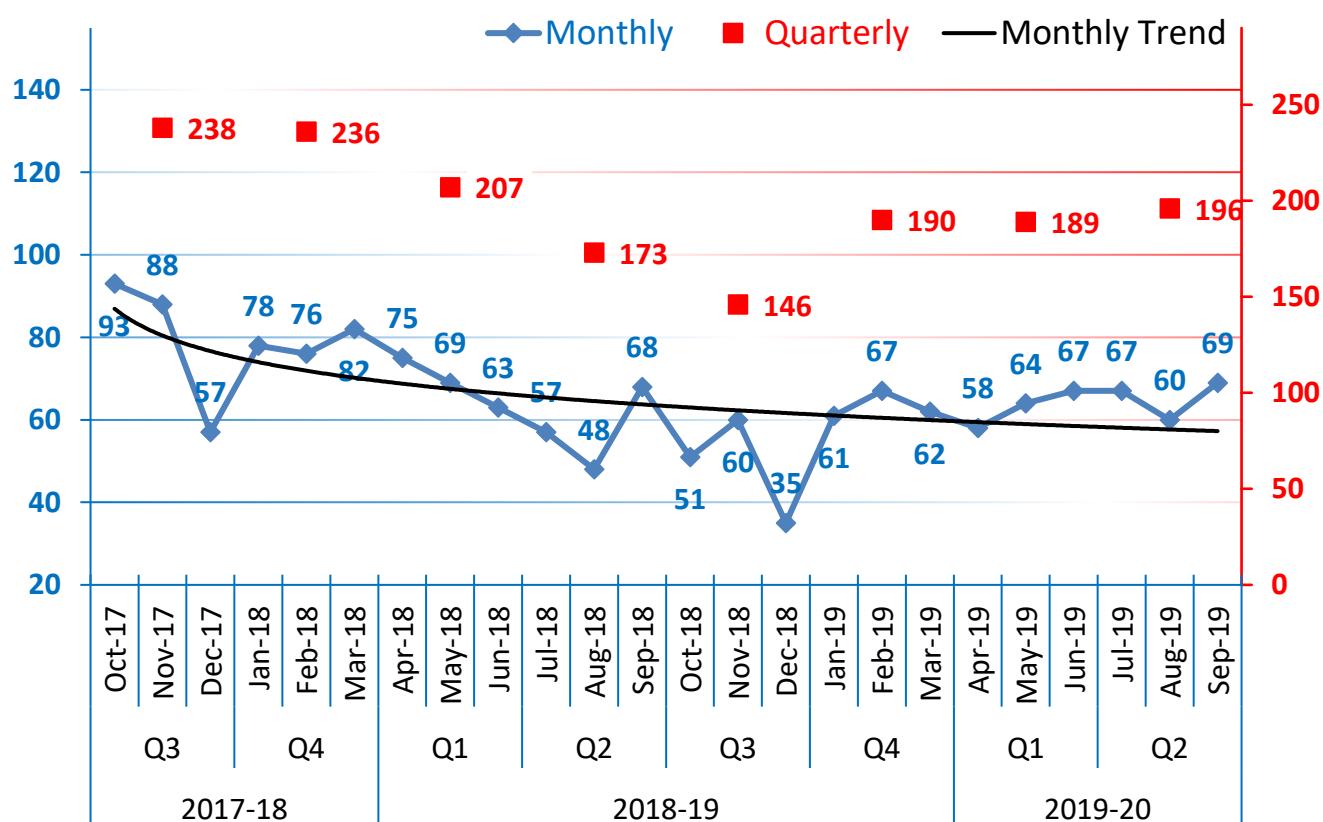
Contact Harlow also provides an administrative service for Housing Benefit and Local Council Tax Support. The caseload for this is just under 8,000 benefit claimants and is down from 9,000 last year, due to the impact of universal credit.

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

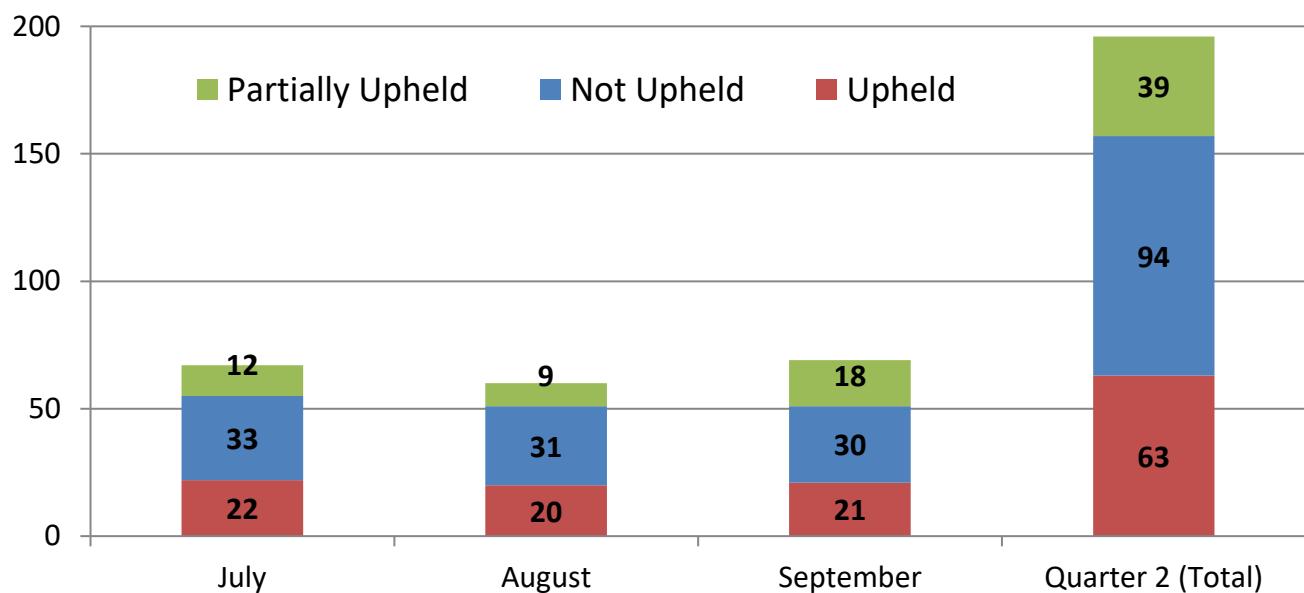
The chart below shows two years of complaints (October 2017 to September 2019) by the monthly and quarterly figures, monthly is in blue and quarterly is in red. When quarter two of 2019/20 is compared to the same quarter in 2018/19, there is a 13.3% increase in the number of complaints received. This relates predominately to HTS - Housing and also Environment and Planning.

In the last twelve months (October 2018 to September 2019) there was an average of 60 complaints per month, whereas in the previous 12 months (October 2017 to September 2018), the monthly average was 71. The drop in this period, equates to a 15.5% reduction.

The chart below includes a monthly trend line and shows the monthly numbers of complaints is still trending downwards.



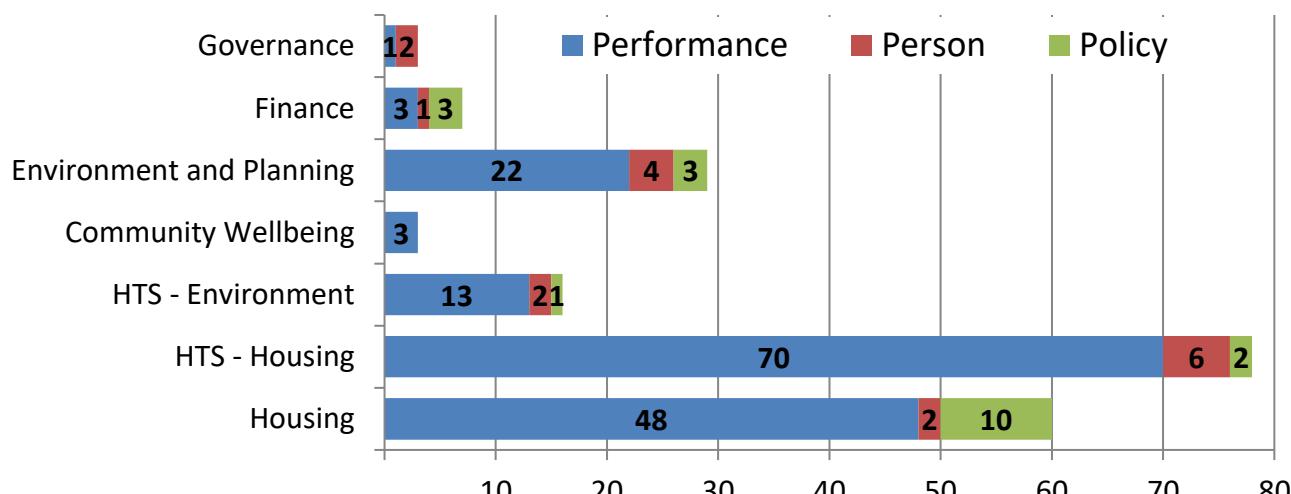
In quarter two (2019/20), the Council received a total of 196 complaints. These complaints break down as 63 (32%) upheld, 94 (48%) not upheld and 39 (20%) partially upheld. The chart below shows the breakdown by classification for each month and the quarter total.



The table below shows the breakdown of complaints by the stage, for each month in quarter two. Eighty-six percent of the complaints were resolved by stage one, 11% of the complaints were resolved by stage two and 3% of the complaints reached stage three.

| Month             | Stage One | Stage Two | Stage Three |
|-------------------|-----------|-----------|-------------|
| July              | 59        | 6         | 2           |
| August            | 54        | 3         | 3           |
| September         | 56        | 13        | 0           |
| Quarter Two Total | 169       | 22        | 5           |

The chart below shows a breakdown of the three complaint types and the number of complaints against the relevant service area. In quarter two (2019/20), there were 160 performance; 17 person and 19 policy related complaints.



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 being 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.

The aggregate of the service controllable variations shown in the 2019/20 Quarter 2 report have generated a £441,000 overspend or 0.81% of the Council's gross budget (£141k adverse variation at Q2 2018/19 and £213k favourable variation at Q2 2017/18). 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 contents 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 delivered to residents it serves without reduction or cuts for the foreseeable future.

Taking into account the non-controllable costs, there is a forecast underspend of £75,000 or -0.14% of the gross budget.

Simon Freeman, Deputy to the Chief Executive and Head of Finance and Property

[\*\*Movement in General Fund \(Q2 2019\\_20\); The Major Variances \(Q2 2019\\_20\)\*\*](#)

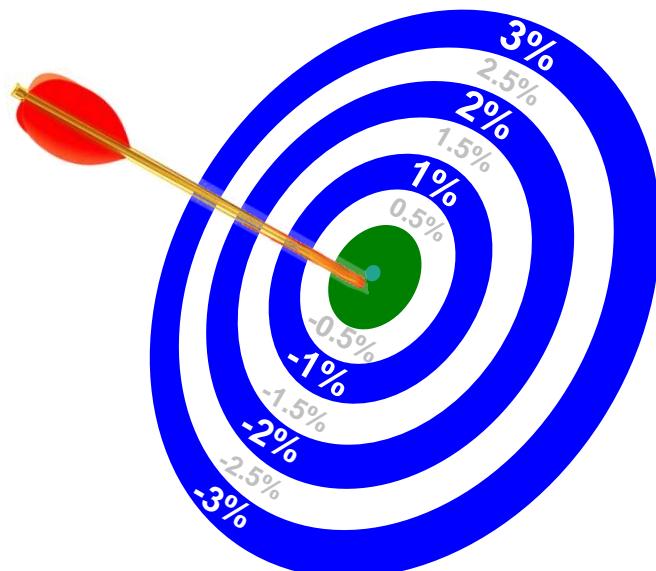
## Movements in General Fund Balance in Quarter Two 2019/20

|   | £millions*   |
|---|--------------|
| <b>General Fund closing balance as at 31 March 2019</b>               | <b>4.488</b> |
| <b>Variation resulting from previous Cabinet / Council decisions:</b> |              |
| • One off funding requirement 2019/20 – museum (Cabinet July 2019)    | (0.100)      |
| • Carry forwards from 2018/19 to 2019/20                              | (0.138)      |
| <b>Effective General Fund closing balance as at 31 March 2019</b>     | <b>4.250</b> |
| <b>Current Variations</b>   |              |
| • Service budget variations   | (0.441)      |
| • Other variations  | 0.516        |
| <b>Balance on General Fund at 31 March 2020 (Projected)</b>           | <b>4.325</b> |

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

## 2019/20 Outturn

The Council projects to underspend by a margin of **-0.14%** on its gross General Fund revenue budget.



## Latest Financial Performance (Budget Variations / Exceptions):

### Major Variances - Quarter 2 2019-20

| Service   | Adverse £000s | Favourable £000s | Net £000s | Main Contributing Factors to Variations   |
|---|---------------|------------------|-----------|---|
| <b>Community Wellbeing</b>                              |               |                  |           |   |
| Pets Corner   | 17            |                  | 17        | The year-end variation reflects forecast overspend on fire alarm, marketing related activities, energy and employee costs offset by additional income.                      |
| Community Services - Central Services                   |               | (21)             | (21)      | Salary savings due to reduced hours worked by a member of the team.   |
| Enterprise Zone   | 173           |                  | 173       | The forecast cost of administering / and managing the Enterprise Zone development and the legal costs associated with a compulsory purchase of land process.                |
| Leah Manning Centre                                     | 73            |                  | 73        | This forecast overspend is due to increased costs of building maintenance works, increased employee costs, energy costs offset by reduced income from Essex County Council. |
| Regeneration Team                                       | 27            |                  | 27        | Consultancy costs offset by savings from a vacant post.   |
| Minor Variations  | 34            |                  | 34        |   |
| Total Community Wellbeing                               |               |                  | 303       |   |
| <b>Environment and Planning</b>                         |               |                  |           |   |
| Refuse Collection and Recycling                         |               | (34)             | (34)      | Additional Income from sales of bins and green waste collections offset by lower recycling credits than estimated.  |
| Environmental Health                                    |               | (47)             | (47)      | Vacant posts.   |
| Head of Place Services / Head of Environment & Planning |               | (32)             | (32)      | Net saving from the deletion of the Head of Place Services offset by the cost of the newly created Head of Environment & Planning.  |
| Planning Services                                       |               | (36)             | (36)      | Vacant posts offset by the cost of employing agency staff.  |
| Other minor variations                                  | 18            |                  | 18        |   |
|   |               |                  | (131)     |   |
| <b>Housing (General Fund) Services</b>                  |               |                  |           |   |
| Minor variations  | 4             |                  | 4         |   |
| Total Housing (General Fund) Services                   |               |                  | 4         |   |
| <b>Finance and Property Services</b>                    |               |                  |           |   |
| Accountancy   | 120           |                  | 120       | Staff vacancies offset by consultancy and advertisement costs.  |
| ICT   |               | (36)             | (36)      | Vacant post.  |
| Seen Nightclub  | 80            |                  | 80        | Reduced rental income and an increase in business rates and insurance costs.  |
| Latton Bush Centre                                      | 37            |                  | 37        | Increased energy costs.   |
| Car parks   | 27            |                  | 27        | Increased maintenance costs and business rates.   |
| Bus Terminus  |               | (23)             | (23)      | Savings on staffing and increased income from ticket sales.   |
| Minor Service variances                                 | 76            |                  | 76        |   |
| Total Finance and Property Services                     |               |                  | 281       |   |

## Latest Financial Performance (Budget Variations / Exceptions):

### Major Variances - Quarter 2 2019-20

| Service                                     | Adverse £000s | Favourable £000s | Net £000s | Main Contributing Factors to Variations   |
|---|---------------|------------------|-----------|---|
| <b>Chief Executive</b>                      |               |                  |           |   |
| Chief Executive                             | 5             |                  | 5         |   |
| <b>Governance</b>                           |               |                  |           |   |
| The Playhouse                               | 66            |                  | 66        | Variation due to combination of gas charging, IT and related services, security costs and requirement for vacancy savings   |
| Legal Section                               |               | (50)             | (50)      | Vacant posts and reduced expenditure on legal costs   |
| Minor variances                             |               | (37)             | (37)      |   |
| Total Governance Service                    |               |                  | (21)      |   |
| <b>Service Specific Variations</b>          |               |                  | 441       | <b>Sub-total</b>  |
| <b>Other</b>                                |               |                  |           |   |
| Interest Payments                           |               | (225)            | (225)     | Forecast borrowing is expected to be lower than originally anticipated.   |
| Interest Income                             | 56            |                  | 56        | Interest income is forecast to be lower than anticipated because Interest rate assumptions have changed.  |
| S31 grant income                            |               | (1,158)          | (1,158)   | Grant reimbursed by the Government for the loss of income under the business rates retention scheme resulting from tax changes announced in Government announcements. |
| Enterprise Zone Disregarded Amount          |               | (1,176)          | (1,176)   | The amount of business rates retained by the Council in respect of the Enterprise Zone.   |
| Transfers to earmarked reserves             | 2,334         |                  | 2,334     | Transfer of the S31 grant income and Enterprise Zone retained business rate income to earmarked reserves.   |
| Council tax sharing agreement               |               | (15)             | (15)      | Council Tax sharing agreement income from County, Fire and Police is estimated at £415,000. This compares to an approved income budget of £400,000.                   |
| Housing Benefits                            | 117           |                  | 117       | Housing benefits has been amended to reflect the revised housing benefit subsidy return.  |
| Business Rates Surplus                      |               | (776)            | (776)     | Estimated Business Rates surplus.   |
| Business Rates Pooling                      | 327           |                  | 327       | Additional levy due to Central Government, being their share of additional business rates over and above that which was initially estimated.                          |
| <b>Total Other Variations</b>               |               |                  | (516)     | <b>Sub-total</b>  |
| <b>Total General Fund Budget Variations</b> |               |                  | (75)      |   |

## Section Four: Service Based Analysis

### Community Wellbeing, Jane Greer

The quarter overspend is influenced by a number of issues that include a reduced income from the Essex County Council contract for services at Leah Manning Centre, increased employee costs and increased energy costs.

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 this is possible.

### Environment & Planning, Andrew Bramidge

Financial performance is on track for the year as is delivery against service milestones. There is potential pressure with the level of vacancies that are being carried and partially filled through agency staff. A major recruitment exercise is currently under way in the Planning and Building Control teams and it is hoped that this will be successful in securing the necessary staff as well as reducing costs expended on agency workers.

There is also potential pressure with a fall in recycling credits as the level of contaminated recycling has increased this year. Work is planned to undertake more education for residents on recycling and also to identify new measures with the Council's contractor, Veolia, to improve this.

### Housing, Andrew Murray

Resources for housing need were previously reduced which required the need for ongoing prioritisation and the targeting of resources.

The updated Homelessness Strategy and Delivery Plan was approved by Cabinet in October 2019. This details a trend for anticipated increases in costs for homelessness, and use of temporary accommodation. As anticipated, there has been an increase in homelessness enquiries through Quarters 1 and 2.

The Strategy identifies an increase in statutory duties to prevent and deal with homelessness following the introduction of the Homelessness Reduction Act (2018). This requires earlier interventions and longer term use of temporary accommodation whilst homelessness enquiries are completed. The increased trend outlined in the Homelessness Strategy recognises there are still uncertainties around future Government funding for homelessness.

The implementation of the Supported Housing plan is ongoing within the background of cessation of funding from Essex County Council for Housing Related Support.

### Governance, Simon Hill

#### Service Milestones

The service continues its overall good performance across its range of Corporate milestones with 42 of 45 meeting or exceeding current target completion dates. The Council's new website, now substantially complete, has taken a little longer to complete than anticipated due to changes in service requirements and agreeing which information from the existing website was required to be published on the new. This work is now finished and I anticipate the launch of the site shortly. Work on the style guide for the Council is linked to the new design of the website and once this is launched work on this element will take place.

#### Service Performance

It is encouraging to note that the IEP put in place by managers to rectify a drop in call answering performance ensured that the council's contact centre has met its targets this quarter. There are challenges to meeting call performance ongoing with an increase in service related calls this quarter and staff should be congratulated in meeting targets.

#### Financial Performance

Governance overall budget is, overall, on target. Across departments there are variances which are a combination of staffing underspends (for support services); Gas recharges, IT costs, Security related costs and vacancy targets (for the playhouse). During quarter three officers will be monitoring income targets closely.

### Finance & Property, Simon Freeman

The current forecast for the Finance and Property Service is that it will overspend by £281,000 in 2019/20. The main factors driving this position include the need to utilise agency staffing to cover for a key senior post combined with additional unforeseen costs across a number of property sites as detailed within the report. Work across the service will continue to look for in year efficiencies to help offset these pressures.

## Section Five: Performance

The Council performed on or above target for 48 out of 49 (98%) of its indicators. Sixty per cent of the indicators have been maintained or improved compared to Quarter Two 2018/19.

|   |  |  |  |   |   |
|---|--|--|--|---|---|
| <b>Percentage of indicators within or better than target</b>                          | Qtr ended<br>30/09/2018<br><br><b>100%</b> | Qtr ended<br>31/12/2018<br><br><b>100%</b> | Qtr ended<br>31/03/2019<br><br><b>100%</b> | Qtr ended<br>30/06/2019<br><br><b>96%</b> | Qtr ended<br>30/09/2019<br><br><b>98%</b> |
| <b>Percentage of indicators improving or unchanged from the same period last year</b> | Qtr ended<br>30/09/2018<br><br><b>66%</b>  | Qtr ended<br>31/12/2018<br><br><b>56%</b>  | Qtr ended<br>31/03/2019<br><br><b>62%</b>  | Qtr ended<br>30/06/2019<br><br><b>57%</b> | Qtr ended<br>30/09/2019<br><br><b>60%</b> |

## Good Performance:

Thirty-five (71%) of the indicators performed significantly better than their targets. Listed below are a selection of the performance indicators which have contributed to this achievement.

## Section Six: 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.

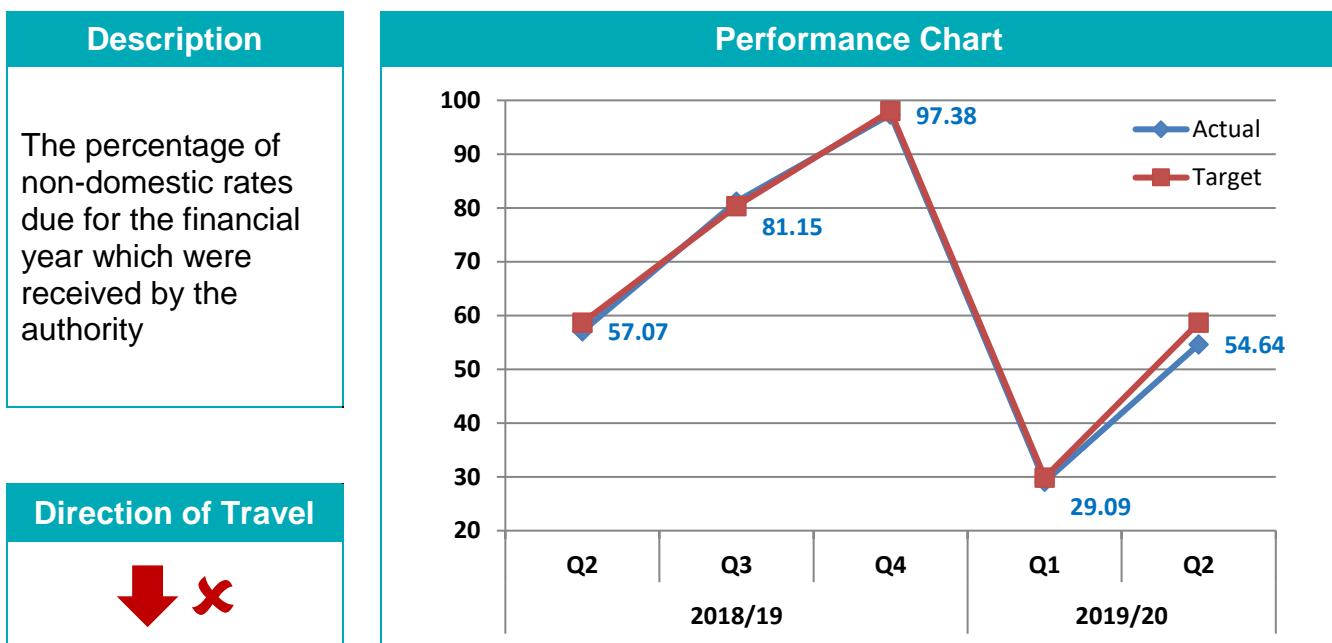
All performance indicators are reported as red, blue and green in line with the Council performance monitoring.

| Quarterly Performance Indicator                               | QTR Ended 30/09/2018 | QTR Ended 31/12/2018 | QTR Ended 31/03/2019 | QTR Ended 30/06/2019 | QTR Ended 30/09/2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| CS02b % Lost calls for Contact Harlow (Quarter Cumulative)    | ★                    | ★                    | ★                    | ▲                    | ★                    |
| CS50 Average waiting time of calls received by Contact Harlow | ●                    | ★                    | ★                    | ▲                    | ●                    |
| BV010 NNDR collected (%)                                      | ●                    | ●                    | ●                    | ●                    | ▲                    |
| Number of Red Quarterly Indicators                            | 0                    | 0                    | 0                    | 2                    | 1                    |

## Improvement Action Plan

**Reporting Period Ended: 30/09/2019**

| KPI    | Performance |             |              |             |             |
|--------|-------------|-------------|--------------|-------------|-------------|
|        | Harlow      | to 30/09/18 | to 31/012/18 | to 31/03/19 | to 30/06/19 |
| Actual | 57.07       | 81.15       | 97.38        | 29.09       | 54.64       |
| Target | 58.66       | 80.32       | 98.00        | 29.90       | 58.66       |



### What is the performance situation?

The quarterly targets are based on the previous rate payments (periodically accumulating) and do not accommodate changes in the payment schedule.

In Q1 2018/19 a ratepayer with a large NNDR bill paid in full, which effected the performance of the indicator in Q2 2018/19. For the financial year 2019/20, the ratepayer has chosen to pay monthly (over 10 months), which resulted in a lower collection rate for Q1 and Q2 2019/20, compared to the same quarters in 2018/19.

If the ratepayer had paid in full in Q1 2019/20, the collection rate at the end of Q2 2019/20 would have been 57.01%.

### What practical steps are being taken to improve?

There are no practical steps required to improve this situation, as the lower performance is a result of a change to the payment schedule of a significant rate payer.

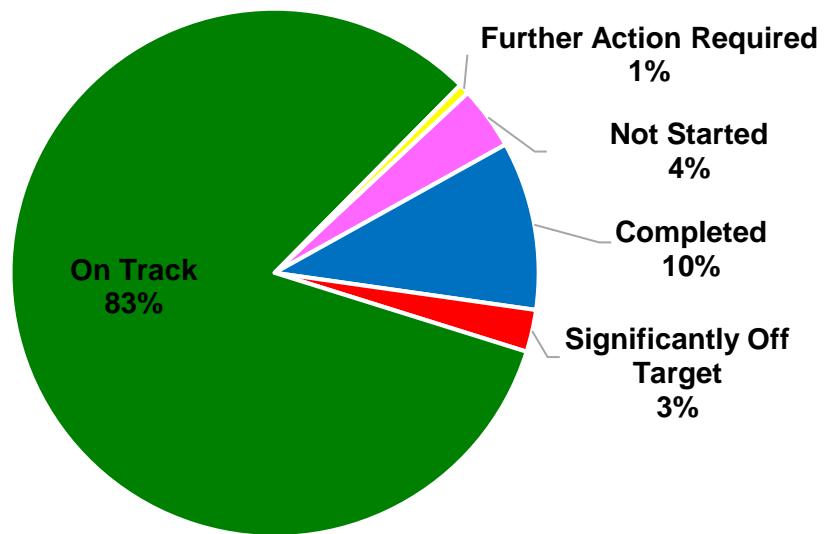
## Section Seven: Key Corporate and Financial Risks

| Risk Name | 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 |
|-----------|------------|---------------------|-----------------|---------------------------|---------------------|-----------------|---------------------|-------------------------|-----|------------------------|--------------------|------------------------|-------------------------------------|---------------|
|-----------|------------|---------------------|-----------------|---------------------------|---------------------|-----------------|---------------------|-------------------------|-----|------------------------|--------------------|------------------------|-------------------------------------|---------------|

There are no exceptional strategic risks (rated 20 or higher – high likelihood, high impact) recorded on the Council's Risk Register.

## Section Eight: 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 2019 are broken down as follows:

- 10.3% (16 out of 155) have been successfully completed
- 82.2% (129 out of 155) have started and are on track
- 3.9% (6 out of 155) have not started
- 0.6% (1 out of 155) require further action
- 1.9% (3 out of 155) are significantly off track

There were no milestones cancelled or suspended.

| Milestones requiring further action  | Due Date    | Status | What is the performance situation?   |
|--|-------------|--------|--|
| CM04.1.1 Continue to develop new website roll out  | 30 Sep 2019 | ▲      | Additional requirements have slightly delayed the roll out, but it is not time critical and will be completed by end of Quarter 3. |
| CM04.1.2 Roll out Style Guide  | 30 Jun 2019 | ▲      | The milestone is running parallel to the website (CM04.1.1)  |
| FM01.3.2 Sign off and completion of the 2018/19 audit process                                      | 31 Jul 2019 | ▲      | The audit of the 2018/19 Statement of Accounts is behind schedule and is now expected to be completed in early December.           |
| GM07.3.1 Produce a report for Head of Governance on the Council's maturity against the NPS toolkit | 30 Sep 2019 | ●      | Delayed due to competing work priorities. Will now be completed end Oct 2019 (Q3)  |