

Committee(s)	Date:	Classification:	Report No:	Agenda Item No:
<b>Overview and Scrutiny Cabinet</b>	<b>10<sup>th</sup> March 2009 11<sup>th</sup> March 2009</b>	<b>Unrestricted</b>		
Report of: <b>Assistant Chief Executive Corporate Director, Resources</b>  <b>Originating Officer(s) Lucy Sutton, Performance Manager Martin McGrath, Financial Planning and Systems Manager</b>		Title: <b>Strategic Plan and Corporate Revenue Budget Monitoring report 2008-09</b>  <b>Performance to 31st December 2008</b>  <b>Wards affected: All</b>		

## **1 SUMMARY**

- 1.1 Effective performance monitoring and reporting is crucial to the way the Council drives improvement in services. This report draws together the performance monitoring reports on the Strategic Indicators and General Fund Revenue Budget. Combining our performance and financial reporting in this way strengthens the Council's robust performance management arrangements.
- 1.2 This is a combined service and financial performance report, which covers the authority's progress against a basket of performance indicators and its financial position to the end of December 2008 (Quarter 3). This report includes monitoring updates for:-
- Performance indicators.
  - Corporate Revenue Budget Monitoring.
- 1.3 The performance information is contained in the report appendices as follows:
- Appendix 1 provides an overview of performance and comments on each Tower Hamlets Index (Strategic) indicator
  - Appendix 2 provides an overview of performance and comments on each Priority indicator
- 1.4 Compared to a total net budget of £296.387m, spending is projected to total £294.059m. This represents a projected underspend of £2.328m for the authority on the General Fund revenue budget for the current financial year which is an increase in the underspend reported in the second quarter's report. A number of directorates are reporting overspends and it will be important for Corporate Directors to act to contain these overspends in the coming months.

## 2 RECOMMENDATIONS

**Overview and Scrutiny Committee** is requested to:

- 2.1 Review and note the performance information set out in the report.
- 2.2 Consider any further action or research required to ensure performance improvement and recommend Cabinet accordingly.

**Cabinet** is requested to:

- 2.1 Consider any further action requested by the Overview and Scrutiny Committee;
- 2.2 Review and note performance against targets for Strategic Indicators (Section 3 and **Appendix 1**)
- 2.3 Review and note performance against targets for Priority Indicators (Section 3 and **Appendix 2**)
- 2.4 Note the projected outturn for Directorate service budgets and for the total General Fund net expenditure budget for 2008/2009 in section 4.2 and **Appendices 3A-G**.
- 2.5 Note the projected outturn for Directorate Trading Accounts for 2008/2009 as detailed in section 5.2 and **Appendix 4**.
- 2.6 Agree the budget target adjustments as detailed in section 7 and **Appendix 5**.
- 2.7 Note the performance against Service Improvement Growth targets in section 8.1.
- 2.8 Note the projected spend against Area Based Grant (ABG) as detailed in section 9.1
- 2.9 Note the 2008/09 performance against savings targets as detailed in section 10 and **Appendix 6**.

## 3. PERFORMANCE INDICATORS

- 3.1 This is the third quarterly monitoring report for the new Tower Hamlets Index, covering the period September-December 2008. The Strategic and Priority indicators are the top two tiers of our performance framework. They are:
  1. Strategic Indicators - consisting of the National Indicators and local indicators in our LAA, and some measures of corporate health (such as sickness absence) and customer satisfaction (annual residents survey). These are monitored corporately every two months as the Tower Hamlets Index and quarterly in the joint strategic and budget monitoring report.
  2. Priority Indicators – these are the rest of the National Indicator set with a small number of (usually ex-BVPI) indicators that provide

important measures of our services. We are now monitoring these quarterly.

### **How We Are Doing – Strategic Indicators (Tower Hamlets Index)**

- 3.2 Performance against our Strategic indicators for Quarter 3 2008/09 is set out in Appendix 1.
- 3.3 There are now three months to the end of the year and comments will reflect steps taken to ensure targets are met. Data is not yet available for one strategic indicator (and will be reported once provided):
- Carers receiving needs assessment or review and a specific carer's service, or advice and information (Strategic412)
- 3.4 Of the 28 applicable indicators, 12 of the performance indicators (48%) are on track to achieve their end of year target (GREEN). Areas where performance is well above the estimated level for the end of December target are as follows:
- Number of serious acquisitive crimes per 1,000 population (4 fewer crimes than expected – exceeded by 16.70%)
  - Arson incidents - Number of deliberate primary fires per 10,000 population (2.61 per 10,000 fewer fires than expected – exceeded by 28.5%)
  - Number of deliberate secondary fires per 10,000 population (10.21 per 10,000 fewer fires than expected – exceeded by 36.9%)
- 3.5 A total of 13 indicators (42%) are not meeting their third quarter target. Indicators that are significantly below their target are:
- Number of working days/shifts lost to sickness absence per employee (0.86 more days lost than anticipated – missed by 11.20%)
  - Percentage of the top paid 5% of staff who have a disability (excluding those in maintained schools) (2.74% achieved rather than 3.9% anticipated – missed by 29.70%)
  - Percentage of Undisputed Invoices Paid on Time (85% paid on time rather than 87% anticipated – missed by 12.4%)
  - The percentage of the top 5% of Local Authority staff who are from an ethnic minority (16.54% achieved rather than 21% anticipated – missed by 21.2%)
  - Number of social rented housing completions for family housing (282 fewer completions than anticipated – missed by 80.3%)
  - Net additional homes provided (1,611 fewer homes than anticipated – missed by 71.6%)
  - Number of affordable homes delivered (gross) (868 fewer homes delivered than anticipated – missed by 68.6%)
  - Looked after children achieving 5 A\*-C GCSEs (or equivalent) at Key Stage 4 (including English and mathematics) (6.67% achieved rather than 17% anticipated – missed by 60.8%)

- 3.6 It is not possible to report traffic lights for one Strategic indicator for this period:
- Per capita reduction in CO<sub>2</sub> emissions in the LA area (in-year targets not set)
- 3.7 16 Strategic indicators can be reported for the next period: the period ending January 2009.
- 3.8 In this third quarterly monitoring round of 2008/09 there are 48% GREEN, 4% AMBER and 48% RED indicators.

	GREEN	AMBER	RED
<b>2007/08</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>2008/09 – Q1</b>	<b>11 (55%)</b>	<b>8 (40%)</b>	<b>1 (5%)</b>
<b>2008/09 – Q2</b>	<b>14 (41.18%)</b>	<b>5 (14.71%)</b>	<b>15 (44.12%)</b>
<b>2008/09 – Q3</b>	<b>12 (48%)</b>	<b>1 (4%)</b>	<b>12 (48%)</b>

- 3.9 Compared to the last round of monitoring (Oct/Nov 08), the proportion of RED indicators has increased from 44.12% to 48%, although the number of RED indicators has reduced from 15 to 12 indicators. This can be partly attributed to the larger number of indicators being monitored at the six-month stage, and the reduced numbers of AMBER indicators, due to the greater precision that can be given at this late stage in the year. Two strategic indicators that were RED in Quarter 2 have returned to target for this period:
- Percentage of top 5% of earners of Local Authority staff that are women (Strategic 102)
  - Average waiting time for calls to Hot Lines to be answered (Strategic110)

### **How We Are Doing – Priority Indicators**

- 3.10 Performance against our Priority indicators for Quarter 3 2008/09 is set out in Appendix 2.
- 3.11 There are now three months to the end of the year and comments will reflect steps taken to ensure targets are met. Data is not yet available for four priority indicators (and will be reported once provided):
- The change in convictions for prolific and other priority offenders (PPOs) over a 12 month period (National030)
  - Rate of hospital admissions per 100,000 for alcohol related harm (National039)
  - Percentage of vulnerable people achieving independent living (National141)
  - Percentage of vulnerable people who are supported to maintain independent living (National142)

3.12 Of the 81 applicable indicators, 35 of the performance indicators (49.30%) are on track to achieve their end of year target (GREEN). Areas where performance is well above the estimated level for the end of December target are as follows:

1. No. residents assisted into sustainable employment by Skillsmatch (353 assisted rather than 173 anticipated – exceeded by 104%)
2. Total number of non-fatal casualties per 100,000 population - primary fires and related fatalities and non-fatal casualties (excluding precautionary checks) (4.2 per 100,000 less than expected – exceeded by 55.90%)
3. Number of gun crimes per 1,000 population (19.71 per 1,000 less than expected – exceeded by 34.20%)
4. Trading standards, levels of business compliance, medium risk premises (93% compliance – exceeded by 33.30%)
5. Satisfaction with the amount of time it took them to tell me whether my claim was successful (92.1% satisfaction rather than 70.2% anticipated – exceeded by 31.2%)
6. Food establishments in the area which are broadly compliant with food hygiene (1.25 percentage points more than anticipated – exceeded by 29.2%)
7. Satisfaction with the telephone service (75.9% satisfaction rather than 59.03% anticipated – exceeded by 28.6%)
8. Trading standards, levels of business compliance, low risk premises (88% compliance – exceeded by 26.20%)
9. Consumer satisfaction with trading standard service (77% satisfaction, 13.25 percentage points more than anticipated - exceeded by 20.80%)
10. Total number of primary fires per 100,000 population - primary fires and related fatalities and non-fatal casualties (excluding precautionary checks) (67.1 per 10,000 less than anticipated – exceeded by 20.80%)

3.13 A total of 36 indicators (50.70%) are not meeting their first quarter target. Indicators that are significantly below their target are:

1. The percentage of hate crime cases with identified perpetrators investigated by the Community Safety Service resulting in formal actions (none identified rather than 52.5% anticipated – exceeded by 100%)
2. BV014 – Percentage of early retirements (excluding ill-health retirements) as a percentage of the total workforce (0.61% rather than 0.23% anticipated – missed by 165.20%)
3. BV215a - The average number of days taken to repair a street lighting fault, which is under the control of the local authority - non DNO (0.24 days longer than anticipated – missed by 133.30%)
4. BV079b(ii) - HB overpayments recovered as a percentage of the total amount of HB overpayment debt outstanding at the start of the year, plus amount of HB overpayments identified during the year (21% recovered rather than the 39.9% anticipated – missed by 47.4%)
5. National043 - Young people within the Youth Justice System receiving a conviction in court who are sentenced to custody (7.3% rather than 5% anticipated – missed by 46%)

6. BV015 - Percentage of employees retiring on grounds of ill health as a percentage of the total workforce (0.14% actual rather than 0.1 anticipated – missed by 40%)
7. SP308 - Percentage of young people in Tower Hamlets aged 16 - 24 claiming unemployment-related benefits (20.4% claiming rather than 15% anticipated – missed by 36%)
8. CE060 - CPA use of resources indicator - overall score (we scored 3 rather than 4 as anticipated – missed by 25%)
9. CPAE32 - Trading standards, visits to high-risk premises (only 57% of visits made rather than 75% anticipated – missed by 24%)
10. National144 - Offenders under probation supervision in employment at the end of their order or licence (32% rather than 40% anticipated – missed by 20%)

3.14 It is not possible to report traffic lights for six Priority indicators for this period, these are:

- Satisfaction of business with local authority regulation services (targets will be set once baseline established)
- Impact of local authority trading standards services on the fair trading environment (targets will be set once baseline established)
- Children and young people’s satisfaction with parks and play areas (targets will be set once baseline established)
- Percentage of initial assessments for children’s social care carried out within 7 working days of referral (in-year target not set)
- Percentage of intermediate and market housing completions for family housing (in-year target not set)

3.15 All Priority indicators will be reported for the next period: the year end (Quarter 4).

3.16 In this third quarterly monitoring round of 2008/09 there are 49.3% GREEN, and 50.7% RED indicators.

	GREEN	AMBER	RED
<b>2007/08</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>2008/09 – Q1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>2008/09 – Q2</b>	<b>42 (48.28%)</b>	<b>8 (9.2%)</b>	<b>37 (42.53%)</b>
<b>2008/09 – Q3</b>	<b>35 (49.3%)</b>	<b>0</b>	<b>36 (50.7%)</b>

3.17 Compared to the last round of monitoring (Quarter 2), the proportion of RED indicators has increased from 42.53% to 50.7% (37 to 36). This can be partly attributed to the larger number of indicators being monitored in this period. One Priority indicator that was RED in Quarter 2 has returned to target for this period:

- No of residents assisted into sustainable employment by Skillsmatch (D&R01)

## **4 CORPORATE REVENUE BUDGET MONITORING 2008/09 - TO 31/12/08**

### **4.1 Background**

4.1.1 This part of the report sets out the financial position for the Council's General Fund revenue budget for the third quarter of 2008/09. It is based on expenditure and service activity until the end of December 2008 and has been obtained from monitoring statements provided by Corporate Directors. Separate reports on the Housing Revenue Account budget and capital programme are set out elsewhere on this agenda.

Corporate Directors have provided the following information in support of their projected outturn and variance figures:

Explanation of Variances:-

- ◆ Explanations for the most significant net variances (greater than £100,000) in both expenditure and income.
- ◆ Details of actions to deal with any variances including whether the actions are on target and, if not, what alternative/additional courses of action have been put in place.
- ◆ Any implications for the 2008/09 and future years' budgets.

#### **4.1.2 Risk areas**

- ◆ Monitoring information on the key risk areas identified in the final budget report 2008/09 which was submitted to Cabinet in March 2008.
- ◆ Details of any additional risk factors which have emerged since the budget was set in February.

#### **4.1.3 Virements**

- ◆ Virements are transfers of budget allocated for one purpose to another purpose. Financial Regulations stipulate that virements in excess of £250,000 must be submitted to Cabinet for approval.

### **4.2 Projected Outturn Position**

4.2.1 The table below shows the projected outturn position against the latest budget for each directorate which includes the original budget plus target adjustments agreed by Cabinet on 3rd December 2008.

Directorate/Service	Latest Budget	Projected variance as at 31/12/08	Projected variance as % of budget	Status	Projected variance as at 30/09/08
	£'000	£'000	%	£000	£000
Adults, Health & Wellbeing	84,286	(1,492)	(1.77%)	Green	(1,678)
Children's Services	86,596	836	0.97%	Red	726
Communities, Localities and Culture	73,800	(370)	(0.50%)	Green	265
Development & Renewal	14,053	506	3.60%	Red	547
Chief Executive's	11,415	(32)	(0.28%)	Green	197
Resources	14,914	(326)	(2.19%)	Green	(2,034)
Corporate/Capital	11,323	(1,450)	(12.8%)	Green	
<b>TOTAL (inc Trading a/cs)</b>	<b>296,387</b>	<b>(2,328)</b>	<b>(0.79)%</b>	<b>Green</b>	<b>(1,977)</b>

#### Key to 'Traffic Light System'

The elements in the traffic light system are used to indicate significant outturn variances as follows:-

Red – Potentially detrimental to the finances of the Council

Amber – Previously reported overspend, position improved since the last report

Green – Potentially advantageous to the finances of the Council

### 4.3 Variance Analysis

The following sections set out explanations of the main variances in each Directorate's budget provided by the relevant Corporate Director. Full details of variances may be found at **Appendix 3A-G**

#### 4.3.1 Adults, Health & Wellbeing

##### Home Care net underspend £445,000

Following restrictions on referrals in 2007-08 to deal with budget pressures, the service is now accepting referrals for high intensity care packages. To date the demand has been somewhat less than predicted, leading to the projected underspend. With an even more intensive focus on care at home as an alternative to institutional care this is a changeable area and the above underspend is the best estimate at this time.



#### Elders Commissioning net overspend £415,000

The overspend can be attributed mainly to residential and nursing care. There has been a significant increase in referrals for residential and nursing care, mainly related to the high needs of increasing numbers of people with dementia. Additionally there is an increase in expenditure in Linkage Plus matched mainly by additional income from PCT.

Stringent measures have been introduced, to ensure that all alternatives to institutional care are exhaustively explored, before placements are agreed.

#### Learning Disabilities Commissioning net underspend £459,000

This variance in expenditure represents increases in demand for direct payments and other service areas concurrent with changes in policy and legislation towards more independent living. However, as a result of successful negotiations with the PCT over the appropriate sharing or distribution of costs in a number of complex cases of clients receiving very high levels of support, additional income will cover these costs and contribute to a net underspend. However this position is liable to change significantly as individual cases are reviewed and re-assessed.

#### Physical Disabilities Commissioning net overspend £262,000

This variance in expenditure represents increases in demand for direct payments and other service areas concurrent with changes in policy and legislation towards more independent living.

#### Homelessness & Housing Advice Services net underspend £1,160,000

The variance reflects increased temporary accommodation placements, with more households contributing to Administration Charges than originally budgeted for. This brings with it extra grant from the Government.

### **4.3.2 Children's Services**

#### Fieldwork – Children's Social Care – net overspend £862,000

There remain significant budget pressures in relation to the requirement to maintain agency staff, in order to provide a safe service and ensure children are safeguarded.

As per the first and second quarterly figures, it has been essential that agency staff are maintained in the service to cover staff vacancies and in addition to this, retaining a quota of agency staff above establishment to meet this increased demand for a service

Recruitment campaigns to date have not realised the recruitment of a sufficient number of suitably qualified and experienced staff who can undertake complex child protection work and therefore reduce the reliance on agency workers at this stage although significant activity continues in relation to recruitment and retention.

A detailed strategy is underway to re-shape the service with a particular emphasis on early intervention and prevention and to refocus the delivery of services to families to reduce the demands on the service. It is anticipated that this strategy will reduce the level of overspend in the medium term.

Workflow/activity continues to be kept under close scrutiny and review.

#### Integrated Services for Children with Disabilities net underspend £271,000

Due to a more dependable but longer recruitment process delays have resulted in the filling of link carer posts resulting in a net underspend within this area. This delay is not expected to re-occur next year.

#### Trading Account Deficit

A deficit of £359,000 is projected on the Catering & Welfare Trading account, and this is explained further in Section 6.

### **4.3.3 Communities, Localities and Culture**

#### Waste & Cleansing Services net underspend £220,000

Original budget projections assumed a requirement to purchase Landfill Allowance Trading Scheme (LATS) allowances at a cost of £12 per tonne. The current Market value at which LATS are being traded has reduced to £0.10 per tonne - this will result in a saving of £223,000. A request will be made to carry forward this balance to fund further rollout of the Council's Food Waste Recycling Programme as outlined within the Waste Strategy report being considered by Cabinet on the 11th March.

#### Health & Safety/Business Continuity net underspend £150,000

£250,000 was originally allocated for provision of a generator at Mulberry Place, delays in obtaining the landlord approval for the sighting of the generator has allowed for further consideration of the most appropriate use of this funding. This has resulted in the identification of a more cost effective method of providing business continuity options. Four separate projects have been identified by the Business Continuity Planning Group these are now in the process of being implemented but because of initial landlord delays not all funding will be expended in this financial year. A request will

be made to carry forward the balance into 2009/10. One of the options is to purchase a mobile generator, and the underspend will fund this cost in the new financial year.

#### **4.3.4 Development and Renewal**

##### Development Decisions net underspend £105,000

The Directorate budget includes a high level of income from development fees and land charges. These are forecast to decline significantly as a direct consequence of both the current 'credit crunch' and its impact on the property market and the introduction of Home Improvement Packs (HIPS). Earlier in the financial year, large shortfalls in fee income were projected. Over the last few months, significant fees have been received for major planning applications and this has meant that the projected pressure for the 2008-09 financial year is not expected to arise. It must be stressed however that these are one-off applications and very few major applications are anticipated in the near future. This will cause severe budgetary pressures in 2009-10 and later years.

##### Asset Management net overspend £415,000

Expenditure is significantly higher than initially estimated to reflect the costs of the development and implementation of the corporate asset management system, together with the on-going additional costs that are being incurred to deliver comprehensive building surveys and backlog health and safety maintenance.

##### Regeneration Strategy Sustainability net overspend £211,000

The Local Labour in Construction service has been historically funded through a combination of Housing Capital, HRA and Section 106 resources, and trading income. The service transferred to Development and Renewal from the former Housing Directorate in April 2008, and it soon became apparent that the assumed levels of external funding would not be realised. A review of the service was agreed as part of the 2009-10 budget process and this will deliver some £150,000 of savings to ease pressures in future years.

##### Trading Account Deficit

A deficit of £66,000 is projected on the Building Control Trading account and this is explained further in Section 6.

#### **4.3.5 Chief Executive's Directorate**

##### Registration of Births, Deaths & Marriages - £171,000 net underspend

Budget includes £321k for subsidy payments for Burials outside the borough, however the projected spend this year is only £100k. This anticipated underspend reflects the fact that the scheme was launched midway through the financial year. It is expected that spend will be closer to the budget figure next year as (i) the scheme will be in place for the whole year; (ii) take-up is increasing as people get to know about the scheme; and (iii) a review, and possible extension, of the scheme is pending at the end of the pilot period.

#### **4.3.6 Resources Directorate**

##### Council Tax & National Non Domestic Rates (NNDR) net underspend £982,000

At the current time, a net underspend of £982k is forecast. This consists of: an expected surplus of around £658k from Council Tax Benefits Subsidy, additional income of £332k.

However, this is a demand-led service which may be affected by the present financial and economic uncertainty.

##### HR/Learning & Development net overspend £300,000

The projected overspend has arisen due to commitments entered into in previous years for positive action schemes combined with a mismatch between expenditure and grant income. This has now been resolved and will not occur in 2009/2010

##### Capital/Treasury Management net underspend £1,450,000

The Council will continue to benefit from being able to invest at higher interest rates for much of the year in consequence of investments entered into before recent reduction in bank rates whilst in addition taking advantage of the reduced the cost of external borrowing partly through the normal maturing of long term debt and partly through a restructuring of debt to reduce interest costs during the year. However recent interest rate falls mean that once current investments mature, income from investment of surpluses will reduce considerably and this constitutes a risk to the Council's budget in 2009/10. Further details were provided in the budget reports submitted to Cabinet in January and February 2009.

## 5 **TRADING ACCOUNTS 2008-09**

- 5.1 A number of Council services are managed as trading accounts where they recover their costs by charging users to break-even in accordance with accounting requirements and good financial management practice. These trading accounts have been created for a number of reasons such as legislation requirements, the need to charge for services and competitive tendering exercises by the Council. Furthermore, the accounts are reported in order to facilitate better scrutiny of services, performance review and value for money.
- 5.2 The table below shows an overall projected year-end overspend of £425,000 from the Council's trading accounts.

Directorate/Service	Projected Annual Net Variance
	£000
Children's Services – Catering & Welfare Service	359
Development & Renewal	66
Communities, Localities & Culture	-
<b>TOTAL</b>	<b>425</b>

- 5.3 The projected overspend in Children's Services is attributable to increased costs for meals & transport due to high levels of inflation in these areas.
- 5.4 The projected overspend in Development & Renewal is within Building Control and a drop of income which has not been fully covered through expenditure efficiencies.
- 5.5 Both deficits will need to be met from within Directorate budgets in 2008/2009. Further details are provided in **Appendix 4**.

## 6 **VIREMENTS**

- 6.1 Virements are transfers of budget that result in no overall change to the budget of the Council. Under Financial Regulations, virements over £250,000 are required to be approved by the Cabinet. Virements over £100,000 are required to be reported for information and are agreed by the Corporate Directors.

There are no virements for this quarter.

## **7 TARGET ADJUSTMENTS**

7.1 Target adjustments are transfers of budget management between services/directorates and are subject to approval by Cabinet.

### **7.2 Directorate Budget Adjustments**

The following budget adjustments are required in order to reflect accurately the transfer of managerial responsibilities within directorates.

#### **7.2.1 Adults Health & Wellbeing**

7.2.1.1 To transfer the post of Health & Safety Officer (£33,000) to Communities, Localities & Culture.

#### **7.2.2 Development & Renewal**

7.2.2.1 To transfer the residual Housing Benefits Administration budget of £245,000 to Resources.

#### **7.2.3 Communities, Localities and Culture**

7.2.3.1 To transfer the budget of £350,000 for the 2009 Mela less the amount taken back to reserves for the unused 2008 Mela of £130,000. Being a net target adjustment of £220,000 to be funded from reserves as agreed by Cabinet on 5<sup>th</sup> November 2008

7.3 Adjustments are needed to reflect the increase in employer pension contributions, prudential borrowing, early retirements & support costs. None of these adjustments affect the overall budget.

7.4 **Appendix 5** reflects the overall effect on budgets of these adjustments.

## **8 SERVICE IMPROVEMENT GROWTH**

8.1 On 27<sup>th</sup> February 2008 Cabinet agreed a total of £3,634k Service Improvement Growth for 2008/09. At this stage in the financial year most directorates appear to be on target to meet their spend for the year.

8.2 Areas of projected slippage are shown in the table below.

Ref	Title	Full Year Budget 2008/09	Projected Outturn	Projected Variance	Comments
SIG		£'000	£'000	£'000	
CLC/06	TH Mela	130	0	(130)	This funding was not spent on the 2008 Mela and will be transferred back to reserves.
DR/04 Now Chief Exec's	Subsidy of Burials	321	100	(221)	Staff have now been permanently appointed to the two posts funded through service improvement growth
DR/01	Asset & Community Planning	140	75	(65)	Staff have now been permanently appointed to the posts funded through service improvement growth. The projected underspend reflects the fact that the officers were not in post for the full financial year
DR/02	Town Centre Project Lead	70	40	(30)	An officer has now been permanently appointed to the post funded through service improvement growth. The projected underspend reflects the fact that the position was not filled for the full financial year.
DR/03	Sustainability	150	100	(50)	A review of the service is currently being undertaken to incorporate the positions to be funded through service improvement growth.

## 9 AREA BASED GRANT

9.1 The table below sets out how ABG is being utilised in 2008/09 and the projected year end position.

Directorate	Full Year Budget 2008/09	Projected Outturn	Projected Variance	Comment
	£'000	£'000	£000	
Adults Health & Wellbeing	4,233	4,183	(50)	As previously reported to Members, there has been a slight slippage in the commissioning process relating to Learning & Disability Development.
Children's Services	10,292	10,292	0	It is forecast that there will be no year-end variances.
Communities, Localities & Culture	11,666	8,370	(3,296)	The refreshed Working Neighbourhoods Fund is not yet finalised but some former Neighbourhood Renewal Fund initiatives will continue to 31/03/09.
Resources	1,036	1,036	0	It is forecast that there will be no year-end variances.
Chief Exec's	414	414	0	It is forecast that there will be no year-end variances.

The question of whether underspent funds should be carried forward to future years will be a matter for Member decision after the end of the financial year.

## 10 SAVINGS/EFFICIENCY TARGETS

### 10.1 Savings/Efficiency Targets

10.1.1 Efficiency targets are underway or planned to deliver the cashable savings of £6,346,000 as part of the Council's Budget Strategy for 2008/09.

10.1.2 Directorates have indicated that £4.634m of efficiencies have been achieved to date. Although a few projects have slipped the impact of this will be contained within directorates' budgets.

10.1.3 A breakdown of efficiency savings is attached at **Appendix 6**.

## 11 INCOME COLLECTION PERFORMANCE 2007/08 & 2008/09 TARGETS

11.1 The table below relates to debt raised since the 1<sup>st</sup> April 2008, and collected in the year to date. In addition, a proportion of debt is collected as arrears, so a greater proportion of overall debt is collected than these targets suggest. The direction of travel arrows indicate that for most types of debt, performance is above target.

Income Stream	Collected In 2007-08	2008-09 Target to 31/12/08	2008-09 Collected to 31/12/08	Direction of Travel
	%	%	%	
Business Rates	99.6	85	88	↑
Central Income	74	82	79	↓
Council Tax	94.7	81	81	↔
Housing Rent	98.14	97.7	96.5	↓
Major Works	7.4	7.5	7.6	↑
Parking Fines	69.4	65	65	↔
Service Charges	35.3	51.4	44.3	↓

### 11.2 Performance Analysis

#### 11.2.1 Central Income

The figure reported relates to the period to the 31<sup>st</sup> December. Since then, two invoices outstanding for over 6 months totalling £1m have been paid, bringing the percentage collected in line with target.



### 11.2.2 Housing Rent

Recovery work and weekly monitoring continues to support our recovery from this reduction in rent collection. Quarterly rent statements have been issued in January, which usually generates a good response from residents and often results in increased payments.

Payment files were not posted to the rent accounting system during the Christmas period. Early indications in January show these indicators are improving.

### 11.2.3 Service Charges

The arrears recovery has been on hold due to the Data Integrity project which affected the number of accounts we could chase for a variety of reasons.

The project was due to deliver on a number of work streams during January and ending on 27 February 2009 which would have released more accounts to chase. There has been some progress but not all the elements were delivered.

Therefore letters will be sent to the 'clean' accounts in the next week and active arrears recovery will commence.

## **12 COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 12.1 This report sets out the performance of the authority against priority performance indicators for the third quarter of the year together with budget monitoring against the General Fund revenue budget, which is the main budget influencing performance in the short term. This represents good practice as it enables performance in both areas to be considered alongside one another and thus actions can be taken on the basis of a balanced overall view.
- 12.2 This report projects a net General Fund underspend for 2008/09 of £2.328m based on spending to the end of December 2008. If this is carried through to the end of the financial year, this will result in an increase in general reserves of the same amount.
- 12.3 It is the responsibility of officers to ensure that budgets are adhered to where possible. The corporate director for Resources will be monitoring closely the position to ensure the implications are reported to Members and reflected in financial plans. Financial regulations require corporate directors to take measures to eliminate or reduce overspends and report this to Cabinet.

- 12.4 The 2008/2009 budget process also included an assessment of the robustness of expenditure and income forecasts including identification of the key risk areas. This report continues the development of that process by explicitly commenting on the current status of those risk areas within **Appendix 3A-G**.

### **13 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)**

- 13.1 The Local Government Act 1999, Section 3, requires all authorities to 'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. Performance monitoring of corporate plans is an important way in which that obligation can be fulfilled and regular monitoring reports to members on performance and actions arising from those reports will demonstrate that the Council has undertaken activity to satisfy the statutory duty.
- 13.2 Under the Local Government Act 1972, the budget monitoring framework underpins the Council's section 151 legal framework to ensure there are sound and robust systems of financial administration, financial management and strategic financial planning advice for the Authority as a whole. In addition, it enables the Council to plan and control its income and expenditure through the financial year and report to managers and members the Authority's financial position.
- 13.3 Further, the Local Government Act 2003 requires the Chief Finance Officer to review the robustness of the budget estimates and its impact on reserves periodically in year through regular budget monitoring. Also, where there has been deterioration in the Authority's financial position it requires the Authority to take action to address the situation.

### **14 ONE TOWER HAMLETS CONSIDERATIONS**

- 14.1 The Council's Strategic Plan is focused upon meeting the needs of the diverse communities living in Tower Hamlets. The Key Themes reflect diversity issues and there are key equality milestones in relation to delivering One Tower Hamlets.

### **15 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 15.1 An element of the monitoring report deals with environmental milestones within the Safe and Supportive agenda.

## **16 RISK MANAGEMENT IMPLICATIONS**

- 16.1 In line with the Council's risk management strategy, the information contained within the Strategic Indicator Monitoring will assist the Cabinet, Corporate Directors and relevant service managers in delivering the ambitious targets set out in the Strategic Plan. Regular monitoring reports will enable Members and Corporate Directors to keep progress under regular review.
- 16.2 There is a risk to the integrity of the authority's finances if an imbalance occurs between resources and needs. This is mitigated by regular monitoring and, where appropriate, corrective action. This report provides a corporate overview to supplement more frequent monitoring that takes place at detailed level.
- 16.3 The explanations provided by the Directorates for the budget variances also contain analyses of risk factors.
- 16.4 The projected favourable variance on the revenue outturn is mainly due to the receipt of interest on investments. This has become a high risk area with the current volatility in the economy and financial markets.

## **17 EFFICIENCY STATEMENT**

- 17.1 The efficiency statement is included within the body of the report at section 10 and **Appendix 6**; risk factors are covered throughout the report and at **Appendix 3A-G**.

## **18 INDEX OF APPENDICES**

<b>Appendix</b>	<b>Detailing the following:</b>
1	Tower Hamlets Index Progress Report to 31st December 2008
2	Tower Hamlets Priority Indicators
3A-G	Directorates' projected outturns
4	Trading Accounts
5	Budget Adjustments
6	Efficiency Savings Targets 2008/09

---

*LOCAL GOVERNMENT ACT, 1972 SECTION 100D (AS AMENDED)*

**LIST OF "BACKGROUND PAPERS" USED IN PREPARATION OF THIS REPORT**

---

<b>Brief description of "background paper"</b>	<b>Name and telephone number of holder and address where open to inspection</b>		
	Performance Manager	Lucy Sutton	x3186
	Corporate Finance	Martin McGrath	x 4645