

Committee/Meeting:	Date:	Classification:	Report No:
<b>Overview &amp; Scrutiny</b>	<b>9<sup>th</sup> March 2010</b>	<b>Unrestricted</b>	
<b>Report of:</b>  <b>Assistant Chief Executive Corporate Director of Resources</b>  <b>Originating Officer(s)</b> <b>Louise Russell, Head of Strategy &amp; Performance</b> <b>Alan Finch, Head of Corporate Finance</b>		<b>Title:</b>  <b>Performance and Corporate Revenue Budget Monitoring report 2009-10</b>  <b>Performance to 31<sup>st</sup> December 2009</b>  <b>Wards affected: All</b>	

<b>Lead Member</b>	Cllr. Ohid Ahmed
<b>Community Plan Theme</b>	All
<b>Strategic Priority</b>	All

## **1 SUMMARY**

- 1.1 This is the third combined service and financial performance report for 2009/10, covering the authority's quarterly progress against a basket of performance indicators and its financial position to the end of December 2009 (Quarter 3). This report includes quarterly monitoring updates for:
- Performance indicators; and
  - Financial Performance Report.
- 1.2 Financial monitoring continues to shows overspends of £1.7m on the General Fund and £2.6m on the Housing Revenue Account. In the case of the General Fund this is an improvement on the position reported as at the end of September 2009. However it remains imperative that actions are taken to contain spending within approved budgets.
- 1.3 More detailed performance and financial information is contained in the report appendices, as follows:

- Appendix 1 provides an overview of performance for all of the Council's Strategic Indicators (the Tower Hamlets Index) which represent the key priorities for the Council;
- Appendix 2 provides the budget outturn forecast and explanation of major variances for Directorates;
- Appendix 3 contains Trading Accounts forecast outturn and explanation of variances;
- Appendix 4 provides the budget outturn forecast and explanation of major variances for the Housing Revenue Account;
- Appendix 5 lists budget/target adjustments; and
- Appendices 6 and 7 contain progress against planned efficiency savings and progress against Service Improvement Growth plans

## **2 DECISIONS REQUIRED**

**Overview & Scrutiny** is requested to:

- 2.1 Review and note the performance information set out in the report:
- The performance against targets for the third quarter; and
  - Consider the actions to be taken in 2009/10 to contain spending within budget.

## **3 REASONS FOR THE DECISIONS**

- 3.1 This is a noting report and no specific decisions have been requested.

## **4 ALTERNATIVE OPTIONS**

- 4.1 This is a noting report and no specific decisions have been requested.

## **5 BACKGROUND**

### **5.1 Finance Overview**

- 5.1.1 This report projects a net overspend on the General Fund revenue budget of £1.701m, a decrease of £0.643m from the position reported at quarter 2. In addition, there is a projected overspend on the Housing Revenue Account of £2.6m, no change from the quarter 2 position.
- 5.1.2 Any net overspend reported at the end of the financial year will need to be funded from reserves; General Fund Reserves in the case of the

General Fund and HRA balances in the case of the HRA. General Reserves are currently adequate for the purpose.

5.1.3 Actions will need to continue to be taken within Directorates over the remainder of the financial year, in accordance with Financial Regulations, to contain spending within budgets. A number of mitigating actions have already been identified and further work will need to be undertaken to identify either offsetting areas of underspend, reductions in costs or potential sources of additional income in order to balance the outturn position. The report sets out in more detail the reasons for variances and the actions being taken to address them.

## 5.2 Performance Overview

5.2.1 42% of the indicators which are reportable in this period are on target, and 63.6% have improved performance since this time last year or year end 08/09. A risk analysis of the indicators is explained in 4.8.

## 6 **PERFORMANCE INDICATORS**

6.1 This is the third quarterly monitoring report for the Tower Hamlets Index, covering the period September-December 2009. The Tower Hamlets Index is made up of 84 Strategic Indicators. These consist of:

- All LAA indicators
- Key measures of corporate health (usually ex-BVPs)
- The council's strategic priorities
- Some measures of customer satisfaction (usually Annual Residents Survey)

6.2 These are monitored corporately every two months as the Tower Hamlets Index and quarterly in the joint strategic and budget monitoring report.

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

7.1 Performance against our Strategic Indicators for Quarter 3 2009/10 is set out in Appendix 1.

7.2 The table below sets out performance of our Strategic Indicator set at year end and for each reporting period for the 09/10 financial year. There is a fluctuation of the number of indicators between each period,

depending on the reporting frequencies of each individual indicator in the Strategic set.

	<b>GREEN</b>	<b>RED</b>
2008/09	21 (41.17%)	30 (50.82%)
Apr-May	11 (52.38%)	10 (47.61%)
Q1	11 (50%)	11 (50%)
Jun-Jul	11 (47.82%)	13 (54.16%)
Aug-Sep – Q2	14 (34.14%)	27 (65.85%)
Oct-Nov	10 (28.57%)	22 (60%)
Sep-Dec – Q3	14 (42.42%)	19 (57.57%)
<i>[Sep-Dec – Q3 08/09]</i>	<i>10 (43.48%)</i>	<i>13 (56.52%)</i>

7.3 There are three months to the end of the year and comments will reflect steps taken to ensure targets are met. Of the 85 indicators in the Strategic Indicator set, 36 (42%) can be reported on this quarter. In year targets have not been set for 3 indicators.

7.4 Of the 33 applicable indicators, 14 of the performance indicators (42.42%) are on track to achieve their end of year target (GREEN). Areas where performance is above the estimated level for the end of December target are as follows:

- Response time to members enquiries - % completed within 10 working days
- Percentage of complaints completed in time – Stage 1
- First contact resolution of calls to Hot Lines
- The number of households who considered themselves as homeless, who approached the local authority’s housing advice service(s), and for whom housing advice casework intervention resolved their situation
- Percentage of household waste sent for reuse, recycling and composting
- Average time to re-let property (days)
- 16-18 year olds who are not in education, employment or training (NEET)
- Overall employment rate (working age)
- Working age people on out of work benefits
- Number of most serious violent crimes per 1,000 population
- Number of serious acquisitive crimes per 1,000 population
- Number of deliberate primary fires per 10,000 population
- Number of deliberate secondary fires per 10,000 population

- Number of drug users recorded as being in effective treatment

7.5 Compared to the last round of monitoring (October-November), the proportion of RED indicators has decreased from 60% to 57%, and the number of RED indicators has decreased from 22 to 19 indicators. A slightly larger number of indicators are being monitored at the Quarter 3 stage.

7.6 A total of 21 (63.6%) indicators have improved performance from this time last year or since 2008/09 year end. In addition of the 19 indicators which are off target, 9 have improved performance from this time last year or 2008/9 year end.

7.7 One strategic indicator which was RED in October/November has returned to target for this period:

- Strategic402 – Number of most serious violent crimes per 1,000 population – target missed in previous period by 3.3%

7.8 A total of 19 indicators (57.57%) are not meeting their third quarter target, 11 of which have not met their target by more than 10%. A risk analysis has been undertaken and indicators have been identified as being at risk of failing to achieve their target by the year end. The risk analysis uses a series of risk based criteria to identify which indicators would benefit from further scrutiny at Performance Review Group.

Based on risk – impact

- Performance against target
- Quartile performance (comparison to most recent data available)
- Variance over 10% (comparing actual to target)

Based on risk – likelihood

- Improving (previous reporting period or same period previous year)
- Confidence in recovery (assessment based on comments)

**Strategic103 – The percentage of top 5% of Local Authority staff who are from an ethnic minority; and**

**Strategic104 – Percentage of the top paid 5% of staff who have a disability** (excluding those in maintained schools)

Work is being undertaken to improve performance through the Workforce to Reflect the Community Strategy, however these indicators have consistently not met targets. Performance for Strategic103 has improved slightly since this time last year. Both

indicators have improved since the last reporting period. Comments from the Directorate stress that performance against the top 5% of earners can be subject to significant movements over short periods of time. This is because of the relatively small number of staff included in the calculation compared to the workforce as a whole. A paper went to PRG proposing to re-define this indicator to calculate staff on LP07 and above rather than top 5% which should make understanding the movements in performance and action necessary to improve in the future less complex and easier to identify. This proposal will be included in the Target Setting report which will be submitted to CMT in March.

**Strategic105 – Number of working days/shifts lost to sickness absence per employee**

Although above London median, performance has been consistently off target and has deteriorated since last year. Comments suggest that the target of 7 working days/shifts is unlikely to be achieved this year. A report and recommendations for corporate level special measures will be made to CMT in March.

**Strategic110 – Average waiting time for calls to Hot Lines to be answered**

**Strategic110 – Percent of calls to hot lines answered**

These indicators have been off target in the majority of reporting periods and have deteriorated since this time last year (December 08). The new telephony system has now been implemented but technical issues have detrimentally affected performance. Resolution should improve on performance by year end.

**National154 – Net additional homes provided**

**National155 – Number of affordable homes delivered**

These indicators have been consistently off target although the direction of travel arrow shows that they are in an improved position compared to this time last year, also in year monitoring against these indicators is difficult and subject to variation due to the systems used to calculate. Commentary indicates that the target for NI154 will be achieved, however NI155 is unlikely to due to the downturn in the economy. The Council is currently negotiating with Government Office for London to amend targets for 2010/11.

**Strategic227 – Rent collected as percentage of rent due**

Although this indicator has been consistently off target this year, performance has improved slightly on the 07/08 baseline year, and only very slightly off target, although the end of year target is unlikely to be met. The Directorate has outlined the initiatives being actioned in order to raise performance, and has been invited to the February Performance Review Group to discuss performance against Strategic Indicators. 2010/11 targets will also be reviewed.

### **National153 – Working age people on out of work benefits in the worst performing neighbourhoods**

This indicator has been consistently off target this year and has deteriorated in its position from this time last year (December 08). A range of initiatives are detailed in Appendix 1 in order to try and mitigate the effects of the recession, however comments from the Directorate suggest that the 09/10 year end target is unlikely to be met. This issue was considered at a Partnership LAA Challenge Session in December and negotiations are currently underway to review this target and National152 (Working age people on out of work benefits) with GoL in light of the recession.

- 7.9 The next monitoring report is the Tower Hamlets Index (Dec-Jan). 26 Strategic indicators can be reported for the next period: the period ending January 2010. This will be the penultimate monitoring report before the Year End monitoring. The Year End Annual Report will include end of year monitoring updates for the strategic plan, strategic & priority performance indicators, and corporate revenue budget monitoring. In addition, a report will be brought to CMT to agree the target setting procedure and approach for 2010-11. The report on the Strategic Plan provides an opportunity to CMT to review the strategic indicator set to ensure that non-LAA indicators are still reflective of council priorities and are still the most appropriate measures.

## **8 CORPORATE REVENUE BUDGET MONITORING**

### **8.1 Background**

This section of the report sets out the financial position for the Council's General Fund revenue budget and the Housing Revenue Account for the third quarter of 2009/10. It is based on expenditure and service activity until the end of December 2009 and has been obtained from monitoring statements provided by Corporate Directors. A separate report on the capital programme is set out elsewhere on this agenda.

This report projects an overspend on the General Fund revenue budget of £1.701m a decrease of £0.643m from the position reported at the second quarter. There is a projected overspend on the HRA of £2.6m, no change from the position at quarter 2. Whilst the movement in the total projected overspend is downwards the size of the projected variance is a cause for concern. As set out in section 5.6 a small element of the overspend is due to projected savings which may not be achieved.

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 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 current and future years' budgets.

#### Risk Areas:

- Explicit monitoring information on the key risk areas identified in the final budget report 2009/10 which was submitted to Cabinet in March 2009.
- Details of any additional risk factors which have emerged since the budget was set in February.

#### 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.



## 8.2 Projected Outturn Position

8.2.1 The table below shows the projected outturn position against the latest budget for each Directorate which includes the original budget plus any target adjustments agreed between Directorates. The projected outturn position includes any surplus/deficits on trading accounts.

Directorate/Service	Latest Budget £000	Forecast Outturn as at 31/12/09 £000	Projected Variance £000	Status
Adults, Health & Wellbeing	89,754	89,764	0	Green
Children, Schools & Families	94,516	95,706	1,190	Red
Communities, Localities & Culture	75,263	74,433	(830)	Green
Development & Renewal	12,601	12,772	171	Amber
Chief Executive's Resources	13,523	13,523	0	Green
Corporate/Capital	16,088	16,958	870	Amber
	18,311	18,314	0	Green
<b>TOTAL</b>	<b>320,056</b>	<b>321,470</b>	<b>1,401</b>	<b>Red</b>
Drugs Action Team – request to carry forward underspend (*)			300	
<b>REVISED TOTAL</b>			<b>1,701</b>	<b>Red</b>

(\*) CLC has indicated that it will request permission to carry forward some of its under spend at the end of the financial year representing funding allocated for the Drugs Action Team which will not be spent in the current financial year.

### 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

### 8.3 **Variance Analysis**

The following sections set out explanations of the main variances in each Directorate's budget provided by the relevant Corporate Director. Further details are provided in Appendix 2.

#### 8.3.1 **Adults, Health & Wellbeing**

##### Home Care - £450,000 overspend

An increase in referrals to the service and the introduction of a re-ablement pilot have resulted in this increased expenditure. Government grant has been identified to fund part of the overspend. Management is controlling the referrals to the In House Homecare Team and is controlling this budget closely. A downward trend in activity is now evident.

##### Emergency Duty Team - £142,000 overspend

£130,000 of this overspend relates to the Single Status Review, with £90,000 relating to previous years and £40,000 representing the ongoing commitment.

##### Learning Disabilities Commissioning - £383,000 overspend

There has been an increase in expenditure due to the full year effect of previous transition care packages for people with complex needs, combined with an increased demand for homecare and individual support. This is in line with the position being experienced by other London Boroughs. Overall spend on Learning Disabilities is above the average of our comparator Local Authorities. The Adult Health and Wellbeing Management Team will be seeking efficiency savings from all services as part of the delivery of the Medium Term Financial Strategy.

#### Mental Health Commissioning - £337,000 underspend

Additional income has been received as a result of increased numbers being funded under NHS continuing care.

#### Physical Disabilities Commissioning - £152,000 overspend

There has been an increase in expenditure due to rising costs and numbers of clients in Home Care. The Adult, Health and Wellbeing Management Team will be identifying ways in which this budget can be brought back into line.

#### Homeless and Housing Advice Service - £447,000 underspend

Increased expenditure has been incurred due to two factors; the new staffing structure, which will deliver £500,000 savings, has not yet been implemented and there has been an increase in costs due to more households in temporary accommodation than was budgeted for. These additional costs have been more than offset by significantly improved debt recovery rates which has led a lower than estimated charge to the service for bad debt provision. In addition there has been a £150,000 increase in income due to greater numbers of temporary accommodation placements, resulting in higher administrative charges.

### **8.3.2 Children, Schools and Families**

#### Early Years, Children Learning Management and Administration - £100,000 overspend

Budget pressures arising from additional employee costs are being contained through the use of Standards Fund Grant but it is expected that not all of this pressure can be offset this way.

#### Special Educational Needs - £114,000 overspend

The overspend is attributable to increased home to school transport costs which have arisen because of an increase in the number of pupils with special educational needs. The projected overspend has reduced by £86,000 from the position at quarter two.

Children's Social Care Management and Administration - £117,000 overspend

The variance is due to changes to the pay scales for social workers which had not been confirmed at the time the budget was set. Actions have been taken to tighten expenditure across other areas of the service.

Child Protection and Reviewing - £182,000 overspend

Children's Social Care continues to experience a significant increase in child protection activity and children in need work. In order to maintain the statutory level of service it has been necessary to employ additional staff.

Fieldwork – Children's Social Care - £626,000 overspend

The continued rise in demand in this area and the additional pressures arising from recent cases in other authorities has resulted in agency staff being maintained in the service to cover staff vacancies. In addition it has been necessary to provide a quota of agency staff which is over establishment, to meet the increased demand for the service and to ensure children are safeguarded.

A systematic recruitment campaign has been launched and eleven social worker posts have been filled. Further recruitment will take place over the next few weeks to recruit suitably qualified permanent social workers and thereby reduce reliance on agency staff.

The Integrated Pathways and Support Team has been established, managing workflow in a multi agency context and has diverted a significant number of cases, thus reducing some of the pressure on the Fieldwork team. However, the complexity level of cases referred through to Children's Social Care has increased.

A re-focus on the Children's Social Care's response to Children in Need remains in place with work being undertaken to ensure there is a clear remit for CSC teams and a re-focus on enabling partner agencies to support children before any referral to Children's Social Care, through the work of the IPST and Social Workers based within Extended Schools. This work will be supported by the key strategic development of the creation of a Tower Hamlets Well-being model

which will provide a framework for a multi agency/ integrated approach to thresholds for CSC involvement.

A significant change programme is underway in relation to a wholesale review of the Integrated Children's System with a view to making it less onerous on front line staff and promoting more direct work with families.

#### Children's Resources – Commissioning - £101,000 underspend

The commissioning budget is large and volatile and changes in demand can be unpredictable and can result in material changes to the forecast outturn. The projected underspend has reduced by £48,000 since quarter two but this masks a significant increase in high cost placements, offset by a realignment of the education and social care costs of joint placements which has seen £400,000 of costs transferred to the Dedicated Schools Grant.

#### Emergency Duty Team - £120,000 overspend

The overspend is largely due to the cost of a staffing review for the service.

#### Professional Development Centre - £155,000 underspend

Additional expenditure has arisen from increased trading activity and this has led to higher than expected net income.

#### Building Schools for the Future - £120,000 overspend

The overspend relates to costs for specialist legal and technical advice regarding the interface between Building Schools for the Future and Private Finance Initiative. These costs are above the planned spend for BSF for 2009-10 and officers are preparing a paper which will quantify the potential future costs of this issue.

### **8.3.3 Communities, Localities and Culture**

#### Concessionary Fares £600,000 underspend

The projected underspend is due to the fact that the proposed increase in the cost of concessionary fares to London Local Authorities will now not take place until 2010-11.

#### Drugs Action Team £300,000 underspend

The variance relates to delays in programme commencement for Local Area Partnership projects funded via Area Based Grant. A request will be made to members at the year end to carry forward the underspend to fund the projects in 2010/11.

### **8.3.4 Development and Renewal**

#### Major Projects and Development - £126,000 overspend

The variance is due to additional expenditure being incurred on specialist one off projects which are funded predominantly through Section 106 resources. These are all one off and do not have any long term implications.

#### Development Decisions - £449,000 underspend

The Directorate budget includes a high level of income from development fees. These are forecast to decline as a direct consequence of the economic downturn and its impact on the property market. However planning fee income received to date is higher than the comparable budget, although it must be stressed that this is due to various one off large applications being received. There is still a significant level of risk with regard to income forecast to be received in future years as it is not expected that the level of fee income received in 2009/10 will be replicated in future.

#### Housing Regeneration – £181,000 overspend

The Housing Regeneration Team has historically been funded from Housing Capital resources. The focus of the team now centred on the two main regeneration projects at Blackwall Reach and the Ocean Estate with alternative funding sources being investigated by the Directorate. These will include eligible expenditure being financed through Housing and Planning Delivery Grant as well as part funding from savings elsewhere in the Directorate.

### **8.3.5 Resources Directorate**

#### Administrative Buildings - £800,000 overspend

There are continuing pressures on the Office Accommodation budget arising from delays in disposing of vacant and underused office buildings and increased costs at East India Dock. Mitigating actions are being pursued to contain these costs and the 2010/11 budget provides for this issue.

### **8.3.6 Corporate and Capital Finance**

#### Capital/Treasury Management £1,700,000 shortfall

In former years the Council has benefited from being able to invest at higher interest rates and enjoyed low external borrowing costs. However, the economy has entered a recession and interest rates have fallen significantly, rates are expected to remain the same for the remainder of 2009/10 and in the medium term and the Council is expecting a significant shortfall in investment income which means the capital financing and investment budget is unlikely to break-even. The position will be kept under review throughout the rest of the financial year. This overspend is funded by a contingency arising from the local government pay award in 2009. At the time the budget was set it was understood that these two items would offset each other.

### **8.3.7 Trading Accounts**

Development & Renewal are reporting projected deficits on both Building Control and Local Land Charges trading accounts. Both projected deficits are a direct consequence of the wider economic downturn and the resultant reduction in fee income to the Council. Officers are currently assessing alternative means of minimising the impact. Any deficits on trading accounts must be temporarily funded from Council reserves and therefore reduce the Council's capacity to respond to unforeseen circumstances.

Full details of all trading accounts are held in Appendix 3A-C.

## 8.4 Housing Revenue Account

8.4.1 The report also incorporates the second quarter's financial position for the Housing Revenue Account (HRA) based on income, expenditure and service activity to 31<sup>st</sup> December 2009. There is a projected overspend of £2.6m on the HRA and full details are provided in Appendix 4. The main reasons for the variance are:

- Tenant and Leaseholder Service Charges - £1.290m underspend

The 2009/10 estimated leaseholder invoices have now been prepared and the anticipated income is higher than that originally forecast when the budget was prepared. The 2008/09 actual invoices have now been prepared which has resulted in additional income. There has also been an increase in income from leaseholders managed by Tenant Management Organisations.

- Government Subsidy - £4.051m overspend

The HRA subsidy entitlement is estimated to be significantly reduced following a further review of the effects of the reductions in the Bank of England base rate, although this will be partially offset by reductions in capital financing charges.

- Repairs & Maintenance £1.537m overspend

The successful repairs open days recently held on estates have contributed to an increase in demand for repairs. Measures are being put in place within Tower Hamlets Homes to reduce the overspend but it is unlikely that expenditure will be brought in line with the budget.

- Supervision and Management - £0.756m

The Supervision and Management budget is currently projecting a significant overspend, although it does include some extraordinary one-off restructuring costs which have been provided for within reserves. Actions are being taken, in conjunction with Tower Hamlets Homes, to reduce the forecast overspend.

- Capital Financing Charges - £3.173m underspend



As a result of the uncertainty regarding interest rates and the fall in the Authority's likely Consolidated Rate of Interest for the financial year, a significant reduction in borrowing costs is anticipated. This saving partly offsets the reduction in HRA subsidy received.

## **8.5 Virements**

8.5.1 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.

8.5.2 There are a number of virements over £250,000 relating to budgets within the Adults, Health and Wellbeing Directorate. These are detailed in Appendix 5B.

## **8.6 Savings/Efficiency Targets**

8.6.1 Efficiency targets are underway or planned to deliver the cashable savings of £5.674m as part of the Council's Budget Strategy for 2009/10.

8.6.2 A breakdown of efficiency savings is attached at Appendix 6.

8.6.3 At this stage in the financial year Development & Renewal are reporting that £70,000 of savings relating to the digitalisation programme and the utilisation of IT to produce planning consultation documents will not be achieved during 2009/10. The Directorate is looking for alternative savings to compensate for this.

8.6.4 Children, Schools and Families are reporting that potentially £235,000 of the savings identified for the Directorate will not materialise. This is largely as a consequence of the increased pressures on the Children's Social Care service. Officers are considering alternative savings and compensating underspends in other areas of the budget.

## **8.7 Service Improvement Growth**

8.7.1 On 11<sup>th</sup> February 2009 Cabinet agreed Service Improvement Growth for 2009/10. At this stage all Directorates are reporting that targets will be achieved although £300,000 of funding for drug outreach workers

will be utilised in 2010/11. Appendix 7 provides the details of progress to date in delivering Service Improvement Growth.

## 8.8 Accelerated Delivery Plan Monitoring

8.8.1 Detailed quarterly reporting arrangements for Accelerated Delivery Plan monitoring will be in place from quarter 4, when a full annual update on spend and progress for the year will be available as part of the combined Annual Report on performance and finance. As the bulk of funding is profiled to be spent during the next financial year, detailed quarterly reporting of spend and progress will be included alongside the Corporate Budget Monitoring reporting for 2010/11.

## 8.9 Income Collection Performance Targets 2009-10

8.9.1 The table below relates to debt raised since the 1<sup>st</sup> April 2009: 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. The 2009/10 targets will continue to be monitored on a regular basis.

<b>Income Stream</b>	<b>Collected In 2008-09 %</b>	<b>2009-10 Target to 31-12-09 %</b>	<b>2009-10 Collected to 31-12-09 %</b>	<b>Direction of Travel</b>
Business Rates	98.60	81.00	85.62	↑
Central Income	86.07	87.00	87.08	↑
Council Tax	95.00	72.45	71.29	↓
Housing Rent	99.66	100.00	99.60	↓
Major Works	8.00	13.50	13.50	→
Parking Fines	63.55	60.00	60.77	↑
Service Charges	57.80	45.00	45.00	→

- 8.9.2 Despite the economic climate, collection activity in most areas is currently performing well, but the authority must be prepared for the impact of the Business Rates Deferral Scheme which could see a drop in collection levels in the latter part of the financial year.

Council Tax is 1.16% down on target but has recovered slightly from November. Current performance will mean achieving similar collection rates to last year which, taking into account the economic climate, is not a concern.

## **9 Summary of recommendations**

**Overview & Scrutiny** is requested to:

Review and note the performance information set out in the report:

- The performance against targets for the third quarter; and
- Consider the actions to be taken in 2009/10 to contain spending within budget.

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

- 10.1 Under the Local Government Act 1972, the Authority's Section 151 Officer is required to ensure there are sound systems of financial administration.
- 10.2 This is the third quarter report and opportunities for managing these variances between now and the end of the year are more limited than earlier in the year. Nevertheless, where overspends are being predicted Corporate Directors, in accordance with Financial Regulations, must keep the position under close, continuous review and, where necessary, identify compensatory savings. Consequently, the Section 151 Officer will be monitoring closely those Directorates that have so far projected adverse end of year variances.
- 10.3 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.
- This report is part of the process of continual monitoring and review.

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

- 11.1 The report provides monitoring information relating to key performance indicators and the budget.
- 11.2 It is consistent with good administration for the Council to consider monitoring information in relation to plans and budgets that it has adopted and agreements entered into such as the local area agreement. In addition, section 3 of the Local Government Act 1999 requires the Council as a best value authority 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”. Monitoring of performance information is an important way in which that obligation can be fulfilled.
- 11.3 Cabinet is asked to note information as to expenditure for the current financial year. Where the Council has made a calculation of its budget requirement for a given year, it is required to keep that under review from time to time in the year: Local Government Act 2003, s.28. There is also a positive duty on the chief finance officer to monitor expenditure against resources: Local Government Finance Act 1988, s.114. It is consistent with these requirements and the proper administration of the Council’s financial affairs, arrangements for which are required by section 151 of the Local Government Act 1972, for Cabinet to be presented with the monitoring information in this report.

## **12 ONE TOWER HAMLETS CONSIDERATIONS**

- 12.1 The Council’s Strategic Indicator set is focused upon meeting the needs of the diverse communities living in Tower Hamlets and supporting delivery of One Tower Hamlets. Indicators are aligned with Strategic Plan priorities, which include the reduction of inequalities and the fostering of strong community cohesion and are supported by a variety of strategic activities.

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

- 13.1 The Strategic Indicator set contains a number of indicators related to sustainability and the environment under the Great Place to Live theme, however there are no specific SAGE implications.

## **14 RISK MANAGEMENT IMPLICATIONS**

14.1 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.

## **15 CRIME AND DISORDER REDUCTION IMPLICATIONS**

15.1 The Strategic Indicator set contains a number of crime and disorder indicators under the Safe & Supportive theme, however there are no specific crime and disorder reduction implications.

## **16 EFFICIENCY STATEMENT**

16.1 The Efficiency Statement is covered in Section 8.6 and Appendix 6.

### ***INDEX OF APPENDICES***

<b>Appendix</b>	<b>Detailing the following:</b>
1	Strategic Indicator monitoring (Tower Hamlets Index)
2	Budget outturn forecast
3	Trading accounts outturn forecast
4	HRA budget outturn forecast
5	Budget/target adjustments (virements)
6	Efficiency savings plan monitoring
7	Service Improvement Growth plan monitoring

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

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

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*Brief description of "background paper"*

**Name and telephone number of holder and address  
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