

REPORT TO: CABINET

DATE: 31 MARCH 2016

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

PORTFOLIO HOLDER: COUNCILLOR JON CLEMPNER
COUNCILLOR MIKE DANVERS

LEAD OFFICERS: CORPORATE MANAGEMENT TEAM /HEADS
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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 2015.
This decision will affect no ward specifically.**

RECOMMENDED that Cabinet acknowledges the projected outturn position set out in sections three and four of Appendix A to this report for the third quarter (October – December) of 2015/16 as follows:

- (i) A favourable variation on controllable budgets of £546,000, representing 0.79 per cent of the gross General Fund Budget.
- (ii) A total projected underspend of £738,000 representing -1.07% per cent of the gross General Fund Budget.
- (iii) The Council performed on target or above target for 42 out of 47 (90 per cent) of performance indicators.

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 projected as at end of December recognising that there may be emerging issues during preparation of the final year-end accounts that may impact on this.

BACKGROUND

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

SUMMARY OF QUARTER THREE FINANCIAL PERFORMANCE - 2015/16

2. A review of the third quarter of 2015/16 indicates that, in total, the controllable General Fund Budget is projected to be under-spent by £546,000 or -0.79 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.
3. Taking into consideration the budgets which are not directly under service area control the overall position at the end of December 2015 is that the General Fund is expected to underspend by £738,000 or -1.07 per cent when compared to the approved gross General Fund Budget.
4. 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 cuts as part of its austerity measures on public expenditure.
5. Appendix A to this report details the major variations across all service areas and for non-controllable budgets. The situation will be closely monitored as new data becomes available during the final accounts preparation. This process will culminate in an outturn report to Cabinet in July 2016 (date to be confirmed).

SUMMARY OF QUARTER THREE OPERATIONAL PERFORMANCE – 2015/16

6. Section four of the Appendix details information about the Council's operational performance. The Council performed on target or above target for 42 out of 47 (90 per cent) of performance indicators. Eighty-six per cent of all Corporate Plan milestones were successfully completed or on track for completion by December 2015.

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

7. 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 2015/16 including:

Average time to remove fly tips - hours: Although there has been a modest increase in the average time taken to remove reported fly-tips compared to quarter three 2014/15, performance remains well within the challenging target set for this indicator.

Processing of minor applications within 8 weeks: Processing within 8 weeks is a statutory timescale. Report templates for minor applications have been recently updated to align them with revised statutory requirements, streamlining our process.

Street and Environmental Cleanliness (graffiti): This performance measure is assessed from a sample of sites that were clear at the time of visit. This measure is aggregated annually, and variability from quarter to quarter may not indicate a significant change in performance.

Housing appointments made and kept (%)

Previously appointments were generated automatically however with the introduction of the new IT system (Orchard) appointments can now be made at a mutually convenient time at first point of call.

Housing Tenant satisfaction with work undertaken

More emphasis has been placed on dealing with feedback. With the introduction of the new IT system (Orchard) Kier Harlow Ltd are better placed to diagnose faults first time and provide the correct operative

8. Four out of forty-seven (9 per cent) of performance indicators did not perform as well as expected; each have a detailed Improvement Action Plan which explains why the performance did not score as well. Areas of reduced performance include:

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.

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. If the tonnage of compostable material collected remains broadly constant while residual waste increases the percentage of total waste recycled will be depressed

Tree Works: The reduced performance in quarter three (October to December 2015) is due to the high volume of enquiries received (and work raised) during the summer of 2015, this was compounded further by staff sickness, emergency work during the windstorm season; and the supply chain struggling to reduce the workload within specified timescale.

SIGNIFICANT RISKS / OPPORTUNITIES

9. 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. Outcomes from the Council's new trading company arrangements currently under development, HTS Group Ltd.
 - iv. Potential for non-collection of sums owed to the Council across a range of sources; a review has been programmed in 2016/17 in respect of managing amounts uncollectable, and the outcomes will be reported to Cabinet later in the coming financial year.
 - v. Whilst 2015/16 projections have identified in-year vacancy savings, the general trend of ongoing low staff turnover rates will continue to put at risk the achievement of the vacancy savings targets allocated to each service within the Council's budget.
10. 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 December 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 new and 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.
 - iii. If priority allocation and funding by the Highways Agency and Government is not achieved then the timely delivery of M11 Junction 7a will be put at risk.
 - iv. If there is a lack of private sector investment and/or disinvestment by retailers and landowners in the Town Centre then this could

lead to a further decline in its attractiveness as a shopping and leisure destination.

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

IMPLICATIONS

Place (includes Sustainability)

Contained within the 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

Contained within the report.

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

Community Wellbeing (includes Equalities and Social Inclusion)

Contained within the report.

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

Governance (includes HR)

Any specific implications are set out in the report.

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

Background Papers

None

Glossary of terms/abbreviations used

IAP – Improvement Action Plan