

Committee: Overview and Scrutiny	Date: 3 rd August 2010	Classification: Unrestricted	Report No:	Agenda Item: 9.1
Report of: Corporate Director Resources		Title: Strategic Performance and Corporate Revenue Budget Monitoring 2009/10 Year End Report		
Originating officer(s) Louise Russell, Service Head Strategy & Performance Alan Finch, Service Head Corporate Finance		Wards Affected: All		

1 **SUMMARY**

1.1 This is the Council's annual performance and financial monitoring report. This covers the authority's progress against the actions in the Strategic Plan, Strategic and Priority performance indicators and its financial position for year end 2009/10.

- 1.2 This covering report provides an overview of performance and budget performance across the Council for 2009/10. The performance information is contained in the report appendices as follows:
- Appendix 1 is entitled Annual Report 2009/10 and provides a narrative summary of 2009/10 performance. This summary will be published on the internet;
 - Appendix 2 provides a Progress Report on the Strategic Plan to 31st March 2010;
 - Appendix 3 provides an overview of performance, outturn commentary and direction of travel charts for all Strategic Indicators (Tower Hamlets Index);
 - Appendix 4 provides an overview of performance and outturn commentary for all Priority Indicators;
 - Appendix 5 details total General Fund net expenditure and Directorate outturns for the year compared to budget, together with reasons for significant variances;
 - Appendix 5a contains details of the HRA;
 - Appendix 6 details requested carry forwards/earmarked reserves proposals; and
 - Appendix 7 provides details of efficiency savings achieved.

2 RECOMMENDATIONS

The Overview and Scrutiny Committee is recommended to:-

- 2.1 Review and note 2009/10 performance.

3 BACKGROUND

Strategic Plan

- 3.1 The Council's Strategic Plan sets out our 14 strategic priorities and targets for the period 2009/10. The Council's performance framework requires Overview & Scrutiny and Cabinet to consider our progress against Strategic Plan activities every 6 months. This report is a monitoring update on the full financial year 2009/10. This report consists of a summary of the number and proportion of activities achieving red/amber/green traffic lights and analysis of the activities, in particular the reasons for unsuccessful implementation.

Performance Indicators

- 3.2 This is the second full year of monitoring against the National Indicator set. This report monitors the Council's Strategic and Priority Indicators, covering the period to April 2009 to March 2010. The Strategic and Priority indicators are the top two tiers of our performance framework. They are:
 - **Strategic Indicators** - consisting of a balanced scorecard of indicators reflecting those measured within our Local Area Agreement together with some key measures of customer satisfaction and some measures of corporate efficiency (such as sickness absence). Where information is available, these are monitored corporately every two months as the Tower Hamlets Index and quarterly in the joint strategic and budget monitoring report. There are 84 indicators in the Strategic Set.
 - **Priority Indicators** – this set includes all other National Indicators. Where monitoring information is available, we provide corporate Priority Indicator monitoring every six months.
- 3.3 Performance analysis included within the report is currently based on incomplete data as performance data for some indicators is not yet available. We will get more complete information within the next few weeks, although, where data sources used to calculate these indicators are external to the council this may take more time.

- 3.4 The Council annually sets ambitious and challenging targets for all our Strategic Indicators. All targets are required to exceed the previous year's outturn, exceed the previous year's target and to achieve London top quartile performance within 3 years. This stretching approach to target setting has underpinned our sustained improvement over recent years – but it does also mean that each year we do not hit all our targets.
- 3.5 Further analysis of 2009/10 has been provided to the Council's Performance Review Group. Many of the areas where we have failed to meet targets or where there is insufficient improvement are already subject to regular review at PRG. Based on the 2009/10 analysis PRG will identify other areas of performance which are not showing sufficiently rapid improvement, or where we are falling behind comparators, and review and support improvement planning and delivery.

Annual Report Performance Summary

- 3.6 Each year we produce a narrative performance overview, published as our Annual Report and made available through our website. The 2009/10 report is set out in Appendix 1, providing an overview of key achievements and improvement plans. As well as being published on the Council's website, it will form the basis for shorter performance summary to be published in East End Life this summer. Partners and CMT will be asked to review this summary before submission for publication.

Financial Outturn

- 3.7 General Fund revenue expenditure for the year to 31st March 2010 was controlled within budget. Subject to Members' agreement to the proposed movements to and from reserves, a small underspend of £31,000 is reported.
- 3.8 This compares with a projected overspend as at 31st December 2009 of £1.7 million. The main reasons for the changes were lower than expected outturns in most Directorates due to management action taken in year to contain costs. Other major variances have been due to factors that had been identified during the year and are detailed in Appendix 5.
- 3.9 The table below summarises the expected outturn position for the General Fund. Total net revenue expenditure on the General Fund amounted to £295.6 million compared to a budget of £297.9 million, however movements between reserves of £2.264million result in a net transfer to reserves of £30,000.

	Adjusted Budget	Actual	Transfers To/From Reserves	Variance
	£m	£m	£m	£m
Adults, Health and Wellbeing	92.031	91.712	0.301	(0.018)
Chief Executive	17.340	16.963	0.560	0.183
Children, Schools and Families	101.617	102.531	(0.684)	0.230
Communities, Localities & Culture	77.594	75.683	1.504	(0.407)
Development and Renewal	14.678	15.072	(0.254)	0.140
Resources	14.839	15.691	(0.434)	0.418
Corporate / Capital	19.136	17.277	1.271	(0.588)
Sub-total	337.235	334.929	2.264	(0.042)
Area Based Grant	(33.166)	(33.166)	0.000	0.000
Other central funds & trading accounts	(6.142)	(6.131)	(0.000)	0.011
Total	297.927	295.632	2.264	(0.031)

- 3.10 Appendix 5a sets out the outturn for the Housing Revenue Account which shows a decrease in the HRA balance of £10.3m leaving a balance to carry forward of £12.98m. The level of HRA reserves is slightly in excess of the £12.2 million forecast when the 2010/10 budget was set.
- 3.11 Appendix 6 sets out the recommended payments into and out of earmarked reserves into departmental resources. Members are asked to approve these transfers. A summary of adjustments requiring approval is set out below:

	Requests for transfers to/from reserves £'000
Adults, Health and Wellbeing	301
Chief Executive's	560
Children, Schools and Families	(684)
Communities, Localities and Culture	1,504

Development and Renewal	(254)
Resources	(434)
Capital Financing and Other	1,271
Total	2,264

- 3.12 Appendix 5 contains details of trading areas that provide Building Control and Street Trading services by the Council. Areas that have been treated as trading in the past have now been incorporated into the relevant service area.
- 3.13 Appendix 7 shows details of efficiency savings achieved in 2009/10. These total £5.1million, though are below the target of £5.67million. Details of the schemes are in the appendix.
- 3.14 A Capital Programme Outturn report will be submitted for Members' information in September.
- 3.15 The table below shows debt collection performance for the major types of debt for the year ended 31st March 2010. The figures relate to debt raised since 1st April 2009 and collected in year. In addition, a proportion of debt is collected as arrears, so a greater proportion of debt is collected than these targets indicate. Thus the targets exclude, for example, debt that is collected in instalments over more than one year. It should be appreciated that some types of debt are subject to statutory appeals procedures which limit or delay the collection of debt.

Income Stream	Target Debt to be Collected in Year (%)	Actual Debt Collected as at 31/03/10 (%)	Target Met?
Business Rates	98.0	99.3	Yes
Council Tax	96.6	94.4	No
Sundry Debts	87.0	86.3	No
Housing Rents	101.0	100.0	No

- 3.16 Income Collection Performance Analysis
 Business Rates – Collection performance has exceeded the target set by 1.3%. 2009/10 saw the introduction of the Business Rates Deferral Scheme, the new valuation list coming into force and the launch of the Business Rates Supplement to fund Crossrail.

Council Tax – 2009-10 has been a difficult year with issues arising from the economic downturn, the move to 12 monthly instalments and the significant increase in the tax base. Collection has fallen 2.2% below target though it is anticipated that the rate will still eventually meet the 97% budgetary target. The move to 12 monthly instalments means that the recovery process for the final instalment will be completed after year end.

Sundry Debts – Whilst the collection rate achieved fell slightly below target it was an improvement over 2008/09. Improved in-year collection and a focus on arrears have resulted in the overall value of debts over 12 months old reducing by 18% to £1.5m.

3.17 Outturn debt collection figures for Housing Major Works, Service Charges and Parking will be reported later in the financial year.

4 PERFORMANCE INFORMATION

Strategic Plan Performance

- 4.1 All activities within the Strategic Plan 2009/10 have been monitored and are included in Appendix 2. Currently there are 73 activities, and 260 milestones relating to these activities in the Strategic Plan. Where an activity has been completed it is marked as Completed (Green).
- 4.2 If an activity has been identified as likely to not be completed this financial year, it is marked as Overdue (Red). In addition, managers have provided comments for all Overdue activities to explain why the deadline was missed; what is being done about it; and by when the activity will be completed.
- 4.3 Of the 73 activities included within the plan:
- 66% (48) have been completed,
 - 34% (25) are overdue.
- 4.4 Of the overdue activities, 13 are 80% or more complete and have missed only one milestone – these have been assessed as Amber (near complete).
- 4.5 Of the 25 activities which are not completed at year end, 8 are less than 75% complete. For 6 of these, the primary reason - as determined by commentary supplied - is delay in the development of partner plans & strategies, or delay in the responses of external partners. This highlights the risk inherent in partnership

working and the need to maintain our focus on partner engagement and the Council's community leadership role.

Strategic Indicator Performance

- 4.6 Performance against Strategic Indicators for the period April 2009 until March 2010 is set out in Appendix 3. The performance update includes 2009/10 targets, 2009/10 actual, outturn commentary and direction of travel charts for each indicator. Direction of travel charts summarise performance against target and top quartile performance information where available.
- 4.7 Within the Strategic set of indicators, there are 67 where both a target was set and outturn information is available. Of these 65 indicators:
- 39 (58%) met or exceeded their target;
 - 14 (21%) were within range of meeting their target (-10% below);
 - 14 (21%) were more than 10% off target; and
 - 54 (80.5%) improved based on 2008/09 outturn.
- 4.8 Of the indicators that have not achieved their target, most have previously been flagged as at risk of failing to achieve end year target - or end year outturn has previously been reported - and are subject to review by the Performance Review Group with improvement plans in place.

Priority Indicator Performance

- 4.9 Performance against the Priority Indicators for the period April 2009 until March 2010 is set out in Appendix 4. The performance update includes 2009/10 targets, 2009/10 actual, outturn commentary.
- 4.10 There are 175 indicators within the Priority set, and there are 101 where both a target was set and outturn information is available. Of these 98 indicators:
- 52 (51.8%) met or exceeded target;
 - 29 (28.7%) were within range of their target (-10% below);
 - 23 (22.7%) were more than 10% off target; and
 - 67 (66.3%) improved based on 2008/09 outturn.

'You Decide!' Participatory Budgeting Programme

- 4.11 You Decide! is Tower Hamlets' innovative participatory budgeting project. The programme of work involves passing decision making responsibility to local residents and allowing them to make decisions over a portion of mainstream

council funding. 815 residents from around the Borough decided how almost £2.4 million would be spent during 2009/10 on additional mainstream services. Subsequently, the relevant Council departments worked with the LAP Steering Groups to shape exactly how those services will be delivered in their local area. The Steering Groups also play a central role in monitoring those services over the year, thus ensuring resident involvement throughout the whole process.

4.12 Overview of progress with projects

There are 84 projects currently part of the participatory budgeting programme. At present 66 of these are complete or on target to complete, 14 of these are off target but anticipated to complete on time, and 4 are off target and at risk of not meeting project targets. The total budget for current PB projects is £2,378,538. Of this, £1,913,314 was committed spend by 31 March 2010.

4.13 Overview of performance by LAP

LAP	Total no. of projects	Complete GREEN	Off Target AMBER	At risk RED
1	12	9	3	
2	11	8	2	1
3	10	10		
4	9	7	1	1
5	11	9	1	1
6	10	7	3	
7	11	9	2	
8	10	7	2	1

4.14 Overview of finance by LAP

LAP	Total no. of projects	Total budget	Total spend	% spent
1	12	£407,867	£357,814	88%
2	11	£280,874	£228,012	81%
3	10	£280,510	£223,345	80%
4	9	£280,000	£214,239	77%
5	11	£280,227	£214,239	76%
6	10	£284,500	£220,735	78%

7	11	£279,560	£223,210	80%
8	10	£285,000	£231,720	81%

4.15 Risk assessment of individual projects

The following projects have been identified as at risk of not completing their targets (RED):

Youth Improvement Programme

The YIP aims to prevent 13-17 year olds from entering the criminal Justice system. Each LAP within this programme was set individual targets for the number of young people to be engaged. Although the project as a whole achieved 389 engagements, coming very close to meeting an aggregated borough target of 400, LAPs 2, 4, 5 & 8 each missed their engagement targets. In total, across these 4 areas, 200 young people should have been engaged, however only 133 young people were placed on the programme. The slippage was mainly due to a lack of suitable referrals from other agencies (which include the police, council, neighbourhood teams and other local agencies).

5 BUDGET OVERVIEW

5.1 Overall the Council's outturn was almost in line with budget during 2009/10 taking account of proposed movements to and from reserves. As a result the level of general fund balances is almost unchanged.

5.2 The outturn shows an underspend of £2.295m, but Directorates have requested that a total of £2.264m be carried forward into 2010/11 to fund activities which are already underway. These requests have been scrutinised by Finance staff and are considered to be reasonable. The details are set out at Appendix 6.

5.3 The following significant variances from budget are reported:

5.3.1 Children's Schools & Families

Social Care Fieldwork

£680,000

There has been an increased demand in this area which has necessitated employing additional staff. A managed workflow has been established across agencies to divert a significant number of cases and reduce some of the

pressure on the Fieldwork team. Nevertheless, an overspend has been incurred in 2009/10.

5.3.2 Communities, Localities & Culture

Concessionary Fares **-£600,000**

The projected increase in the levy to London authorities for the cost of concessionary fares will not now take place until 2010/11.

5.3.3 Resources **£689,000**

The HR and Procurement Services (Payments Team) are each undergoing reorganisation in the delivery of services which has involved initial project and set-up costs. These will be recouped from savings over the next 2-3 financial years.

5.3.4 Corporate Costs **-£1,196,000**

A review undertaken in the last few months has identified a VAT refund and interest on overpayments going back to the 1970s. This has generated a one-off payment to the Council of £1.196m which the Corporate Director of Resources proposes to carry to a reserve to fund transformational projects to deliver cashable efficiencies towards the Council's savings target.

5.4 Further details on variances are in appendix 5.

6 COMMENTS OF THE CHIEF FINANCIAL OFFICER

6.1 This report sets out the performance of the authority against priority performance indicators for the year. Financial results reflect the Council's final accounts which are to be considered for approval by Full Council on 14th July 2010.

6.2 The presentation of financial results alongside other performance outputs represents good practice as it enables performance in both areas to be considered alongside one another and thus actions can be taken on the basis of a balanced overall view.

7 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 7.1 The report provides annual performance information, including by reference to the strategic plan, key performance indicators and the budget.
- 7.2 It is consistent with good administration for the Council to consider monitoring information in relation to plans and budgets that it has adopted and agreements entered into such as the local area agreement.
- 7.3 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.
- 7.4 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 budget as set out in the report.

8 ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 The Council’s Strategic Plan, and Strategic & Priority 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 Plan priorities include the reduction of inequalities and the fostering of strong community cohesion and are supported by a variety of strategic activities.

9 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

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

10 RISK MANAGEMENT IMPLICATIONS

- 10.1 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.

- 10.2 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.
- 10.3 The explanations provided by the Directorates for the budget variances also contain analyses of risk factors.

11 CRIME AND DISORDER REDUCTION IMPLICATIONS

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

12 EFFICIENCY STATEMENT

- 12.1 The Efficiency Statement is covered in Appendix 7 of this report.

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

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
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To be completed by author

To be completed by author ext. xxx

Report authors should refer to the section of the report writing guide which relates to Background Papers when completing this section. Please note that any documents listed in this section may be disclosed for public inspection. Report authors must check with Legal Services before listing any document as 'background papers'.

13 APPENDICES

Appendix 1 – Annual Report Performance Summary 2009/10;
Appendix 2 - Strategic Plan Monitoring 2009/10;

Appendix 3 - Strategic Indicator Monitoring 2009/10;
Appendix 4 - Priority Indicator Monitoring 2009/10;
Appendix 5 - Total General Fund net expenditure and Directorate outturns for the year compared to budget, together with reasons for significant variances;
Appendix 6 - Trading accounts performance and carry forwards/earmarked reserves proposals; and
Appendix 7 - Efficiency Savings.
