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| Committee/Meeting: Overview & Scrutiny | Date: 4th September 2012 | Classification: Unrestricted | Report No: |
| Report of: Corporate Director Resources | | Title: Strategic Performance and Corporate Revenue and Capital Budget Monitoring Q1 2012/13 (Month 3) | |
| Originating officer(s) Alan Finch, Service Head Financial Services, Risk & Accountability Louise Russell, Service Head Corporate Strategy and Equality | | Wards Affected: All | |

| | |
|-----------------------------|-----|
| Community Plan Theme | All |
| Strategic Priority | All |

1. **SUMMARY**

1.1 This monitoring report details the financial position of the Council at the end of Quarter 1 compared to budget, and service performance against targets. This includes year-end projection updates for the:

- General Fund Revenue and Housing Revenue Account;
- Capital Programme; together with
- An overview of performance for all of the reportable strategic measures.

1.2 Finance Overview

1.2.1 General Fund

As at the end of June 2012, a breakeven position is forecast for the year end on an overall net budget of £292m.

1.2.2 HRA

The HRA is projecting an overall underspend. Further information on this is provided both in Section 3 and Appendix 3 of this report.

1.2.3 Capital Programme

Directorates have spent 12.2% of their capital budgets for the year (£22.8m against budgets of £186.4m). Programme slippage of £18.1m is currently being projected, due in the main part to delays in procurement on the decent homes backlog programme, the costs of which will instead be incurred in future years. Further information is provided in section 4 of the report and Appendix 4.

1.3 Strategic Measures

The Strategic Measures Set enables the Council to monitor progress against our priorities. Of the 17 measures reportable this quarter (including subset of measures), 11 (65%) are at or exceeding the standard target (lower bandwidth), with 6 (35%) meeting or exceeding the stretched target (GREEN).

1.4 More detailed performance and financial information is contained in the following report appendices:

- Appendix 1 - lists budget/target adjustments (including virements) for the General Fund and for the capital budget
- Appendix 2 - provides the budget outturn forecast by Directorate and explanations of any major variances.
- Appendix 3 - provides the budget outturn forecast and explanations of major variances for the HRA.
- Appendix 4 – provides details of the capital programme and explanations of any major variances
- Appendix 5 – provides an overview of performance for all of the reportable strategic measures.

2. **DECISIONS REQUIRED**

Committee is recommended to:

- 2.1. Note the Quarter 1 2012/13 performance; and
- 2.2. Note the Council's financial position as detailed in sections 3 and 4 and Appendices 1-4 of this report.

3. REVENUE

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

| SUMMARY | Latest Budget £'000 | Budget to Date £'000 | Actual to Date £'000 | Variance to Date £'000 | Forecast Outturn £'000 | Variance £'000 |
|-------------------------------------|------------------------|-------------------------|-------------------------|---------------------------|---------------------------|-------------------|
| Adults Health and Wellbeing | 98,056 | 17,060 | 17,006 | -54 | 98,056 | 0 |
| Chief Executive | 8,668 | 2,167 | 2,109 | -58 | 8,668 | 0 |
| Children, Schools and Families | 89,270 | 22,318 | 22,872 | 554 | 89,270 | 0 |
| Communities, Localities and Culture | 70,494 | 15,844 | 10,364 | -5,480 | 70,494 | 0 |
| Development and Renewal | 19,957 | 5,066 | 4,871 | -195 | 19,957 | 0 |
| Resources | 11,527 | 2,882 | 2,792 | -90 | 11,527 | 0 |
| Corporate Costs / Capital Financing | -5,706 | 0 | 150 | 150 | -5,706 | 0 |
| Total | 292,266 | 65,337 | 60,164 | -5,173 | 292,266 | 0 |

3.2 Year-to-date variances are explained in the detailed budget analysis in Appendix 2.

3.3 **Adults, Health and Wellbeing** **NIL**
A breakeven position is forecast for the financial year.

3.4 **Chief Executive** **NIL**
A breakeven position is forecast for the financial year.

3.5 **Children, Schools and Families** **NIL**
The Directorate is reporting that it will be able to operate within budget for 2012/13. Most budget managers are reporting a nil variance with some underspends reported. Some savings are still to be delivered at this stage of the financial year which is in line with expenditure.

The £2.4m school specific contingency fund will not be drawn down until sometime in the Autumn term.

- 3.6 Communities, Localities & Culture** **NIL**
 A breakeven position is forecast for the financial year. At the end of month three, Communities Localities & Culture are forecasting a breakeven position. The variance to date of £5.5 million relates mainly to Waste Treatment £4.2m. This variance is due to delays in the submission of invoices from contractors. This is a timing difference along with the other variances, which once resolved will allow budgets to be profiled over the course of the year.
- 3.7 Development and Renewal** **NIL**
 A breakeven position is forecast for the financial year.
- 3.8 Resources** **NIL**
 A breakeven position is forecast for the financial year.
- 3.9 Corporate Costs & Capital Financing** **NIL**
 A breakeven position is forecast for the financial year.
- 3.10 Housing Revenue Account (HRA)** **£0.3m underspend**
 The overall projected HRA underspend relates to a projected underspend on the energy budget, as it was anticipated that 2012/13 gas & electricity prices would increase by 30%, whereas in fact bulk gas prices in 2012/13 will be 13% higher, and bulk electricity will be 2% lower. Both the budget and patterns of energy consumption will continue to be closely monitored. A detailed analysis of the HRA is attached as Appendix 3.
- 3.11 Income Collection Performance Targets**

Details of income collection during 2012/13 are shown below.

| Income Stream | Collected in 2011/12 % | 2012/13 Target to 30.06.12 % | 2012/13 Collected to 30.06.12 % | Direction of Travel |
|----------------------|-------------------------------|-------------------------------------|--|----------------------------|
| Business Rates | 99.40 | 24.49 | 32.66 | ↑ |
| Central Income | 93.00 | 70.00 | 76.00 | ↑ |
| Council Tax | 95.40 | 23.80 | 25.81 | ↑ |
| Housing Rents | 99.61 | 99.60 | 98.77 | ↓ |
| Service Charges | £12.850m (102%) | £4.0m | £4.10m (102.5%) | ↑ |

Welfare reform changes have begun to impact on the rental income collected, particularly in areas of housing benefit payments as well tenants receiving benefits, both have reduced compared with the same period last year. However, income collection on the whole is currently exceeding targets and is forecast to remain this way throughout year.

CAPITAL

- 4.1 The capital budget now totals £186.4m, increased from the £185.4m approved by Cabinet in February 2012. This is mainly due to the inclusion of unspent budgets from 2011/12 carried forward into 2012/13.
- 4.2 Details of all the changes to the capital budget are set out in Appendix 1.
- 4.3 Total capital expenditure to the end of Quarter 1 represented 12.2% of the revised capital programme budget for 2012/13 as follows:

| | Annual Budget as at 30-Jun-12 | Spent to 30-Jun-12 | % Budget Spent |
|--|--|-------------------------------|---------------------------|
| | £m | £m | % |
| TOTALS BY DIRECTORATE: | | | |
| Communities, Localities and Culture | 14.017 | 1.184 | 8.4% |
| Children, Schools and Families | 16.419 | 2.533 | 15.4% |
| Resources | 0.128 | 0.000 | 0.0% |
| Adults, Health and Wellbeing | 0.402 | -0.007 | -1.7% |
| Development and Renewal | 13.719 | 0.661 | 4.8% |
| Building Schools for the Future (BSF) | 65.244 | 12.480 | 19.1% |
| Housing Revenue Account (HRA) | 66.432 | 5.974 | 9.0% |
| Corporate GF provision for schemes under development | 10.000 | 0.000 | 0.0% |
| GRAND TOTAL | 186.360 | 22.824 | 12.2% |

This compares with 12.1% at the same stage last year.

- 4.4 Projected capital expenditure for the year compared to budget is as follows:

| | Annual Budget as at 30-Jun-12 | Projection 31-Mar-13 | Forecast Variance |
|--|--|---------------------------------|------------------------------|
| | £m | £m | £m |
| TOTALS BY DIRECTORATE: | | | |
| Communities, Localities and Culture | 14.017 | 14.017 | 0.000 |
| Children, Schools and Families | 16.419 | 16.419 | 0.000 |
| Resources | 0.128 | 0.128 | 0.000 |
| Adults, Health and Wellbeing | 0.402 | 0.242 | -0.160 |
| Development and Renewal | 13.719 | 13.719 | 0.000 |
| Building Schools for the Future (BSF) | 65.244 | 70.137 | 4.893 |
| Housing Revenue Account (HRA) | 66.432 | 53.637 | -12.795 |
| Corporate GF provision for schemes under development | 10.000 | 0.000 | -10.000 |
| GRAND TOTAL | 186.360 | 168.298 | -18.063 |

Programme slippage of £18.1m is currently being projected, due in the main part to delays in procurement on the decent homes backlog programme, the costs of which will instead be incurred in future years. This figure also includes a £10m provision for General Fund capital schemes.

4. STRATEGIC PERFORMANCE MEASURES

2011/12 Final Outturn Reporting Update

- 5.1 Since the year end performance reporting was undertaken, final outturns for the following outstanding performance measures is now available.

Percentage of household waste sent for reuse, recycling and composting (NI192)

At 27.51%, the year-end outturn met the standard target and was 0.2 percentage points higher than last year.

Percentage of overall Council housing stock that is non-decent (NI158)

Non-decency of Council stock currently stands at 65.98% against a standard target of 65.27% and a stretched target of 64.49%. It has always been recognised that for 2011/12 there would be a significant increase in the level of non-decent homes due to many building elements reaching the end of their useful life. There are 12,517 homes which make up the Council's housing stock. A programme is in place that will bring non-decency of Council stock down to 10.86% by April 2015.

Number of households who considered themselves as homeless and for whom housing advice casework intervention resolved their situation (S201)

856 homelessness preventions were made through housing advice and casework in 2011/12. This equates to approximately 8.19 preventions per 1,000 households which is below the stretched target but above the standard target. The Council is currently working with its partners to develop a new homelessness strategy.

- 5.2 Due to time lags in reporting, there are several strategic measures still to report final outturns for 2011/12. These are:
- Young people from low income backgrounds progressing to higher education (NI106);
 - Rate of proven re-offending by adults under probation supervision (NI18);
 - Number of people that have stopped smoking (NI123); and
 - All age, all-cause mortality (NI120).

Strategic Performance Measures – Quarter 1 (March-June 2012)

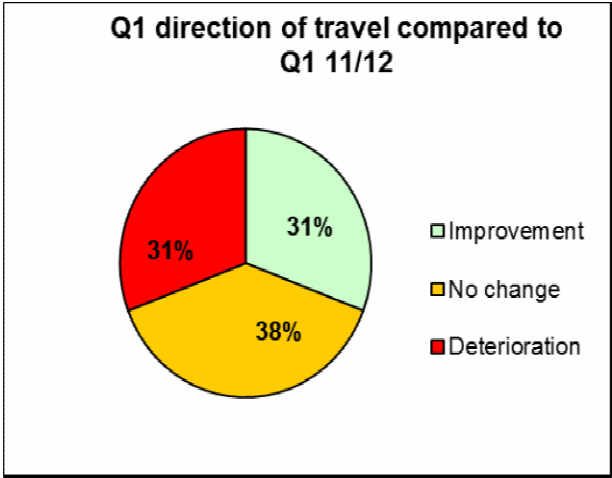
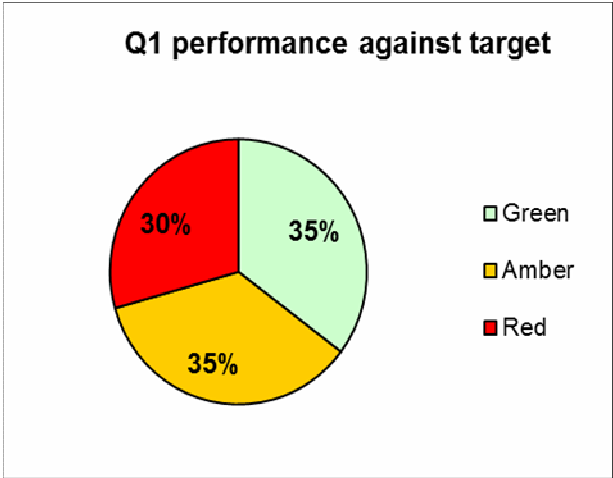
- 5.3 The strategic measures enable the Council to monitor progress against its priorities outlined in the Strategic Plan. The Strategic Measures Set reflects the Council's continued commitment to set itself stretching targets. It is reviewed on an annual basis as part of the refresh of the Strategic Plan to

ensure that it remains fit for purpose. Where necessary, there will also be in-year reviews of the measures.

5.4 Appendix 5 illustrates the latest performance against our strategic measures. Performance against the current stretching target is measured as either 'Red', 'Amber' or 'Green' (RAG). Should performance fall below standard target – indicated as the dotted red line, it is marked as 'Red'. Should it be at or above the standard target, but below the stretched target – indicated as the solid green line, it is 'Amber'. Where performance is at or above the stretched target, it is 'Green'. Performance is also measured against the equivalent quarter for the previous year, as a 'direction of travel'. Where performance is deteriorating compared to the same time last year, it is indicated as a downward arrow ↓, if there is no change (or less than 5% change) it is neutral ⇔, and where performance has improved compared to the previous year, it is indicated as an upward arrow ↑.

5.5 The number of strategic measures available for reporting fluctuates between periods due to the different reporting frequencies of the measures. Of the 47 measures in the Strategic Set, including subset of measures, 17 are reportable this quarter. Of these:

- 6 (35%) are meeting or exceeding their stretched target (Green), with 1 of these an improvement from last year (↑);
- 6 (35%) are above the standard target but below the stretched target (Amber), with 3 of these improving (↑) and 1 deteriorating (↓) compared to last year's performance;
- 5 (30%) are below the standard target (Red), with performance remaining unchanged for 2 measures and deteriorating for 2 measures (↓); and
- 4 indicators do not have comparable data for this time last year and therefore no direction of travel information can be produced.



- 5.6 There are a couple of strategic performance measures which report on a quarterly basis but Q1 data is currently not available due to a time lag in reporting. These are:
- Percentage of household waste sent for reuse, recycling and composting (NI192)
 - Number of Smoking Quitters (NI123)

5.7 **Performance Summary**

The following sections detail our performance under three key headings:

- High performing areas;
- Areas of improvement; and
- High risk areas

High Performing Areas

5.8 The following measures exceeded their stretched targets.

- *Affordable Homes*
The number of affordable homes delivered (gross).
- *Tackling Overcrowding*
The number of overcrowded families rehoused, lets to overcrowded households.
- *Tackling Worklessness*
JSA Claimant Rate (gap between the borough & London average rate).
- *Crime*
Rate of residential burglary incidents – per 1,000 households and the rate of motor vehicle crime incidents per 1,000 population.
- *Social Care*
Social care clients and carers in receipt of self-directed support

Areas of Improvement

5.9 In addition to those measures where we have exceeded our targets, two measures have also improved compared to last year.

- *Workforce to Reflect the Community*
Percentage of senior staff that are from an ethnic minority
Percentage of senior staff that have a disability
- *Tackling Worklessness*
Overall employment rate – gap between the Borough and London average rate

High Risk Areas

5.10 As part of the monitoring of our performance each quarter, analysis is undertaken to identify those measures at risk of not achieving their annual targets. This includes measures that are below their standard target and have

deteriorated since the corresponding quarter for the previous year. This quarter, the following measures have been identified as high risk, with commentary provided below.

- *NEETS*
16-19 year olds who are not in education, employment or training (NEET)
- *Social care*
Carers receiving needs assessment or review and a specific carer's service, or advice and information

Performance Outturns

- 5.11 The Council's performance against all strategic measures reportable this quarter is outlined below.

One Tower Hamlets

Customer Access Overall Satisfaction

Customer satisfaction with telephone contact remains unchanged at 90%, within the target standard. Customer satisfaction is not driven by any single factor but a number of factors will have impacted on performance for the quarter including (a) drop in number of surveys carried out which tends to flatten out satisfaction, (b) increase in repeat/chase-up calls, particularly for housing repairs, which tends to drive down overall satisfaction and (c) increased wait times for callers since the early June/post Bank Holiday period.

Number of working days/shifts lost to sickness absence per employee

The number of days lost to sickness absence per employee has begun to deteriorate this quarter. To address this, the Corporate Absence Management Panel (CAMP) has been re-established and directorate sickness absence management panels have been asked to consider developing local targets for service areas in order to ensure sickness cases are dealt with consistently and robustly. Specific action is being developed in respect of sickness returns. Sickness reporting and sickness management are areas which are being looked at as part of the adoption of improved HR IT systems.

Percentage of senior staff that are women

The standard target has been missed. The introduction of Navigate provides opportunities for staff to develop their skills so that they can successfully apply for senior level posts, and also provides an opportunity to improve the representation of women in senior level posts. The nominations for Navigate will be scrutinised by the People Board with a view to considering the potential impact on our aspirations around Workforce to Reflect the Community.

Percentage of senior staff that are from an ethnic minority

The percentage of LP07 or above staff that are from an ethnic minority has improved both since last month and since the same period last year. The outturn remains below the stretched target but above the standard target.

A number of new initiatives have been agreed as part of the Workforce to Reflect the Community programme to further improve these indicators going forward.

Percentage of senior staff that have a disability

3.38% of staff members who are LP07 and above have identified themselves as having a disability. This is an improvement in performance on both last month and from this time last year. The stretched target for this measure is 5.5% with a standard target of 2.96%. This data is based on response rates from the on-line staff equalities monitoring audit form. Only around half of the total number of LP07 or above staff responded to the disability question. Human Resources are working to improve the response rate to this question.

A Great Place to Live

The number of affordable homes delivered (gross)

282 units of new affordable housing were produced this quarter, significantly above the stretched target for Quarter 1. This is primarily due to the delivery of one large scheme at Bow Cross estate.

It is anticipated that our annual performance for affordable housing will only just achieve the standard target figure of 600. The total predicted output for the year is currently 616, although with many units due to complete in Q4, further progress detail will be available later on in the year regarding potential slippage .

Number of social rented housing completions for family housing (gross)

There were 51 social rented housing completions for family housing this quarter, exceeding the standard target of 40 completions for quarter 1, though below the stretched target. We are forecasting 154 social rented family units to be completed by the end of 2012/13, which will be 6 units short of the standard target.

The number of overcrowded families rehoused (lets to overcrowded households)

531 overcrowded households were rehoused in quarter 1, significantly exceeding the stretched target by over 70%. We are on course to meet the Mayor's target of rehousing 1,000 overcrowded households this year.

A Prosperous Community

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

The NEET figure for June 2012 is 5.2%, equating to 360 young people who are not in education, employment or training in Tower Hamlets. This means we have missed our stretched target of 4.5% by 0.7 % point.

NEET figures historically rise in the summer due to young people leaving school at the end of Year 11. Figures tend to decrease again during September and October once learner start dates are confirmed and recorded onto our data management systems.

Although our performance has deteriorated in comparison to this time last year, with a % point difference of 0.6%, this is also the case in the majority of other London boroughs. We rank mid-table when benchmarked against the other boroughs that make up the East London Partnership (Barking & Dagenham, Greenwich, Newham, Redbridge, Bexley, Havering, & Lewisham).

Furthermore, the way we collect and report this measure changed in November 2011, which may have affected our performance. Firstly, the cohort now covers academic age and so includes 19 year olds who were not previously counted. Secondly, the cohort is now based on residency which means Tower Hamlets students attending college out of borough are now also counted in the Tower Hamlets figures.

Actions being taken to improve performance include:

- The Targeted Youth Support Team and Information, Advice and Guidance Service will be at all schools on GCSE results day to provide support, collect data and share information.
- Tracking of young people who are NEET, including through door-knocking, will be taking place during August.
- Destination data will be updated on our data-management systems during September and October.

Overall employment rate – gap between the Borough and London average rate

The overall gap between the Tower Hamlets and the London-wide employment rate is closing (from 8.3 percentage points in June 2011 to 7.5 percentage points in June 2012). The employment rate for the borough increased by 0.2 percentage points over this period, whilst the London employment rate decreased by 0.1 percentage point. Tower Hamlets employment rate now stands at 60.5%.

Jobseekers Allowance (JSA) claimant rate (gap between the Borough and London average rate (working age))

The gap between the borough's JSA claimant rate and the London rate is closing and is currently 1.9 percentage points. This exceeds the stretched target of 2 percentage points. Over the last quarter the borough has seen a 0.3 percentage point decrease in its JSA claimant rate.

A Safe and Cohesive Community

Rate of personal robbery incidents per 1,000 population

There were 1.4 personal robbery incidents per 1,000 population this quarter, this equates to 324 incidents, and is slightly higher than the stretched target of 1.3 incidents per 1,000 population, but above the standard target. We are just above the London average of 1.12, however our performance compares favourably with the other Olympic Boroughs: Greenwich (0.6%), Barking & Dagenham (0.9%), Hackney (1.5%), Waltham Forest (1.5%), Newham (1.9%).

Rate of residential burglary incidents per 1,000 households

There were 3.05 residential burglary incidents per 1,000 households this quarter, equating to 279 actual incidents. The borough has exceeded its stretched target in reducing the number of residential burglary incidents. Our performance compares favourably with the London average of 4.45 incidents per 1,000 households, and we have fewer incidents than the other Olympic Boroughs: Barking & Dagenham (6.07), Waltham Forest (5.62), Newham (4.58), Greenwich (4.34), and Hackney (3.667).

Rate of motor vehicle crime incidents per 1,000 population

There were 2.95 motor vehicle crimes per 1,000 population this quarter, equating to 701 actual incidents. The borough has exceeded its stretched target in reducing motor vehicle crime in Q1. Our performance compares favourably with the London average of 3.25 incidents per 1,000 population and the other Olympic Boroughs: (Waltham Forest (4.62), Hackney (4.57), Newham (4.47), Barking & Dagenham (3.23), Greenwich (2.8).

Rate of violence with injury crimes per 1,000 population

There were 2.43 violence with injury crimes per 1,000 population this quarter, equating to 577 actual incidents, the borough's figures are higher than the London average of 1.95 incidents per 1,000 population. Although Tower Hamlets has not met its standard target, trend data shows that nearly all London Boroughs have seen an increase in violence with injury crimes compared to the last financial quarter.

A Healthy and Supportive Community

Carers receiving needs assessment or review and a specific carer's service, or advice and information (%)

Performance is lower than expected for this quarter, with 6.7% of carers receiving an assessment, review or specific service, compared to a target of 8.63%. A number of commissioned providers have yet to submit their datasets, which will affect the quarter 1 outturn. Once this information has been received, the outturn will be updated.

Proportion of people using social care who receive self-directed support, and those receiving direct payments (%)

39.8% of social care clients and carers were in receipt of self-directed support and direct payments at Q1, exceeding the stretched target. This equates to 1492 clients / carers receiving self-directed support.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 6.1 Under Financial Regulations it is the responsibility of senior managers to spend within budgets and, where necessary, management actions will need to be taken over the remainder of the financial year to avoid overspend.
- 6.2 Any overspend we incur at the end of 2012/13, or at any time over the forthcoming period, will risk the financial position and would increase the savings targets required to meet spending cuts, with a potential impact on front-line services. The projected figures at this stage do not indicate that this is a significant risk.

7. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 7.1 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.
- 7.2 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.
- 7.3 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.

- 7.4 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 don't. Relevant information is set out in section 8 of the report and officers must consider the need for equality analysis when carrying out any action in discharge of the Council's functions.

8. ONE TOWER HAMLETS CONSIDERATIONS

The Council's Strategic Plan and Strategic Indicators are focused upon meeting the needs of the diverse communities living in Tower Hamlets and supporting delivery of One Tower Hamlets. In particular, strategic priorities include the reduction of inequalities and the fostering of strong community cohesion.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

There are a number of strategic performance measures relating to the environment which will report later in the year.

10. RISK MANAGEMENT IMPLICATIONS

In line with the Council's risk management strategy, the information contained within the Strategic Indicator Monitoring will assist the Cabinet, Corporate Directors and relevant service managers in delivering the ambitious targets set out in the Strategic Plan. Regular monitoring reports will enable Members and Corporate Directors to keep progress under regular review.

There is a risk to the integrity of the authority's finances if an imbalance occurs between resources and needs. This is mitigated by regular monitoring and, where appropriate, corrective action. This report provides a corporate overview to supplement more frequent monitoring that takes place at detailed level.

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

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

The Strategic Indicator set contains a number of community safety measures under the Safe & Cohesive theme.

12. EFFICIENCY STATEMENT

Efficiencies for 2012/13 are incorporated within the estimated forecast outturn.

13. APPENDICES

- Appendix 1 - lists budget/target adjustments (including virements) for the General Fund and for the capital budget
- Appendix 2 - provides the estimate budget outturn forecast by Directorate for the General Fund and explanations of any major variances.
- Appendix 3 - provides the budget outturn forecast and explanations of major variances for the HRA.
- Appendix 4 – provides details of the capital programme and explanations of any major variances
- Appendix 5 – provides an overview of performance for all of the reportable strategic measures.

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