


<b>Cabinet</b>  28 July 2015	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Corporate Director of Finance	<b>Classification:</b> Unrestricted
<b>Corporate Revenue, Capital Outturn and Performance Monitoring Report 2014/15 Quarter 4 (Month 12)</b>	

<b>Lead Member</b>	<b>Councillor David Edgar, Cabinet Member for Resources</b>
<b>Originating Officer(s)</b>	<b>Kevin Miles, Chief Accountant &amp; Louise Russell, Service Head Corporate Strategy and Equality</b>
<b>Wards affected</b>	All Wards
<b>Key Decision?</b>	No

### Executive Summary

This report details the draft financial outturn position of the Council at the end of the financial year 2014/15 compared to budget, and service performance against targets. Further adjustments may be required as the statement of accounts are finalised and the final position is reviewed by KPMG as part of the year end audit. The report includes details of;

- General Fund Revenue and Housing Revenue Account;
- Capital Programme;
- Collection Fund;
- Pension Fund;
- Performance for strategic measures; and
- Progress against Strategic Plan activities
- The Findings of the Council's Annual Residents Survey

### Recommendations:

The Mayor in Cabinet is recommended to:

- Note the Council's financial performance compared to budget for 2014/15 as detailed in sections 3 to 8 and appendices 1-5 of this report.
- Note the transfers to reserves as detailed in Appendix 5 of this report.

- Review and note 2014/15 year end performance for strategic measures and Strategic Plan activities in sections 9 -10 and appendices 6 to 7.
- Review and note the findings of the Council's Annual Residents Survey 2014/15 in section 11 and appendix 8

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

- 1.1. Good financial practice requires that regular reports be submitted to Council/Committee setting out the financial position of the Council against budget, and its service performance against targets.
- 1.2. The regular reporting of the Strategic Performance and Corporate Revenue and Capital Budget Monitoring should assist in ensuring that Members are able to scrutinise officer decisions.

## **2. ALTERNATIVE OPTIONS**

- 2.1. The Council reports its annual outturn position against budget for both revenue and capital net spend. It also reports its strategic performance.
- 2.2. Significant variations, trends and corrective action are reported in the body and appendices of the report. No alternative action is considered necessary beyond that included below and this report is produced to ensure that Members are kept informed about decisions made under the delegated authority.

## **3. DETAILS OF REPORT**

### **Finance Overview**

#### **3.1.1 General Fund**

The outturn for 2014/15 before Corporate contributions shows that the Directorates had a very minor overspend of £14k compared to a budget of £293.933m, this is broadly in line with in year forecasts.

After Corporate contributions to reserves of £6.5m the General Fund balance at the end of 2014/15 stands at £71.5m, in line with the Medium Term Financial Plan (MTFP).

The outturn position includes transfers to reserves (as detailed in Appendix 5). New transfers to reserves require formal approval by Members.

### **Housing Revenue Account**

There is a £2.82 million surplus on the ringfenced HRA; the surplus is due to the reasons outlined during the year.

Further information is provided in paragraph 5 and Appendix 3.

### **3.1.2 Capital Programme**

Directorates have spent 70% of their capital budgets for the year (£133.0m against budgets of £190.8m). Any unspent budgets will be carried forward and spent in future years. All capital expenditure in 2014/15 was fully funded from available resources. Further information is provided in section 6 of the report and Appendix 4

### **3.1.3 Collection Fund**

The Council will draw down £66.4m of Council Tax income from the Collection Fund. The in-year collection rate was 96.7% (2014 – 95.4%) which compares very favourably with neighbouring Boroughs and the projected collection rate. £369.8m was collectable for NNDR (Business Rates) with a collection rate of 99.9% (99.7% in 2014) again in line with the original forecast for the year and among the top performers nationwide.

### **3.1.4 Pension Fund**

The cumulative deficit on the Pension Fund (forecast pension liabilities compared to scheme assets) at the year-end was £650 million (£496 million in 2014), which shows a large increase despite investments funds performing well (an increase on value of £125m in the year), (see Section 8). This is a snapshot valuation for accounting purposes. The council's actuary has estimated that the pension fund funding level has increased to 73.8% as at March 2015 (71.8% March 2013).

## **3.2 Performance Overview**

The strategic measures enable the Council to monitor progress against key performance targets. Of the 58 measures used by the Council 51 are reportable, with further data awaited for the remaining 7. Of the 51 reportable measures one has no RAG as no target was set and one has no direction of

travel as no outturn data was available last year: 19 (38%) have met or exceeded their target (Green), 17 (34%) are within target range (Amber) and 14 (28%) are below minimum expectation (Red). 23 (51%) of all measures have improved compared to this time last year, 20 (40%) are stable and 7 (14%) have deteriorated. Section 9 provides a summary of performance against our agreed targets.

The Council's Strategic Plan also sets out our strategic activities, which are monitored bi-annually. Progress in delivering the Strategic Plan has also been strong. Section 10 provides a progress report on implementation of our strategic activities.

The key findings of the Council's Annual Residents Survey are detailed in section 10. The survey explores residents' views about the Council, services and the local area. The survey comprises of face to face interviews with more than 1,000 residents chosen to be representative of the Tower Hamlets population.

#### 4. REVENUE

##### 4.1 General Fund Summary

The following table summarises the General Fund revenue outturn compared to budget for 2014/15. The revised budgets for each service area reflect the adjustments and virements made during the year which are detailed in Appendix 1.

<b>SUMMARY</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Transfer to Reserves</b>	<b>Transfer from Reserves</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Law, Probity and Governance	9,652	9,560	164	(90)	9,634	( 18)
Communities, Localities and Culture	80,657	71,475	9,217	(35)	80,657	0
Development and Renewal	16,313	16,234	1,537	(1,504)	16,267	( 46)
Education, Social Care and Wellbeing	225,019	223,344	1,888	(240)	224,992	( 27)
Resources	7,811	7,091	2,163	(1,338)	7,916	105
Corporate Costs / Capital Financing	(45,519)	(52,001)	0	0	(52,001)	(6,482)
<b>Directorate Total</b>	<b>293,933</b>	<b>275,703</b>	<b>14,969</b>	<b>(3,207)</b>	<b>287,465</b>	<b>(6,468)</b>

##### Movement on the General Fund

<b>Contribution to General Fund from Earmarked Reserves</b>	<b>6,468</b>
General Fund Opening Balance (1st April 2014)	<b>64,989</b>
<b>General fund Closing Balance (31st March 2015)</b>	<b>71,457</b>

4.2 Year-to-date variances are explained in the detailed budget analysis in Appendix 2. A summary position for each service directorate is set out below.

**4.3 Law, Probity and Governance** **£18k Underspend**

LP&G is showing a small underspend due to vacant posts. This underspend will be taken to the general fund reserve.

**4.4 Communities, Localities & Culture** **Nil**

After the reported transfers of £8.4million parking income to the General Fund and £1million to the parking reserve, CLCs net spend agrees to their approved budget.

**4.5 Development and Renewal** **£ 46k Underspend**

The directorate was slightly underspent for the financial year.

**4.6 Education, Social Care and Wellbeing** **£ 27k Underspend**

During the course of the year from CMBM02 through to CMBM011 ESCW DMT has taken a prudent approach to the corporate budget monitoring return. The forecast overspend during the course of the year started at a predicted £2.1m overspend, this continued up to the second quarter, this was based on various assumptions and forecast information but did not include potential mitigating actions as the certainty of their fruition was not clear at that stage. During the third and fourth quarters the overspend was revised a number of times and took into account more robust forecast data based on detailed data validation on 'Framework 1' and Agresso, this produced much clearer and cleaner management information to base predictions on.

In addition to this some of the mitigating factors previously not included were factored in, such as the substantiation of inflationary pressures on contracts which allowed the successful drawdown of £0.970m from the 2014/15 budget allocation which was held centrally. As a result of this and other factors, the reported position for CMBM11 was a small predicted overspend of £55k. The draft outturn on the ESCW General Fund position is an underspend of £27k, which is after proposed adjustments to and from various reserves.

During the course of 2014/15, the ESCW Financial Recovery Group (FRG) was established to work through the policy, process, systems, service and financial issues associated with restoring management and financial control for Adults Social Care. Part of the FRG process was to implement panels to challenge the VFM and make up of packages, the Service Head for Adults Social care, budget holders and finance were involved in a detailed budget scrutiny and

budget control process which has resulted in the containment of considerable demand pressures and increased collection of income.

**4.7 Resources** **£ 105k Overspend**

Resources shows a small overspend, this represents the balance of the Housing Benefit overspend reported earlier in the year.

**4.8 Corporate Costs & Capital Financing** **£6.5m Contribution**

This figure represents the net contribution to reserves including the contribution to the general fund from parking control.

**5. Housing Revenue Account (HRA)** **£ 2.82m Underspend**

5.1 There is a £2.82 million surplus on the HRA. This underspend is the net result of a number of variances, the main ones being that rental income was lower than budgeted due to the high number of Right to Buy sales; there were 255 sales in 2014/15, compared to 86 in 2013/14. In addition, energy costs were lower than budgeted due to energy prices being lower than anticipated when the budget was set. The 2014/15 budget also includes £1.3m in respect of additional costs due to an increase in employer pension contributions but this whole sum was not needed, however this underspend is offset by a projected reduction in capital fee income to the HRA due to underspends in the HRA capital programme.

5.2 A number of one-off payments totalling approximately £0.6m were received in 2014/15 in respect of the recovery of costs incurred as part of various stock transfers carried out a few years ago. As previously forecast, the required contribution to the Bad Debt Provision was lower than anticipated due to delays in the implementation of some of the government's Welfare Reforms.

5.3 The outturn incorporates an RCCO (Revenue Contribution to Capital Outlay) of £8.8 million towards the non-grant-funded element of the Decent Homes backlog programme as agreed initially by Cabinet in September 2011 and updated in May 2013.

5.4 The 2014/15 surplus will increase HRA balances which will also be used as a contribution towards the non-grant-funded element of the Decent Homes backlog programme.

5.5 Members will be aware that HRA funding is available only for social housing and cannot be applied for general fund purposes.

## 6. CAPITAL

6.1 The capital budget now totals £190.8m, decreased from the £192.5m reported at the end of third quarter.

6.2 Details of all the changes to the capital budget are set out in Appendix 1.

6.3 Total capital expenditure to the end of Quarter 4 was £133.0m against an annual budget of £190.8m, resulting in slippage of £57.7m as set out below:

	Annual Budget 31-Mar-15	Spent to 31-Mar-15	Slippage 31-Mar-15	Slippage
	£m	£m	£m	%
<b>TOTALS BY DIRECTORATE:</b>				
Education, Social Care and Wellbeing	21.790	15.454	6.336	29%
Communities, Localities and Culture	7.431	7.113	0.318	4%
Development and Renewal	21.171	12.502	8.669	41%
Building Schools for the Future (BSF)	12.463	11.672	0.791	6%
Housing Revenue Account (HRA)	116.006	76.852	39.154	34%
Corporate	12.000	9.496	2.504	21%
<b>GRAND TOTAL</b>	<b>190.861</b>	<b>133.089</b>	<b>57.772</b>	<b>30%</b>

6.4 The £57.7m slippage against the 2014/15 capital budget is not an underspend against the total programme, any resources not used in the current year will be used in future years of the programme. The main reasons for the slippage are as follows:

- **Housing Capital programme (£17.6m)**

This budget is managed by Tower Hamlets Homes and covers work outside of the ongoing Decent Homes programme such as heating, lifts and door entry systems, roofing, windows etc. with investment need assessed by stock condition surveys. Due to the Authority focus on the Decent Homes programme there has been significant slippage on this budget in 2014/15. A comprehensive assessment of the future needs of the housing stock is being undertaken by THH and this will inform the revised programme in 2015/16.

- **Decent Homes Backlog (£13.4m)**

The five year Decent Homes programme totals £184m, which includes £107.7m of Decent Homes backlog grant funding. The scheme is being managed in accordance with GLA grant conditions with the 2014/15 grant



amount being £46m. The GLA's grant contribution has been maximised this year with the Authority's own resource contribution slipping into 2015/16.

- **Blackwall Reach (£3.8m)**

The Blackwall Reach represents a £13 million capital commitment over number of financial years. Expenditure of £0.86m has been incurred in 2014/15, and it is anticipated that the remaining leasehold properties will be acquired during 2015/16. Due to delays in acquiring all the leasehold interests it is forecast that this scheme will slip into 2015/16.

- **Basic Needs Expansion (£3.4m)**

Retentions and some slippage on new works in development stages

- **Fuel poverty and insulation works on HRA properties (£3.2m)**

This budget represents the Council's contribution towards energy saving schemes being developed in conjunction with an energy supplier under the government's Energy Companies Obligation (ECO) programme. Due to delays in the energy supplier finalising the contract with the council, this scheme will slip into 2015/16.

- **D&R S106 schemes (£3.2m)**

It is anticipated that the £3.1m allocated to Wellington Way health centre will be spent in 2015/16.

- **High Street 2012 (£1.8m)**

This project needs to be looked at in conjunction with the Ocean Regeneration scheme (HRA) - elements of the project overlap and the financing needs re-aligning. Currently there are excess resources in the High St 2012 programme with a similar pressure on the Ocean scheme. This exercise will be completed prior to the Cabinet report being finalised.

- **Community Buildings Support Fund (£1.5m)**

Resources have been set aside to support a grant programme to offer financial assistance to communities to repair, adapt and improve buildings in Tower Hamlets in which community based activities occur. Round 1 of this project has now completed and Round 2 is currently under review.

- **Provision for 2 year olds (£1.0m)**

Grants/expenditure subject to new Commissioner arrangements.

- **Refurbishment of Phase 3 of the Council's Short Life Properties (£0.9m)**

This scheme is to refurbish 12 short life properties and bring them back into use as rented stock. Preliminary works have been undertaken with the renovations taking place in 2014/15. The resources will be carried forward into 2015/16 when the scheme is forecast to complete.

6.5 The capital spend of £133.090 million has been funded from the following capital financing sources:

Source of Financing	£m
Government Grants	77.252
Capital Receipts	8.548
External Borrowing	12.939
Developers' Contributions (section 106)	7.839
Revenue Contributions	16.572
Major Repairs Reserve	9.940
<b>Total</b>	<b>133.090</b>

6.6 The total approved budget, taking into account the whole life of all capital schemes, is currently £921.6m against which spend of £921.6m is forecast resulting in a total nil variance.

	All year budget as at 31-Mar-15	Projection 31-Mar-15	Variance
	£m	£m	£m
Education, Social Care and Wellbeing	95.172	95.172	0.000
Communities, Localities and Culture	73.233	73.233	0.000
Development and Renewal	35.794	35.794	0.000
Building Schools for the Future (BSF)	332.145	332.145	0.000
Housing Revenue Account (HRA)	373.323	373.323	0.000
Corporate GF provision for schemes under development	12.000	12.000	0.000
<b>GRAND TOTAL</b>	<b>921.667</b>	<b>921.667</b>	<b>0.000</b>

6.7 Capital receipts received in 2014/15 from the sale of Housing and General Fund assets as at 31 March 2015 are as follows:

<b>Capital Receipts</b>		
	£m	£m
Receipts from Right to Buy (255 properties)	30.869	
less poolable amount to DCLG	-1.571	
		29.298
<b>Sale of Housing assets</b>		
Ocean Estate Block E (overage)	1.302	
Ocean Estate Block H	5.421	
		6.723
<b>Sale of General Fund assets</b>		
Wapping Lane overage receipts	0.524	
Other receipts (8 Menotti street & LAMAC mortgage receipts)	0.192	
		0.716
<b>Total</b>		<b>36.737</b>

Retained Right to Buy receipts must be set aside to meet targets on housing provision as set out in regulations governing the pooling of housing capital receipts, so they must be ring fenced for this purpose and are not available for general allocation.

## 7. COLLECTION FUND

- 7.1 The Collection Fund is a statutory account for the collection and distribution of amounts due in respect of council tax and National Non-domestic Rates (NNDR or Business Rates). The Council collects council tax both on its own behalf and for the pre-cepting authority, the Greater London Authority (GLA). NNDR is collected by the Council on behalf of the government and this is paid over to the Department of Communities and Local Government in accordance with a monthly schedule issued by the CLG at the beginning of each financial year. A Business Rate Supplement payable to the GLA is also collected to contribute towards the cost of Cross-Rail. £12.16m was collected in year for the Business rate Supplement (BRS)
- 7.1 The Council's share of Council Tax income as at 31<sup>st</sup> March 2015 was £69.1m. The in-year collection rate was 96.7% (95.4% 2014) with a final projected collection rate of 95.6% (actual 2014/15 - 96.1%). £66.4m was transferred from the Collection Fund to the General Fund, in line with budget. After making appropriate provisions for bad debts, the Council has a £2.1m share of a surplus on the fund that will be carried forward.

7.2 The Council collected £369.7m in NNDR and achieved an in year collection rate of 99.9% (99.7% in 2014) – this exceeded the 99.5% collection target and contributes greatly to mitigating the risk of outstanding appeals.

7.3 Details of income collection during 2014/15 are shown below:

<b>Income Stream</b>	<b>Collected in 2013/14 %</b>	<b>2014/15 Target to 31.03.15 %</b>	<b>2014/15 Collected to 31.03.15 %</b>	<b>Direction of Travel</b>
Business Rates	99.70	99.50	99.90	↑
Council Tax	95.40	95.60	96.70	↑
Housing Rent	100.11	99.00	99.43	↓

## **8. PENSION FUND**

8.1 All non-teaching staff employed by the Council are entitled to join the Local Government Pension Scheme (LGPS). Each local authority is required to operate a Pension Fund as part of the scheme although the employee contributions into the fund and the associated pension benefits are determined by the government as part of a national scheme.

8.2 The employer contributions into the fund are determined by the funds Actuaries, appointed by the Council, and reflect the actuarial valuation carried-out every three years. The valuation assesses both the assets and liabilities of the fund and the extent to which the fund is either in net surplus or deficit. Any deficit will need to be made good over a rolling 20 year period through increases in employer contributions.

8.3 The employee contribution level was between 5.5% - 12.5% during 2014/15 and staff contributions into the fund totalled £11.0m. The employer's contribution rate is currently 15.8% with the Council paying a total of £ 27.6m in contributions, plus an additional payment of £18.5m in deficit funding, into the fund in 2014/15 which is reflected in the total employee costs for the Council in that year of £46.1m. There were 6,860, active members (includes LBTH, admitted and scheduled bodies) in the scheme from a total establishment of 8,654 employees.

8.4 As at 31<sup>st</sup> March 2015 there was a deficit on the fund of £650 million (£496m 2014) under the IAS19 (formerly FRS17 calculation). This shows a large increase in the deficit despite investment values increasing by over £125m in

the year. Lower bond rates at March 2015 led to a higher NPV of estimated future pension benefits is the main factor behind the increase in the deficit. This is a snapshot valuation for accounting purposes. The revaluation for contributory purposes took place during 2013 and has left the Council's % contribution rates unchanged from April 2014, though lump-sum contributions will increase by £2 million a year (up to £20.5m in 2015/16).

## **9. PERFORMANCE**

- 9.1 The Council strives to make continuous improvements to its services, year on year, and this is reflected in its ambitious target setting. It has robust performance management arrangements in place, including a Performance Review Group which focuses on those areas identified as needing improvement.
- 9.2 The following sections of the report provide year-end performance information for the Council's strategic measures (appendix 6) and Strategic Plan activities (appendix 7).

### **STRATEGIC MEASURES**

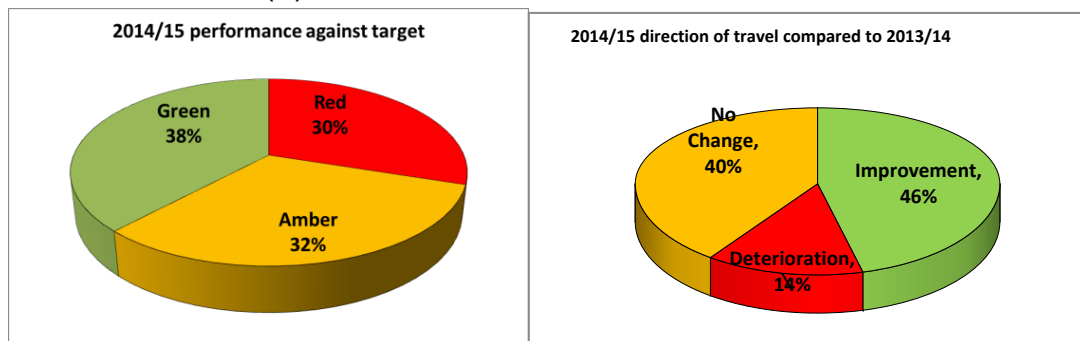
There are 58 strategic measures in the 2014/15 Strategic Plan, including subset of measures, to monitor progress in delivering against the Council's priorities. 51 of the 58 measures are currently reportable.

- 9.3 Outlined below (and detailed in appendix 6) is year-end information, or latest available, performance at year end. Performance against the end of year target is measured as either 'Red', 'Amber' or 'Green' (RAG). Should the performance be worse than the minimum expectation (standard target) – indicated as the dotted red line, it is marked as 'Red'. Should it be better the minimum expectation, but worse than the stretch target – indicated as the solid green line, it is 'Amber' (within target range). Should it be performing at or better than the stretch target, it is 'Green'. Indicators are also measured against the previous year's performance, as 'direction of travel'. If performance is deteriorating, it is indicated as a downward arrow ↓, if there is no change (or less than 5% change) it is neutral ↔, and should it be improving compared to last year, it is indicated as an upward arrow ↑.

### **Performance Measures Summary**

- 9.4 Of the 51 reportable measures, one has no RAG as no target was set and one has no direction of travel as no outturn data was available last year:

- 19 (38%) are meeting or exceeding their stretch target (Green), with 14 of these an improvement from last year (↑); and 5 remain stable (↔).
- 16 (32%) are above the standard target (minimum expectation) but below the stretch target (Amber), with 6 of these improving (↑) and 9 are stable (↔);
- 15 (30%) are below the standard target (Red), with 2 indicators improving (↑), 7 deteriorating (↓), and 6 remaining stable (↔);
- Overall 23 out of the 51 indicators (46%) show improved performance compared to last year (↑), 20 (40%) are stable (↔), and 7 (14%) have deteriorated (↓).



9.4 *Areas of strong performance, where the stretch target has been exceeded, include:*

***Percentage of LP07 or above Local Authority staff who have a disability (excluding those in maintained schools)***

9.29% of LP07+ staff have a disability. The stretch target of 6.9% has been exceeded by 2.39 percentage points and performance has improved since last year by 2.95 percentage points.

***Percentage of Council Tax Collected***

96.63% of Council Tax was collected this financial year. The stretch target of 95.5% was exceeded by 1.13 percentage points.

***Percentage of Non-Domestic Rates Collected***

99.86% of rates have been collected this year; the target of 99.5% was exceeded by 0.36 percentage points.

***Percentage of residents agreeing that the Council involves residents when making decisions***

53% of residents agreed with this statement. The stretch target of 52% was exceeded and performance has improved since last year's outturn by 5 percentage points.

***Level of street and environmental cleanliness –detritus and fly-posting***

Of the land surveyed for this measure, 1.8% was found to have an unacceptable level of detritus and 0.9% was found to have an unacceptable level of fly-posting. The stretch targets for both measures have been exceeded (by 0.2% and 0.1% respectively) and both measures have improved on last year's performance.

***Early Years Foundation Profile – achievement of a good level of development***

55% of pupils achieved this standard; the stretch target of 47.4% was exceeded by 7.5 percentage points and there has been improvement on last year's outturn of 45.9%.

***Key Stage 2 pupil attainment in reading, writing and maths***

82% of pupils achieved level 4 or above. The stretch target of 79% (also the national average) has been exceeded by 3 percentage points and there has been an improvement on last year's outturn of 78%

***16-19 year olds who are not in education, employment or training (NEET)***

3.43% of young people in this age group are NEET. The stretch target of 4.33% has been exceeded and there has been an improvement on last year's outturn of 4.56%.

***Overall employment rate (gap between the borough and London average)***

The latest employment figures show the borough's employment rate continues to improve with the gap closing compared to the London average. The gap between Tower Hamlets and London average is now 2.5 percentage points; the stretch target of a 6.3 percentage point gap has been exceeded. The gap has closed by 4.2 percentage points since last year.

***JSA Claimant Rate (gap between the borough and London average)***

2.6 percent of working age residents in the borough are on JSA. The gap between the borough and the London average has reduced to 0.5 percentage points. The stretch target of a 0.6 percentage point gap has been exceeded and there has been a 0.4 percentage point improvement since last year.

***MOPAC 7 crimes: Number of thefts from a Motor Vehicle incidents and Number of thefts from the person***

Performance is better than the stretch target for two measures:

- *Number of Thefts from a Motor Vehicle incidents* – at 1,532 offences, performance is better than the stretch target of 1,670. In addition, 226 fewer offences of this crime type were committed this year compared to last.
- *Number of Theft from the Person incidents* – there were 1,317 offences of this crime type in the 2014/15 financial year, which is better than the stretch target of 1,372. There were 225 fewer crimes this year compared to last year.

***Local concern about ASB and Crime: Drunk & rowdy behaviour in public spaces and Drug use or drug dealing as a problem***

- *Drunk or rowdy behaviour in public spaces* – 45.1 percent of local residents were concerned about this issue, the stretch target was exceeded. In addition, the outturn represents an improvement on public perception last year by 4.9 percentage points.
- *Drug use or drug dealing as a problem* – 54.4 percent of local residents were concerned about this issue, the stretch target has been exceeded, and the outturn represents an improvement compared to last year of 4.6 percentage points.

***Percentage of people who believe people from different backgrounds get along well together***

81 percent of residents agreed with this statement, the stretch target was met.

***Life expectancy at birth: male & female***

- *Male* – For Tower Hamlets, the estimated number of years a new-born baby can expect to live is 77.5 years. The stretch target has been met, and this outturn represents an improvement compared to last year's 77.1 years.
- *Female* – The estimated number of years a new-born baby can expect to live in Tower Hamlets is 82.6 years. The outturn is an improvement compared to last year's outturn of 82 years.

***Under 18 conception rate***

The conception rate for 2013 (most recent data) was 18.7 per 1,000 in this age group. The stretch target has been exceeded, and there has been an improvement since this time last year.



9.6 *Areas where performance fell short of the minimum target and deteriorated compared to last year are:*

**Sickness Absence** - The number of working days lost to sickness absence per employee was 8.11 days. The standard target of 6.47 days (last year's outturn) has been missed. Sickness absence levels across the Council have been rising over the past year and the corporate target of 6.1 days per employee (which was revised from the 6.5 days at the beginning of the year) has not been achieved. People Board Operations Sub Group have agreed a Sickness management action plan, which includes improving the management of sickness cases, supporting managers in managing sickness and focusing on the reasons for sickness absence in areas of high sickness.

**Homelessness preventions** - The minimum target of 5.94 homeless preventions per 1,000 households in the borough has not been achieved and there has been a decrease since the last financial year. There was a total of 672 households who considered themselves homeless, who approached the local authority's housing advice service and for whom housing advice casework intervention resolve their situation.

The borough continues to face a severe shortage of affordable private sector properties available to homeless households as an alternative to pursuing a statutory homeless application and the problem continues to increase. Consequently, our ability to prevent homelessness by securing an alternative tenancy has diminished immensely. We have improved the incentive provided to landlords so they will let their small number of properties available at, or close to, Local Housing Allowance levels via the council to one of our customers rather than let them to a member of the general public. We have also seen a rise in the number of preventions through negotiations with friends and relatives, persuading families that the best option for all is for the threatened homeless client should remain in their current accommodation. Nevertheless, proportionately, this is not sufficient to temper the increase in landlords evicting their benefit-dependent tenants as they can pitch their rents at higher rents from high earners. Where possible, though, we continue to negotiate with Housing Benefit to resolve arrears problems and to negotiate with landlords to ensure tenants can remain in their properties and thus prevent homelessness.

**Level of environmental cleanliness: litter** - 2.9 percent of the space surveyed had an unacceptable level of litter. The standard target of 1.9 percent has not been met and there has been a deterioration of 0.9 percentage points since this time last year. The borough's resident population

and the population of those employed in the borough and tourists to the borough have all increased which is likely to have contributed to this upward trend.

***Achievement of 5 or more A\*-C grades at GCSE or equivalent including English and Maths*** – The final year end outturn of 59.7 percent is 1.7 percentage points higher than what was provisionally reported at Q2. However performance is below the standard target of 64.7 percent and 6.7 percentage points lower than last year's outturn. Changes to the methodology at KS4 have led to widespread drops in performance this year, with a national fall of 5.8 percentage points to 53.4%. In Tower Hamlets, this fall was 5.0 percentage points, meaning that we remain well above the national average but slightly below the London average of 61.5%.

***Number of Violence with Injury Offences*** – 2,731 crimes of violence with injury were committed in 2014/15, the standard target of 2,341 was missed, and there were 390 more crimes than the previous year. Comments from the police have been requested.

***Number of Vandalism (criminal damage) crimes*** – there were 2,383 vandalism (criminal damage) crimes in the borough in 2014/15, the standard target of 2,126 was missed. There were 257 more crimes this year compared to last year. Comments from the police have been requested.

***Average time to adopt*** - The average number of days for the period April 2012 –March 2015 is 645, outside the target range for this measure. A report on performance for this measure (and the indicator below) was considered by PRG on 16th October which proposed a number of improvement actions and an update report was considered by PRG on 16th April. Improvement actions include PRG tracking the progress of some of the children. In addition, the way in which this measure is calculated excludes any long term stable arrangements children may be in, for example, special guardianships or long term fostering arrangements. When all these are factored in, the number of children for whom the LA is actively seeking a family is small.

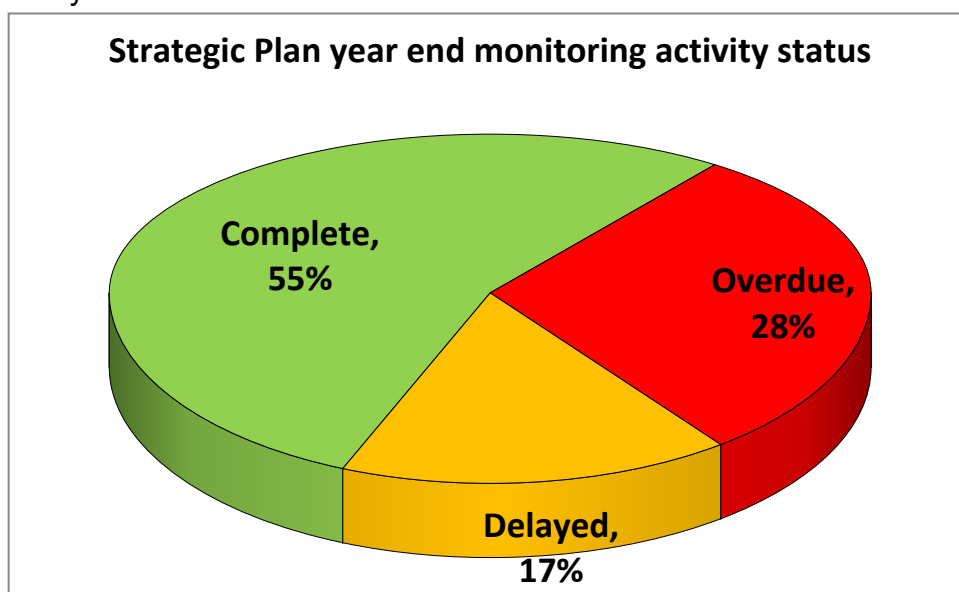
## **10 STRATEGIC PLAN ACTIVITIES**

- 10.1 The Council's performance management and accountability framework requires Members to consider progress against the Strategic Plan activities every 6 months. This section provides a monitoring update at year-end for the 2014/15 Plan.

10.2 All activities within the Strategic Plan have been monitored and are included in Appendix 7. The following criteria are used to report on the status of activities at year-end:

- Completed (Green) - where an activity has been completed.
- Delayed (Orange) – where an activity is substantially complete (i.e. 90% or more) and there is one milestone which is overdue but does not have a significant impact on the achievement of the overall activity, or where a milestone is overdue but the commentary indicates that the milestone will be completed by the Quarter 1 (June 2015) period.
- Overdue (Red) - where an activity has not completed in the 2014/15 financial year, or at the time of reporting. Managers have provided comments for all overdue activities to explain why the deadline was missed; what is being done to rectify the situation; and when the activity will be completed.

10.3 There are 78 activities in the 2014/15 Strategic Plan. At year-end, 43 activities (55%) have been fully completed; and 35 (45%) are overdue or delayed.



10.4 The Council is continuing to deliver its partnership-wide programme to manage the impact of welfare reform on local residents. The Housing Options Team has disbursed payments from the Temporary Accommodation Support Fund to affected residents, and more specialist welfare benefits advice provision has been commissioned for residents.

10.5 The Council continues to work with its key partners to secure employment opportunities for local residents. The employment rate at 68.7 percent is the highest it has been for the borough since recording began in 2004. The

Council's job brokerage service has supported over 1,000 residents into jobs this year.

- 10.6 Good progress continues to be made in providing affordable homes for local people. This financial year the Council has delivered 635 affordable homes, 185 of which are family sized (29%). An additional 554 are on track to be delivered in the next couple of months. In addition to providing additional homes, 3,186 Council homes have been brought up to the Decent Homes standard.
- 10.7 Community Safety remains a key priority for the borough. The recruitment programme for Tower Hamlets Enforcement Officers has been completed, with all posts being filled. The Council, working with its community safety partners, is delivering a Violence Against Women & Girls action plan and training programme. A new mobile Police centre has been launched so that residents can report crimes and raise concerns face to face with police officers. Successes in the borough has supported improved residents perceptions about ASB in relation to drunken behaviour and drug usage.
- 10.8 The Council and its partners are seeking to tackle health inequalities. All Tower Hamlets schools are now registered with the Healthy Schools London Award Scheme and healthy eating and physical activity training has been delivered to 150 school staff. An ongoing programme of screening for cardiovascular disease and type 2 Diabetes has been implemented, and almost 1,000 people have been supported to quit smoking. In addition, the Council has also invested in the parks, playgrounds and open spaces in the borough.
- 10.9 22 activities have been assessed as being overdue with a further two, relating to educational attainment, and one relating to sickness absence marked as red. This is because although the activities have been completed, the numerical targets have not been met. Of the 22 overdue activities, only 4 of these activities are less than 75 per cent complete. Details of these overdue activities, including remedial action, are outlined below. In addition, the Performance Review Group will also be reviewing these activities.

***Lead regeneration in Poplar (58% complete)***

The Planning and Building Control Service supported the successful application for the Housing Zone designation. This will unlock the development potential of the area over the next 2-3 years. The timetable for consultation and subsequent adoption of the SPD for the Ailsa Street Masterplan has been delayed to align with work on the Housing Zone. This

will now go for consultation in September 2015 and will be adopted by March 2016.

***Maintain investment in youth services and provision for young people (66% complete)***

The redesign and implementation of a new grant allocation process has been completed as has the review of the Youth Service provision. However the review of administrative support functions has not been started as progression is interdependent with any future re-shaping of services.

***Work with people with drug and alcohol dependencies to break the cycle of substance misuse (65% complete)***

A review of the commissioned services has been undertaken between the Community Safety Service and Public Health services. The review took account of any significant variation in treatment outcomes for equality groups. However, the drug and alcohol re-provisioning has not been completed although authorisation to proceed has now been granted via Cabinet. It is now expected to be advertised imminently. Procurement will be completed by the end of August and recommendations will then progress through committees for agreement.

***Make better use of our public assets (70%)***

Implementation of the Corporate Landlord Model has been delayed following the transfer of resources allocations. A report went to Cabinet in May 2015 seeking endorsement to a revised asset strategy, Cabinet also approved a range of disposals which the service is taking to market in Summer 2015.

## **11. ANNUAL RESIDENTS SURVEY FINDINGS**

- 11.1 The Tower Hamlets Annual Residents' Survey explores residents' views about the Council, services and the local area. The 2014/15 survey comprised face to face interviews with 1,227 residents chosen to be representative of the Tower Hamlets population. The survey is undertaken by TNS-BMRB on the Council's behalf. TNS-BMRB also carries out the Survey of Londoners, which provides some comparative data for benchmarking purposes.
- 11.2 Overall, perceptions about the Council, services and the area, have held up well, with most ratings similar or better than last year's.
- 11.3 Performance has been maintained in relation to service satisfaction, with no declines in performance and some improvements. Across most services,

ratings are similar to last year, and three areas have seen improvement in ratings: public transport, council tax collection and secondary education.

- 11.4 Views about the image of the Council have remained similar to last year's with some improvements. Residents were asked about 12 different aspects of the Council's image, and views remained similar to last year's for 10 out of the 12, and improved for two aspects: the extent to which the Council involves residents in decision making; and the extent to which the Council keeps residents informed. No areas have seen a decline in performance. Views about the Council's image were on a par with London ratings across all 12 areas.
- 11.5 Around two thirds of residents said they were satisfied with the way the Council runs things, similar to last year's rating.
- 11.6 Views about cohesion and the local area remain positive: 81 per cent of residents agree that the local area is a place where people from different backgrounds get on well together, and a similar proportion (82 per cent) said they are satisfied with their local area as a place to live. On both indicators, views have remained around these levels for the last three years. Just over half of all respondents felt they could influence decisions affecting their area. This measure has risen for two years taking it back to its 2009-10 level, after recent falls.
- 11.7 The survey monitors perceptions of anti-social behaviour (ASB) across four areas. Views on two areas have improved over the year with fewer residents reporting problems with drug use/dealing or drunken and rowdy behaviour, in their local area. Views on problems with rubbish/litter and vandalism remained similar to last year.
- 11.8 Crime, litter/dirt in the street, and a lack of affordable housing, are the most pressing resident concerns – these were each cited by one third of residents as one of their top three personal concerns. Concerns over litter/dirt and a lack of affordable housing have been rising in recent years, while concern over crime remains at historically low levels when viewed over the long term.

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

- 12.1 Under Financial Regulations it is the responsibility of senior managers to spend within budgets and, where necessary, management actions will need to be taken over the remainder of the financial year to avoid overspend.

- 12.2 If there had been a revenue overspend during 2014/15, this would have had a negative impact on the Medium Term Budget Plan and would have required more savings in future. With a roughly break-even position for Directorates in 2014/15, there has not been an adverse impact on savings targets, however there were budget pressures within ESCW services that required funding from reserves during the year.

### **13. LEGAL COMMENTS**

- 13.1 The report provides performance information, including by reference to key performance indicators and the budget. It is consistent with good administration for the Council to consider monitoring information in relation to plans and budgets that it has adopted. For the same reason, it is reasonable for the Council to consider the views of residents about the borough and how the Council is discharging its functions.
- 13.2 The conduct of the annual residents survey may be supported by the Council's power in section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. Other sources of power may also be found.
- 13.3 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.
- 13.4 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.
- 13.5 When considering its performance and any procurement, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). Relevant information is set out in the body of the report.

**14. 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.

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

An element of the monitoring report deals with environmental milestones within the Great Place to Live theme.

**16. 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.

**17. CRIME AND DISORDER REDUCTION IMPLICATIONS**

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

**18. BEST VALUE / EFFICIENCY STATEMENT**

Efficiencies for 2014/15 are incorporated within the reported outturn.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

- Appendix 1 - lists budget/target adjustments (including virements) for the General Fund and capital budget movements
- Appendix 2 - provides the budget outturn forecast by Directorate and explanations of any major variances.
- Appendix 3 - provides the budget outturn forecast and explanations of major variances for the HRA.
- Appendix 4 – provides details of the capital programme and explanations of any major variances
- Appendix 5 – provides details of the contribution to Reserves
- Appendix 6 – provides a summary of the year end performance measures
- Appendix 7 – provides an overview of performance for all of the Strategic Plan activities
- Appendix 8 – provides a summary of findings from the Council's Annual Residents Survey

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

- NONE .

### **Officer contact details for documents:**

N/A