

# Performance, Finance and Risk – January 2025



<b>Report to:</b>	Cabinet
<b>Date:</b>	19 March 2025
<b>Portfolio Holders:</b>	Councillor Hannah Ellis, Portfolio Holder for Corporate Services and Transformation  Councillor James Leppard, Portfolio Holder for Finance
<b>Lead Officers:</b>	Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer (01279) 446251  Rebecca Farrant, Assistant Director – Corporate Services and Improvement and Monitoring Officer (01279) 446811
<b>Contributing Officers:</b>	Jason Thorpe, Business Insight Officer (01279) 446942  Richard Criddle, Finance Manager (01279) 446251
<b>Key Decision:</b>	No
<b>Forward Plan:</b>	Forward Plan number I017310
<b>Call In:</b>	This item is not subject to call in procedures because it is within the scope of the budget approved in February 2024
<b>Corporate Mission:</b>	Deliver High-Performing Services
<b>Wards Affected:</b>	None Specifically

## Executive Summary

- A** This report provides Cabinet with the current performance of the council against agreed indicators alongside the financial position of the council up to the end of January 2025. Strategic risks that may affect both financing and performance of council operations are also provided as context to understanding the complete picture as to how the council is performing against its priorities as laid out in the Corporate Plan. Performance as shown at the end of January shows that all bar one performance indicators are showing as 'extremely good' and financial performance remains extremely strong which are both improvements from the last period.

## **Recommended that Cabinet:**

- A** Notes the performance of key performance indicators for January which demonstrate strong performance on all indicators.
- B** Notes the financial performance and position as of January (period 10) of 2024/25 financial year which demonstrate strong financial performance across the General Fund, Housing Revenue Account and Capital Programmes.
- C** Approves the Period 10 reprofiling into 2025/26 within the Housing and Non-Housing Capital Programmes included within Appendices D and E to the report.
- D** Notes the current strategic risks for the council's operations in Appendix F.

## **Reason for decision**

- A** To ensure the Cabinet is fully informed of performance against its budget position for General Fund, Housing Revenue Fund and Capital programmes and therefore, can make fully informed decisions.
- B** To ensure the Cabinet manages the strategic risks that affect the organisation, and control measures in place to mitigate these and therefore, can make fully informed decisions.

## **Other Options**

- A** No other options were considered, the consideration of performance, finance and risk supports the Cabinet's role to review the use and allocation of assets and resources as contained within its terms of reference.

## **Background**

1. The Cabinet regularly monitors the performance of service delivery and financial position to ensure it can deliver its annual delivery plan and respond efficiently to arising issues. The monthly reporting to Cabinet of financial and service performance was introduced in May 2024 and this report and its appendices demonstrate the positive impact that regular monitoring has had by allowing the Cabinet to take fully informed decisions in real time to effect change.
2. The information in this report supports the council's corporate mission to Deliver High-Performing Services. Effective use of financial resources supports maintaining delivery of priority and statutory services, and investment in the council's assets.

## **Issues/Proposals**

3. The report is split into three sections, Performance, Finance and Risk. The performance section sets out the council's achievement against key performance indicators as at end of January 2025, reported against the new directorates introduced in February 2025. Data published against the metrics collected by Oflog have not been updated since the last report to Cabinet and are therefore not included in this

report; Oflog has been disbanded by the new Government but benchmarking against specific areas of performances is still expected to be a requirement and the council awaits further detail on this.

## Performance – Key Performance Indicators

4. Key Performance Indicators (KPIs) are set annually as part of the council's corporate delivery planning process. The performance measures selected reflect the key service delivery of the council. In addition to those indicators reported to Cabinet a number of internal measures are also collated for operational management purposes, for example customer service advisor feedback surveys and workflow data for specific processes.
5. Monthly performance indicator reporting therefore includes details of the actual performance figure as compared to targeted performance figure, along with commentary to provide additional context for the performance of that month. The reporting also includes assignment of a RAG status for each indicator. A RAG status provides a shorthand way of identifying measures that *Require attention* as they may not align with the annual expected performance, measures that are out of target for that month and therefore need *Awareness*, and measures where performance is *Going well*. This status is denoted by the letters R, A and G, and presented through red, orange and green colouring.
6. Changes were made to the way that income collection performance is measured at the last meeting of the Cabinet. A target of 100% of expected collection levels has now been applied. Where the reported collection data equals or exceeds the 100% target, the council is on track to achieve the year-end figures. If the reported data falls below the target, the percentage indicates how close the council is to achieving the year-end goal.
7. The council performed well against the majority of KPIs during January 2025. Performance for January can be found at Appendix A. Performance measures are used to inform and drive more effective performance on the part of both the council and those contracted to deliver on its behalf. As at the end of January, only one performance indicator is RAG rated red and only one is RAG rated as orange as detailed in paragraphs 8 and 9. All other areas are demonstrating extremely good performance (RAG = green):
  - Void turnaround
  - Households living in temporary accommodation
  - Housing rent collection rate
  - Leaseholder service charge collection rate
  - Contact Harlow calls abandoned
  - Contact Harlow call wait times
  - Staff sickness absence
  - Missed bin collections
  - Invoice payments

- New benefits claims
  - Benefit changes in circumstances
  - Council Tax collection rate
  - Business Rates collection rate
  - Planning appeals
  - Major planning applications
  - Other planning applications
8. Invoice payments within 30 days are reporting at an *awareness level*. The number of payments made over 30 days increased slightly in January following a period of improved performance. Processes to ensure invoices are paid in time, and those which need to be queried are placed on hold have been reviewed over the past 12 months with an improvement in performance seen in quarters 3 and 4 from earlier in the year. January marks the financial year end for a number of technology-based companies meaning that invoice volumes increase in this particular area. The invoice payment process continues to be kept under review but is expected to return to its previously high level of performance.
9. The number of empty homes continues reporting at a *requires attention level*. This is still attributed to a high number of properties being received by the council from tenants in a condition that requires remedial works which are more than what would be considered as routine void work to be completed prior to reletting. The council and HTS are working together to reduce this number with a focus on making offers of accommodation and ensuring that HTS' resources are prioritised accordingly to deal with these more challenging voids. It is still expected that with the completion of stock condition surveys and the new tenancy audit programme that these issues will be picked up with the tenant still in situ and could be remedied prior to the property becoming void.
10. Overall, performance across nearly every single KPI is showing as extremely good with previous interventions from Cabinet having improved performance where required.

### **Building Harlow's Future – transformation programme progress**

11. Following the approval of the principles for the Building Harlow's Future programme in December 2024 the governance for this programme has been developed to set up the Transformation Programme Board, which met during February 2025. At this meeting the Board adopted the governance arrangements that will sit below it, and the programme split between internal and external transformation. Project groups and staff focus groups will run and inform the programmes respectively. Programme governance templates have been drawn up in line with the MSP programme delivery model and will provide a qualifiable measurement for the programme's success and allow for agile project management.

12. The appointments of the Managing and Executive Directors at the end of January, along with new Assistant Directors during March, will increase the council's capacity to deliver transformation. Julie Ellis, Executive Director, particularly brings experience from both private and public sector, having been Director of Change and Transformation at Essex County Council. Alan Townshend, Executive Director has also been leading transformation of HTS, and January brought the HTS transformation programme for Cabinet's approval. Working as a combined Executive Management Team Assistant Directors will be mapping the transformation programme activities over Quarter 1 of 2025/26 financial year as the council moves into the mobilisation phase of this programme.
13. Peer support and assurance is one of the key components of the programme and LGA peer support has been engaged as part of this, along with the identification of other independent peer advisors who have led successful programmes in other local authorities. Additionally, the council's internal audit function will take a monitoring role in programme board membership to further strengthen this.
14. Further reports on progress will be reported to Cabinet in the coming months.

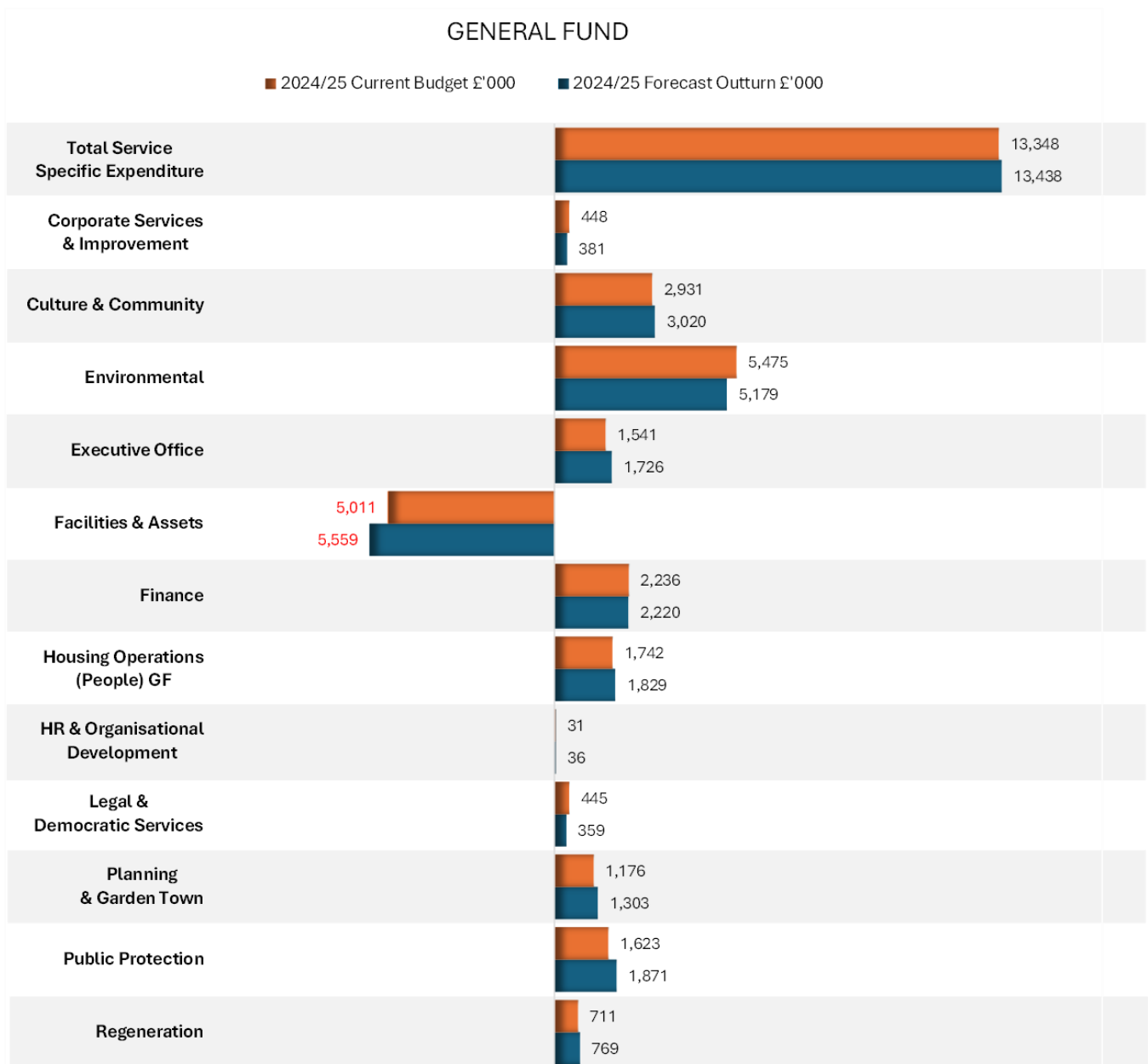
## **Finance – General Fund Account, Housing Revenue Account and Capital Programmes**

### **General Fund Account**

15. The council set the 2024/25 budget in February 2024, aligned to its new corporate plan, with service specific expenditure which makes up the General Fund Account totalling of £13.348 million. The council's six missions directed this budget, funding priorities set by our residents in our 2023 residents survey.
16. The General Fund summary position up to the end of January (Period 10) is summarised in the table below. The forecast outturn for service expenditure is expected to decrease to £13.134 million, reporting a favourable variance of £304,000.

## GENERAL FUND

	2024/25 Current Budget £'000	2024/25 Forecast Outturn £'000	2024/25 Variance £'000
Corporate Services & Improvement	448	381	-67
Culture & Community	2,931	3,020	89
Environmental	5,475	5,179	-296
Executive Office	1,541	1,726	185
Facilities & Assets	-5,011	-5,559	-548
Finance	2,236	2,220	-16
Housing Operations (People) GF	1,742	1,829	87
HR & Organisational Development	31	36	5
Legal & Democratic Services	445	359	-86
Planning & Garden Town	1,176	1,303	127
Public Protection	1,623	1,871	248
Regeneration	711	769	58
<b>Total Service Specific Expenditure</b>	<b>13,348</b>	<b>13,134</b>	<b>-214</b>
Non Service Specific & Funding	1,578	1,488	-90
Funding	-14,926	-14,926	0
<b>General Fund (Surplus)/Deficit</b>	<b>0</b>	<b>-304</b>	<b>-304</b>



17. Appendix B provides a breakdown of major key variances and explanation of the position set out in the table below. As previously reported the main reason for the favourable position is reduced business rates and energy costs for the civic centre, reduced insurance premiums, net reduced employee costs as well as increased green waste subscriptions and increased Essex County Council Inter Authority Agreement contribution.

### Housing Revenue Account (HRA)

18. In February, the council approved a HRA budget in excess of £59 million with a net surplus of £0.664 million for 2024/25. There were no approved carry forwards in July 2024, thus the current working balance for the HRA as at 31 March 2024 is £11.444 million.

19. Throughout the year, the council has been working to deliver the corporate priorities set out under the 'Transform Harlow's Housing' corporate mission. This has focused on improved repairs and maintenance of the housing stock, a new tenancy audit programme, a 100% internal and external stock condition survey, responding to the new regulatory landscape as required by the Regulator for Social Housing and the Ombudsmen and much more besides. These priorities, as well as the increasing costs of service provision, have seen significant pressure on the HRA. However, the financial performance of the HRA remains extremely strong.
20. The HRA summary position up to the end of January 2025 (period 10) is summarised in the table below. The forecast outturn is expected to increase to £1.474 million surplus, reporting a favourable variance of £811,000 with a revised working balance of £12.255 million.

#### HOUSING REVENUE ACCOUNT

■ 2024/25 Current Budget £'000 ■ 2024/25 Forecast Outturn £'000

Category	2024/25 Current Budget (£'000)	2024/25 Forecast Outturn (£'000)
General Management	13,656	13,431
Special Management	9,479	9,975
Repairs	13,404	13,409
Rent Rates Taxes & Other Charges	104	130
Provision for Bad & Doubtful Debts	443	443
Supporting People Transitional Relief	1	1
Depreciation & Impairment	13,721	13,872
Debt Management	7	8
Capital Financing	8,455	7,479
Charges		
Dwelling Rents	51,937	51,876
Garage Rents	1,074	1,026
Other Rents	80	138
Charges for Services & Facilities	6,437	6,433
Interest Receivable	407	751
(Surplus) / Deficit for year	664	1,474



<b>HOUSING REVENUE ACCOUNT</b>				
	2024/25	2024/25	2024/25	
	Current Budget £'000	Forecast Outturn £'000	Variance £'000	
<b>EXPENDITURE</b>	General Management	13,656	13,431	(225)
	Special Management	9,479	9,975	496
	Repairs	13,404	13,409	5
	Rent Rates Taxes & Other Charges	104	130	26
	Provision for Bad & Doubtful Debts	443	443	-
	Supporting People Transitional Relief	1	1	-
	Depreciation & Impairment	13,721	13,872	151
	Debt Management	7	8	1
	Capital Financing Charges	8,455	7,479	(976)
	<b>Total Expenditure</b>	<b>59,271</b>	<b>58,748</b>	<b>(523)</b>
<b>INCOME</b>	Dwelling Rents	(51,937)	(51,876)	61
	Garage Rents	(1,074)	(1,026)	48
	Other Rents	(80)	(138)	(58)
	Charges for Services & Facilities	(6,437)	(6,433)	4
	Interest Receivable	(407)	(751)	(344)
	<b>Total Income</b>	<b>(59,935)</b>	<b>(60,223)</b>	<b>(288)</b>
<b>(Surplus) /Deficit for year</b>	<b>(664)</b>	<b>(1,474)</b>	<b>(811)</b>	
Balance at 1 April (pre-Audit)	10,781	10,781	-	
Surplus / (Deficit) for year	664	1,474	811	
<b>Balance as at 31 March</b>	<b>11,444</b>	<b>12,255</b>	<b>811</b>	

21. Appendix C provides a breakdown of major key variances and explanation of the position set out in the table above. The main reason for the favourable position is due to the changes in legislation regarding retained capital receipts.

## Capital Programmes

### Non-Housing Capital Programme (NHCP)

22. The 2024/25 budget set out an ambitious NHCP. The council's six corporate missions are reflected in the schemes that make up the capital programme, a high number of which are aimed at improving community facilities. This programme is the biggest the council has ever set and includes improvements and new facilities across the council's varied asset base, improvements that make a real difference to those who live in and visit Harlow. A summary of the NHCP is shown in the table below. The council approved a budget of £32.782 million in February 2024, and subsequently £14.409 million of carryovers in July 2024. Further changes totalling (£11.870) million have been agreed during the year and the total NHCP Programme for 2024/25 is £35.321 million.

**NON HOUSING CAPITAL PROGRAMME Period 10 2024/25**

SCHEMES	Approved Budget 2024/25 £'000s	2023/24 Carry Overs £'000s	Cabinet Amendments £'000s	Current Budget £'000s	Projected Outturn £'000s	Variance: Outturn to current budget £'000s
Garages	197			197	197	0
<b>TRANSFORM TOTAL</b>	<b>197</b>	<b>0</b>	<b>0</b>	<b>197</b>	<b>197</b>	<b>0</b>
Environment	1,430	1,001	(776)	1,655	1,625	(30)
Culture and Communities	924	408	(665)	667	971	304
<b>RENEW TOTAL</b>	<b>2,354</b>	<b>1,409</b>	<b>-1,441</b>	<b>2,322</b>	<b>2,596</b>	<b>274</b>
Regeneration - Town Centre	485	408	(90)	803	803	0
Council House Build Programme	3,708	468	(4,076)	100	100	0
Towns Fund	13,461	2,182	(3,931)	11,712	11,712	0
Levelling Up Fund	9,352	468	(8,727)	1,093	1,093	0
Acquisitions	0	5,000	8,270	13,270	13,270	0
<b>REBUILD TOTAL</b>	<b>27,006</b>	<b>8,526</b>	<b>-8,554</b>	<b>26,978</b>	<b>26,978</b>	<b>0</b>
Facilities and Assets - Commercial	627	2,562	(174)	3,015	3,082	67
<b>SECURE TOTAL</b>	<b>627</b>	<b>2,562</b>	<b>-174</b>	<b>3,015</b>	<b>3,082</b>	<b>67</b>
Public Protection	255	0	-50	205	80	-125
<b>PROTECT TOTAL</b>	<b>255</b>	<b>0</b>	<b>-50</b>	<b>205</b>	<b>80</b>	<b>-125</b>
Facilities and Assets	1,982	1,894	(1,530)	2,346	2,196	-150
Executive Office				0	120	120
Corporate Services and Improvement	311	18	(120)	209	209	0
Contingency	50		(1)	49	49	0
<b>DELIVER TOTAL</b>	<b>2,343</b>	<b>1,912</b>	<b>-1,651</b>	<b>2,604</b>	<b>2,574</b>	<b>-30</b>
<b>TOTAL NON-HOUSING CAPITAL PROGRAMME</b>	<b>32,782</b>	<b>14,409</b>	<b>-11,870</b>	<b>35,321</b>	<b>35,507</b>	<b>186</b>

23. As at Period 10 the projected outturn of the full programme is forecasted to be £35.507 million resulting in an adverse variation of £0.186 million. A full list of variances and commentary is included within Appendix D.
24. Included within the projected outturn, £58,000 of schemes are requested to be re-profiled into the 2025/26 programme. For clarification, this expenditure and therefore financing is still required for the scheme, but the expenditure will be committed in a future year. By reprofiling the budget into a later year, means that no additional future financing for the scheme will be required. A breakdown of the schemes requested to be reprofiled into 2025/26 are included within Appendix D
25. If the reprofiling is approved, the overall forecast for period 10 shows an adverse variance of £244k. This is largely due to urgent roofing works at Katherines hatch and Slacksbury Hatch.

### **Housing Capital Programme (HCP)**

26. A summary of the Housing Capital Programme (HCP) is shown in the table below. The council approved a budget of £60.409 million in February 2024, (including the New council House Building Programme) and subsequently £9.431 million of carryovers in 2023/24. Further changes totalling (£16.953) million have been agreed throughout the year and the total HCP Programme for 2024/25 is £52.887 million.

HOUSING CAPITAL PROGRAMME PERIOD 10 2024/25						
Schemes	Approved Budget 2024/25	2023/24 Carry overs	Cabinet Amendments	Current Budget	Projected Outturn	Variance: Outturn to current budget
	£'000	£'000	£'000	£'000	£'000	£'000
HTS Internal Works - ASC	1,139			1,139	1,257	118
HTS Internal Works - Compliance	1,100	163		1,263	1,993	730
HTS Internal Works - Internal	2,600	16		2,616	2,616	-
HTS Internal Works - Garages	215	86		301	301	-
HTS Internal Works - Sumners Farm Close	300		179	479	1,077	598
<b>TOTAL HTS</b>	<b>5,354</b>	<b>265</b>	<b>179</b>	<b>5,798</b>	<b>7,244</b>	<b>1,446</b>
External Works	9,050	1,679	(4,629)	6,100	6,900	800
Damp & Structural Works	1,600		164	1,764	1,764	-
Other Works	8,700			8,700	8,700	-
Fire Safety & Compliance	6,500	1,133	(1,800)	5,833	5,833	-
Energy Efficiency Works	800	175		975	975	-
Housing IT	255	50		305	215	(90)
Garage Demolition Programme	500	851		1,351	1,351	-
<b>TOTAL CORE HOUSING CAPITAL PROGRAMME</b>	<b>27,405</b>	<b>3,888</b>	<b>(6,265)</b>	<b>25,028</b>	<b>25,738</b>	<b>710</b>
Acquisitions	0	926	6,500	7,426	7,426	-
Council House Building Programme	27,650	4,352	(17,367)	14,635	14,635	-
<b>TOTAL NON CORE PROGRAMME</b>	<b>27,650</b>	<b>5,278</b>	<b>(10,867)</b>	<b>22,061</b>	<b>22,061</b>	<b>-</b>
<b>TOTAL ALL HOUSING CAPITAL PROGRAMME</b>	<b>60,409</b>	<b>9,431</b>	<b>(16,953)</b>	<b>52,887</b>	<b>55,043</b>	<b>2,156</b>
Reprofiling as at period 10 Required						(90)
New Budget Allocations Required						-
<b>Period 10 Variance (Favourable)/Adverse</b>						<b>1,446</b>

27. As at Period 10 the projected outturn of the full programme is forecasted to be £55.043 million resulting in an adverse variance of £2.156 million. This is due to realignment of HTS inflationary uplifts within the Annual Service Charge, cost of compliance, roofing and property conversion works, and the re-profiling of schemes into 2025/26. A full list of variances and commentary is included within Appendix E.
28. Included within the projected outturn, £90,000 of scheme's are requested to be re-profiled into the 2025/26 programme. For clarification, this expenditure and therefore financing is still required for the scheme, but the expenditure will be committed in a future year. By reprofiling the budget into a later year, means that no additional future financing for the scheme will be required. A breakdown of the schemes requested to be reprofiled into 2025/26 are included within Appendix E.

## Risk

29. The council's strategic risk register reflects current controls in place to mitigate the impact of risks to the work of the council and keep these at acceptable levels whilst making the most of opportunities to achieve priorities within the Corporate Plan.
30. In accordance with the council's Risk Management Strategy, risk owners have reviewed the strategic risks and updated them accordingly. As a result, one score have been increased since the last report.
31. A dashboard of the current status of strategic risks and the strategic risk register can be found at Appendix F and details risk scores derived from the likelihood of a risk occurring, and the impact if it does, alongside the current controls in place.

32. The risk where the score has increases are as follows.

SR14 – Local Authority Function - If we fail to meet statutory obligations and policy and legislative changes are not anticipated or planned for then we will be subject to legal and financial penalty– L5x14 = 20 (Very High)

The score has increased due to not receiving and audit opinion for 2023/24 accounts by the backstop date.

## **Implications**

### **Equalities and Diversity**

Officers do not believe that current performance will have an impact on the council's equality duty however the council will ensure that services included within its annual delivery plan are accessible to all.

### **Climate Change**

This report has no direct impact on climate change.

### **Finance**

Financial monitoring for period 10 of financial year 2024/25 has been reviewed and included within the body of the report.

Author: Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer

### **Governance**

The council has a fiduciary duty to the taxpayer, requiring the prudent use of resources, including control of expenditure and financial prudence in the short and long term. This report sets out as at January 2024 performance, risk and financial position for the council as part of its fiduciary duty to implement budgetary controls and monitoring.

Author: Rebecca Farrant, Assistant Director – Corporate Services and Improvement and Monitoring Officer

## **Appendices**

Appendix A - KPI report January

Appendix B – General Fund Variances Period 10

Appendix C – HRA Variances Period 10

Appendix D– NHCP Variances Period 10

Appendix E – HCP Variances Period 10

Appendix F – Risk dashboard and risk register

## **Background Papers**

None

## **Glossary of terms/abbreviations used**

KPIs – Key Performance Indicators

MTFP – Medium Term Financial Plan