

Cabinet 27 June 2018	 TOWER HAMLETS
Report of: Zena Cooke – Corporate Director, Resources	Classification: Unrestricted
Provisional Outturn report 2017-18	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources
Originating Officer(s)	Kevin Miles, Chief Accountant
Wards affected	All Wards
Key Decision?	No
Forward Plan Notice Published	N/A
Reason for Key Decision	N/A
Community Plan Theme	ALL

Executive Summary

In February 2017 the Council agreed a General Fund (GF) revenue budget of £338.9m and a Capital programme of £216.2m. This report details the provisional outturn position for 2017-18 based on information that is being included in the council's published financial statements for 2017-18. The report includes details of:-

- General Fund (GF) Revenue Budget Position
- Housing Revenue Account (HRA) Budget Position
- Progress delivering 2017-18 Savings
- Progress delivering Council Growth Priorities, including Mayoral Priority Growth
- Council Tax and Business Rates Income
- Treasury Management Activities
- Pension Fund Investments Position

The Council's auditors (KPMG) are currently undertaking the statutory audit of the Council's Statement of Accounts and will report their findings to the Audit Committee by the end of July. Once the audit process has concluded the final outturn position for 2017-18 will be confirmed.

The Medium Term Financial Plan (MTFP) assumed in 2017-18 there would be a small contribution of £0.5m to the Council's General Fund reserves.

General Fund forecast outturn shows an **underspend of £1.5m** after the application of reserves. The HRA has achieved an **underspend of £20.5m**.

There were significant pressures in Children's Services which resulted in an overspend, much of this was attributable to social care. Similar issues in Health, Adults and Community have been largely mitigated with the application of the Improved Better Care Fund and new Adult Social Care grants. Other Directorates are reporting relatively minor variations with mitigating management action being applied.

Corporate costs and capital financing (including the corporate contingency) was £10.7m underspend which was used, alongside approved earmarked reserves, to offset unplanned pressures.

Whilst there has been slippage of some savings into 2018-19, the majority of saving proposals have been delivered or compensatory action applied.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the Council's provisional outturn position against Revenue and HRA budgets agreed for 2017-18, based on information as at the end of March as detailed in the Appendices

1. ALTERNATIVE OPTIONS

- 1.1. The regular reporting of Revenue and Capital Budget Monitoring information through the year and the preparation of the provisional outturn position after the year end provide detailed financial information to members, senior officers and other interested parties on the financial performance of the Council.
- 1.2. Further information across the Council's key financial activities is also included to ensure that CLT and Members have a full picture to inform their consideration of any financial position set out in this report and also their broader understanding of the Council's financial context when considering reports at the various Council Committees.
- 1.3. No alternatives are considered as the report sets out the actual position of the Council following completion of the 2017-18 year.

2. REASONS FOR THE DECISIONS

- 2.1. The production of annual accounts is a statutory function and the outturn report summarises the financial position for Members to form an

assessment of performance in delivering their priorities within the budgets set.

- 2.2. To the extent that there are options for managing the issues identified these are highlighted in the report in order to ensure that members have a full picture of the issues and proposed solutions as part of their decision making. Issues that are apparent in 2017-18 will, if not addressed, continue to impact on the Council's finances.

3. DETAILS OF REPORT

- 3.1. The attached report and appendices set out the detailed information relating to the 2017-18 outturn position.
- 3.2. The 2017/18 Draft accounts have been prepared and are currently being reviewed as by the Council's external auditors – KPMG. Their findings will be reported to the Audit Committee in July.

4. CHIEF FINANCE OFFICER COMMENTS

- 4.1. The attached report is primarily of a financial nature and there are no additional comments to add.

5. LEGAL COMMENTS

- 5.1. The report provides financial performance information. It is consistent with good administration for the Council to consider monitoring information in relation to plans and budgets that it has adopted.
- 5.2. 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 financial and other performance information is an important way in which that obligation can be fulfilled.
- 5.3. 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 the Cabinet to receive information about the revenue and capital budgets as set out in the report.
- 5.4. When considering its performance, 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). The Council's budgets are formulated by reference to its public sector equality duty and monitoring performance should help to ensure they are delivered.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. The budget monitoring 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.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1. 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 and this will be reported to the Audit Committee as part of their review and opinion of the 2017-18 Statement of Accounts.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1. There are no specific actions for a greener environment implications

9. RISK MANAGEMENT IMPLICATIONS

- 9.1. There is a risk to the integrity of the authority's finances if an imbalance occurs between resources and needs. This is mitigated by regular monitoring and, where appropriate, corrective action. This report provides a corporate overview to supplement more frequent monitoring that takes place at detailed level. The explanations provided by the Directorates for the budget variances also contain analyses of risk factors.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1. There are no specific crime and disorder reduction implications.
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Linked Reports, Appendices and Background Documents

Linked Report

None

Appendices

Provisional Budget Outturn Report – plus -
Appendix 1 – Summary Budget Management Report
Appendix 2 – Revenue Control Budget
Appendix 3 – Capital Control Budget
Appendix 4 – Savings Tracker Summary and Detail

Background Documents

The Council's draft Statement of Accounts are on the Council's website for public consultation and are subject to audit review.

https://www.towerhamlets.gov.uk/ignl/council_and_democracy/council_budgets_and_spending/annual_accounts.aspx