

<b>Cabinet</b>	 <b>TOWER HAMLETS</b>
27 <sup>h</sup> February 2019	
<b>Report of:</b> Corporate Director of Resources	<b>Classification:</b> Unrestricted
<b>Revenue &amp; Capital Monitoring 2018-19 Quarter 3 (Period 9) –December 2018</b>	

**Proposed Decision Path (indicate) – Delete Section Before Publication:**

	Step [Delete as applicable]	Date
DLT Level (Tier One)	DLT	December
CLT	CLT	January
	MAB	16 <sup>th</sup> January

**Proposed Decision Path (indicate) – Delete Section Before Publication:**

<b>Lead Member</b>	<b>Councillor Ronald, Cabinet Member for Resources</b>
<b>Originating Officer(s)</b>	Kevin Miles – Chief Accountant
<b>Wards affected</b>	N/A
<b>Key Decision?</b>	N/A

**Executive Summary**

This report introduces the Monthly Budgetary monitoring report for Quarter 3 (Period 9), Most outturn figures are based on period 8 projections except where new information has been made available and projections have been revised accordingly. 'Budget to Date' and 'Actual to Date' figures reflect the P9 position.

It includes details of the Revenue and Capital outturn position, the projected position of the Housing Revenue Account and outlines progress made against Savings targets.

## THIS SECTION TO BE DELETED BEFORE PUBLICATION

### Decision Type

Key Decision?	Urgent Decision?	Exempt from Call-In?	Restricted Report or Partially Restricted (e.g. appendix)?
No	No	No	No

\*If the answer is yes make sure the forthcoming decision on the website states this or else the decision cannot be taken.

### Guidance Documents

Further details on the procedure for Urgent Decisions can be found in the [Intranet Library](#) and the Guide to Report Writing [guidance note](#).

### Specific Issues for Pre-Decision Meetings

(Officers may use the following table to add points of note for internal meetings such as CLT, MAB or DMTs. Content can be deleted at any stage and, in any case, will be before publication for the decision making meeting.)

<b>Directorate Leadership Team</b>
<b>Corporate Leadership Team</b>
<b>Mayor's Advisory Board</b>
<b>Communications</b>

## **THIS SECTION TO BE DELETED BEFORE PUBLICATION**

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Note the Council's projected outturn position against General Fund, Dedicated Schools Budget and HRA budgets agreed for 2018-19, based on information as at the end of December as detailed in the Appendices.
2. Note the summary savings position.

#### ***In respect of the new capital scheme proposals (Annex 1-2)***

3. Subject to the review and agreement of the Capital Board and member approval, note the increases for schemes identified in Annex 1 and the new schemes set out in Annex 2 of the attached budget monitoring report.

## **1. REASONS FOR THE DECISIONS**

- 1.1. The Council could choose to monitor its budgetary performance against an alternative timeframe but it is considered that the reporting schedule provides the appropriate balance to allow strategic oversight of the budget by members and to manage the Council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service Directors and the Council's Corporate Leadership Team (CLT) including approval of management action.
- 1.2. To the extent that there are options for managing the issues identified these are highlighted in the report in order to ensure that members have a full picture of the issues and proposed solutions as part of their decision making.

## **2. ALTERNATIVE OPTIONS**

- 2.1. The regular reporting of Revenue and Capital Budget Monitoring information through the year and the preparation of the provisional outturn position after the year end provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and

the management action being implemented to address the identified issues.

- 2.2. Further information across the Council's key financial activities is also included to ensure that CLT and Members have a full picture to inform their consideration of any financial decisions set out in this report and also their broader understanding of the Council's financial context when considering reports at the various Council Committees.
- 2.3. Set alongside relevant performance information it also informs decision making to ensure that Members' priorities are delivered within the agreed budget provision.
- 2.4. It is important that issues are addressed to remain within the approved budget provision or where they cannot be contained by individual service management action, alternative proposals are developed and solutions proposed which address the financial impact; CLT and Members have a key role in approving such actions as they represent changes to the budget originally set and approved by them.

### **3. DETAILS OF THE REPORT**

- 3.1. On the 21st of February 2018 the council considered and agreed the Revenue Budget and Council Tax for 2018-19; and a capital programme showing resources available for investment in assets and infrastructure for ten years until 2027-28. The Council also agreed the Housing Revenue Account (HRA) budget from 2018-19 which includes the rent setting and other charges.
- 3.2. The net budget requirement for 2018-19 has been set at 343.7m. The MTFP indicates a balanced budget for 2018-19, which includes delivering savings of £23.8m (£18.3m for 2018-19, and £5.5m slippage from previous years) and anticipates the Council will still need to deliver further annual savings of £13.2m and £9.0m in 2019-20 and 2020-21 respectively.
- 3.3. General Fund is projected to show an overspend £0.5m after the application of reserves and corporate contingency. The HRA has scaled back its projected outturn and now expects to make a £4.2m surplus, against a revised budgeted surplus of £7.4m.
- 3.4. There are ongoing significant pressures in Children's Services which could result in an overspend, much of which is attributable to social care.

- 3.5. The Place directorate is forecasting a overspend position of approximately £1.2m though most of this is mitigated by Parking income (£1.0m). Other areas of potential overspend are the subject to the application of earmarked reserves.
- 3.6. Corporate costs and capital financing (including the corporate contingency) is projected to be £6.5m underspent.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:
- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
  - Advance equality of opportunity between people who share those protected characteristics and people who do not;
  - Foster good relations between people who share those characteristics and people who do not.
- 4.2. This report provides an update on the Council's Monthly Budgetary monitoring for Quarter 3 (Period 9) following the Council's approval of the revenue budget in February 2018.
- 4.3. Any actions undertaken by the Council are likely to have an impact on residents in the Borough who share a protected characteristic. Therefore any such decision will be subject to an equality analysis prior to a decision to implement is made.

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1. This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
  - Consultations,
  - Environmental (including air quality),
  - Risk Management,
  - Crime Reduction,
  - Safeguarding.
- 5.2 There are no other statutory implications contained in this report

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1. The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the main report.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1. The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's chief finance officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for the Cabinet to receive information about the revenue and capital budgets as set out in this report.
- 7.2. The report also requests the allocation of various sources of funds and the delegation of the authority to spend those funds. The Council has the legal powers to carry out the various items of work both for the provision of housing and for the improvement of facilities (such as the health facility) in the Borough.
- 7.3. The Council has the duty to achieve Best Value in terms of economy efficiency and effectiveness in the delivery of its services and the expenditure of its resources. The report details that the expenditure of the money will be based upon competitive exercises performed either individually or through the use of pre-existing framework agreements. The methodology of the particular framework to be used will need to be checked by Legal Services in order to ensure that the use of the particular framework satisfies the Council's European Law obligations, but ostensibly the award of contracts under a competitive procedure will demonstrate Best Value.
- 7.4. It is anticipated that the contracts resulting from the competitive exercises will include appropriate clauses to allow the Council to monitor the delivery of the contracts. This will allow the Council to ensure the quality of the Works and Services meets the tendered level and also safeguard Best Value.
- 7.5. It is clear that some of the schemes are likely to have an impact on people who have a protected characteristic for the purposes of the Equality Act 2010. Therefore, the Council will have to perform equality assessments in respect of each scheme whilst the decision making process as regards the detail of each scheme is still at a formative stage. It is likely in part at least, that it will be necessary for the Council to carry out consultation exercises in order to properly understand the impact of the schemes on persons with a protected characteristic and thereby to comply with the Council's Equality Act duties

**Linked Report**

- None

**Appendices**

Appendix 1 – Directorate Summary Report

Appendix 2 – Control Budget

Appendix 3 – Savings Tracker Summary and Detail

Appendix 4 – Mayoral Priorities

Appendix 5 – Capital Schedule

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

**Officer contact details for documents:**

- N/A