

# Performance, Finance and Risk – August 2024



|                               |   |
|-------------------------------|---|
| <b>Report to:</b>             | Cabinet   |
| <b>Date:</b>                  | 24 October 2024   |
| <b>Portfolio Holders:</b>     | Councillor Hannah Ellis, Portfolio Holder for Corporate Services and Transformation<br><br>Councillor James Leppard, Portfolio Holder for Finance                                     |
| <b>Lead Officers:</b>         | Jacqueline Van Mellaerts, Assistant Director – Finance and Deputy Section 151 Officer (01279) 446251<br><br>Rebecca Farrant, Assistant Director – Corporate Services (01279) 446811   |
| <b>Contributing Officers:</b> | Jason Thorpe, Business Insight Officer (01279) 446942<br><br>Richard Criddle, Service Finance Manager (01279) 446251  |
| <b>Key Decision:</b>          | No  |
| <b>Forward Plan:</b>          | Forward Plan number I017307   |
| <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 and recommendation D stands as a recommendation to Full Council |
| <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 August 2024. 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.

### **Recommended that Cabinet:**

- A** Notes the performance of key performance indicators for August.
- B** Notes the Finance position as August (period 5) of 2024/25 financial year.
- C** Approves the Period 5 reprofiling into 2025/26 within the Non-Housing Capital Programmes included within Appendix E to the report.
- D** Recommends to Full Council the approval of the Budget allocations identified for 2024/25 within the Non-Housing Capital Programmes included within Appendix E to the report.
- E** Notes the current strategic risks for the council's operations.

### **Reason for decision**

- A** To ensure the council scrutinises performance against its budget position for General Fund, Housing Revenue Fund and Capital programmes.
- B** To ensure the council understands the strategic risks that affect the organisation, and control measures in place to mitigate these.

### **Other Options**

- A** No other options were considered, the noting 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.
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 August 2024. Data published against the metrics collected by Oflog has been updated since the last report to Cabinet and are included in this report.

## Performance – Key Performance Indicators

4. Key Performance Indicators (KPIs) are set annually as part of the council's corporate delivery planning process. The indicators 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. The council performed well against the majority of KPIs during August 2024. There were 16 indicators where updated information was available by the end of August and of those, 14 performed within target. One indicator was highlighted for awareness and monitoring as performance is just outside tolerance of good performance, and one indicator was highlighted for action. Performance for August can be found at Appendix A.
7. The number of rough sleepers is included as a contextual indicator. There is no target set for this indicator as there are a number of internal and external services and varying factors that contribute to the support and delivery of services to this cohort. However, it is an indicator that highlights the number of rough sleepers within the town. Work around rough sleepers strategy was presented to the September Scrutiny Committee meeting.
8. KPIs are used to inform and drive more effective performance on the part of both the council and those contracted to deliver on its behalf. Areas of good performance continue to include rent, leasehold service charge and council tax collection levels and efficient turnaround times to process changes to benefit claimant details.
9. Invoice payments continue to be reporting an *awareness level*, but is showing improvement due to changes in process implemented. Staff sickness levels have risen slightly and therefore also reporting an *awareness level*, but are still within expected levels for the time of year.

10. A higher than anticipated number of complaints were responded to after 20 day period stated within the councils complaints policy during the month of August. The majority of these complaints were responded to between 1-5 days past the 20 days, with a smaller number responded to up to 10 days after this point. Where complaints are complex, or require more in-depth technical investigation the process of responding to complaints require longer periods of time to resolve; where this occurs, residents are kept updated as to the progress of investigation and provided with a new expected response date.

## **Performance – Oflog metrics**

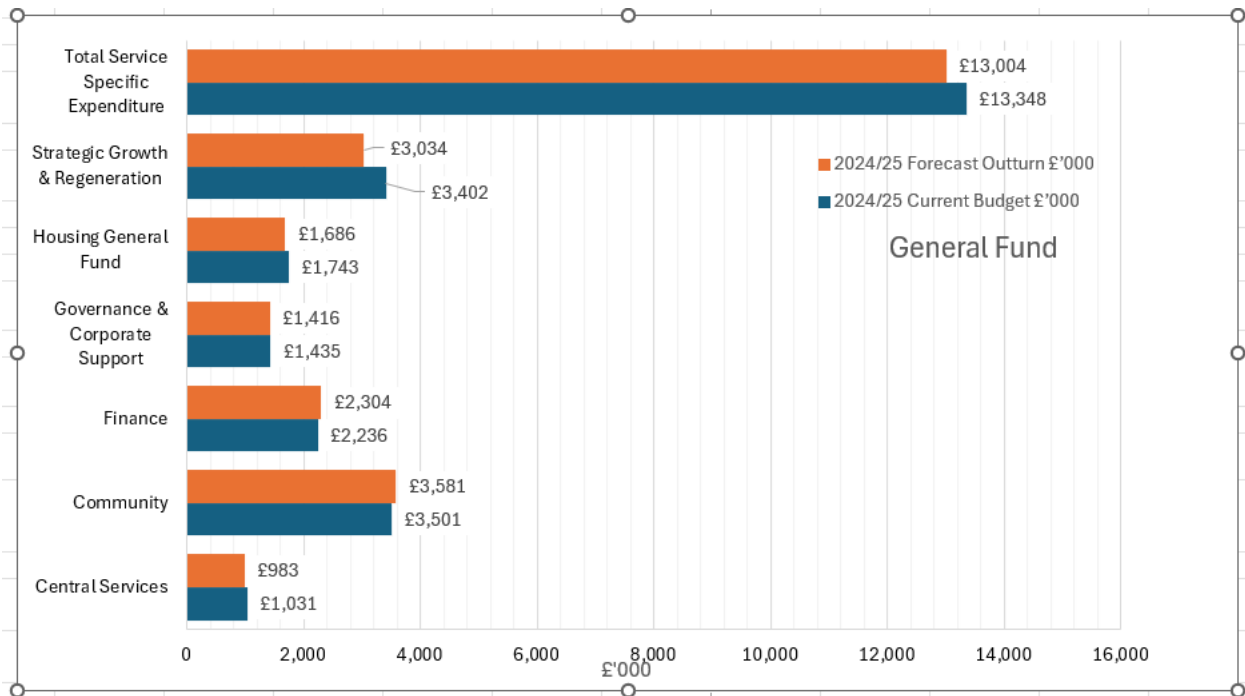
11. In 2023 a new performance body for local government was established; Oflog A key role of Oflog is to provide credible and accessible data for analysing performance across local government to support its improvement. To do this it has brought together a selection of existing metrics across local government including finance, complaints, planning and waste management. The metrics that are relevant to Harlow Council are attached at Appendix B along with comparisons against peer authorities who are similar to Harlow in as many ways as possible. A statistical neighbour group of authorities has been created based on the following features in order to do this; new town status, period of construction, retention of housing stock, authority type. The median reported data for each metric across all English councils is also included within the table.

## **Finance**

### **General Fund Account**

12. The council set the 2024/25 budget in February 2024, with service specific expenditure totalling of £13.613 million.
13. The General Fund summary position up to the end of August 2024 (Period 5) is summarised in the table below. The forecast outturn for service expenditure is expected to decrease to £13.004 million, reporting a favourable variance of £344,000.
14. Appendix C provides a breakdown of major key variances and explanation of the position set out in the table below. The main reason for the favourable position is reduced business rates and energy costs for the civic centre as well as increased green waste subscriptions.

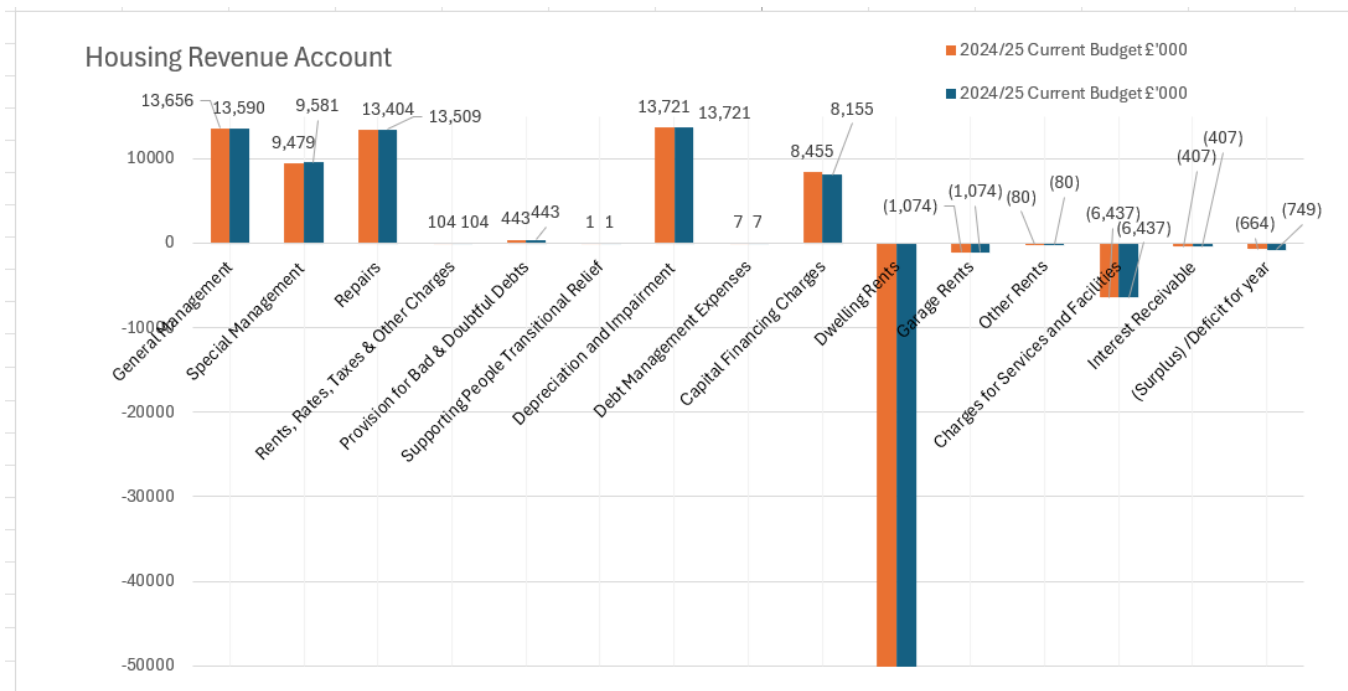
|   | 2024/25<br>Current<br>Budget<br>£'000 | 2024/25<br>Forecast<br>Outturn<br>£'000 | 2024/25<br>Variance<br>£'000 |
|---|---------------------------------------|---|------------------------------|
| Central Services                          | 1,031                                 | 983                                     | (48)                         |
| Community                                 | 3,501                                 | 3,581                                   | 80                           |
| Finance                                   | 2,236                                 | 2,304                                   | 68                           |
| Governance &<br>Corporate Support         | 1,435                                 | 1,416                                   | (19)                         |
| Housing General<br>Fund                   | 1,743                                 | 1,686                                   | (57)                         |
| Strategic Growth &<br>Regeneration        | 3,402                                 | 3,034                                   | (368)                        |
| <b>Total Service<br/>Specific</b>         | <b>13,348</b>                         | <b>13,004</b>                           | <b>(344)</b>                 |
| Non Service Specific &<br>Funding         | 1,578                                 | 1,578                                   | 0                            |
| Funding                                   | (14,926)                              | (14,926)                                | 0                            |
| <b>General Fund<br/>(Surplus)/Deficit</b> | <b>0</b>                              | <b>(344)</b>                            | <b>(344)</b>                 |



## Housing Revenue Account (HRA)

15. The Council approved a HRA budget and net surplus of £0.664 million for 2024/25, there were no approved carry forwards in July 2024, thus the current working balance as at 31 March 2024 is £11.444 million.
16. The HRA summary position up to the end of August 2024 (Period 5) is summarised in the table below. The forecast outturn is expected to decrease significantly to £0.749 million surplus, reporting a favourable variance of £85,000 with a revised working balance of £11.529 million.

| <b>Housing Revenue Account</b>        | <b>2024/25<br/>Current<br/>Budget<br/>£'000</b> | <b>2024/25<br/>Forecast<br/>Outturn<br/>£'000</b> | <b>2024/25<br/>Variance<br/>£'000</b> |
|---------------------------------------|---|---|---------------------------------------|
| <b><u>Expenditure</u></b>             |   |   |                                       |
| General Management                    | 13,656  | 13,590  | (66)                                  |
| Special Management                    | 9,479   | 9,581   | 102                                   |
| Repairs                               | 13,404  | 13,509  | 105                                   |
| Rents, Rates, Taxes & Other Charges   | 104   | 104   | 0                                     |
| Provision for Bad & Doubtful Debts    | 443   | 443   | 0                                     |
| Supporting People Transitional Relief | 1   | 1   | 0                                     |
| Depreciation and Impairment           | 13,721  | 13,721  | 0                                     |
| Debt Management Expenses              | 7   | 7   | 0                                     |
| Capital Financing Charges             | 8,455   | 8,155   | (300)                                 |
| <b>Total Expenditure</b>              | <b>59,271</b>                                   | <b>59,112</b>                                     | <b>(159)</b>                          |
| <b><u>Income</u></b>                  |   |   |                                       |
| Dwelling Rents                        | (51,937)  | (51,863)  | 74                                    |
| Garage Rents                          | (1,074)   | (1,074)   | 0                                     |
| Other Rents                           | (80)  | (80)  | 0                                     |
| Charges for Services and Facilities   | (6,437)   | (6,437)   | 0                                     |
| Interest Receivable                   | (407)   | (407)   | 0                                     |
| <b>Total Income</b>                   | <b>(59,935)</b>                                 | <b>(59,860)</b>                                   | <b>74</b>                             |
| <b>(Surplus) /Deficit for year</b>    | <b>(664)</b>                                    | <b>(749)</b>                                      | <b>(85)</b>                           |
| Balance at 1 April (pre-Audit)        | 10,780  | 10,780  | 0                                     |
| Surplus / (Deficit) for year          | 664   | 749   | 85                                    |
| <b>Balance as at 31 March</b>         | <b>11,444</b>                                   | <b>11,529</b>                                     | <b>85</b>                             |



17. Appendix D 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 Programme

### Non-Housing Capital Programme (NHCP)

18. A summary of the Non-Housing Capital Programme (NHCP) is shown in the table below. The Council approved a budget of £32.781 million in Feb 2024, and subsequently £14.4 million of carryovers in July 2024. The total NHCP Programme for 2024/25 is £47.181 million.

| NON HOUSING CAPITAL PROGRAMME Period 5 2024/25 |                         |                     |                       |                |                   |                                     |
|--|-------------------------|---------------------|-----------------------|----------------|-------------------|-------------------------------------|
| Schemes  | Approved Budget 2024/25 | 2023/24 Carry overs | Q1 Cabinet Amendments | Current Budget | Projected Outturn | Variance: Outturn to current budget |
|  | £'000                   | £'000               | £'000                 | £'000          | £'000             | £'000                               |
| Latton Bush Centre                             | 873                     | 863                 |                       | 1,736          | 1,736             | -                                   |
| Commercial Properties                          | 603                     | 658                 | (124)                 | 1,137          | 1,318             | 181                                 |
| Highways & Car Parks                           | 240                     | 157                 |                       | 397            | 397               | -                                   |
| Drainage Works                                 | 135                     | 80                  |                       | 215            | 215               | -                                   |
| Community Buildings                            | 574                     | 187                 | (317)                 | 444            | 424               | (20)                                |
| Other Public Schemes                           | 631                     | 138                 |                       | 769            | 669               | (100)                               |
| Civic Centre                                   | 909                     | 1,020               | (300)                 | 1,629          | 1,629             | -                                   |
| Garages  | 197                     | 0                   |                       | 197            | 197               | -                                   |
| Contingency                                    | 50                      | 0                   |                       | 50             | 50                | -                                   |
| <b>TOTAL ASSET MANAGEMENT</b>                  | <b>4,212</b>            | <b>3,103</b>        | <b>(741)</b>          | <b>6,574</b>   | <b>6,635</b>      | <b>61</b>                           |
| Communities and Environment                    | 629                     | 221                 |                       | 850            | 862               | 12                                  |
| Governance and Corporate Services              | 311                     | 19                  |                       | 330            | 210               | (120)                               |
| Strategic Growth & Regeneration                | 1,108                   | 1,033               |                       | 2,141          | 2,171             | 30                                  |
| <b>OTHER SERVICES</b>                          | <b>2,048</b>            | <b>1,273</b>        | <b>-</b>              | <b>3,321</b>   | <b>3,243</b>      | <b>(78)</b>                         |
| Council House Building Programme               | 3,708                   | 468                 | (4,026)               | 150            | 150               | -                                   |
| Innovation Park                                | 0                       | 1,906               |                       | 1,906          | 1,906             | -                                   |
| Levelling Up Fund                              | 9,352                   | 468                 |                       | 9,820          | 9,820             | -                                   |
| Town Centre Ltd Liability Partnership          | 0                       | 5,000               |                       | 5,000          | 5,000             | -                                   |
| Towns Fund                                     | 13,461                  | 2,182               |                       | 15,643         | 15,643            | -                                   |
| <b>OTHER SCHEMES</b>                           | <b>26,521</b>           | <b>10,024</b>       | <b>(4,026)</b>        | <b>32,519</b>  | <b>32,519</b>     | <b>-</b>                            |
| <b>TOTAL NON-HOUSING CAPITAL PROGRAMME</b>     | <b>32,781</b>           | <b>14,400</b>       | <b>(4,767)</b>        | <b>42,414</b>  | <b>42,397</b>     | <b>(17)</b>                         |
| Reprofiling as at period 5 required            |                         |                     |                       |                |                   | 120                                 |
| New Budget Allocations Required                |                         |                     |                       |                |                   | (30)                                |
| <b>Period 5 Variance (Favourable)/Adverse</b>  |                         |                     |                       |                |                   | <b>73</b>                           |

19. As at Period 5 the projected outturn of the full programme is forecasted to be £42.397 million resulting in a favourable variance of £0.017 million. A full list of variances and commentary is included within Appendix E.
20. Included within the projected outturn, £0.120 million 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.
21. If the reprofiling is approved, the overall forecast for period 5 shows an adverse variance of £0.73 million. This is largely due to roofing projects within the programme occurring higher costs than expected.

### Housing Capital Programme (HCP)

22. 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. The total HCP Programme for 2024/25 is £69.840 million.

| HOUSING CAPITAL PROGRAMME PERIOD 5 2024/25    |                         |                     |                       |                |                   |                                     |
|---|-------------------------|---------------------|-----------------------|----------------|-------------------|-------------------------------------|
| Schemes                                       | Approved Budget 2024/25 | 2023/24 Carry overs | Q1 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          | 1,263             | -                                   |
| 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                     |                     |                       | 300            | 300               | -                                   |
| <b>TOTAL HTS</b>                              | <b>5,354</b>            | <b>265</b>          | <b>0</b>              | <b>5,619</b>   | <b>5,737</b>      | <b>118</b>                          |
| External Works                                | 9,050                   | 1,600               | 450                   | 11,100         | 11,100            | -                                   |
| Damp & Structural Works                       | 1,600                   |                     | 164                   | 1,764          | 1,764             | -                                   |
| Other Works                                   | 8,700                   |                     |                       | 8,700          | 8,700             | -                                   |
| Fire Safety & Compliance                      | 6,500                   | 1,212               |                       | 7,712          | 7,712             | -                                   |
| Energy Efficiency Works                       | 800                     | 175                 |                       | 975            | 975               | -                                   |
| Housing IT                                    | 255                     | 50                  |                       | 305            | 305               | -                                   |
| 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>614</b>            | <b>31,907</b>  | <b>31,907</b>     | <b>-</b>                            |
| Acquisitions                                  | 0                       | 926                 |                       | 926            | 926               | -                                   |
| Council House Building Programme              | 27,650                  | 4,352               | (24,202)              | 7,800          | 7,800             | -                                   |
| <b>TOTAL NON CORE PROGRAMME</b>               | <b>27,650</b>           | <b>5,278</b>        | <b>(24,202)</b>       | <b>8,726</b>   | <b>8,726</b>      | <b>-</b>                            |
| <b>TOTAL ALL HOUSING CAPITAL PROGRAMME</b>    | <b>60,409</b>           | <b>9,431</b>        | <b>(23,588)</b>       | <b>46,252</b>  | <b>46,370</b>     | <b>118</b>                          |
| Reprofiling as at period 5 Required           |                         |                     |                       |                |                   | -                                   |
| New Budget Allocations Required               |                         |                     |                       |                |                   | -                                   |
| <b>Period 5 Variance (Favourable)/Adverse</b> |                         |                     |                       |                |                   | <b>118</b>                          |

23. As at Period 5 the projected outturn of the full programme is forecasted to be £46.370 million resulting in an adverse variance of £0.118 million. This is due to realignment of HTS inflationary uplifts within the Annual Service Charge A full list of variances and commentary is included within Appendix F.
24. There are no projects that require reprofiling for into 2025/26 programme for this period.

## Risk

25. 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.
26. In accordance with the councils Risk Management Strategy, risk owners have reviewed the strategic risks and updated them accordingly. As a result of the current risk review two scores have increased. The remaining scores have remained unchanged.

27. A dashboard of the current status of strategic risks and the strategic risk register can be found at Appendix G and details risk scores derived from the likelihood of a risk occurring, and the impact if it does, alongside the current controls in place.
28. The highest scoring risks remain those around financial resilience, contract and partnership management, climate change and cyber resilience due to the high impact they carry. Control measures in place mitigate the likelihood of these impacts as far as possible and are reviewed regularly.
29. The risk where the score has increased are as follows.

SR13 – Resource Capacity - If the council does not have the appropriate resources to match the delivery requirements, it can not deliver its priorities – L4xI4 = 16 (Very High)  
The score has increased due to recent changes within the senior leadership team and actions are in place to address the increased risk.

SR1 – Adequate Housing - If there is not sufficient and adequate Housing provided, the town will not be able to fulfil housing needs. – L4xI4 = 16 (Very High)  
The score has increased due to the recent Housing regulator grading and actions will be implemented and addressed.

## **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 5 of financial year 2024/25 has been reviewed and included within the body of the report.

Author: Jacqueline Van Mellaerts, Assistant Director – Finance and Deputy 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 August 2024 performance, risk and financial position for the Council as part of its fiduciary duty to implement budgetary controls and monitoring.

Author: Julie Galvin Monitoring Officer, Legal Services Manager and Monitoring Officer

## **Appendices**

Appendix A - KPI report August  
Appendix B – Oflog data  
Appendix C – General Fund Variances Period 5  
Appendix D – HRA Variances Period 5  
Appendix E – NHCP Variances Period 5  
Appendix F – HCP Variances Period 5  
Appendix G – Risk dashboard and risk register

## **Background Papers**

None

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

KPIs – Key Performance Indicators  
MTFP – Medium Term Financial Plan  
HTS – Harlow Trading Services