

REPORT TO: CABINET

DATE: 8 DECEMBER 2016

TITLE: JOINT FINANCE AND PERFORMANCE
REPORT, QUARTER 2 2016/17

PORTFOLIO HOLDER: COUNCILLOR JON CLEMPNER, LEADER OF
THE COUNCIL

COUNCILLOR MIKE DANVERS, PORTFOLIO
HOLDER FOR RESOURCES

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

This is not a Key Decision

It is on the Forward Plan as Decision Number I005988

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 2016.

This decision will affect no ward specifically

RECOMMENDED that Cabinet acknowledges:

- A** The projected outturn position set out in sections three and four of Appendix A to this report for the second quarter (July - September) of 2016/17 as follows:
- (i) A favourable variation on controllable budgets of £342,000 representing a net favourable variance of -0.55 percent of the gross General Fund Budget.
 - (ii) A total projected underspend of £590,000 representing a forecast underspend of -0.95 percent of the gross General Fund Budget.
- B** That the Council performed on target or above target for 43 out of 48 (90 percent) 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 2016/17, and acknowledges the 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 2016. The report is the second in the formal reporting process for the 2016/17 financial year.

SUMMARY OF QUARTER TWO FINANCIAL PERFORMANCE - 2016/17

2. A review of the second quarter of 2016/17 indicates that, in total, the controllable General Fund Budget is projected to be underspent by £342,000 or -0.55 percent when compared to the approved gross General Fund Budget. Section three of Appendix A to this report summarises major budget variations. These variances are 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 September 2016 is that the General Fund is expected to be underspent by £590,000, or -0.95 percent 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 a small variation given the economic climate and ongoing Government changes to the welfare state.
5. Included within Appendix A to this report are details of the major variations across all service areas and for non-controllable budgets. The situation will be closely monitored over the coming months and should the position change future financial reports will be amended accordingly.

SUMMARY OF QUARTER TWO OPERATIONAL PERFORMANCE – 2016/17

6. Section four of Appendix A details information about the Council's operational performance. The Council performed on target or above target for 43 out of 48 (90 percent) performance indicators. Ninety-one percent of all Corporate Plan milestones were successfully completed or on track for completion by 30 September 2016.

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 second quarter of 2016/17 including:
 - a) **Housing: Annual Leasehold Service Charge Collection:** The collection rate has remained at 10% above the target. This is due to some accounts paying the annual charge in full and the robust recovery procedures that are in place.

- b) **Average time to remove fly tips – hours:** The vast majority of fly tips are removed very quickly, with only larger deposits requiring specialist equipment to remove taking slightly longer. This indicator has consistently performed above target, with only minor fluctuations between quarters.
 - c) **Processing of major applications within 13 weeks (%):** 100% of major applications were processed within 13 weeks for Quarter 2. The actual percentage can change dependent on the number of applications received.
 - d) **Street and Environmental Cleanliness (% land assessed having unacceptable levels of fly posting):** Whilst Harlow does not suffer from a fly posting issue most of the time, there are occasions when it has been known to increase. It would only take a few instances of moderate levels of fly posting to exceed the target of one percent.
8. Five out of forty-eight (10 percent) performance indicators did not perform as well as expected; each has a detailed Improvement Action Plan which explains why the performance did not perform as well. Areas of reduced performance include:
- a) **The average time taken in calendar days to process change events for Housing Benefit and/or Council Tax Benefit:** This is a seasonal fluctuation and whilst measures are being implemented to mitigate the situation it is likely that there will continue to be a degree of fluctuation year on year. The service is implementing increased on line access for customers and greater automation which it is anticipated will improve performance in future reporting periods.
 - b) **The average time taken in calendar days to process new claims for Housing Benefit and/or Council Tax Benefit:** This is also a seasonal fluctuation. The service is implementing increased on line access for customers and greater automation which it is anticipated will improve performance in future reporting periods.
 - c) **Number of households living in Temporary Accommodation:** Quarter 2 has seen an increase of 25% from last year. The Council will continue to focus its resources on the prevention/relief of homelessness. To enable this, Housing Services pre-assess those who are homeless, or threatened with homelessness, by providing a separate housing advice and assistance service (including those that approach for general housing advice). This provides an early opportunity to signpost, suggest, or provide other housing solutions available. This approach has been successful and is seen to save costs in the long run, and prevent the actual incidence of homelessness by earlier intervention.

The Council continues to manage the increases in expenditure between the Housing Revenue Account (HRA) and General Fund (GF). In addition, it uses empty properties from the Priority Estates Areas, aligned to the current Phasing plan. As well as using more of its own stock of available studio flats, reviewing procurement opportunities for securing properties making use of derelict council land therefore reducing its reliance on private sector accommodation, and associated costs.

- d) **Litter bins and dual use bins emptying performance:** There has been an increase in reports of overflowing litter bins due to the popularity of the newly regenerated area of the Town Park. The provision of bin capacity in the wider Town Park has been reviewed and, subject to resources, bin capacity in popular areas will be increased to reduce the likelihood of bins overflowing
- e) **Street and Environmental Cleanliness (levels of graffiti):** Graffiti on private land where the Council has no direct influence can cause the target to fail. The KPI measures incidence of graffiti on a random sample of land, irrespective of who is responsible for the land where it appears. Consideration is being given to the feasibility of identifying the ownership of land on which graffiti reported in the sample appears. Nevertheless, performance on clearing reported graffiti within a short timescale remains strong.

SIGNIFICANT RISKS / OPPORTUNITIES

- 9. The Council is operating in a period of major change driven by both the worldwide economic situation and the legislative changes being introduced by the Government. Some of the key changes that will, or are already impacting on the Council include:
 - a) The volatility associated with the Government's localisation of Council Tax support and business rates.
 - b) 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.
 - c) The impact on the Council's treasury management activities following the EU Referendum vote for 'Brexit' together with the announcement by the Bank of England in August of its cut in the base rate to 0.25%.
 - d) Variations in income from fees and charges as public spending habits respond to the economic climate.
- 10 Section six of Appendix A details information about the two exceptional risk (rated 20 or higher – high likelihood, high impact) recorded in the Council's Risk Register as of 30 September 2016* which are that:
 - a) 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.

- b) Harlow 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 2016 and may have changed between that period of time and the meeting of Cabinet.

IMPLICATIONS

Place (includes Sustainability)

None other than set out in 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

None other than set out in the report.

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

Community Wellbeing (includes Equalities and Social Inclusion)

As 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

Appendices

Appendix A – Joint Finance and Performance Report for the period ending 30/09/2016, Quarter 2

Glossary of terms/abbreviations used

KPI – Key Performance Indicator