

Cabinet 26 July 2016	
Report of: Zena Cooke – Corporate Director of Resources	Classification: Unrestricted
The Council's Provisional Financial Outturn 2015/16	

Lead Member	Councillor David Edgar, Cabinet Member for Resources
Originating Officer(s)	Kevin Miles, Chief Accountant
Wards affected	All Wards
Key Decision?	No

Executive Summary

This report details the provisional outturn position of the Council at the end of 2015/16 compared to the approved budget. Further adjustments may be required as the statement of accounts is finalised and the 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
- Balance Sheet information
- Information on Reserves

The Council's Medium Term Financial Strategy (MTFS) covering the period to 2019/20 was approved in February 2016 – a summary can be found in Appendix 2. Government and grant funding is continuing to fall, and despite changes, allowing authorities to increase its Council Tax and retain more Business Rates, the current projections suggest that the unfunded budget gap will be approximately £58m for the period to the end of 2019/20.

In the light of this it is important that strong financial management is maintained including remaining within the approved budget envelope, and developing and implementing saving proposals in accordance with the approved timescales in order to avoid unplanned budget overspends occurring.

The outturn position for 2015/16 puts the Council in a strong position to deliver against its MTFS targets.

2015-16 Outturn Position

The budget for 2015/16 was set at £291.362m which included an assumed contribution from General Fund reserves of £7.841m.

The actual outturn position before proposed reserve movements is £279.249m which is an underspend of £12.113m. This means that the proposed contribution from General Fund reserves is not required.

Proposed net transfers to reserves of £3.629m are set out in this report meaning that the final outturn position will be £282.878m (an underspend of £643k or 0.2%). This will increase the level of the General Fund reserves by £643k, giving a General Fund reserve balance at 31st March 2016 of £72.1m.

The revised budget for the 2015/16 capital programme is £115.4m and expenditure was £90.7m. This variance of £24.7m together with its associated financing, which mainly represents slippage on capital schemes, will be carried forward and spent in future years. Paragraph 6.4 explains the reasons for the slippage.

Recommendations:

The Mayor in Cabinet is recommended to:

- Note the Council's revenue and capital financial outturn position as detailed in Sections 3 to 7 and Appendices 1-6 of this report.
- Endorse the proposed transfers to and from reserves as reflected in Appendix 5.

1. REASONS FOR THE DECISIONS

- 1.1. Good practice requires that regular reports be submitted to Members setting out the financial position of the Council.
- 1.2. The regular reporting of the Revenue and Capital Budget Monitoring provides detailed financial information to members, officers and other interested parties on the financial performance of the council.

2. ALTERNATIVE OPTIONS

- 2.1 The Council could choose not to produce regular budget monitoring reports but that would limit the Council's ability to effectively monitor its financial position and increase its exposure to financial risk.

3. DETAILS OF REPORT

3.1 General Fund Revenue

3.1.1 At the end of March 2016, the General Fund revenue expenditure was £282.878m after all proposed transfers to and from earmarked reserves. This resulted in a remaining contribution to the General Fund Reserve of £643k. A summary of the main variances is included below with further more detailed explanations given in Section 4 of the report and Appendix 3.

3.1.2 In year pressures in Adults' Services have been largely contained with the use of one-off reserve funding and underspends. Income from the 'Better Care Fund' (BCF) has supported the Adult Social Care budget in line with the BCF requirement to protect adult social care

3.1.3 Within the Communities, Localities and Culture Directorate (CLC), a surplus of £9.5m was achieved within the parking service - £8.1m of this surplus contributed towards the Council's corporate budget for costs associated with the Freedom Pass scheme. In addition a further net underspend of £974k, after reserve movements was achieved, mainly due to an underspend in the Youth Service.

3.1.4 The budgeted provision for contingencies was not required in 2015/16 and in addition the budgets for inflation and growth were not fully allocated. These variances have been used to support the £7.8m budget gap originally provided for by a proposed transfer from General Fund reserves, when the budget was set. It has also allowed contributions to be made to the Council's transformation reserves.

3.1.5 Other areas of the General Fund revenue account achieved a broadly break even position allowing for the proposed reserve movements.

3.2 Housing Revenue Account (HRA)

The provisional HRA outturn is expected to show a £10.4m surplus. This sum is ring-fenced and cannot be used for other purposes. Full details can be found in section 5 and Appendix 3.

3.3 Capital Programme

Directorates have spent 79% of their capital budgets for the year (£90.7m against budgets of £115.4m). Any unspent budgets will be carried forward and spent in future years. Further information is provided in section 6 of the report and Appendix 5.

3.4 More detailed financial information is contained in the following appendices:

- Appendix 1 - Revenue and Capital Control Budgets
- Appendix 2 – Summary of Medium Term Financial Forecast
- Appendix 3 - provides the General Fund budget outturn forecast by Directorate and explanations of any major variances.
- Appendix 4 – provides the budget outturn forecast for the HRA
- Appendix 5 – Monitors the Capital Programme.
- Appendix 6 – Summary of Reserves

4. **FINANCE OVERVIEW**

4.1 Table 1 below summarises the provisional revenue outturn position for the General Fund. The table shows the position before transfers to or from reserves and the position after those transfers have been made. The table identifies the transfer made from the parking control account which is used to fund the Freedom Pass scheme.

Currently reserves may be held by directorates, or centrally; a summary of the Council's reserves is included at Appendix 6; this shows where proposed transfers to or from reserves have been made which are reflected in the individual directorate narratives below. Members are asked to endorse these proposed transfers.

Directorates may request the creation of a reserve; providing that it meets the relevant criteria and has Director of Resources approval it will be set up and held on the Balance Sheet. Members are advised of new reserves and are asked to endorse their creation as part of this report. Directorates manage the use of those reserves identified against their area and drawdown can only be made when the purpose for which the reserve was created can be demonstrated.

The Council is facing a number of significant challenges, and the strategic use of reserves is an important component of supporting the successful delivery of a balanced Medium Term Financial Strategy (MTFS).

There are a number of reserves where there has been no movement in the year and, during 2016/17 the Director of Resources has asked that a review of the purpose and level of all earmarked reserves be undertaken together with the creation of a reserves policy to give members assurance about the level and purposes for which the Council is holding reserves. This review will form the basis of developing a more strategic approach to the way that the Council uses these resources. As an initial action the Director of Resources has proposed the consolidation of a number of corporately held reserves which have previously

been created to facilitate saving programmes and change and these have been brought together into a single transformation reserve.

Access to this reserve will be overseen by the Director of Resources and it will be used to facilitate work which is aimed at delivering the savings targets set out in the Council's MTFS.

SUMMARY	Final Budget	Actual	Parking Transfer	Variance Before Reserves	Transfer from Reserves	Transfer to Reserves	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Law, Probity and Governance	9,581	9,580	0	-1	0	0	9,580	-1
Communities, Localities and Culture	81,722	70,772	8,104	-2,847	-154	2,027	80,748	-974
Development and Renewal	16,360	16,296	0	-64	-1,714	1,773	16,355	-5
Adults' Services	126,020	125,757	0	-263	-1,552	890	125,095	-925
Childrens' Services	91,076	95,783	0	4,707	-3,630	265	92,418	1,342
Resources	7,658	10,642	0	2,984	-2,987	0	7,655	-3
Corporate Costs / Capital Financing	-41,055	-49,581	-8,104	-16,630	-4,152	12,863	-48,974	-7,919
Directorate Total	291,362	279,249	0	-12,114	-14,189	17,818	282,877	-8,485
Use of General Fund	-7,841	0	0	7,841	0	0	0	7,841
Total	283,521	279,249	0	-4,273	-14,189	17,818	282,877	-643
Movement in General Fund Balance 2015/16								
Opening Balance								-71,457
Transfer to General Fund Reserves for 2015/16								-643
Closing Balance								-72,100

4.2 A detailed variance analysis is set out in Appendix 3. The summary position for each service directorate is set out below and this includes details of reserve movements.

4.3 Law, Probity and Governance **£1k underspend**

The directorate has achieved a broadly balanced position. However, there were a number of pressures during the course of the year, notably within the elections service as a result of re-running the Mayoral election and Stepney by-election, which has been covered through underspends elsewhere within the directorate.

4.4 Communities, Localities and Culture

Position before reserve movements **£2.846m underspend***

*After a £8.104m transfer from Parking Control to support the Freedom Pass Scheme.

The parking control account showed a surplus £9.5m, this allowed the planned corporate contribution of £8.1m to meet the cost of the Freedom Pass scheme. The service has asked for the remaining parking income of £1.4m to be transferred to the Parking Reserve. Safer Communities had an underspend of £1.7m mainly due to lower levels of grants awarded from the Youth Opportunities and Positive Activities for Young People funds. The curtailment of holiday programmes pending further review has also contributed to lower staffing costs. Public Realm overspent by £0.3m primarily due to staffing and consultancy costs associated with the waste disposal contract (Project 2018).

Position after reserve movements **£974k underspend**

A net contribution to earmarked reserves has been made of £1.9m leaving an underspend within the directorate of £974k. Transfers to reserves include £1.3m to the Parking Reserve as well as transfers to reserves for youth facilities and vehicle replacement.

4.5 Development and Renewal

Position before reserve movements **£64k underspend**

There was a minor net underspend of £64k against a revised budget of £16.4m in this area.

Position after reserve movements**£5k underspend**

The directorate are proposing a contribution to reserves of £59k. There have been significant reserve movements including transfers from reserves for Homelessness and Employment Initiatives. Elements of the Community Infrastructure Levy (CIL) administration charge, together with some planning fee income, have been transferred to reserves to be applied in future years towards the funding of the service, including for specific initiatives such as the development of the Local Plan. A reserve has also been established for land assembly relating to the Blackwall Reach project.

4.6 Children's Services**Position before reserve movements****£4.707m overspend**

The Children's Services overspend, before the application of reserves is approximately £4m. In addition to the non-achievement of savings amounting to £0.9m and expenditure relating to Preventing Violent Extremism (PVE) work (£0.3m), the overspend is driven by staffing and agency costs (£2.1m). Further, the schools catering service has overspent by £0.7m; this emphasises that the current income pricing model fails to cover adequately all costs and will need to be addressed in 2016/17.

The provisional outturn position (before reserve movements) shows an overspend position of £4.1m. The service is proposing to apply reserves of £2.8m to leave a remaining £1.3m overspend.

The final position on the ring-fenced Dedicated Schools Grant (DSG) shows a surplus of £6.1m, which is £1.7m above the 2014/15 position. Schools' accumulated balances have reduced by £4.2m, although this reflects mainly the transfer of schools to Academy status.

Position after reserve movements**£1.342m overspend**

Following the transfer of unspent grants (including Early Intervention Fund, social care grants, Unaccompanied Asylum Seeking Children) that had been set aside in reserves and application of other reserves, the position has been reduced to a £1.342m overspend.

4.7 Adults' Services

Position before reserve movements **£263k underspend**

Adults' Services has been reporting a potential pressure of circa £1.0m since the period 7 (October) monitoring report. This overspend was mainly due to a number of unbudgeted care packages and higher than expected front line temporary staffing expenditure. However in the event these pressures have not materialised and a small underspend has been achieved.

Position after reserve movements **£925k underspend**

The outturn position reflects various adjustments to and from reserves, with the main one being the planned transfer of £1.3m from the ring fenced Public Health grant.

4.8 Resources

Position before reserve movements **£2.984m overspend**

The £3.0m overspend within Resources is as a result of additional expenditure on insurance costs (£1m), £0.8m of which was Council contribution towards the MMI scheme and for which the Council has provided resources within its Insurance Reserve. In addition the costs associated with the Council's transformation (savings) programme are paid for through Resources and then funded from the earmarked reserves held for these purposes. This accounts for £1.5m of the £3.0m variance. A further £430k relates to expenditure on the Crisis & Support Scheme that was planned to be funded through the specific reserve created for this purpose from previous years' unspent grant.

Position after reserve movements **£3k underspend**

After reserve movements the Resources directorate outturn position is broadly balanced. An overspend against the original budget on housing benefits has been met through additional subsidy income.

4.9 Corporate Costs & Capital Financing

£7.918m underspend

The Council has not needed to utilise its contingency budget and has also not needed to fully use its budgeted provision for inflationary pressures during the year. It has used these underspends in order to offset the originally proposed transfer from General Fund reserves (£7.8m) in 2015/16.

5. Housing Revenue Account (HRA)

£10.4m surplus

- 5.1 The provisional 2015/16 HRA revenue outturn shows a £10.4m surplus. This main reason for this underspend is a reduced Revenue Contribution to capital Outlay (RCCO) as a result of decisions to apply other available capital resources.
- 5.2 RCCO is a source of financing for capital expenditure that is met directly from the Housing Revenue Account (HRA) as an alternative to borrowing or other forms of capital financing. For 2015/16 £10m had been budgeted for this element within the HRA but at year-end a decision was taken to utilise the Major Repairs Reserve instead to finance some 2015/16 capital expenditure. This has maximised the flexibility the Council has for the future use of its HRA resources through an increase in its revenue reserves.
- 5.3 It is important to stress that longer term capital requirements for the HRA have always been predicated on having additional reserves – because once the debt cap is reached it will be the primary means of funding capital expenditure outside the major repairs allowance.

Financing the HRA Capital Programme

- 5.4 When deciding which resources to use to fund the 2015/16 HRA capital programme, it was decided that only £3.6m of revenue funding (RCCO) should be applied, rather than the £10m that had been assumed in the original 2015/16 HRA revenue budget.
- 5.5 The HRA medium term forecast indicated that a significant part of the HRA capital spend in the coming years would be focused on new-build with Right to Buy one to one receipts being used to finance replacement social housing.
- 5.6 To provide flexibility, the resources that were specific in nature or had been earmarked for a particular use have been used first. The carry forward of general resources provides greater flexibility in the future given the pressures on the HRA over the medium term.

HRA Capital spend was £67m for 2015/16, against a budgeted sum of £84m.

This was financed predominantly from: -

	£m
Major Repairs Reserve	28.0
Decent Homes Grant	13.3
Major Works	9.0
GLA Grant	5.8
Department of Energy and Climate Change	2.3
S106	0.9
New Supply Reserve	1.0

- 5.7 If the full £84m had been spent then the prudent approach would have been to apply more RCCO. It should be noted that this sum is slippage, and has

been earmarked for use in future years, it does not represent a banked underspend.

- 5.8 Overall the total resources available to the HRA remain the same, but the slippage in the HRA capital expenditure means that the HRA resources that can be used more flexibly within the revenue budget (the RCCOs) have been carried forward. In considering the resources available to the HRA, the HRA revenue and capital spend should be looked at together, rather than in isolation of each other, as they are intrinsically linked within the business plan.
- 5.9 Revenue resources are the most flexible, as they can be used to fund revenue or capital spend – so for strategic resource management purposes restricted financing should always be used first.
- 5.10 The HRA surplus of £10.4m will increase the HRA general reserve balance; therefore the 2015/16 HRA surplus should be seen in the context of increasing the flexible (i.e. available for use for new supply or to support other investment, as opposed to on our existing stock) resources available within the HRA.
- 5.11 In addition, and as previously forecast, the contribution to the bad debt provision was substantially lower than the level budgeted for (£2.5m) due to delays in the implementation of the government's Welfare Reforms. Energy prices were also lower than anticipated when the budget was set, and there was an increase in the number of leaseholders which generated additional leaseholder income.
- 5.12 However there were also a number of overspends: there was a reduction in rental income due to the high number of Right to Buy sales that took place in 2015/16; lower capital fee income to the HRA due to underspends in the HRA mainstream capital programme; and higher than budgeted pension costs.
- 5.13 The 2015/16 surplus of £10.4 will increase HRA balances to £32.6m, which will be required to fund future capital expenditure on the Council's housing stock as borrowing is subject to a statutory cap. Members are reminded that HRA funding is ring-fenced and is available only for social housing and cannot be applied for general fund purposes.

6. GENERAL FUND CAPITAL

- 6.1 The revised 2015/16 capital budget totalled £115.4m, a decrease from the £116.3m reported at the end of third quarter due to re-profiling (slippage) into future years.
- 6.3 Total capital expenditure to the end of the year was £90.7m against the revised budget of £115.4m, resulting in slippage of £24.7m as set out below:

	Annual Budget 31-Mar-16	Expenditure 2015/16	Slippage 31-Mar-16	Slippage
	£m	£m	£m	%
TOTALS BY DIRECTORATE:				
Adults' Care Services	0.408	0.202	0.206	50%
Children's Services	16.238	13.893	2.345	14%
Communities, Localities and Culture	8.523	6.674	1.849	22%
Development and Renewal	5.133	3.517	1.616	31%
Building Schools for the Future (BSF)	1.014	-0.058	1.072	106%
Housing Revenue Account (HRA)	83.731	66.358	17.373	21%
Corporate	0.350	0.145	0.205	59%
GRAND TOTAL	115.397	90.731	24.666	21%

6.4 Any resources not used in the current year will, together with their associated financing components, be used in future years of the programme. The main reasons for the slippage are as follows:

- **Housing Capital programme (£5.3m)**

The uncertainty arising from the summer 2015 budget announcements and the Housing and Planning Act, together with the need to maximise the use of one for one (1-4-1) receipts and an ongoing assessment of the needs arising from the initial findings of the stock condition survey, has led to a detailed review of the uncommitted elements of the HRA capital programme. Schemes will be reprofiled in line with priorities during the 2016/17 financial year.

- **Decent Homes Backlog (£4.2m)**

The residual Decent Homes programme is being managed by Tower Hamlets Homes. In 2015/16 the GLA grant-funded element totalled £13.270 million and this has been fully utilised. Slippage on this scheme has been carried forward into 2016/17 when the Decent Homes Backlog Programme will finish.

- **New Affordable Housing – Watts Grove (£3.2m)**

This new build scheme is part funded from GLA grant. The budget is flexible between financial years, with the project being managed in accordance with the grant deadlines which have a scheduled completion by the end of 2016/17.

- **New Affordable Housing – Extensions (£1.7m)**

A total of 28 extensions were completed by the GLA grant deadline of 31 March 2016, compared to the 34 originally programmed. The Council's committed resources will carry forward into 2016/17 to finance a residual programme.

- **Building Schools for the Future (£1.3m)**

The net negative expenditure showing in 2015/16 relates to a large VAT refund that was received during the year, (confirmation of one schools 'Voluntary Aided' status allowed historic VAT to be reclaimed). The remaining BSF resources will be carried forward into 2016/17.

- **Provision for 2 Year Olds (£1.2m)**

This programme will create extra childcare places to meet the statutory duty to provide free early education for the most disadvantaged 2 year olds. This programme consists of several smaller projects with a number of childcare providers, both in non-LBTH and LBTH premises. There were delays in the procurement process due to a large number of tenders being received, further information required from contractors and system issues. Schemes affected by these delays in 2015/16 are now underway in 2016/17. Lease negotiations for projects on Council properties have also contributed to delays.

- **Private Sector Improvement Grants (£1.1m)**

Resources are ring-fenced and any underspends will be carried forward to fund ongoing commitments and maintain a grants programme in 2016/17.

- **Condition and Improvement – Schools (£1.0m)**

This programme covers schemes across a number of schools. Works for many of these projects are arranged by the Council's Capital Delivery team. However, due to resourcing issues (particularly for specialised roles) the programme for 2015/16 experienced some delays. New works identified at the end of the financial year will be completed in 2016/17 (Columbia and Harbinger schools).

- **Communities, Localities and Culture (£1.8m)**

CLC have spent £6.674m which is 78% of the £8.523m 2015/16 budget. Delays in a handful of major schemes, (TFL experienced delays due to late changes in the work programme and the Victoria Park Sports Hub project was delayed whilst issues over supply of utilities were resolved), account for the bulk of the slippage in programmed spend. Only 11% of the total number of 2015/16 schemes accounts for £1.436m of the total £1.849m underspend. Programme delays have been managed to ensure that no resource has been lost to the Council. All resource not used this year will roll forward.

Source of Financing	£m
Government Grants and Contributions	48.739
Capital Receipts	0.841
External Borrowing	0.145
Developers' Contributions (section 106)	6.087
Revenue Contributions	6.600
Major Repairs Reserve	28.319
Total	90.731

6.5

The capi

tal expenditure of £90.7m has been funded from the following capital financing sources:

- 6.6 Capital receipts received in 2015/16 from the sale of Housing and General Fund assets were as follows:

Capital Receipts*		
	£m	£m
Dwellings Sold under Right To Buy (RTB)		
Receipts from RTB sales (258 properties)	32.444	
less poolable amount to DCLG	-1.774	
		30.670
Sale of other Housing Revenue Account (HRA) assets		
Preserved Right to Buy receipts	1.810	
296 Bethnal Green Road	0.556	
Blue Anchor Public House	0.235	
38-55 Whitehorse Rd/611-613 Commercial Rd	3.000	
RTB mortgage repayments	0.009	
		5.610
Sale of General Fund assets		
Wapping Lane overage payments	0.064	
Land adjacent to 309-317 Cambridge Heath Road	0.085	
Sovereign Court (change of use consent premium)	1.838	
		1.987
Total		38.267

* Receipts shown gross before costs of sale are deducted

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. Key Balance Sheet figures

The following items are taken from the Council's 2015/16 Balance Sheet. Comparative data is also included as at 31 March 2015.

7.1 Debtors (assets)

Debtors are individuals, organisations and companies that owe the Council for goods and services.

	£m	31 March 2015	31 March 2016	
Debtors				
- Council Tax Debtors		17.3	17.7	
- NNDR Debtors		14.2	14.6	
- Other Debtors		83.7	64.9	
Total Debtors		115.2	97.2	

7.2 Creditors (liability)

Creditors are individuals, organisations and companies that the Council owes for goods and services.

	£m	31 March 2015	31 March 2016	
Total Creditors		212.7	206.1	

7.3 Reserves

Amounts set aside, which do not fall within the definition of a provision, to fund items of anticipated expenditure. These include general reserves or balances which every Council must maintain as a matter of prudence.

	£m	31 March 2015	31 March 2016	
Usable Revenue Reserves				
- General Fund		71.4	72.1	
- Housing Revenue Account		21.1	32.1	Ring-fenced
- Schools		36.0	31.8	
- Earmarked Reserves**		120.7	122.0	
- Capital Receipts unapplied		49.1	86.3	RTB receipts increased. Spend of receipts monitored to maximise usage and avoid penalty interest
- Capital Grants unapplied		55.5	56.2	
- Major Repairs Reserve (HRA)		22.2	9.2	
Total Reserves		376.0	409.7	

** Pending approval

7.4 Business Rates

In 2015/16 £378m of Business Rates were collectable by the Council, at present it retains 30% of amount collectable, with the balance being distributed to the GLA (20%) and Central Government (50%).

In year collection has finished at 99.6% which compares favourably with the Council's comparator group of London Boroughs, and is among the top collection levels nationwide. In 2015/16 there was growth of £53.8m in rateable values but the Council also suffered losses of £16.8m due to appeals and deletions from the list, with a further £20m yet to be added from schedules that came in late in 2015/16.

7.5 Council Tax

In 2015/16 £97.5m was collected in council tax. The Council retains 75% of this with the remainder being paid over to the GLA.

Council Tax in year collection ended up marginally below target at 96.3% but this does compare favourably with the Council's comparator group. This remains a good performance, with a great deal of work being done to reduce single person discounts (SPD) levels throughout the year and ensuring all new properties are identified and added to the local list. SPD levels are now the lowest ever achieved moving from 34th highest in 2008 to 255th nationally this year. Both of these activities will result in additional income. Overall, collection exceeded the budgetary requirement by £3.2m although this is reflected in the Council's Collection Fund and not in its revenue outturn position.

8. COMMENTS OF THE CHIEF FINANCE OFFICER

8.1 The Council's provisional outturn position is subject to the statutory audit inspection process which may identify changes to the outturn position identified in this report. The audit is undertaken by KPMG and they must provide an audit opinion by the end of September, at which point Members will be asked to approve the final audited statement of accounts.

8.2 Any ongoing revenue overspends have a negative impact on the Medium Term Financial Plan. However, directorates were able to control expenditure during 2015/16 with most breaking even or achieving minor underspends, with the exception of Children's Services, that are reporting a £1.34m overspend. The provisional outturn of the Council, following the proposed transfers to and from reserves set out in this report and appendices will allow a small increase to the Council's General Fund Reserve (£0.6m).

9. LEGAL COMMENTS

- 9.1 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.
- 9.2 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.
- 9.3 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.
- 9.4 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.

10. CONCLUSIONS

This report and the subsequent appendices are for noting only.

11. ONE TOWER HAMLETS CONSIDERATIONS

The outturn report assists in reviewing the financial performance of the Council. It ensures that financial resources are applied to deliver services meeting the needs of the diverse communities living in Tower Hamlets and supporting delivery of One Tower Hamlets.

12. BEST VALUE (BV) IMPLICATIONS

The Council’s achievement of the principles of Best Value are assessed annually as part of the final audit of the Council’s financial statements by the Council’s external auditors KPMG.

13. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

There are no specific actions for a greener environment implications

14. RISK MANAGEMENT IMPLICATIONS

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.

15. CRIME AND DISORDER REDUCTION IMPLICATIONS

There are no specific crime and disorder reduction implications.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- **Appendix 1** – Revenue and Capital Control Budget.
- **Appendix 2 – Summary of Medium Term Financial Forecast**
- **Appendix 3** - provides the General Fund budget outturn forecast by Directorate and explanations of any major variances.
- **Appendix 4** – provides the budget outturn forecast for the HRA.
- **Appendix 5** – provides the projected Capital Monitoring outturn position.
- **Appendix 6** – provides a summary of the reserve movement and balances.

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

- NONE

Officer contact details for documents:

- N/A