

Committee/Meeting: Overview and Scrutiny Committee	Date: 10 September 2013	Classification: Unrestricted	Report No:
Report of: Corporate Director, Resources		Title: Strategic Performance and Corporate Revenue and Capital Budget Monitoring Q1 2013/14 (Month 3)	
Originating officer(s): Chris Holme, Acting Corporate Director, Resources; 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; and
- 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 2013, all Directorates are forecasting a break-even position on an overall net budget of £298m except for Resources who are looking to bring a projected overspend back to budget.

1.2.2 HRA

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

1.2.3 Capital Programme

Directorates have spent 3% of their capital budgets for the year (£3.6m against budgets of £206.4m). 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 33 measures reportable this quarter (including subset of measures), 12 (37%) are at or exceeding the standard target (lower

bandwidth), with a further 6 (19%) 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
- 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

Overview and Scrutiny Committee is recommended to:

- 2.1. Review and note the Quarter 1 2013/14 performance; and
- 2.2. Note the Council's financial position as detailed in section 3 and Appendices 1-4 of this report.

3. REVENUE

- 3.1 The following table summarises the current expected outturn position for the General Fund. This is the first budget monitor where the new Agresso financial system has been used for reporting purposes, and several reporting issues have been addressed. An adjustment for accrued income from debtors has been identified and the correction has been posted in Period 4, this adjustment affects the spend to date but will not have any impact on the projected outturn.

SUMMARY	Latest Budget £'000	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Forecast Outturn £'000	Variance £'000
Chief Executive	8,611	2,153	2,456	303	8,611	0
Communities, Localities and Culture	75,704	18,926	16,613	(2,313)	75,704	0
Development and Renewal	16,917	4,229	12,787	8,558	16,917	0
Education, Social Care and Wellbeing	217,192	54,298	87,708	33,410	217,192	0
Resources	10,150	2,537	61,397	58,860	10,352	202
Corporate Costs / Capital Financing	(30,767)	(7,692)	153	7,845	(30,767)	0
Total	297,807	74,451	181,114	106,663	298,009	202

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

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

3.4 **Communities, Localities & Culture** **NIL**
A break even position is forecast for the financial year. CLC are in the process of completing due diligence specific to the drawdown of £2.2m of agreed ring fenced contingency covering cabinet approved unavoidable growth specific to freedom passes and waste treatment and contract indexation.

3.5 **Development and Renewal** **NIL**
A breakeven position is forecast for the financial year.

3.6 **Education, Social Care and Wellbeing** **NIL**
The General Fund and the Schools Budget within Education Social Care and Wellbeing are reported as being balanced at year end. There are, however, significant risks associated with both budgets that could make significant calls on Directorate-wide reserves or which could deplete unallocated DSG to a level that requires retained budget reductions in 2014/15.

There are particular concerns about salaries budgets where it is unclear how the high level analyses regarding the impact of the vacancy management

savings target and the introduction of pension auto-enrolment are impacting on operational budgets.

This is the first month of operating CMBM under Agresso. There have been some technical and training problems that have contributed to a low response rate and that has affected the quality of the information aggregated into this forecast.

3.7 Resources £0.20m overspend

The projected Resources overspend relates to savings on the closure of One Stop Shops which were anticipated before the 2013/14 financial year, but which no longer seem realisable. Management are looking at ways to bring expenditure back in line with budget. Housing benefit income journals had not been posted by the end of period 3 – this vote is forecast to breakeven over the year.

3.8 Corporate Costs & Capital Financing NIL

A breakeven position is forecast for the financial year.

3.9 Housing Revenue Account (HRA) £0.21m underspend

The overall projected HRA underspend is the net result of a number of variances, the main ones being that it is anticipated that income will be received in 2013/14 in respect of the recovery of costs incurred as part of various stock transfers carried out a few years ago; in addition, it is currently expected that capital fee income will be higher than budgeted, however, any underspends within this budget heading will enable revenue resources to be set aside to finance part of the non-grant element of the Decent Homes capital programme, as agreed by Cabinet in September 2011. A detailed analysis of the HRA is attached as Appendix 3.

3.10 Income Collection Performance Targets

Details of income collection during 2013/14 are shown below:

Income Stream	Collected in 2012/13 %	2013/14 Target to 30.06.13 %	2013/14 Collected to 30.06.13 %	Direction of Travel
Business Rates	99.69	16.60	32.83	↑
Central Income	91.00	90.00	91.00	↑
Council Tax	95.10	15.86	18.60	↑
Housing Rents	99.72	98.00	99.71	↑

4. **CAPITAL**

4.1 The capital budget now totals £206.4m, increased from the £185.7m approved by Cabinet in February 2013. This is mainly due to the inclusion of unspent budgets from 2012/13 carried forward into 2013/14.

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 3% of the revised capital programme budget for 2013/14 as follows:

	Annual Budget as at 30-Jun-13	Spent to 30-Jun-13	% Budget Spent
	£m	£m	%
TOTALS BY DIRECTORATE:			
Education, Social Care and Wellbeing	19.482	1.691	8.7%
Communities, Localities and Culture	17.011	0.958	5.6%
Development and Renewal	18.085	0.152	0.8%
Building Schools for the Future (BSF)	42.859	1.813	4.2%
Housing Revenue Account (HRA)	98.964	1.230	1.2%
Corporate GF provision for schemes under development	10.000	0.000	0.0%
GRAND TOTAL	206.401	5.844	2.8%

This compares with 12.2% 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-13	Projection 31-Mar-14	Forecast Variance
	£m	£m	£m
TOTALS BY DIRECTORATE:			
Education, Social Care and Wellbeing	19.482	18.368	-1.114
Communities, Localities and Culture	17.011	17.011	0.000
Development and Renewal	18.085	18.085	0.000
Building Schools for the Future (BSF)	42.859	42.858	-0.001
Housing Revenue Account (HRA)	98.964	98.964	0.000
Corporate GF provision for schemes under development	10.000	0.000	-10.000
GRAND TOTAL	206.401	195.286	-11.115

Programme slippage of £11.1m is currently being projected, this figure also includes a £10m provision for General Fund capital schemes.

4.5 The total approved budget, taking into account the whole life of all capital schemes, is currently £830.5m against which spend of £799.3m is forecast resulting in a total underspend variance of £31.2m. The main reason for this

underspend is that a £30m that was set aside in the budget for new General Fund schemes has not been allocated, though £20m of the resource has been earmarked for the Poplar Baths / Dame Colet House schemes.

	All year budget as at 30-Jun-13	Projection 30-Jun-13	Variance
	£m	£m	£m
Education, Social Care and Wellbeing	89.814	88.701	-1.113
Communities, Localities and Culture	74.655	74.613	-0.042
Development and Renewal	34.562	34.562	0.000
Building Schools for the Future (BSF)	326.699	326.698	-0.001
Housing Revenue Account (HRA)	274.769	274.769	0.000
Corporate GF provision for schemes under development	30.000	0.000	-30.000
GRAND TOTAL	830.499	799.343	-31.156

STRATEGIC PERFORMANCE MEASURES

- 5.1 The strategic measures enable the Council to monitor progress against its priorities outlined in the Strategic Plan. The strategic measures reflect the Council's continued commitment to set itself stretching targets. They are 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.
- 5.2 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 better than the standard target, but below the stretched target – indicated as the solid green line, it is 'Amber'. Where performance is at or better than 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, or no statistically significant change for survey measures) it is neutral ⇔, and where performance has improved compared to the previous year, it is indicated as an upward arrow ↑.

2012/13 Final Outturn Reporting Update

- 5.3 Since the year end performance reporting was undertaken, final outturns for the following outstanding performance measures are now available, and are included in appendix 5.

Annual Residents Survey measures

Thinking about this local area / neighbourhood, how satisfied are you

Performance has improved from 78% to 82%, a statistically significant improvement, and is above the standard target.

% of people who believe people from different backgrounds get along well together

81% of residents agree. Performance is above the standard target and up 10 percentage points over the last 5 years.

Percentage of residents agreeing that that the Council is doing a good job

76% of residents agree, which is better than the London average. Performance is above the standard target.

Percentage of residents agreeing that the Council involves residents when making decisions

Performance (49%) is above the standard target and at London average levels.

Percentage of residents who rate parks and open spaces as good, very good or excellent

Performance has been maintained at 60% and is above the standard target.

Local Concern about ASB and Crime (ARS)

- drunk & rowdy behaviour in public spaces - 46%
- vandalism, graffiti & criminal damage - 43%
- drug use or drug dealing as a problem - 55%

Performance has been maintained for these measures. Whilst there have been minor changes in survey scores compared to last year, these changes are not statistically significant and performance is better than the standard targets.

Other Strategic Measures

Social care clients and carers in receipt of Self Directed Support

The proportion of people using social care, who receive self-directed support, and those receiving direct payments, was 52.6%. Although this is below the standard target of 61.86%, it represents a significant improvement from the previous year's outturn figure (38.3%). This is a very challenging area as we have to move slowly to get clients comfortable with personal budgets but they are starting to see the benefits of choice and independence.

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

The proportion of carers receiving needs assessment or review and a specific carer's service, or advice and information, as a percentage of clients receiving community based services was 37.4% at the end of Quarter 4. Performance was above both the standard (32.60%) and stretch target (34.50%). Performance is showing a positive trend and is far better than Q1 (6.70%), Q2 (27.0%) and Q3 (34.0%).

The number of working days/shifts lost to sickness absence per employee

The final year end figure was 7.07 days lost to sickness absence, which was slightly worse than the standard target of 6.97 days, and a slight deterioration from 6.97 days in 2011/12. Overall, performance has improved markedly since 2010/11 and Tower Hamlets remains a relatively good performer compared to other London boroughs.

Actions to achieve targets include: Asking staff who reach certain trigger levels to produce medical certificates on their first day of absence; Service Heads with the highest levels of sickness absence will be required to attend to attend PRG to explain how they will reduce absence in their teams. Corporate and Directorate Absence Management Panels to be established; the Council continuing to invest in activities to promote health and wellbeing.

The most recent performance, as at June 2013, was 6.75 which is better than the performance for the same period last year.

The number of households who considered themselves as homeless, who approached the local authority's housing advice services, and for whom housing advice casework intervention resolved their situation

Performance was slightly better than the stretched target, with 6.05 households per thousand population helped, compared to a target of 6.00. 656 households were prevented from homelessness. Changes to welfare support have had an impact in preventing homelessness, and 2013/14 is expected to be even more challenging.

Smoking Quitters (the number of four-week smoking quitters who have attended NHS Stop Smoking Services per 100,000 residents)

Year end data shows that the number of quitters is significantly above the stretched target and this is reflected in each of the quarters for the last financial year.

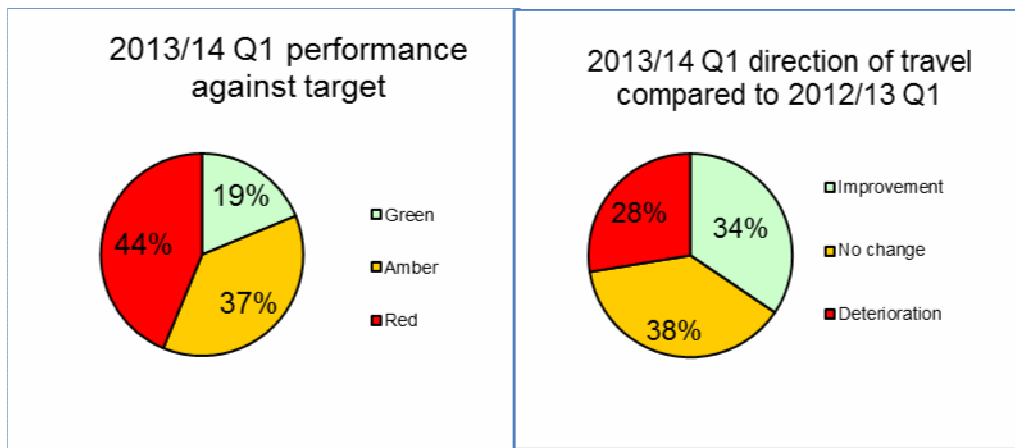
5.4 Due to time lags in reporting, there are several strategic measures still to report final outturns for 2012/13. These will be reported when available:

- All age, all-cause mortality

- Percentage of overall council housing stock that is non-decent
- Self-reported experience of social care users
- Percentage of CAF reviews with an improved score

Strategic Performance Measures – Quarter 1 (April-June 2013)

- 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, 32 are reportable this quarter (including previously outstanding 2012/13 final outturns). Of these five measures are new or changed for 2013/14:
- Key Stage 2 pupil attainment in Reading, Writing and Maths (KS2 RWM) (%)
 - Rate of violence with injury crimes (excluding Domestic Violence)
 - Rate of violence with injury crimes (Domestic Violence only)
 - Average time between a child entering care and moving in with his/her adoptive family (Time to adoption)
 - Percentage of ethnic minority background children adopted (BME adoptions)
- 5.6 For new or significantly changed measures, it is not usually possible to measure direction of travel (because previous quarters are not available); as a result, the proportions allocated to each direction arrow are based on a total of 28. Additionally, we were not able to set targets for the first measure (Key Stage 2 attainment) because central government has changed the methodology for assessment and benchmarking data has not yet been released. For performance against target (RAG status), proportions are based on a total of 31.
- 6 measures (19%) are meeting or exceeding their stretched target (Green), with 4 of these an improvement from last year (↑) with one deteriorating (↓), and one a new indicator;
 - 12 (37%) are above the standard target but below the stretched target (Amber), with 4 of these improving (↑) and 5 remaining unchanged (↔) compared to last year's performance;
 - 14 (44%) are below the standard target (Red), with 2 improving from last year (↑), no change for 5 measures (↔) and 6 deteriorating (↓); with one measure being new.
 - Overall, 4 indicators do not have comparable data for this time last year and therefore no direction of travel information can be produced.



5.7 There are several 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:

- Improved street and environmental cleanliness (detritus; fly-posting; graffiti; litter) – Tranche 1 due to report shortly 2013
- Number of Smoking Quitters (NI123) – due to report September 2013; and
- Homelessness Prevention (Strategic 201) – due to report shortly

Performance Summary

The following sections detail our performance under two key headings:

- High performing and areas of improvement
- High risk areas

High Performing Areas – Quarter 1

5.8 Measures that exceeded their stretched target or have improved compared to quarter 1 last year include:

- **Percentage of LP07 or above Local Authority staff who have a disability (excluding those in maintained schools) (%)**
The latest performance relates to June 2013 and the outturn was 6.15. This is above the standard (5.49) and stretch target (5.75) and is also higher than this time last year. Significant progress has been made in the last 3 years, with performance rising from 2.0% at the end of 2010/11 to 6.15% in June 2013. Improved levels of recording and using real-time data from ResourceLink, may be a factor in these increases.
- **Percentage of LP07 or above Local Authority staff that are women (%)**
The latest performance relates to June 2013. This is just above the standard target (48.03) but 0.73 percentage points below the stretch target. However this is still a 3.93% increase compared to the same period last year.
- **Number of working days/shifts lost to sickness absence per employee**

Sickness absence rates continue to fall with Q1 performance at 6.75 days lost, an improvement for the second month in a row, and lower than the 7.07 2012/13 outturn. This did not meet the ambitious stretch target (6.5) but was nonetheless an improvement on the performance for the same period last year. Overall, performance has improved markedly since 2010/11 and Tower Hamlets remains a relatively good performer compared to other London boroughs. The overall sickness level for the Council, excluding schools and Tower Hamlets Homes, has decreased from 7.27 days in June 2012 to 6.75 in June 2013. This is an overall reduction of 0.52 days.

- ***JSA Claimant Rate (gap between the Borough and London average rate (working age) (%)***

The Q1 performance was 1.2 which was better than the standard target (1.8) and on par with the stretch target (1.2). The JSA Claimant Rate for Tower Hamlets was 5.1% and the London Average was 3.9%. The trend is positive compared to last quarter update, with a 0.4 percentage point decrease in the JSA claimant rate and a gap reduction between Tower Hamlets and the London average rate. In June 2012, the JSA rate for the borough was 5.6%, in June 2013 the outturn was 5.1%. In terms of the number of claimants, there has been a total reduction of 853 JSA claimants from June 2012 to June 2013.

- ***Rate of personal robbery crimes 1,000 population***

The Q1 performance was 1.12 which is better than the standard (1.22) and on par with the stretch target (1.12). This equates to 323 offences this quarter. There has been a reduction of 8.7% (28 fewer offences) compared to this time last year. Work to meet this target is primarily the responsibility of the local police.

- ***Percentage of waste sent for reuse, recycling and composting***

Performance exceeded the stretch target, and is the highest percentage recorded.

High Risk Areas – Quarter 1

5.9 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.

- ***Rate of residential burglary crimes per 1,000 households***

The Q1 performance was 3.78 (per 1,000 households) which is worse than the standard (3.63) and the stretch target (3.1). Work to meet this target is primarily the responsibility of the local police. A number of proactive operations and initiatives have been implemented around this issue notably Operation PEGASUS and work will continue throughout the remainder of the financial year.

- ***Rate of motor vehicle crimes per 1,000 population***

The Q1 performance was 2.86, which is worse than the standard target (2.44). Work to meet this target is primarily the responsibility of the local police. A number of proactive operations have been implemented by the Police with a particular focus on offenders and repeat offenders. The borough has also set up a unit dedicated to dealing with the issue of Motor Vehicle Crime offences

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 2013/14, 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 and are measured by a variety of strategic indicators.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

An element of the monitoring report deals with environmental milestones within the Great Place to Live theme.

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 contain a number of crime and disorder items under the Safe & Cohesive theme, however there are no specific crime and disorder reduction implications.

12. EFFICIENCY STATEMENT

Efficiencies for 2013/14 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