

**REPORT TO:** CABINET

**DATE:** 10 DECEMBER 2015

**TITLE:** JOINT FINANCE AND PERFORMANCE  
REPORT, QUARTER TWO 2015/16

**PORTFOLIO HOLDER:** COUNCILLOR JON CLEMPNER  
COUNCILLOR MIKE DANVERS

**LEAD OFFICERS:** CORPORATE MANAGEMENT TEAM /HEADS  
OF SERVICE (01279) 446004

**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 2015.  
This decision will affect no ward specifically.**

**RECOMMENDED** that Cabinet

- A** Acknowledges the projected outturn position set out in sections three and four of Appendix A to this report and Appendix B for the second quarter (July – September) of 2015/16 as follows:
- (i) A total projected underspend of £382,000 representing 0.55 per cent of the gross General Fund Budget.
  - (ii) A favourable variation on controllable budgets of £585,000, representing 0.85 per cent of the gross General Fund Budget.
- B** Recommends to Full Council that the contributions to reserves set out in the Major Variations Table in Appendix A to this report are made.
- C** Acknowledges that :
- (i) The Council performed on target or above target for 40 out of 47 (85 per cent) of performance indicators.
  - (ii) The Council's annual Staff showed further improvements on the already good previous years results. A brief summary of results is attached at Appendix B.

## **REASON FOR DECISION**

- A** To ensure that Cabinet reviews performance against the Council's approved General Fund Budget and Corporate Plan for 2015/16 and acknowledges the extremely small variation and the caution that should be applied to it given the challenges the Council may face in the later part of the financial year.

## **BACKGROUND**

1. This report sets out the Council's corporate priorities and financial and performance position as at the end of September 2015. The report is the second in the formal reporting process for the 2015/16 financial year.

## **SUMMARY OF QUARTER TWO FINANCIAL PERFORMANCE - 2015/16**

1. A review of the second quarter of 2015/16 indicates that, in total, the controllable General Fund Budget is projected to be under-spent by £585,000 or -0.85 per cent when compared to the approved gross General Fund Budget. Section three of the Appendix to this report summarises major budget variations. This variance is extremely small given the economic circumstances within which the Council continues to operate.
2. Taking in to consideration the budgets which are not directly under service area control and the proposed contributions to reserves, the overall position at the end of September 2015 is that the General Fund is expected to underspend by £382,000 or -0.55 per cent when compared to the approved gross General Fund Budget.
3. Careful management of budgets continues to be exercised across all services in order to guard against expenditure pressures and to offset income reductions. The current position represents some positive outcomes in respect of Harlow Sports Trust, additional income, and various savings on vacancies. It remains a small variation given the economic climate and ongoing Government changes to the welfare state.
4. Appendix A to this report details the major variations across all service areas and for non-controllable budgets. The situation will be closely monitored in the coming months and should the position change the forecasts for future financial reports will be amended accordingly.

## **SUMMARY OF QUARTER TWO OPERATIONAL PERFORMANCE – 2015/16**

1. Section four of the Appendix details information about the Council's operational performance. The Council performed on target or above target for 40 out of 47 (85 per cent) of performance indicators. Ninety per cent of all Corporate Plan milestones were successfully completed or on track for completion by September 2015.

Details of all of the Council's performance indicators can be found on the Council's website, [www.harlow.gov.uk/performance/](http://www.harlow.gov.uk/performance/)

2. Despite an extraordinarily challenging financial environment, the Council made performance improvements in several key areas linked to its corporate priorities during the second quarter of 2015/16 including:

**Percentage of Lost Calls for Contact Harlow:** Fluctuations in demand and staffing levels over quarter two have meant that the figure has slightly increased compared to quarter one although remain significantly better than 2014/15.

**Average waiting time of calls received by Contact Harlow:** Although waiting time has increased compared to quarter one, it is still substantially better than comparative quarters in 2014/15.

**Emergency Housing repairs within 2 hours:** Increased performance. This indicator is continuously monitored at monthly operations meetings.

**Annual Leasehold Service Charge Collection:** The annual leasehold service charge collection is above target for this quarter and has improved compared to the same period in 2014/15.

**Street & Environmental Cleanliness:** Detritus accumulation is closely related to leaf fall, which is seasonal. The performance above the tolerance level maybe expected in the summer provided that effective street sweeping is maintained.

3. Six out of forty-seven (13 per cent) of performance indicators did not perform as well as expected; each have a detailed IAP which explains why the performance did not perform as well. Areas of reduced performance include:

**Customer Complaints:** The volume of complaints has reduced from the same period last year, however complaint response times have also reduced as complaints have become more complex.

**Sickness / absence:** The performance is affected due to the number of staff with long term absence; however the Council have implemented a range of policies such as special leave and flexible working.

**Processing new claims and change events:** Delays in processing can be caused by the time taken to receive supporting evidence from applicants, the complex nature of some claims and the service receiving large volumes of notifications from the DWP on a daily basis is affecting performance.

**Household Waste (x2):** There has been a national trend towards reduction in the volume of recycling collected, and a significant increase in the volume of residual waste collected this year. This is likely to be associated with perceived gradual recovery from recession.

## **SIGNIFICANT RISKS / OPPORTUNITIES**

1. 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 risk associated with the Government's localisation of Council Tax support and business rates.
  - ii. Long term austerity measures which continue to be placed upon Council funding by the Government leading to the need for the Council to make significant annual savings.
  - iii. Ongoing low staff turnover rates which put at risk the achievement of the vacancy savings targets allocated to each service within the Council's budget.
2. Section six of the Appendix details information about the exceptional risks (rated 20 or higher – high likelihood, high impact) recorded in the Council's Risk Register as of September 2015\* which is:
  - i. If a sustainable budget is not secured, the Council will lack financial resilience. 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. If the town lacks a suitable housing mix, it will not attract or retain residents. The town requires a suitable housing mix to attract new and retain existing residents for an evolving and sustainable community. Supply must be balanced with demand and housing need, taking into account National Housing and Planning policies. As part of that mix, housing for local people that is genuinely affordable remains a high priority for the Council.

\* These risks relate to 30 September 2015 and may have changed between that period of time and the meeting of Cabinet.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

None other than outlined in body of report

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

### **Finance (Includes ICT)**

The Financial implications are set out within the report and its appendix.  
Author: **Simon Freeman, Head of Finance**

**Housing**

None other than outlined in body of report  
Author: **Andrew Murray, Head of Housing**

**Community Wellbeing (includes Equalities and Social Inclusion)**

Author: **Jane Greer, Head of Community Wellbeing**

**Governance (includes HR)**

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

**Background Papers**

None

**Glossary of terms/abbreviations used**

IAP – Improvement Action Plan