

<b>Committee:</b> Overview and Scrutiny	<b>Date:</b> 30 <sup>th</sup> November 2010	<b>Classification:</b> Unrestricted	<b>Report No:</b>	<b>Agenda Item:</b>
<b>Report of:</b> Corporate Director Resources		<b>Title:</b> Performance and Corporate Budget Monitoring (Quarter 2)		
<b>Originating officer(s):</b> Louise Russell, Service Head Strategy & Performance Alan Finch, Service Head Corporate Finance		<b>Wards Affected:</b> ALL		

## **1 SUMMARY**

- 1.1 This is the Council's second combined service and financial performance monitoring report for 2010/11, covering July-September (Quarter 2). This report includes an update on the authority's progress against the Strategic Plan, Strategic Indicator set, the 'You Decide!' participatory budgeting programme and its financial position.
- 1.2 This report was received by CMT on 2<sup>nd</sup> November and will be sent to Cabinet on 1<sup>st</sup> December.
- 1.3 **General Fund**  
At this stage of the financial year there is a forecast General Fund overspend of £1,084,000 for the reasons summarised in paragraph 5.1 and detailed in Appendix 5. This compares with the overspend of £890,000 as at Quarter 1. Whilst sufficient time remains in the year for management action to be taken to ensure that expenditure at year end remains within budget it is crucial that plans are in place for so doing. The report sets out the actions that Corporate Directors are taking to contain expenditure within budget.
- 1.4 **HRA**  
Paragraph 5.2 and Appendix 6 provide the background to a forecast overspend of £510,000. This compares with a forecast overspend of £877,000 at Quarter 1. As with the General Fund it is important that management actions are taken to address this position.
- 1.5 **Capital**  
As regards the capital programme directorates have spent 24% of their budgets for the year (£47,938,000 against budgets of £198,311,000). Projected expenditure for the year is £179,078,000 representing an

underspend of £19,233,000. The programme remains affordable within available resources. An analysis of quarterly projections compared to actual outturn will be submitted to Members after year end.

#### 1.6 Strategic Plan

As of the end of September 2010 14% of the activities within the Council's Strategic Plan were Complete, with 68% On Target for completion within scheduled deadlines, 10% Delayed and 8% currently Overdue.

#### 1.7 Performance Indicators

As of the end of September 2010, 53% of the strategic indicators can be reported on. Of those indicators where a target has been set, 71% are on or have exceeded target and 29% have missed the target.

#### 1.8 'You Decide!'

At present 1 project has been completed, 73 projects are on track according to agreed milestones and 36 projects are delayed but anticipated to complete on time/on budget. There are no projects currently at risk of not meeting overall project targets.

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

- Appendix 1 provides a progress update against all Strategic Plan activities and milestones by Community Plan theme, noting the completion status and including explanatory comments for variance from plan;
- Appendix 2 provides an overview of performance for all of the Council's Strategic Indicators (the Tower Hamlets Index) which represent the key priorities for the Council;
- Appendix 3 provides a project summary for all 'You Decide!' participatory budgeting projects;
- Appendix 4 lists budget/target adjustments;
- Appendix 5 provides the budget outturn forecast and explanation of major variances for Directorates for the General Fund;
- Appendix 6 provides the budget outturn forecast and explanation of major variances for the HRA;
- Appendix 7 shows progress against planned efficiency savings;
- Appendix 8 provides details of the capital budget.
- Appendix 9 provides details of the capital programme.

## 2 RECOMMENDATIONS

2.1 The Overview and Scrutiny Committee is recommended to:-

- Review and note the Quarter 2 2010/11 performance including areas where further work is needed to ensure we deliver improved outcomes;
- Note the Council's financial position as outlined in paragraphs 5 and 6 and appendices 5, 6 and 8 of this report; and
- Note the actions being taken to address the reported overspends.

## 3 REVENUE

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

SUMMARY	Original Budget £'000	Latest Budget £'000	Forecast Outturn £'000	Variance £'000
Adults Health and Wellbeing	90,217	101,344	101,729	385
Chief Executive	13,369	14,838	14,838	0
Children, Schools and Families	93,896	91,162	91,544	382
Communities, Localities and Culture	74,910	77,626	77,601	(25)
Development and Renewal	12,425	15,320	15,662	342
Resources	18,363	18,242	18,242	0
Corporate Costs/Capital Financing	17,748	15,118	15,118	0
<b>TOTAL</b>	<b>320,928</b>	<b>333,650</b>	<b>334,734</b>	<b>1,084</b>

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

## **Adults, Health and Wellbeing**

**£385,000**

In Quarter 1 the reported variance was £53,000.

The revised forecast net overspend occurs almost entirely within the Commissioning and Strategy Service as follows:

- A42 Older People Commissioning (+£471,000) - There has been an increased number of Direct Payment clients during the year where individuals have decided to employ personal assistants as opposed to the use of the Authority's directly provided or commissioned services. In addition, the client group has also seen an increase in the number of homecare clients which supports independent living in line with the Directorate's objective. The cost of supporting these clients is more expensive than other traditional methods.
- A43 Learning Disabilities Commissioning (-£584,000) – Additional income is mainly related to two very expensive continuing health care packages funded by Tower Hamlets Primary Care Trust.
- A44 Mental Health Commissioning (-£143,000) – Reduction in expenditure is due to a reduction of clients in Residential care. Increase in income is due to more care packages being recoverable from Health Service partners reflecting a change in the mix of type of care package.
- A45 Physical Disabilities Commissioning (+£787,000) - There has been an increased number of Direct Payment clients during the year where individuals have decided to employ personal assistants as opposed to the use of the Authority's directly provided or commissioned services. In addition, the client group has also seen an increase in the number of homecare clients which supports independent living in line with the Directorate's objective. The cost of supporting these clients is more expensive than other traditional methods.

**Correction Action** – Corrective action is taking place over all of the Directorate's commissioning budgets and these do not relate to an individual client group.

An audit has been carried out over all client groups. The aim of the audit has been to identify:

- The extent the driver of the increase in Older People relates to service users with dementia
- The extent to which there has been an impact from homecare packages being transferred from the in house service to the externally commissioned contract in particularly for Older People Commissioning and Physical Disabilities
- To review the impact on the level of demand for commissioned homecare services
- To review the impact on the level of demand for direct payments and the nature of services being procured by individuals through this route

The results of this audit are currently being reviewed and will allow the Directorate to make informed decisions for any mitigating action necessary. This will be with a view of Panel and Operational Managers controlling demand as much possible and maximising the user of the reablement service.

Levels of delegation for all client group panels are being reviewed. This is with a view of the level of care packages which need Panel approval before being committed and secondly any particular care packages which need to be reviewed by Pane. This will be a further control for demand management.

In addition, the Directorate's Management Team are reviewing all of their budgets to seek savings to offset this overspend.

A particular focus has been to ensure the take up of reablement is maximised in order to provide a positive financial impact on the commissioning budgets.

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

**£382,000**

The forecast overspend remains at £382,000 from quarter 1.

**Corrective Action** – CSF DMT have identified potential savings to count against their £2.6 million in year savings targets. They recognise that further savings must be delivered and are reviewing their vacancy position, along with other areas of staffing costs, where further in year savings can be made, CSF are also looking at where grants can be more flexibly applied, in order to alleviate the deficit.

The most significant elements in the forecast overspend are as follows:

- Youth and Community Learning (+£216,000) – Staffing pressures arising from additional project costs and the Youth Offending team having to supplement the number of front line social workers, to deal with the number of cases requiring statutory support.
- Children’s Social Care (+£118,000) – Anticipated overspends arising from the employment of additional Social Workers, Child Protection and Review Work and Children’s Residential Care are partially offset by savings arising from the reduction in the number of Looked After Children.
- Children Services Resources (+£156,000) - The main component of the forecast overspend (£232,000) relates to on-going premature retirement and redundancy costs although the value of this pressure has been reducing through compensating management action elsewhere in the budget and there may be further scope to contain this cost by charging it to capital which is being pursued. The balance of the net overspend (£170,000) arises from a number of overspends (notably Building and Technical Services and Finance) and underspends (notably Professional Development Centre) throughout the service. Currently potential measures exceed the savings targets by £246,000 and these are reported within the reported variances.
- Other Services (-£108,000) – There are net underspends in the Learning and Achievement and Director’s Services divisions.

**Development and Renewal**

**£342,000**

Overall the forecast deficit is due to an anticipated overspend of £342,000 on Homelessness Services. There are fewer households in temporary accommodation than originally budgeted for and this has had a significant adverse impact on net rental income receivable. Development and Renewal are developing a business plan to provide a long-term sustainable homelessness process.

**3.2 Housing Revenue Account**

**£510,000**

The forecast overspend was initially £1,088,000, with the most significant elements being the shortfall of income from estate parking and leaseholder service charges (+£914,000) and the additional expenditure on essential IT development projects (+£330,000). This was slightly offset by underspends in

Special Services, and Rents, Rates and Taxes (-£100,000). This compared with a forecast overspend of £877,000 as at Quarter 1.

There is no provision for a further deficit and Tower Hamlets Homes has begun to implement a detailed action plan to deal with the forecast overspend. Detailed progress reports are being considered as part of the monthly client monitoring process. Officers' assessment is that at least £578,000 of savings will be delivered and this has been reflected in the budget monitoring, leaving a current projected overspend of £510,000. This deficit will be subject to on-going scrutiny of the action plan in conjunction with officers from Tower Hamlets Homes.

### 3.3 Risk areas

Risks have been highlighted under appropriate vote heads in Appendices 5 and 6.

### 3.4 Savings / Efficiency targets

Details of progress against targets are shown in Appendix 7.

### 3.5 Income Collection Performance Targets

Income Stream	Collected in 2009-10 %	2010-11 Target to 30.09.10 %	2010-11 Collected to 30.09.10 %	Direction of Travel
Business Rates	99.29	49.00	59.37	↑
Central Income	86.33	87.00	90.00	↑
Council Tax	94.40	47.52	47.54	↑
Housing Rents	100.10	100.01	99.36	↓
PCNs	62.37	62.00	62.00	↑
Service Charges	109.80	50.00	59.81	↑

## 4 CAPITAL

6.1 The capital budget at Quarter 1 as approved by Cabinet on 6<sup>th</sup> October 2010 totalled £192,790,000. This has now increased to £198,311,000. The changes to the budget since the Quarter 1 monitoring report are set out in Appendix 8.

6.2 Total spend to the end of Q2 (30<sup>th</sup> September 2010) represented 24% of budget as follows:

	<b>Budget at 30-Sep-10</b>	<b>Spend to 30-Sep-10</b>	<b>% Budget Spent</b>
	<b>£'000</b>	<b>£'000</b>	
<b>MAINSTREAM PROGRAMME</b>			
Communities, Localities and Culture	14,321	3,028	21.1%
Children, Schools and Families	31,719	8,680	27.4%
Adults, Health and Wellbeing	735	135	18.4%
Development and Renewal*	120,787	32,184	26.6%
<b>MAINSTREAM TOTAL</b>	<b>167,562</b>	<b>44,027</b>	<b>26.3%</b>
<b>LOCAL PRIORITIES PROGRAMME (LPP)</b>			
Communities, Localities and Culture	1,544	10	0.6%
Children, Schools and Families	2,631	717	27.3%
Chief Executive	5,416	89	1.6%
Adults, Health and Wellbeing	432	38	8.8%
Development and Renewal*	20,726	3,057	14.7%
<b>LPP TOTAL</b>	<b>30,749</b>	<b>3,911</b>	<b>12.7%</b>
<b>GRAND TOTAL</b>	<b>198,311</b>	<b>47,938</b>	<b>24.2%</b>

\* Includes Housing Revenue Account (HRA) and Building Schools for the Future (BSF)

The proportion of capital budget spent to date is fairly typical for the first six months. For example in 2009/10 spend incurred to the end of the second quarter represented 25% of budget but this led to a final outturn position of 85% spend against budget.

- 6.3 Total projected expenditure for the year, as advised by Directorates managing capital schemes, totals £179,078,000 compared with the budget of £198,311,000, a forecast underspend of £19,233,000. Directorates confirm that their projections are realistic estimates of final actual spend for the year. An analysis of quarterly projections compared to outturn will be submitted to Members after the year end. Projected expenditure compared to budget is as follows:

	<b>Annual Budget as at 30-Sep-10</b>	<b>Projection 2010-11</b>	<b>Forecast Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>MAINSTREAM PROGRAMME</b>			
Communities, Localities and Culture	14,321	13,608	-713
Children, Schools and Families	31,719	29,990	-1,729
Adults, Health and Wellbeing	735	735	0
Development and Renewal*	120,787	109,701	-11,086
<b>MAINSTREAM TOTAL</b>	<b>167,562</b>	<b>154,034</b>	<b>-13,528</b>
<b>LOCAL PRIORITIES PROGRAMME (LPP)</b>			
Communities, Localities and Culture	1,544	1,544	0
Children, Schools and Families	2,631	3,131	500
Chief Executive	5,416	3,780	-1,636
Adults, Health and Wellbeing	432	432	0
Development and Renewal*	20,726	16,157	-4,569
<b>LPP TOTAL</b>	<b>30,749</b>	<b>25,044</b>	<b>-5,705</b>
<b>GRAND TOTAL</b>	<b>198,311</b>	<b>179,078</b>	<b>-19,233</b>

\* Includes Housing Revenue Account (HRA) and Building Schools for the Future (BSF)

6.4 The capital programme for this year has been set on the basis of available capital resources and amended as further resource announcements have been made by Government and other funders, and for Cabinet decisions. The capital programme remains affordable within the resources available.

6.5 Further details of the programme are provided in Appendix 9.

## **5 STRATEGIC PLAN 2010/11**

5.1 The Council's performance framework requires CMT and members to consider our progress against Strategic Plan activities every 6 months. This section provides a monitoring update for the first 6 months of the 2010-11 plan. This consists of a summary of the number and proportion of activities that are complete, on target, delayed or overdue and updates on/explanation for delayed and overdue activities.

5.2 All activities within the Strategic Plan have been monitored and are included in Appendix 1. Where an activity has been completed, it is marked as Completed (Green). Where an activity is not due for completion yet, and managers consider that progress is on track to meet the deadline, it is marked as On Target (Gold/Amber) and the percentage complete is given to provide

CMT with an indication of the work already carried out. Where an activity has missed, or is assessed as likely to miss, its deadline, but is still anticipated to complete within the financial year it is marked as Delayed (Orange). 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.

5.3 Currently there are 73 activities in the Strategic Plan.

Of the total activities within the plan, 9 activities were due for completion between April and September 2010. Overall, 6 activities were Completed and 3 activities were Delayed.

Of the remaining 62 activities (due for completion by end of 2010-11), 4 have been completed, 50 are on target for completion by the agreed deadlines, 4 are likely to be delayed but still completed before year end and a further 6 activities have been assessed as being overdue as they are unlikely to be completed this financial year.

5.4 6 activities assessed as Overdue are listed below with an explanation of the cause of the delay:

5.4.1 **15a. Reshape major estate renewal projects with key partners: Blackwall Reach**

Due to revisions to the planning strategy and the need to allow necessary time for HCA and Treasury approval, start on site is now anticipated to be late 2011.

5.4.2 **15c. Reshape major estate renewal projects with key partners: Cottall Street**

Deadline revised to April 2011 due to delays caused by Poplar HARCAs initial unwillingness to accept Council's revised scheme proposals. Agreement now reached and work is being undertaken by the partnership to submit an outline planning application in January 2011.

5.4.3 **17. Progress the Local Development Core Strategy Framework to drive the sustainable development of the Borough**

The Core Strategy was adopted by full Council on September 15th 2010. There has been some re-programming of the LDF Development Plan Documents (DPD) due to resource constraints, staff resignations and resource prioritisation exercise and options testing will now start in April 2011.

**5.4.4 33. Upgrade our primary school estate through Primary Strategy for Change**

Work to Canon Barnett School could not start this summer due to a cost-saving review. To avoid the need for temporary accommodation, works will begin in April 2011, making best use of school holidays.

**5.4.5 49. Deliver a compatible and jointly developed model of service provision across health and social care**

The impact of the NHS White Paper and the decision that the PCT will not be a directly providing organisation means that the future of our commissioning and community health services colleagues are under review. This severely restricts our ability to develop detailed joint arrangements.

**5.4.6 62. Develop Children's Centres to increase the engagement of families with children under the age of three so that more families are involved in activities that support their child's development**

Child Development Grants have been discontinued. We were advised by the DfE in July to cease all recruitment with immediate effect. We continue to engage parents through our 23 children's centres, which offer a range of services, including targeted family support and outreach work.

5.5 The common themes for delays at this stage (as determined by commentary supplied) include the impact of recently announced changes to government policy on funding grants and partner agencies, and the impact of internal cost saving reviews or resource constrictions.

5.6 Performance Review Group will review all activities identified as being at risk of not achieving their year end target, to consider what further action is required.

## **6 STRATEGIC PERFORMANCE INDICATORS**

6.1 Performance against the Strategic Indicators for the period April 2010 to September 2010 is set out in Appendix 2. The performance update includes 2010/11 targets, Q2 2009/10 actuals, outturn commentary and direction of travel charts for each indicator. Direction of travel compares performance against this time last year.

6.2 Of the 83 indicators in the Strategic Indicator set, 44 can be reported in this quarter. Of these, we are reporting in year data for 29 indicators, and the

annual provisional outturn data for 8 educational attainment and other Children's indicators.

6.3 Excluding the educational attainment indicators, there are 29 indicators where both an in year target has been set and therefore variation can be calculated. Of these 29, 20 have achieved target (GREEN 69%), and 9 have not achieved target (RED 31%). This is a significant achievement, this is the highest proportion of indicators where targets have been met since the first monitoring of these LAA and Strategic targets in 2008/09. The table below shows progress over the course of the LAA and 3 year Strategic Plan.

<b>Strategic Indicator Reporting Period</b>	<b>Met &amp; Exceeded Target (GREEN)</b>	<b>Missed Target (RED)</b>
<b>2008-09</b>		
Q1 (Apr-Jun)	11 (50%)	11 (50%)
Q2 (Jul-Sep)	14 (34.14%)	27 (65.85%)
Q3 (Oct-Dec)	14 (42.42%)	19 (57.57%)
Q4 (Year End)	48 (66%)	25 (34%)
<b>2009-10</b>		
Q1 (Apr-Jun)	11 (50%)	11 (50%)
Q2 (Jul-Sep)	14 (34.14%)	27 (65.85%)
Q3 (Oct-Dec)	14 (42.42%)	19 (57.57%)
Q4 (Year End)	40 (57.1%)	30 (42.9%)
<b>2010-11</b>		
Q1 (Apr-Jun)	17 (58.6%)	12 (41.4%)
Q2 (Jul-Sep)	20 (69%)	9 (31%)

#### 6.4 In- year performance

6.4.1 Of the 29 applicable indicators, 20 of the performance indicators (69%) are on track to achieve their end of year target (GREEN). Areas where performance is well above the estimated level for the end of year target are as follows:

- Service charge collected (excluding major works) – exceeded by 40%;
- Working age people on out of work benefits – narrowing the gap to the England average rate to a maximum of -5.7 percentage points - exceeded by 12.23%; and working age people claiming out of work benefits in the worst performing neighbourhoods - by May 2010 extend the lead over the

England average rate to at least 3.1 percentage points – exceeded by 38.7%; and

- Arson incidents – number of deliberate fires – primary & secondary – exceeded by 17.22% and 49.8% respectively.

6.4.2 A total of 9 indicators (31%) are not meeting their target (RED). Areas where performance has been missed by more than 10% are:

- The percentage of LA staff at LP07 or above who are from an ethnic minority – we have achieved 89% of target, and achieved a 41% increase in performance in comparison to this time last year; and
- The percentage of LA staff at LP07 or above of LA staff who have a disability – we have achieved 37% of target, and achieved a 38% increase in performance in comparison to this time last year.

## 6.5 Annual provisional attainment data

6.5.1 Provisional educational attainment data is available for 8 indicators and has been included for information. Two indicators which were RED last year have, based on provisional data, met or exceeded their annual target:

- Reduction in number of schools where fewer than 55% of pupils achieve level 4 or above in both English and Maths at KS2; and
- Reduction in number of schools where fewer than 30% of pupils achieve 5 or more A\*-C grades at GCSE and equivalent including GCSEs in English & Maths.

6.5.2 It should be noted however that provisional attainment data is subject to change, following re-grading and appeals. A comprehensive review of results and further commentary will be provided following outturn validation.

6.6 Risk analysis has been undertaken and indicators have been identified which are at risk of failing to achieve their target by the year end. The risk analysis uses a series of risk based criteria to identify which indicators would benefit from further scrutiny at Performance Review Group:

### Impact

- Performance against target
- Variance over 10% (comparing actual to target)
- Quartile performance (comparison to most recent data available)

### Likelihood

- Improving (previous reporting period or same period previous year)

- Confidence in recovery (assessment based on comments)

The following indicators have been flagged:

**6.6.1 NI155 – Number of affordable homes delivered (gross); and Strategic223 – Number of social rented housing completions for family housing (gross figures only)**

No in-year targets have been set for these indicators because the majority of housing completions occur towards the end of the financial year. However both indicators have significantly deteriorated in performance since this time last year. NI155 reported 476 affordable homes this time last year compared to 140 this year. Performance against this indicator will impact against achievement of Strategic 223. It is too early at this stage to accurately forecast as to whether 2010/11 targets will be met, although it is likely at this stage, that three year LAA targets will be met.

6.7 The following indicators have already been flagged this financial year as at risk of not achieving year end targets:

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

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

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

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

6.8 17 indicators have improved performance in comparison to this time last year or since the 2009/10 year end outturn. 14 indicators have deteriorated. Performance Review Group will review all indicators identified as at risk of not achieving their year end target.

## 7 “YOU DECIDE!” PARTICIPATORY BUDGETING PROGRAMME

7.1 ‘You Decide!’ is Tower Hamlets’ innovative participatory budgeting project. The programme asked residents to make decisions over £4.876 million of council funding over the last two years. Council departments worked with LAP Steering Groups to shape how those services should be delivered in their local area.

7.2 Appendix 3 details the delivery of projects purchased through the ‘You Decide!’ process. This includes 2010/11 projects as well as ongoing two-year projects from 2009/10. Services have provided comments on individual projects where appropriate. The RAG status indicates the progression of projects according to agreed milestones: Green/Complete; Gold/On Target; Amber/Delayed; and Red/At Risk/Overdue. The percentage of budget spent is also indicated.

### 7.3 Overview of progress with projects

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

7.3.2 This monitoring report includes both projects purchased in 2010/11 and remaining projects from 2009/10 meaning a total of 109 projects and a total budget of £2,865,625.

7.3.3 At present 1 project is complete, 73 of these are on track according to agreed milestones and 36 of these are delayed but are anticipated to complete on time. There are no projects currently at risk of not meeting overall project targets. The table below outlines the performance per LAP and includes a separate line for an update on performance of projects borough through the Youth Participatory Budgeting event.

### 7.4 Overview of performance by LAP

LAP	Total no. of projects	Complete GREEN	On Target GOLD	Delayed AMBER	Overdue RED
1	18	0	9	9	0
2	12	0	7	5	0
3	9	1	6	2	0

4	13	0	7	6	0
5	12	0	11	1	0
6	12	0	7	5	0
7	12	0	11	1	0
8	12	0	8	4	0
Youth	9	0	6	3	0
<b>Total:</b>	<b>109</b>	<b>1</b>	<b>72</b>	<b>36</b>	<b>0</b>

## 7.5 Overview of finance by LAP

7.5.1 The table below indicates the current spend against total budget per LAP. 23% of the budget has so far been spent. It is anticipated that most spend will occur in quarters Three and Four particularly in the case of capital projects. A number of projects are tied to the academic year and started in September. As such some of the funding will roll over into Quarter 1 of 2011/12.

LAP	Total no. of projects	Total budget	Total spend	% spent
1	18	£468,125 (£415,000 plus £53,125 carryover from 09/10)	97,207	21%
2	12	£328,125 (£275,000 plus £53,125 carryover from 09/10)	75,361	23%
3	9	£328,125 (£275,000 plus £53,125 carryover from 09/10)	85,926	26%
4	13	£328,125 (£275,000 plus £53,125 carryover from 09/10)	80,480	25%
5	12	£325,000 (£275,000 plus £50,000 carryover from 09/10)	84,897	26%
6	12	£275,000	65,055	24%
7	12	£328,125 (£275,000 plus £53,125 carryover from 09/10)	83,695	26%
8	12	£325,000 (£275,000 plus £50,000 carryover from 09/10)	79,117	24%
Youth	9	£160,000	9,750	6%

<i>Totals</i>	<i>109</i>	<i>£2,865,625</i>	<i>661,488</i>	<i>23%</i> <i>(average)</i>
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## **8 COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 8.1 This report sets out the performance of the authority against priority performance indicators for the second quarter of the year together with budget monitoring against the General Fund revenue budget, the HRA revenue budget and the capital budget. This enables performance in both areas to be considered alongside one another and facilitates actions being taken on the basis of a balanced overall view.
- 8.2 The report projects a net General Fund overspend of £1.084 million and a net overspend on the HRA of £0.510 million. If this were to be carried through to the end of the financial year it would result in decreases in general reserves and housing reserves respectively.
- 8.3 This is the second quarter report and, accordingly, the projected outturn is based on a significant portion of the financial year. The scope for controlling potential overspends is becoming more limited. However, where overspends are being predicted Corporate Directors, in accordance with Financial Regulations, must keep the position under close, continuous review and, where necessary, identify compensatory savings. Paragraph 5 and associated appendices detail the actions currently being taken. Additionally the Council Management Team has instigated a monthly monitoring process through which it will oversee expenditure against budget. The Corporate Director – Resources will also monitor closely those directorates that have so far projected adverse material end of year variances.
- 8.4 The report also details expenditure against the capital programme. Although spend to date of £47.938m represents only 24.2% of the programme, past experience suggests that this should lead to outturn performance close to budget and the forecast outturn is £179.078m, 90% of budget due to slippage of BSF ICT projects and regeneration of St Clement’s Hospital.

## **9 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 9.1 The report provides performance information, including by reference to key performance indicators and the budget.

- 9.2 Article 6 of the Council's Constitution sets out the terms of reference of the Overview and Scrutiny Committee, pursuant to which the Committee may consider any matter affecting Tower Hamlets or its inhabitants and may make reports and recommendations to the Full Council or the Executive in connection with the discharge of any functions. It is consistent with the Committee's terms of reference that it receive information regarding the Council's performance.

## **10 ONE TOWER HAMLETS CONSIDERATIONS**

- 10.1 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.

## **11 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

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

## **12 RISK MANAGEMENT IMPLICATIONS**

- 12.1 In line with the Council's risk management strategy, the information contained within the Strategic Indicator Monitoring will assist Overview & Scrutiny, 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.
- 12.2 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.
- 12.3 The explanations provided by the Directorates for the budget variances also contain analyses of risk factors.

## **13 CRIME AND DISORDER REDUCTION IMPLICATIONS**

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

## **14 EFFICIENCY STATEMENT**

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

## **15 APPENDICES**

- Appendix 1 provides a progress update against all Strategic Plan activities and milestones by Community Plan theme, noting the completion status and including explanatory comments for variance from plan;
- Appendix 2 provides an overview of performance for all of the Council's Strategic Indicators (the Tower Hamlets Index) which represent the key priorities for the Council;
- Appendix 3 provides a project summary for all 'You Decide!' participatory budgeting projects;
- Appendix 4 lists budget / target adjustments
- Appendix 5 provides the budget outturn forecast and explanations of major variances for Directorates for the General Fund
- Appendix 6 provides the budget outturn forecast and explanations of major variances for the HRA.
- Appendix 7 shows progress against planned efficiency savings
- Appendix 8 provides details of the capital budget.
- Appendix 9 provides details of the capital programme.

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

No "background papers" were used in writing this report