

Cabinet 22nd May 2019	 TOWER HAMLETS
Report of: Corporate Director of Resources	Classification: Unrestricted
Provisional Outturn Report 2018-19	

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

Executive Summary

This report introduces the Provisional Outturn report for 2018/19. It includes details of the Revenue and Capital outturn positions, the provisional final position of the Dedicated Schools Budget and of the Housing Revenue Account and outlines progress made against savings targets as well as other key financial indicators.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the Council's provisional outturn position for the General Fund, Dedicated Schools Budget and HRA budgets agreed for 2018-19, based on information as at the end of March 2019 and subject to the ongoing closure process as detailed in the appendices.
2. Note the summary savings position.

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. Notwithstanding the above, this is the draft outturn report and it is good financial management practice to report this to elected members.

- 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 draft 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 reported by budget holders and the management action being implemented to address the identified issues. Work is currently still taking place on closedown and this report forms the basis for the financial statements.
- 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 was set at £343.7m. The MTFP indicated a balanced budget for 2018-19, which included delivering savings of £23.8m (£18.3m for 2018-19, and £5.5m slippage from previous years) and anticipated that 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. The provisional outturn for the General Fund is showing an overspend of £2.6m **after** the application of reserves and corporate contingency. Originally budgeted to make a call of £5.6m from the General Fund balance, the provisional final position requires a further £0.9m increasing the amount required to £6.5m. The HRA has scaled back its projected outturn and has made a £6.5m surplus, against a revised budgeted surplus of £7.4m.
- 3.4. There were significant in-year pressures in Children's Services and on the Dedicated Schools Budget which resulted in significant overspends, which is attributable to social care and special educational needs respectively.
- 3.5. The Place directorate is forecasting an underspend position of approximately £2.9m as a result of a late budget adjustment and receipt of one off parking income. Other areas of potential overspend have been subject to the application of earmarked reserves.

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 introduced the Draft Provisional Outturn for 2018/19. It includes details of the Revenue and Capital outturn positions, the projected position of

the Dedicated Schools Budget and the Housing Revenue Account and outlines progress made against savings targets as well as other key financial indicators.

- 4.3. Any decisions taken by the Council which relate to this report will have been subjected to an equality analysis, prior to a decision to implement is made. The Council continues to monitor the impact on residents who share protected characteristics as part of the ongoing public sector equality duty.

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. Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council is required to ensure that it has a sound system of internal control that facilitates effective exercise of the Council's functions and includes arrangements for the management of risk. The regular reporting of Revenue and Capital Budget Monitoring information through the year complied with this requirement.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

Appendix 1 – Directorate Summary Report

Appendix 2 – Control Budget – Revenue and Capital

Appendix 3 – Capital Monitoring Detail

Appendix 4 – Savings Tracker Summary and Detail

Appendix 5 – Mayoral Priorities

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

- None

Officer contact details for documents:

- N/A