


Cabinet 29 July 2020	 TOWER HAMLETS
Report of Neville Murton, Corporate Director Resources	Classification: Unrestricted
Revenue and Capital Outturn 2019-20	

Lead Member	Councillor Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Tim Harlock – Chief Accountant
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	30/06/2020
Reason for Key Decision	N/A
Strategic Plan Priority / Outcome	<p>1. People are aspirational, independent and have equal access to opportunities.</p> <p>2. A borough that our residents are proud of and love to live in.</p> <p>3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.</p>

Executive Summary

This report presents the financial outturn for revenue and capital for 2019/20. It includes details about General Fund revenue, Dedicated Schools Grant (DSG), Housing Revenue Account (HRA), capital programme and progress made against savings targets.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the Council's provisional outturn position against General Fund, Dedicated Schools Budget, Housing Revenue Account and the Capital Programme for 2019-20, based on information as at early June 2020.
2. After taking consideration of the reduced level of General Fund reserves as presented, approve the drawdown of £11.7m from the New Home Bonus reserve into GF reserves, in order to maintain balances at £20m.
3. Note that there are no equalities implications directly resulting from this report, as set out in Section 4.

1 REASONS FOR THE DECISIONS

- 1.1 Council policy is to maintain General Fund reserves at a minimum level of £20m.

2 ALTERNATIVE OPTIONS

- 2.1 The regular reporting of Revenue and Capital Budget Monitoring information through the year and the preparation of the provisional outturn position after the year end provides detailed financial information to Members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the management action being implemented to address the identified issues.
- 2.2 Further information across the Council's key financial activities is also included to ensure that CLT and Members have a full picture to inform their consideration of any financial decisions set out in this report and also their broader understanding of the Council's financial context when considering reports at the various Council Committees.
- 2.3 Set alongside relevant performance information it also informs decision making to ensure that Members' priorities are delivered within the agreed budget provision.
- 2.4 It is important that issues are addressed to remain within the approved budget provision or where they cannot be contained by individual service management action, alternative proposals are developed and solutions proposed which address the financial impact; CLT and Members have a key role in approving such actions as they represent changes to the budget originally set and approved by them.

3 DETAILS OF THE REPORT

- 3.1 On 20 February 2019 the Council considered and agreed the Revenue Budget and Council Tax for 2019-20; and a capital programme showing resources available for investment in assets and infrastructure for ten years until 2028-29. The Council also agreed the Housing Revenue Account (HRA) budget from 2019-20 which includes rent setting and other charges.
- 3.2 The net budget requirement for 2019-20 was set at £342.5m. The MTFP budget for 2019-20 included a budgeted drawdown from General Fund reserves of £9.0m as well as delivering savings of £25.1m (£14.8m for 2019-20, and £10.3m slippage from previous years).
- 3.3 The provisional outturn position for General Fund revenue expenditure is £10.0m after the application of reserves of £6.5m, indicating that there is a significant underlying overspend.
- 3.4 Recovery plans to reduce this overspend have only met with partial success, and out of a target of £25.1m savings, £11m have been delivered.
- 3.5 With General Fund reserves starting the year with an opening balance of £27.3m, applying the overspend of £10m, and the budgeted drawdown from GF reserves of a further £9m, the closing position would be only £8.3m. The policy of the Council is to maintain GF reserves at £20m.
- 3.6 The Dedicated Schools Grant (DSG) is indicating a provisional overspend of £7.2m for 2019/20, and this follows a brought forward deficit of £4.5m from the previous year. The carry forward deficit is therefore £11.7m.
- 3.7 The Housing Revenue Account (HRA) is indicating an overspend of £0.8m after making a contribution to reserves of £4.6m.
- 3.8 The capital programme was reprofiled to a budget of £213.9m in January, with full year spend of £184.9m, resulting in an underspend against the annual budget of £29.0m. A proportion of this slippage was due to COVID-19.

4 EQUALITIES IMPLICATIONS

- 4.1 There are no equality implications directly resulting from this report.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),

- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 There are no other statutory implications contained in this report.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the main report.

7 Comments Of The Monitoring Officer

7.1 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 Cabinet to receive information about the revenue and capital budgets as set out in this report.

7.2 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report complies with that legal duty.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- A1 Revenue and Capital Provisional Outturn 2019/20

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

- NONE.

Officer contact details for documents: N/A