

<b>Committee/Meeting:</b>  <b>Cabinet</b>	<b>Date:</b>  9 <sup>th</sup> March 2011	<b>Classification:</b>  Unrestricted	<b>Report No:</b>  CAB 101/101
<b>Report of:</b>  <b>Corporate Director Resources</b>  <b>Originating officer(s)</b> Michael Keating, Service Head One Tower Hamlets Alan Finch, Service Head Corporate Finance		<b>Title:</b> Strategic Performance and Corporate Budget Monitoring to 31 <sup>st</sup> December 2010.  <b>Wards Affected:</b> All	

<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 2010-11, covering October – December (Quarter 3). This report includes an update on the authority's progress against the Strategic Indicator set, the "You Decide!" participatory budgeting programme and its financial position.
- 1.2 The report was considered by the Overview and Scrutiny Committee at its meeting on 8<sup>th</sup> March.
- 1.3 **General Fund**  
At this stage of the financial year there is a forecast General Fund overspend of £463,000 for the reasons summarised in paragraph 5.1 and detailed in Appendix 2. This compares with the overspend of £1,084,000 as at Quarter 2. This suggests that management action taken in the year to date has been partially successful in addressing overspends. Limited time remains in the year for management action to be taken to ensure that expenditure at year end remains within budget and it is crucial that plans are in place for so doing. The report sets out the actions that Corporate Directors are taking to contain expenditure within budget.

#### 1.4. HRA

The reported overspend has reduced from £510,000 at Quarter 2 to £73,000 at Quarter 3.

#### 1.5 Capital position

Directorates have spent 46% of their capital budgets for the year (£93,289,000 against budgets of £204,008,000). Projected expenditure for the year is £154,270,000 representing an underspend of £49,738,000. The programme remains affordable within available resources.

#### 1.6 Strategic Indicators

53% of the indicators which are reportable in this period are on target, and 62% have improved performance since this time last year. A risk analysis of the indicators likelihood to achieve year end target is included (7.11).

#### 1.7 'You Decide!'

12 projects within the "You Decide" participatory budgeting programme are now complete, 69 are on track according to agreed milestones and 24 are delayed but are anticipated to complete on time. 4 projects here have been identified as at risk of not meeting overall project targets in 2011/12. Mitigating action is detailed in section 8.

#### 1.8 More detailed performance and financial information is contained in the report appendices, as follows:

- Appendix 1 - lists budget/target adjustments
- Appendix 2 - provides the budget outturn forecast and explanations of major variances for Directorates for the General Fund
- Appendix 3 - provides the budget outturn forecast and explanations of major variances for the HRA
- Appendix 4 - shows progress against planned efficiency savings
- Appendix 5 – provides details of projected transformation savings
- Appendix 6 – provides details of changes to the capital budget since Quarter 2
- Appendix 7 – provides details of spend to date and projected variances on the capital programme
- Appendix 8 - 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 9 - contains an overview of the current progress of initiatives funded by the Council's participatory budgeting programme by LAP area

## **2. DECISIONS REQUIRED**

**Cabinet is recommended to:-**

- 2.1. Note the Council's financial position as outlined in paragraphs 5 and 6 and appendices 1-7 of this report;
- 2.2. Review and note the Quarter 3 2010/11 performance including areas where further work is needed to ensure we deliver improved outcomes;
- 2.3. Note the actions being taken to address the reported overspends; and
- 2.4. Approve specific 'You Decide!' actions (section 8).

## **3. REASONS FOR THE DECISIONS**

Quarterly updates on the position of the capital programme and revenue expenditure against budgets are provided to Cabinet for information.

## **4. ALTERNATIVE OPTIONS**

Not applicable.

## 5. **REVENUE**

5.1 The following table summarises the current expected outturn position for the General Fund.

SUMMARY	Original Budget £'000	Latest Budget £'000	Forecast Outturn £'000	Variance £'000
Adults Health and Wellbeing	90,217	102,195	102,413	218
Chief Executive	13,369	17,017	17,017	0
Children, Schools and Families	93,896	94,892	94,892	0
Communities, Localities and Culture	74,910	79,393	79,393	0
Development and Renewal	12,425	21,197	21,442	245
Resources	18,363	14,156	14,156	0
Corporate Costs/Capital Financing	17,748	15,118	15,118	0
<b>TOTAL</b>	<b>320,928</b>	<b>343,968</b>	<b>344,431</b>	<b>463</b>

5.2 Broad explanations of the anticipated significant adverse variances are as follows:

5.3 **Adults, Health and Wellbeing** **£218,000**

The forecast overspend represents a reduction of £167,000 on the £385,000 reported in Quarter 2. This largely reflects additional funding received from the NHS.

The revised forecast net overspend occurs almost entirely within the Commissioning and Strategy Service (£203,000). Within this division the main variances are as follows:

- A42 Older People Commissioning (+£176,000)

This is as a result of an increased number of clients being assessed as being eligible for a service as a result of demographic pressures. There has been an increase in the number of home care clients. As the authority does not charge for community based services, but charging for residential placements is mandatory under national regulations, the net cost of many

care packages provided to support people at home is higher than the cost of residential care. The introduction of a reablement service has begun to help reduce the need for long term support, however the service is only provided for new clients.

The increased income is a result of the utilisation of funding from the Department of Health and Department for Communities and Local Government to fund increased demand for social care services which is detailed further below.

- A43 Learning Disabilities Commissioning (-£246,000)

The increased expenditure (+£421,000) is due to an increase in the number of clients for the service. This is a result of transition clients from Children Schools and Families.

The additional income (-£667,000) is mainly related to two very expensive continuing health care packages funded by Tower Hamlets Primary Care Trust.

- A44 Mental Health Commissioning (-£216,000)

The increase in income is due to more care packages being recoverable from Health Service partners reflecting a change in the mix of type of care packages being provided.

- A45 Physical Disabilities Commissioning (+£787,000)

The forecast overspend is as a result of an increased number of clients being assessed as being eligible for a service. As the authority does not charge for community based services, but charging for residential placements is mandatory under national regulations, the net cost of many care packages provided to support people at home is higher than the cost of residential care. The introduction of a reablement has begun to help reduce the need for long term support, however the service is only offered to new clients.

The authority has a number of clients which require assessment by Tower Hamlets Primary Care Trust for continuing care funding. These are being pursued and if successful will result in the care packages of the clients being recoverable (back dated to the date of submission).

## **Corrective Action**

Corrective action is taking place over all of the Directorate's commissioning budgets and in the care management teams. These include:

- A secondary audit is being carried out over all client groups on the effect of reablement, showing the impact on home care and the community equipment service.

This secondary audit follows the first which was carried out six months ago which subsequently saw an increase in the number of clients receiving reablement.

- The increasing number of referrals to reablement continue to be monitored by the Service Head Older People on a weekly basis.
- Levels of delegation for all client group panels are being reviewed with the Physical Disabilities panel now meeting weekly. This will be a further control for demand management.
- The clients requiring assessment for continuing care funding have been escalated in the Primary Care Trust in order that a decision is made by the end of the financial year.
- A project has been initiated by the directorate looking at our application of Fair Access to Care Services (FACS) to ensure we are consistent in our approach.
- The Directorate's Management Team are reviewing all of their budgets to seek savings to offset this overspend.

## **New National Health Service Funding for Social Care Integration**

Funding for reablement has been made available to the Primary Care Trust in 2010/11 (£372k) and negotiations with the Primary Care Trust are underway regarding the possible transfer of some of this to the Borough in relation to reablement services provided on hospital discharge. In particular, funding is being sought to support the community equipment service which has seen a rise in the volume of equipment requests as a result of reablement (£200k).

The Department of Communities and Local Government and Department of Health announced in December 2010 a funding allocation of £931k to the Primary Care Trust for 'Winter Pressures'. This funding is due to be

transferred to the authority by the 31<sup>st</sup> March 2011 (pending legal agreement) and will be used to fund the Directorate's over spent. The Department of Health guidance and that of the London Strategic Health Authority confirms the funding is to be used to meet the rising costs of existing social care provision and the funding should not be used for new or additional services. This funding has already been taken into account in the forecast overspend of £218,000.

#### **5.4 Children, Schools and Families**

**NIL**

At Quarter 2 there was a forecast overspend of £382,000. Savings had been identified to cover this overspend.

The most significant variances are as follows:

- Youth and Community Learning (+£87,000) – This anticipated overspend is due to mainly a projected over-spend in Communications (G69). The budget pressures previously reported in Parental Engagement & Support (G19) and in the Youth Offending Service (G60) continue; whilst the Junior Youth Service (G40) is on track to deliver an under-spend.
- Children's Social Care (-£396,000) – This underspend is largely attributable to the Family Support & Protection Service (H57) where staff vacancies and strict management of the Section 17 budget have produced projected savings of £370k. There are some others variations in other budgets to generate the balance.
- Children Services Resources (+£500,000) –The components of this net estimated overspend are service-wide savings targets being held within this division (+£337,000) and school redundancy costs (+£514,000), which cannot, by regulation, be charged to Dedicated Schools Grant. These are partly offset by unbudgeted income from the Gorsefield Professional Development Centre (-£251,000), the transfer of costs in respect of pre 2005 premature retirements (-£147,000) and minor net variances (+£47,000)
- Other Services (-£191,000) – There are net underspends in the Learning and Achievement and Director's Services divisions.

## **5.5 Development and Renewal**

**£245,000**

The Forecast overspend has reduced by £97,000 from the forecast overspend at Quarter 2 of £342,000.

The overall forecast overspend is largely due an anticipated overspend of £279,000 on Homelessness services. There are fewer households in temporary accommodation than originally budgeted for and this has had a significant adverse impact on net rental income receivable. Nevertheless the forecast overspend has reduced by £63,000 since Quarter 2.

## **5.6 HRA**

**£73,000**

The forecast overspend has reduced from £510,000 at Quarter 2. The overspend is the net effect of a shortfall of income from estate parking and leaseholder service charges (+£849,000), a forecast overspend on Supervision and Management (+£173,000), partly offset by reduced expenditure on Special Services, Rent Rates and Taxes (-£310,000), rental income in excess of budget (-£304,000), reduced provision for Bad Debts (-£315,000) and minor net variances (-£20,000).

## **5.7 Risk areas**

Risks have been highlighted under appropriate vote heads in Appendices 2 and 3.

## **5.8 Savings / Efficiency targets**

The monitoring of savings targets will become increasingly important as we progress. Members have specifically asked for the Quarter 3 report to Cabinet to include details of progress in delivering the in-year savings agreed by the Cabinet in July.

Details of progress against targets are shown in Appendices 4 and 5.



## 5.9 Income Collection Performance Targets

Income Stream	Collected in 2009-10 %	2010-11 Target to 31.12.10 %	2010-11 Collected to 31.12.10 %	Direction of Travel
Business Rates	99.29	73.50	84.97	↑
Central Income	86.33	88.00	90.00	↑
Council Tax	94.40	71.28	71.38	↑
Housing Rents	100.10	100.01	99.32	→
PCNs	62.37	62.00	63.09	↑
Service Charges	109.80	75.00	82.08	↑

## 6. CAPITAL

6.1 The capital budget at Quarter 2 as approved by Cabinet on 1<sup>st</sup> December 2010 totalled £198,311,000. This has now increased to £204,008,000 due in the main part to the adoption of capital estimates for Building Schools for the Future ICT infrastructure schemes. The changes to the budget since the Quarter 2 monitoring report are detailed in Appendix 6.

6.2 Total spend to the end of Quarter 3 represented 46% of budget as follows:

	Annual Budget as at 31-Dec-10 £'000	Spend to 31-Dec-10 £'000	% Budget Spent
<b>MAINSTREAM PROGRAMME</b>			
Communities, Localities and Culture	14,045	5,497	39.1%
Children, Schools and Families	32,136	15,163	47.2%
Adults, Health and Wellbeing	735	214	29.1%
Development and Renewal	14,802	5,072	34.3%
Housing Revenue Account (HRA)	47,247	24,769	52.4%
Building Schools for the Future (BSF)	79,855	38,586	48.3%
<b>MAINSTREAM TOTAL</b>	<b>188,820</b>	<b>89,301</b>	<b>47.3%</b>
<b>LOCAL PRIORITIES PROGRAMME (LPP)</b>			
Communities, Localities and Culture	1,544	141	9.1%
Children, Schools and Families	2,631	1,958	74.4%
Resources	4,769	1,405	29.5%
Adults, Health and Wellbeing	432	64	14.8%
Development and Renewal	4,712	420	8.9%
Building Schools for the Future (BSF)	1,100	0	0.0%
<b>LPP TOTAL</b>	<b>15,188</b>	<b>3,988</b>	<b>26.3%</b>
<b>GRAND TOTAL</b>	<b>204,008</b>	<b>93,289</b>	<b>45.7%</b>

- 6.3 Total projected expenditure for the year, as advised by Directorates managing capital schemes, totals £154,270,000 compared with the budget of £204,008,000, a forecast underspend of £49,738,000. Directorates confirm that their projections are realistic estimates of final actual spend for the year. Any unspent amounts at the year end can be carried forward into future financial years. Officers will advise at the end of the year of any uncommitted amounts that are not required as these can be reallocated to other schemes. An analysis of quarterly projections compared to outturn will be submitted to Members after the year end. Projected expenditure compared to budget is as follows:

	Annual Budget as at 31-Dec-10	Projection 2010-11	Forecast Variance
	£'000	£'000	£'000
<b>MAINSTREAM PROGRAMME</b>			
Communities, Localities and Culture	14,045	12,307	-1,738
Children, Schools and Families	32,136	26,403	-5,733
Adults, Health and Wellbeing	735	605	-130
Development and Renewal	14,802	7,556	-7,246
Housing Revenue Account (HRA)	47,247	42,731	-4,516
Building Schools for the Future (BSF)	79,855	56,049	-23,806
<b>MAINSTREAM TOTAL</b>	<b>188,820</b>	<b>145,651</b>	<b>-43,169</b>
<b>LOCAL PRIORITIES PROGRAMME (LPP)</b>			
Communities, Localities and Culture	1,544	1,294	-250
Children, Schools and Families	2,631	2,007	-624
Resources	4,769	3,418	-1,351
Adults, Health and Wellbeing	432	250	-182
Development and Renewal	4,712	1,100	-3,612
Building Schools for the Future (BSF)	1,100	550	-550
<b>LPP TOTAL</b>	<b>15,188</b>	<b>8,619</b>	<b>-6,569</b>
<b>GRAND TOTAL</b>	<b>204,008</b>	<b>154,270</b>	<b>-49,738</b>

- 6.4 The capital programme for this year has been set on the basis of available capital resources and amended as further resource announcements have been made by Government and other funders, and for Cabinet decisions. The capital programme remains affordable within the resources available.
- 6.5 Further details of the programme are provided in Appendix 7.

## **7. STRATEGIC INDICATORS**

- 7.1 This is the third quarterly monitoring report for the Tower Hamlets Index, covering the period September-December 2010/11. The Tower Hamlets Index is made up of 84 Strategic Indicators. These consist of:
- All LAA indicators
  - Key measures of corporate health (usually ex-BVPIs)
  - The council's strategic priorities
  - Some measures of customer satisfaction (usually Annual Residents Survey)
- 7.2 Performance against our Strategic indicators for Quarter 3 2010/11 is set out in Appendix 8. The performance update includes 2010/11 targets, Q3 2009/10 actuals, outturn commentary and direction of travel charts for each indicator. Direction of travel compares performance against this time last year.
- 7.3 The number of Strategic Performance indicators available for reporting fluctuates between periods. Different indicators have different reporting frequencies. Of the 84 indicators in the Strategic Indicator set, 57 can be reported this quarter, broken down as follows:
- In year data for 42 indicators; and
  - Educational attainment and other Children's indicator data for 15 indicators, 11 of which is the annual outturn for 2009/10, and a further 4 provisional
- 7.4 In-year targets have been set for the majority of Strategic Indicators. There are several indicators where it is not appropriate to set in year targets. For example, in year targets against housing delivery are not very helpful, particularly in terms of predicting year end performance. Narrative commentary explaining progress towards these targets will be increasingly important.
- 7.5 Excluding provisional educational attainment indicators, there are 35 indicators where an in year target has been set and therefore a variation can be calculated. Of those, 21 have achieved target (GREEN), and 14 have not achieved target (RED). The table below sets out performance against target for Strategic Indicators for all reporting periods in 2009/10, and for 2010/11 to date and demonstrates that we are doing considerably better at this point of the year than at the same point in 2009/10.

Reporting Period	GREEN	RED
<b>2009/10</b>		
Apr-May	11 (52.38%)	10 (47.61%)
Q1	11 (50%)	11 (50%)
Q2	14 (34.14%)	27 (65.85%)
Q3	14 (42.42%)	19 (57.57%)
Year End	39 (58.2%)	2 (41.8%)
<b>2010/11</b>		
Q1	17 (58.6%)	12 (41.4%)
Q2	20 (69%)	9 (31%)
Q3	21 (60%)	14 (40%)

7.6 Of the 33 applicable indicators, 21 of the performance indicators (60%) 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:

- S224 - Percentage residents satisfied with outcome to anti-social behaviour reports
- S225 – Average time to re-let properties
- S226 – Tower Hamlets Homes service charge collected (excluding major works)
- NI152a&NI153a – Working age people on out of work benefits & in worst performing neighbourhoods
- NI150 – Adults receiving secondary mental health services in employment
- NI195a & b – Improved street and environmental cleanliness – litter & detritus
- NI47 – People killed or seriously injured in road traffic accidents
- NI33i & ii – Arson incidents – primary & secondary
- NI40 – Number of drug users recorded as being in effective treatment

7.7 A total of 22 (66.6%) indicators have improved performance from this time last year.

7.8 **Annual attainment & other Children's data**

The final outturns for educational attainment & other Children's measures for 2009/10 is available for 11 indicators, and provisional data is provided for a further 4 indicators. Two indicators which were RED last year have met or exceeded their annual target:

- (NI72) Achievement of at least 78 points across the Early Years Foundation state with at least 6 in each of the scales in

Personal, Social & Emotional Development & Communication, Language & Literacy; and

- (NI76) Reduction in the number of schools where fewer than 55% of pupils achieve level 4 or above in both English & Maths at KS2

7.9 Where final outturn data is available, there are two indicators where performance is off target and performance has deteriorated from this time last year:

- NI93 – Progression by 2 levels in English between KS1 and KS2
- NI94 – Progression by 2 levels in Maths between KS1 and KS2

7.10 Provisional educational attainment data is available for a further 4 indicators and has been included for information. Although off target, two of these provisional indicators have improved their performance since this time last year. It should be noted however that provisional attainment data is subject to change, following re-grading and appeals. A comprehensive review of those results and further commentary will be provided following outturn validation.

7.11 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 from London Council's benchmarking Q2)
- 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)

7.12 **Strategic103, 104 – The percentage of the top paid - LP07 or above - of Local Authority staff that are an ethnic minority / have a disability**

As in 2009/10, these indicators have been highlighted as being at risk of achieving their year end target. They are both off target, and have not improved since the last reporting period (September). The targets for ethnic minority staff and those who have a disability have deteriorated since the last reporting period; however there is an improvement on this time last year. Comments from the service indicate that the Vacancy Assurance project and the Staff Equality Audit should improve the position; however the audit is not scheduled until next financial year. In addition the implications on staffing

arising from the CSR budget cuts will affect staffing levels across all grades, and it would be difficult to predict whether these cuts would affect the proportion of LP07 or above staff in these categories.

**7.13 Strategic223 – Number of social rented housing completions for family housing (gross figures only)**

Forecast outturn against the 3 year target should see us deliver at least 1246 social rented family housing units for the period 2008 - 2011; this is 2.55% higher than the 3 year target of 1215 for the same period. However, the 2010/11 outturn may be lower than 2010/11 target (as opposed to the three year target). Housing delivery targets are subject to constant review and it is likely that year end data review and verification may result in a higher outturn.

**7.14 Strategic227 – Rent collected as a percentage of rent due (Tower Hamlets Homes)**

This measure is off target and has deteriorated in performance since this time last year and since the last reporting period. However there is only a minor variance between target and actual and comments suggest there are plans in place to enable a recovery by the end of the year.

**7.15 National146 – Adults with learning disabilities into employment**

This measure is off target and has deteriorated since this time last year. Most recent official benchmarking shows our current performance on this measure as being bottom quartile (year end 2008/09). However the service reports that the percentage of clients meeting the criteria will increase towards the end of the reporting period, and is therefore confident in meeting its year end target.

**7.16 Strategic101a – Variation of projected outturn from budget (+/-)**

At this stage in the financial year there is a forecast General Fund overspend of £463,000 and HRA overspend of £73,000. Since Quarter 2 these forecasts have reduced from £1,084,000 and £510,000 respectively and suggest that management action taken in the year to date has been partially successful in addressing overspends. However, limited time remains in the year for management action to be taken to ensure that expenditure at year end remains within budget and it is crucial that plans are in place for so doing. Actions being taken by corporate directors to contain expenditure within budget are detailed in paragraph 5 above.

**7.17 National195a&b – improved street and environmental cleanliness – graffiti & fly-posting**

Both measures are off target by over 10%, and have deteriorated in performance since the last reporting period. The Council is in the lower half of performance in relation to the latest available benchmark (Q2). Out of 31 applicable LA, benchmarking has been provided by 27, and LBTH is ranked

13<sup>th</sup> and 22<sup>nd</sup> respectively. However, areas of weakness arising from this 2<sup>nd</sup> tranche survey have been identified and action is being undertaken to address for the third (final) tranche which will be undertaken in March.

**7.18 National135 – Carers receiving needs assessment or review and a specific carer’s service, or advice & information**

This measure is off target by over 10%, and has deteriorated in performance since this time last year. However, compared to the latest benchmarking provided by London Councils (Q2), of the 31 London Boroughs, the Council is performing well, ranking 5<sup>th</sup> (out of 22 boroughs who provided data). Last year’s data collection and performance trend for this measure was weighted towards year end, and therefore there is confidence that this measure will achieve its year end target.

**8. ‘YOU DECIDE!’ PARTICIPATORY BUDGETING PROGRAMME**

8.1 ‘You Decide!’ is Tower Hamlets’ innovative participatory budgeting project. The programme has asked residents to make decisions over £4.876 million of council funding over the last two years. Council departments are working with the LAP Steering Groups to shape exactly how those services will be delivered in their local area. The Steering Groups play a central role in monitoring those services over the year.

8.2 Appendix 9 details the delivery of projects purchased through the ‘You Decide!’ process. This includes 2010/11 projects as well as ongoing two-year projects from 2009/10. Services have provided comments on individual projects where appropriate. The RAG status indicates the progression of projects according to agreed milestones: Green/Complete; Gold/On Target; Amber/Delayed; and Red/At Risk/Overdue. The percentage of budget spent is also indicated.

Overview of progress with projects

8.3 There were 102 projects purchased in 2010/11 out of a total budget of £2.5 million (including £300,000 from the Communities for Health budget). Out of the 84 projects purchased in 2009/10 there are 7 projects that are ongoing in 2010/11 due to a two-year spending commitment. As such £365,625 was carried over from the 2009/10 budget.

8.4 This monitoring report includes both projects purchased in 2010/11 and remaining projects from 2009/10 meaning a total of 109 projects and a total budget of £2,865,625. Please see summary information on the projects by LAP and expenditure below.

LAP	Total no. of projects	Total budget	Total spend	% spent
1	18	£468,125 (£415,000 plus £53,125 carryover from 09/10)	£230,951	49.3%
2	12	£328,125 (£275,000 plus £53,125 carryover from 09/10)	£140,064	42.7%
3	9	£328,125 (£275,000 plus £53,125 carryover from 09/10)	£142,695	43.4%
4	13	£328,125 (£275,000 plus £53,125 carryover from 09/10)	£170,159	51.9%
5	12	£325,000 (£275,000 plus £50,000 carryover from 09/10)	£195,066	60%
6	12	£275,000	£122,072	44.3%
7	12	£328,125 (£275,000 plus £53,125 carryover from 09/10)	£169,177	51.6%
8	12	£325,000 (£275,000 plus £50,000 carryover from 09/10)	£118,583	36.5%
Youth	9	£160,000	£33,346	20.8%
<i>Totals</i>	<i>109</i>	<i>£2,865,625</i>	<i>£1,322,133</i>	<i>46.1%</i>

8.5 At present, 12 projects are complete, 69 are on track according to agreed milestones and 24 are delayed but are anticipated to complete on time. There are 4 projects currently at risk of not meeting overall project targets. The table below outlines the performance per LAP and includes a separate line for an update on performance of projects bought through the Youth Participatory Budgeting event.



## 8.6 Overview of performance by LAP

LAP	Total no. of projects	Complete GREEN	On Target GOLD	Delayed AMBER	Overdue RED
1	18	3	11	4	0
2	12	0	8	4	0
3	9	1	7	2	0
4	13	2	7	3	1
5	12	2	8	1	0
6	12	1	7	3	1
7	12	1	10	1	0
8	12	1	7	2	2
Youth	9	1	4	4	0
<i>Total:</i>	<i>109</i>	<i>12</i>	<i>69</i>	<i>24</i>	<i>4</i>

## 8.7 At risk projects

The Pamper Days project for Older People was bought in three LAP areas. The project has had significant delays due to staffing issues at the delivery organisation. This funding will be taken back by Adult Health and Wellbeing Directorate to find an alternative use.

- 8.8 The Healthy Eating Project (LAP 8) is joint-funded between the PCT/LBTH through the Communities for Health grant, was intended to provide a programme of activities that supported young people to make healthy eating choices. Due to challenges in engaging schools in LAP8 and setbacks due to inappropriate/inadequate proposals from a number of organisations the LAP8 work has been severely delayed and no spend will be made against the £35,000 in LAP 8 in 2010/11. The PCT who is responsible for the delivery of this project, has a robust proposal for delivering a potentially innovative programme of work around increasing healthy eating options that will dovetail with ongoing work within LAP 8 as part of the Healthy Borough programme and work that is school or youth setting led. The proposal seeks to link local activities and add value to these. It is anticipated that all spend/delivery will happen in 2011/12 and, in the context of the Council's overall outturn position, consideration will be given as to whether the funding will be carried over.

## 8.9 Overview of finance by LAP

The table below indicates the current spend against total budget per LAP. 46.1% of the budget has so far been spent. It is anticipated that most of the remaining spend will occur in Quarter Four particularly in the case of capital projects. There is an estimated carry-over of £450,940 required into 2011/12 to which consideration will be given in the context of the Council's overall outturn position. This includes projects that were expected to run into 2011/12

totalling £294,074, but also a request to carry over funds from projects that have for various reasons experienced delays or issues in getting started and delivering the prescribed activity (est. £156,866).

- 8.10 A number of projects are tied to the academic year and started in September. As such carry-over will be considered to roll funds totalling £122,001 into Quarter One of 2011/12.
- 8.11 The 8 projects jointly funded by the PCT/LBTH through the Communities for Health grant are due for completion in March 2012. As such carry-over of £172,073 into 2011/12 to be spent through the financial year on breakfast clubs, peer education alcohol awareness projects, additional drug outreach worker support and additional healthy eating programmes will be considered.
- 8.12 A further 22 projects require carry over estimated at £156,866. All services have developed alternate options for delivery that will support completion by end of Q2 of 2011/12.

## **9. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 9.1 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, the HRA revenue budget and the capital budget. This enables performance in both areas to be considered alongside one another and facilitates actions being taken on the basis of a balanced overall view. Actions taken to address overspends in previous quarters have been partly successful and a reduced overspend is now reported.
- 9.2 The report projects a net General Fund overspend of £0.463m and a net overspend on the HRA of £0.073m. If this were to be carried through to the end of the financial year it would result in decreases in general reserves and housing reserves respectively.
- 9.3 This is the third quarter report and, accordingly, the projected outturn is based on a significant portion of the financial year. The scope for controlling potential overspends is becoming more limited. However, 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. Paragraph 5 and associated appendices detail the actions currently being taken. Additionally the Council Management Team has instigated a monthly monitoring process through which it will oversee expenditure against budget. The Corporate Director – Resources will also

monitor closely those directorates that have so far projected adverse material end of year variances.

- 9.4 Contingencies set aside at the start of the financial year to fund budget risks are likely to be used in the current financial year and into 2011/12 to assist in delivering the savings required to balance the budget in the wake of Government grant cuts. Sums have been set aside in respect of redundancy, and there will also be costs arising from project delivery and to manage reductions in specific grants relating to education children's services. Any arrangements required to carry amounts forward will be reported at the end of the financial year.
- 9.5 The report also details expenditure against the capital programme. Spend to date of £93.289m represents only 46% of the programme. The forecast outturn is £154.270m, 76% of budget due to re-profiling of BSF projects and slippage across the capital programme. Any unspent capital resources at year end will be carried forward to meet committed spend on agreed projects in future years.

**10. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 10.1 The report provides performance information, including by reference to key performance indicators and the budget.
- 10.2 It is consistent with good administration for the Council to consider monitoring information in relation to plans and budgets that it has adopted.
- 10.3 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.
- 10.4 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 Members to receive information about the revenue and capital budgets as set out in the report.

## **11. ONE TOWER HAMLETS CONSIDERATIONS**

The Council's Strategic Plan and Strategic Indicators are focused upon meeting the needs of the diverse communities living in Tower Hamlets and supporting delivery of One Tower Hamlets. In particular, Strategic priorities include the reduction of inequalities and the fostering of strong community cohesion and are measured by a variety of strategic indicators.

## **12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

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

## **13. RISK MANAGEMENT IMPLICATIONS**

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.

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.

The explanations provided by the Directorates for the budget variances also contain analyses of risk factors.

## **14. CRIME AND DISORDER REDUCTION IMPLICATIONS**

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

## **15. EFFICIENCY STATEMENT**

The Efficiency Statement is covered by Appendix 4 of this report, and additionally, appendix 5 provides details of projected transformation savings.

## **16. APPENDICES**

- Appendix 1 - lists budget/target adjustments
- Appendix 2 - provides the budget outturn forecast and explanations of major variances for Directorates for the General Fund
- Appendix 3 - provides the budget outturn forecast and explanations of major variances for the HRA
- Appendix 4 - shows progress against planned efficiency savings
- Appendix 5 – provides details of projected transformation savings
- Appendix 6 – provides details of changes to the capital budget since Quarter 2
- Appendix 7 – provides details of spend to date and projected variances on the capital programme
- Appendix 8 - 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 9 - contains an overview of the current progress of initiatives funded by the Council's participatory budgeting programme by LAP area

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### **Local Government Act, 1972 Section 100D (As amended) List of “Background Papers” used in the preparation of this report**

**No “background papers” were used in writing this report**