

REPORT TO: CABINET

DATE: 13 MARCH 2014

TITLE: QUARTER THREE JOINT FINANCE & PERFORMANCE REPORT 2013/14

PORTFOLIO HOLDER: COUNCILLOR MARK WILKINSON

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This is not a Key Decision

**This decision is not subject to Call-in procedures for the following reasons:
The recommendations are within the scope of the original budget and Corporate Plan approved by Full Council in February 2013.
This decision will affect no Ward specifically.**

RECOMMENDED that Cabinet notes the projected outturn position set out in section three of the Appendix to this report for the first three quarters (April . December) of 2013/14, which is as follows:

- (a) A favourable variation on controllable budgets of £416,000, representing -0.57 per cent of the gross General Fund Budget.
- (b) A total projected underspend of £1.128 million representing -1.56 per cent of the gross General Fund Budget.
- (c) 43 out of 50 (86 per cent) of performance indicators are on or above target.

REASON FOR DECISION

- A** To ensure that Cabinet reviews performance against the Council's approved General Fund Budget and Corporate Plan for 2013/14.

BACKGROUND

1. From March 2013 the Cabinet has received combined financial (General Fund) and performance reports. The purpose is to highlight the linkages between operational and financial performance. This report sets out the Council's corporate priorities and financial and performance position as at the close of quarter three, 2013/14.

SUMMARY OF QUARTER THREE FINANCIAL PERFORMANCE - 2013/14

2. A review of the third quarter of 2013/14 indicates that, in total, the controllable General Fund revenue budget is projected to be under-spent by £1,128,000. This represents -1.56 per cent when compared to the approved General Fund Budget. Section three of the Appendix to this report summarises major budget variations. This variance is small given the economic circumstances within which the Council is operating.
3. Careful management of budgets continues to be exercised across all services in order to guard against expenditure pressures and to offset income reductions.
4. At a service level, the management of budgets has been very good and controllable expenditure has been effectively managed to ensure that areas where pressures have been identified in-year have been managed by controlling costs elsewhere within services.
5. It should also be noted that of the £416,000 variation projected at a service level on controllable budgets £217,000 of this has already been removed from the 2014/15 and future years budgets as part of the 2014/15 budget approved at Full Council on 6 February 2014.
6. The Appendix to this report details the major variations across all service areas and for non-controllable budgets. A significant factor now contributing to the forecast underspend is the major variation on the Financing and Investment budget. As previously reported to Cabinet during 2013, a major review was carried out relating to the funding mechanisms in place to meet the costs of capital investment decisions and the required Minimum Revenue Provision associated with such decisions as required by the Local Government Act 2003. Having finalised this work in December 2013 and having made a one-off contribution to the MRP as part of the outturn report to Cabinet in July 2013, the Council's funding is now aligned to the requirements as set out in the 2003 Act.
7. As a result of the work undertaken to assess the Council's requirement to make a MRP, the General Fund Budget associated with interest charges and

capital financing will be reviewed during 2014/15.

SUMMARY OF QUARTER THREE OPERATIONAL PERFORMANCE - 2013/14

8. Section four of the Appendix details information about the Council's operational performance. The Council performed on target or above target for 43 out of 50 (86 per cent) of performance indicators. 93 per cent of all Corporate Plan milestones were successfully completed or on track for completion in March 2014.

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

9. Despite an extraordinarily challenging financial environment, the Council made performance improvements in several key areas linked to its corporate priorities during the third quarter of 2013/14 including:

Waste composting: The new flat food waste scheme has already led to an additional 284 tonnes of waste being composted compared to the same period last year.

Housing Tenant satisfaction: Over 9 in 10 housing tenants stated that they were very or fairly satisfied with their housing repair.

Satisfaction with street cleaning: Over 8 in 10 residents stated that they were very or fairly satisfied with the street (wave) cleaning operation undertaken in their neighbourhood.

Temporary Accommodation: The number of households living in temporary accommodation continues to fall. During the past three years the Council has kept the number of households being housed in temporary accommodation at an average level of 135.

Domestic Burglary: Raising awareness of the importance of securing pvc doors, working with vulnerable residents in sheltered housing complexes to help them keep safe and in-depth work to identify hotspots has led to a 31 per cent reduction in domestic burglary.

10. Seven out of 52 (14 per cent) of performance indicators did not perform as well as expected. Each has a detailed Improvement Action Plan which explains why the performance was not as good as expected. Areas of reduced performance include:

Street cleaning: Despite continued improvements, levels of litter and detritus did not meet their targets.

Sickness and absence: A relatively high number of cases of long-term

sickness, and sickness and absence due to recovery from operations have led to the Council not meeting its sickness and absence target.

Urgent housing requests: December's exceptional adverse weather resulted in a significant increase in damage to fencing, guttering and roofing works generating a large increase of tenant/leaseholder repair requests in a relatively short period of time.

Contact Harlow: The Council's dropped call rate reached 20 per cent which is due to the high volume of calls being experienced by Contact Harlow.

Complaints: A reduction in the Council's response rate to complaints during October has led to the Council not meeting its target of responding to 85 per cent of complaints within target time.

SIGNIFICANT RISKS / OPPORTUNITIES

11. The Council is operating in a period of major change driven by both the world-wide economic condition and the legislative changes being introduced by the Government. Some of the key changes that will or are already impacting on the Council include -

- i. The Local Government Finance Act 2012 brought in the localisation of Council Tax benefits and business rates. The Council now bears the risk of any increase in the demand for Council Tax Support and any reduction in business rate yields.
- ii. Linked with (i) above, there will be a requirement for the Council to make provision within its accounts for 2013/14 for the costs associated with all outstanding business rates appeals dating back to the 2010 revaluation. For Harlow the total Rateable Value (RV) under appeal totals over £50 million and initial estimates of the cost of these appeals is £1.3 million. This is a significant local impact if the appeals are settled at this level and the provision made as part of the year end accounts process will have a direct impact on the General Fund.
- iii. The risk of the impact of the long term austerity measures which continue to be placed upon Councils' funding by the Government.
- iv. Low staff turnover rates, which put at risk the achievement of the vacancy savings targets allocated to each service within the Council's budget.

12. Section six of the Appendix details information about four exceptional risks (rated 20 or higher . high likelihood, high impact) recorded in the Council's Risk Register as of December 2013 these are:

- i. The Government's fiscal policy in respect of deficit reduction

reducing public sector funding combined with the Council's limited ability to raise income could result in the Council's financial resilience being at risk.

- ii. Uncertainties regarding the Growth Area Fund (GAF) II neighbourhood regeneration programme may put at risk the completion of projects across all four sites.
- iii. A lack of private sector investment and/or disinvestment by retailers and landowners in the Town Centre could lead to a decline in its attractiveness as a shopping and leisure destination.
- iv. If priority allocation and funding by the Highways Agency and Government is not achieved, the timely delivery of M11 Junction 7a will be put at risk.

IMPLICATIONS

Regeneration (includes Sustainability)

Any specific implications are set out in the report.

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

Finance (Includes ICT)

Any specific implications are set out in the report.

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

Housing

Any specific implications are set out in the report.

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

Community Wellbeing (includes Equalities and Social Inclusion)

Any specific implications are set out in the report.

Author: **Lynn Seward, Head of Community Wellbeing**

Governance (includes HR)

Any specific implications are set out in the report.

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

Background Papers

None

Glossary of terms/abbreviations used

None