

Cabinet



Tuesday, 18 January 2022 at 5.30 p.m.

BUDGET PACK

For Consideration at the following meetings:

Cabinet – 18 January 2022

Overview and Scrutiny Committee 24 January 2022

Cabinet – 9 February 2022

Council – 2 March 2022

Note – updated papers may be presented at any of the above if required.



Page left blank

Budget Pack

	Pages
6 .1 Mayor's Foreword to the Council's Budget Report	5 - 8
6 .2 The Council's 2022-23 Budget Report and Medium Term Financial Strategy 2022-25	9 - 160



This page is intentionally left blank

Foreword from Mayor John Biggs on the 2022-23 Budget and MTFS

This is an ambitious budget that invests in residents' priorities as we focus on recovering from the pandemic.

It protects services, supports our most vulnerable, helps residents with the increased cost of living and invests to unlock opportunity for all.

After nearly 2 years of disruption to our lives due to Covid-19 we remain focussed on beating this virus and ensuring our borough recovers. Our whole community has supported each other during this time and it's highlighted the importance of having well-funded public services and building resilience so we can support our residents when times are tough.

As a council we have continued to work with our partners in the NHS in the rollout of the vaccine. We set up a dedicated helpline for residents as well as providing testing facilities and distributing thousands of food parcels and items of PPE (personal protective equipment). We have distributed vital financial support to our businesses to help keep them afloat at a really difficult time. We have also worked with our partner organisations and volunteers across our community to tackle the virus and the impact it's had on our borough.

The council has had to adapt as we've moved in and out of different restrictions and I'm proud that we have continued to deliver key services throughout. It's not been easy, especially when we have had reduced staff levels because of sickness and self-isolation.

Due to austerity and increased demand for our services, we'd already been transforming how we deliver services for residents and we have had to continue to adapt due to the pandemic.

Our budget consultation saw around 1,900 people share their views on what the council should prioritise. Almost half say that community safety should be the top priority for the council. Children's Services, street cleaning and waste also come out as top priorities.

We have listened to this feedback. This budget protects our investment in council funded police officers and our CCTV upgrade. It also invests additional money into our waste and recycling service. It protects council-funded Free School Meals which means 19,000 children get a meal. This equates to an estimated saving of £450 per child for families which is a real lifeline.



I'm proud that this budget proposes **no new cuts to services**. We've faced over a decade of austerity from the government during which time we've had to save over £200m due to cuts to our funding and increased demands for services.

This budget will:

- **Make our borough cleaner by investing in more waste and recycling collections and additional street cleansing.**
- **Make our borough safer by protecting our investment in council funded police officers and CCTV.**
- **Give our young people the best start in life by protecting our investment in Free School Meals and our Children's Centres.**
- **Tackle the housing crisis by delivering new council homes at genuinely affordable rents.**
- **Make our borough fairer by protecting residents on low incomes through our 100% Council Tax Reduction Scheme.**
- **Tackle the climate emergency by investing to make us a carbon neutral council by 2025 and deliver school and play streets.**
- **Extend opportunity to all by investing to tackle digital inclusion.**
- **Invest in good services for all, including our Idea Stores and libraries, and our award-winning parks.**

Residents are facing massive uncertainty and pressures on their household budgets. We recognise this and that is why we are proposing to freeze our portion of council tax this year to give respite at a time when energy and food prices are rising and the impact of the cut to Universal Credit is being felt. We are however proposing a 1% increase to the Adult Social Care precept in order to fund vital social care services. The government expects us to make this increase to pay for the care costs of our most vulnerable residents.

We continue to have one of the lowest council taxes in London. As well as freezing our portion of council tax we are one of the few councils to continue to offer up to a 100% discount on council tax bills through our Council Tax Reduction Scheme. It is a lifeline for residents struggling to make ends meet and means residents on low incomes get money back in their pockets at a time when many peoples' incomes have been hit by the impact of Covid.

The Government has only given us a one-year funding settlement and we await further details of what their 'Levelling Up' agenda will mean for councils like ours. This uncertainty makes it hard to plan and so we are proposing a one-year budget




this year, and we hope that the Government will give us more certainty and not reduce our funding when we have already had to make many tough decisions due to austerity. That is why we will continue to plan for the future which means not easing up on continuing to transform our services to make them more efficient.

This budget protects the universal services our residents rely on and maintains our support for those facing hardship. I'm proud that we are continuing to invest to make Tower Hamlets a cleaner, safer and fairer place and to unlock opportunity for all.

Mayor John Biggs
Executive Mayor of Tower Hamlets



This page is intentionally left blank

<p style="text-align: center;">Cabinet</p> <p style="text-align: center;">18 January 2022</p>	 <p style="text-align: center;">TOWER HAMLETS</p>
<p>Report of: Kevin Bartle, Interim Corporate Director - Resources (Section 151 Officer)</p>	<p>Classification: Unrestricted</p>
<p>The Council's 2022-23 Budget Report and Medium Term Financial Strategy 2022-25</p>	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Kevin Bartle, Interim Corporate Director - Resources
Wards affected	All wards
Key Decision?	Yes
Forward Plan Notice Published	October 2021
Reason for Key Decision	To set the Council's Budget for 2022-23 and MTFS 2022-25
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

The Council's Medium Term Financial Strategy (MTFS) 2021-22 to 2023-24 was approved by Full Council in March 2021. This report summarises the review of the MTFS as part of the 2022-23 budget setting process.

Despite the Chancellor announcing departmental spending limits for Government departments on 27 October 2021 for three years, 2022-23 to 2024-25, the Local Government Finance Settlement (LGFS) was only announced for a single year covering 2022-23. The funding landscape for Local Government over the medium term remains highly uncertain. Core Grants such as the Revenue Support Grant, New Homes Bonus and the Improved Better Care Fund have been rolled forward for 2022-23, with additional funding received via the Social Care Grant, with much of this expected to contribute to additional costs arising from Adult Social Care Reforms. There was also a one-year one-off Services Grant distributed to Local Authorities for 2022-23.

One reason Councils have been provided with a single year settlement is due to funding reforms that have been delayed, annually, for several years that the Government has signalled its intention to now take forward. The distribution formula utilised for allocating resources across Local Authorities dates to 2013-14 and the Government propose to take forward a 'Fair Funding Review' to ensure a more up to date assessment of need. Business Rate Baselines have not been reset since 2013-14 and, therefore, Councils that have experienced growth in their Business Rates have been able to retain a share of growth since that year. The Government intends to reset the Baselines to coincide with a review of the funding formula. In early 2021 the Government consulted on ending New Homes Bonus (NHB), a targeted incentive providing funding based on housing growth within the Council area, and the Government has not yet announced the outcome of its consultation.

The impact of these funding reforms is particularly acute for Tower Hamlets. Funding retained from Business Rates Growth and the New Homes Bonus are significant and therefore the impact of resetting the Business Rates baseline or withdrawing New Homes Bonus would result in a substantial funding reduction for the Council. The Government has indicated that transitional relief would be provided to Councils who were impacted by the reforms. At this stage it is not clear when the reforms will be introduced nor what transitional relief would look like.

For 2022-23 the Council has benefitted from rolled forward funding and new grants provided for the next financial year. The Council has therefore been able set a balanced budget for next year and to propose a freeze in the Tower Hamlets element of Council Tax, only levying the 1% Adult Social Care precept to meet demographic pressures within that area. Due to the funding uncertainties beyond the next financial year the Council has only been able to set a one-year budget. In the Medium Term it is anticipated that the funding gap for the Council could range from £10m (best case) to £30m (worst case). It will therefore be important to continue work to balance the budget over the Medium Term, returning to a three-year budget for 2023-26 to ensure alignment with the refreshed strategic plan.

The Coronavirus pandemic continues to have a significant adverse effect on the economy, along with the Council's cost of services and reductions in income. With the new Omicron Variant, the pandemic shows no sign of abating. Current pandemic pressures are being met by one-off Covid grant. However, the ongoing scale of the impact on society, the economy and public finances resulting from Covid-19 in the medium to long term is at this point unknown.

The HRA remains in a strong position with reserves at the start of 2021-22 amounting to £52.3m.

As previously, consultation with residents, businesses and other key stakeholders has been a feature of proposed changes and the results of the Council's 2022-23 budget consultation were considered at Cabinet on 15 December 2021.

The Council received the provisional Local Government Finance Settlement (LGFS) on 16 December 2021. The final LGFS will be received in January and the MTFS will be further updated for any material changes to the budget and presented to

Cabinet in February.

This report examines the key issues and pressures facing the Council in the medium term, with an updated position on funding, growth pressures and saving requirements. Continued focus on identifying and delivering efficiencies for future years will play a central role in ensuring financial sustainability going forward.

Recommendations:

The Cabinet is recommended to:

1. Propose a General Fund Revenue Funding Requirement of £383.551m for 2022-23 subject to any remaining changes arising from the final Local Government Finance Settlement, which includes a surplus of £5.413m in 2022-23 which will be allocated to one-off projects.
2. Approve the Council Tax Base calculation for 2022-23 and agree that authority to approve this in future years is delegated to the Section 151 Officer.
3. Propose to freeze the Tower Hamlets element of Council Tax and to only levy a 1% Adult Social Care precept for 2022-23. This will result in a Band D Council Tax of £1,146.54 (Council share) 2022-23 to be referred to Full Council for approval.
4. Propose that the Interim Corporate Director – Resources, after consultation with the Mayor and Lead Member of Resources, makes any changes required to the budget following the final settlement announcement.
5. Note that the Council is joining the 8 Authority Pool for Business Rates with seven other London Local Authorities for 2022-23 and note that delegated authority has been given to the Section 151 Officer to implement the Council's inclusion in the pool.
6. Approve the 2022-23 transfers to and from reserves as set out in paragraph 3.9.
7. Approve the continuation of £1m funding from the Public Health grant to the Key Stage Two extension of Free School Meals.
8. Approve that the increase in the Social Care Grant for 2022-23 is allocated in full to the services (75% to adult social care and 25% to children's social care).
9. Propose the 2022-23 Housing Revenue Account budget as set out in Appendix 7 to be referred to Full Council for approval.
10. Approve the HRA housing rent and service charge increases as outlined in section 3.11.

11. Approve the 2022-23 Management Fee payable to Tower Hamlets Homes (THH) of £33.236m as set out in paragraph 3.11.16.
12. Note that under the Management Agreement between the Council and THH, THH manages delegated HRA income and expenditure budgets on behalf of the Council. In 2022-23, THH will manage delegated income budgets totalling £98.842m and delegated expenditure budgets totalling £32.128m.
13. Propose the 2022-23 Schools Budget.
14. Agree that the National Schools Funding Formula (NSFF) adopted by Tower Hamlets originally in 2019-20 continues for 2022-23. The only changes included are increases to the factor values in line with the NSFF and the use of the mobility factor in the NSFF for the first time.
15. Agree that the Minimum Funding Guarantee (the mechanism that guarantees schools a minimum uplift in per-pupil funding) is set as close as possible to 2.0%, the maximum allowed after consideration for growth and factor changes in School allocations.
16. Agree that the structure of the Early Years Funding Formula remains unchanged except that the two year old hourly rates will increase in line with the Early Years National Funding Formula.
17. Note that the Local Council Tax Reduction Scheme will remain unchanged for 2022-23.
18. Note the Equalities Impact Assessment and specific equalities considerations as set out in Section 4.

1. REASONS FOR THE DECISIONS

- 1.1 The Council is under an obligation to set a balanced and sustainable budget and to set the Council Tax Levels for the financial year 2022-23 by 11 March 2022 at the latest. The Council's Chief Financial (S151) Officer must confirm the robustness of the estimates applied and the adequacy of the Council's reserves as part of the budget setting report to Council.
- 1.2 The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Overview & Scrutiny Committee to allow for their comments to be considered before the final budget proposals are made to Full Council.
- 1.3 The announcements and consultations made about Government funding for the Council in the Chancellor's Spending Review 2021, the 2022-23 Local Government Finance Settlement and the impact of the Covid-19 pandemic

require a robust and timely response to enable a balanced budget to be set.

- 1.4 A Medium Term Financial Strategy (MTFS) covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty.
- 1.5 As the Council develops its detailed proposals it must continue to keep under review those key financial assumptions which underpin the Council's MTFS. At this time due to funding reforms signalled by Government and the Council's reliance on funding sources that are potentially subject to change significantly in the Medium Term, the Council is to set a one-year budget for 2022-23 whilst continuing to monitor the Medium Term position.
- 1.6 The Mayor is required by the Local Government and Housing Act 1989 to determine a balanced Housing Revenue Account (HRA) budget prior to the start of the new financial year. The Council must also approve the Management Fee payable to Tower Hamlets Homes (THH) so that it can fulfil its obligations under the Management Agreement to manage the housing stock on behalf of the Council.
- 1.7 In accordance with Financial Regulations, capital schemes must be included within the Council's capital programme, and capital estimates adopted prior to any expenditure being incurred. The MTFS report to Cabinet in February will include the revised three year Capital Programme 2022-25 and associated capital estimates to be approved.

2. ALTERNATIVE OPTIONS

- 2.1 Whilst the Council will adopt a number of approaches to the identification of measures aimed at delivering its MTFS it must set a legal and balanced budget and maintain adequate reserves. The scale of the changes experienced mitigate against continuing on the basis agreed in March 2021 without a re-appraisal of both the financial and policy position.
- 2.2 The Council is required to set an affordable Council Tax and a balanced budget, while meeting its duties to provide local services. This limits the options available to Members. Nevertheless, the Council can determine its priorities in terms of the services it seeks to preserve and protect where possible, and to the extent permitted by its resources, those services it wishes to prioritise through investment.
- 2.3 The Council has a statutory duty to set a balanced HRA and provide THH with the resources to fulfil its obligations under the Management Agreement. Whilst there may be other ways of delivering a balanced HRA, the proposals contained in this report are considered the most effective, in realising all the Council's statutory duties having regard to the matters set out in the report.

3. DETAILS OF THE REPORT

3.1 BACKGROUND

3.1.1 The medium-term financial planning process is an essential part of the Council's resource allocation and strategic service planning framework. The MTFS integrates strategic and financial planning over a multi-year period. It translates the Strategic Plan priorities into a financial framework that enables the Mayor and officers to ensure policy initiatives can be delivered within available resources and can be aligned to priority outcomes.

3.1.2 The drivers for the Council's financial strategy are:

- To set a balanced budget over the life of the MTFS whilst protecting residents from excessive Council Tax increases, as defined by the government, through the legislative framework covering Council Tax referenda.
- To fund priorities agreed within the Strategic Plan, ensuring that service and financial planning delivers these priorities.
- To deliver a programme of planned reviews and savings initiatives designed to keep reductions to service outcomes for residents to a minimum.
- To maintain and strengthen the Council's financial position so that it has sufficient contingency sums, reserves and balances to address any future risks and unforeseen events without jeopardising key services and delivery of service outcomes for residents.
- Ensuring the Council maximises the impact of its spend to deliver priority outcomes in the context of reducing resources.

3.1.3 In March 2021 the Council agreed a balanced budget for 2021-22 (after the planned use of £1.254m reserves) and a MTFS to 2023-24 agreeing savings of £35.867m to be delivered over the three year period, which remain in place despite the Council setting a one year only budget for 2022-23.

3.1.4 Since 2011-12 in the face of unprecedented reductions in Government funding and increasing demand on services, the need to make savings has dominated the Council's financial planning process. In early 2020 a further dimension appeared with the need for local authorities to respond immediately to the Covid-19 virus pandemic.

3.1.5 In the context of uncertainty and challenges facing the Council from a number of forthcoming fundamental changes to the financial environment in which Local Authorities operate, this report updates Members on the impact of these changes and proposes changes to growth, inflation, and previously agreed savings that will inform consideration of the budget package by the Overview and Scrutiny Committee. The proposals will deliver a balanced budget for 2022-23; taking into account the views of residents, business rate payers and other interested stakeholders.

3.1.6 The main body of the report has the following sections:

- Strategic Approach (Section 3.2)
- Medium Term Financial Strategy & Proposed Budget (Section 3.3)
- Impact on Council Services (Section 3.4)
- Financial Resources (Section 3.5)
- Budget Pressures, Growth and Inflation (Section 3.6)
- Savings Proposals (Section 3.7)
- Risks and Opportunities (Section 3.8)
- Reserves (Section 3.9)
- Schools' Funding (Section 3.10)
- Housing Revenue Account (Section 3.11)
- Treasury Management Strategy (Section 3.12)
- Budget Consultation and Scrutiny Process 2021-24 (Section 3.13)

3.1.7 The key planning assumptions that support the draft budget proposals are set out in the body of the report and in the attached appendices.

3.1.8 In developing these proposals the Council has taken account of the government's previous approaches to measuring the total resources that it believes are available to each Council. This is known as Core Spending Power (CSP) and reflects the government's assumptions for a number of key grants, retained business rates and council tax.

3.1.9 The Council's CSP calculation is attached as Appendix 2; the most recent calculation reflects the following:

- Settlement Funding Assessment and Revenue Support Grant – inflationary increase of £1.1m from 2021-22 based on September CPI.
- New Homes Bonus – a decrease of £1.3m from 2021-22 (£17.6m) to 2022-23 (£16.3m).
- Council Tax Requirement (base and levels of growth) and assumptions on the level of assumed Council Tax increases.
- Improved Better Care Fund – inflationary increase of £0.5m from 2021-22 (£16.3m) to 2022-23 (£16.8m).
- Social Care Grant – continuation of the additional 2021-22 increase and a further increase totalling £4.3m from 2021-22 (£12.3m) to 2022-23 (£16.6m) to support adult and children's social care.

3.2 STRATEGIC APPROACH

3.2.1 In April 2021, Cabinet approved a revised 2021-24 Strategic Plan. The Strategic Plan has been updated to reflect:

- the continued response to the pandemic
- moving into pandemic recovery for the borough
- progress and achievements made since the last strategic plan
- information relevant to priority-setting such as the Council's performance and community needs

3.2.2 Also revised for the 2021-24 Strategic Plan are the high-level actions (what actions will we take) and measures (what will we measure) - to review and reflect on progress made. Importantly the Strategic Plan will be delivered in the context of moving from pandemic to recovery. In doing this we will:

- ensure the Council, residents and partners recover from the impact of the pandemic whilst continuing to respond to it
- deliver Council priorities - including a sustainable future budget - and better outcomes for residents
- grasp the opportunities from new ways of working, efficiency and effectiveness learnt during this period
- work with partners to contain future outbreaks, minimise cases and deaths - particularly in our most vulnerable residents
- communicate public health guidance
- ensure affected residents get the support and care they need
- ensure that the impact of service disruption is minimised

3.2.3 The refreshed Strategic Plan focuses on the three priorities set out below; within each priority there are a number of outcomes which guide how services will be delivered in the interests of residents.

Strategic Priority Outcomes

Priority 1: People are aspirational, independent and have equal access to opportunities	
Outcomes we want to achieve	People access a range of education, training, and employment opportunities.
	Children and young people are protected so they get the best start in life and can realise their potential.
	People access joined-up services when they need them and feel healthier and more independent.
	Inequality is reduced and people feel that they fairly share the benefits from growth.
Priority 2: A borough that our residents are proud of and love to live in	

Outcomes we want to achieve	People live in a borough that is clean and green.
	People live in good quality affordable homes and well-designed neighbourhoods.
	People feel safer in their neighbourhoods and anti-social behaviour is tackled.
	People feel they are part of a cohesive and vibrant community.
Priority 3: A dynamic, outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough	
Outcomes we want to achieve	People say we are open and transparent putting residents at the heart of everything we do.
	People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents.
	People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement.

- 3.2.4 Due to the level of uncertainty in future funding the Council is setting a one-year budget for 2022-23, however it is planned to return to a three-year budget for 2023-26 to ensure alignment with the refreshed strategic plan which will reflect changes to national and local priorities including the latest information from the 2021 Census.

3.3 MEDIUM TERM FINANCIAL STRATEGY & PROPOSED BUDGET

- 3.3.1 The revised Medium Term Financial Strategy is set out in Appendix 1A, and the detail by service area in Appendix 1B. The detailed figures and assumptions incorporated in these tables are explained more fully in this report. The figures assume a Council budget requirement of £383.551m for 2022-23; a Council Tax at Band D of £1,146.54 (Council share); and a surplus of £5.413m in 2022-23 which will be allocated to one-off projects in line with local and national priorities, taking account of the budget consultation results.
- 3.3.2 The previous multi-year funding settlement agreed with the Government expired at the end of the 2019-20 financial year. Single year settlements were announced for first 2020-21, then 2021-22 and now 2022-23. The government announced the Spending Review 2021 on 27 October 2021, which provided resource budgets for Government Departments the three years 2022-23 to 2024-25. However, the Government have only announced **a single year** provisional Local Government Finance Settlement (LGFS) for next year, published on 16th December 2021, to enable funding reforms to be progressed. The absence of a long-term settlement hinders the ability of Local Authorities to plan for the Medium Term effectively.
- 3.3.3 Previously the direction of travel for Local Authority funding reflected a move away from direct general government support such as through Revenue Support Grant towards more targeted grant support coupled with an increased reliance on locally generated sources of income such as Council Tax, retained Business Rate growth and targeted incentive payments such as New Homes Bonus funding. Following the pandemic, the Government has signalled a change in direction consulting on ending New Homes Bonus payments and

progressing a 'fair funding review' to assess needs and a business rates reset. The needs assessment formula utilised to distribute funding and business rates baselines have been unchanged since 2013/14 and a review of these will have significant implications for Tower Hamlets over the medium term. It is anticipated these reforms will be implemented on 1 April 2023 at the earliest and transitional relief will be provided to councils who will lose funding as a result.

- 3.3.4 The impact of the Covid-19 pandemic has inevitably impacted on the level of resources available and shaped the government's own short-term funding priorities. This means both the relative priority of local government against other government departments such as the NHS as well as the relative resource allocations between local government services. Since March 2020 the Government has announced various packages of one-off funding to Councils to support Local Authorities through the pandemic, including enabling Councils to defer the costs of deficits in Council Tax or Business Rates collection over multiple years. With the pandemic still ongoing, the long-term pressures on the Council's finances of the pandemic remain to be quantified.

3.4 IMPACT ON COUNCIL SERVICES

- 3.4.1 The one-year provisional Local Government Finance Settlement (LGFS) for 2022-23 has been positive for Tower Hamlets as funding streams that were expected to come to an end were rolled forward for an additional year. This includes New Homes Bonus funding and another year of business rates growth, that Tower Hamlets has been able to retain since the baselines were set in 2013/14. There was also additional Social Care Grant and a one-off Services Grant for 2022-23. This has enabled the Council to set a balanced budget for 2022-23 whilst freezing its element of Council Tax, aside from levying a 1% precept specifically for Adult Social Care to fund demographic pressures in that area.
- 3.4.2 The Government has signaled that the one-year settlement was provided to facilitate taking forward Local Government funding reforms including a 'fair funding' review of the needs assessment formula and a reset of Business Rates baselines essentially wiping-out growth since 2013/14. In early 2021 the Government also consulted on altering New Homes Bonus funding, with the outcome expected to be published in 2022.
- 3.4.3 The proposed changes would have significant implications for Tower Hamlets over the Medium Term. Retained Business Rates above the Council's baseline accounts for approximately £14.6m of the Council's funding and New Homes Bonus funding is £16.3m for 2022-23. If these funding sources are removed it is not clear how the money would be redistributed across Local Government, although the Government has signaled transitional relief would be provided to Councils to support them managing funding reductions. The reforms are anticipated to come into force by 1 April 2023 at the earliest.
- 3.4.4 In addition to funding uncertainties in the medium term, the Council continues to face increases in demand for services, inflationary cost increases and

demographic cost pressures particularly in Adult Social Care. The long-term impacts of the ongoing coronavirus pandemic remain uncertain. For this reason, the Council is only able to publish a one-year budget for 2022-23 at this point in time. Over the Medium Term it is forecast that the Council's budget gap could be in the range of **circa £10m to £30m** and early in 2022-23 the Council will need to urgently review its financial position to work towards balancing the Medium-Term Financial position going forward.

- 3.4.5 The majority of the Council's costs relate to staffing and, given the scale of the challenges projected for future years, it is likely that continuing significant reductions will be needed to the Council's overall headcount and pay bill. The processes by which posts are identified draw upon the lessons learnt during the pandemic about which services are essential, which services are discretionary and which service delivery points are required for the future delivery of what are likely to be changed or redesigned services.

3.5 FINANCIAL RESOURCES

Medium Term Financial Strategy Summary		2022-23 £'000
Net Service Costs		364,120
Growth - previously approved by Full Council		573
Growth - new		12,740
Inflation - previously approved by Full Council		6,500
Inflation - new		4,851
Savings - previously approved by Full Council		(9,223)
Savings - new (previously approved savings reprofiling and write-offs)		3,989
Total Funding Requirement		383,551
Revenue Support Grant		(35,056)
New Homes Bonus		(16,263)
Improved Better Care Fund		(16,810)
Social Care Grant		(16,602)
Public Health Grant		(36,896)
Rough Sleeping Initiative		(646)
Homelessness Prevention Grant		(5,940)
Market Sustainability and Fair Cost of Care Fund		(989)
Lower Tier Services Grant		(1,479)
Services Grant		(7,688)
Core Grants		(138,368)
Business Rates		(129,286)
Council Tax - in year income		(121,674)
Council Tax - Collection Fund deficit / (surplus)		364
Council Tax		(121,309)
Total Funding		(388,964)
Budget Gap / (Surplus)		(5,413)
Allocation to one-off projects (to be confirmed)		5,413
Budget Gap after one-off allocation to projects		-

Assumptions:

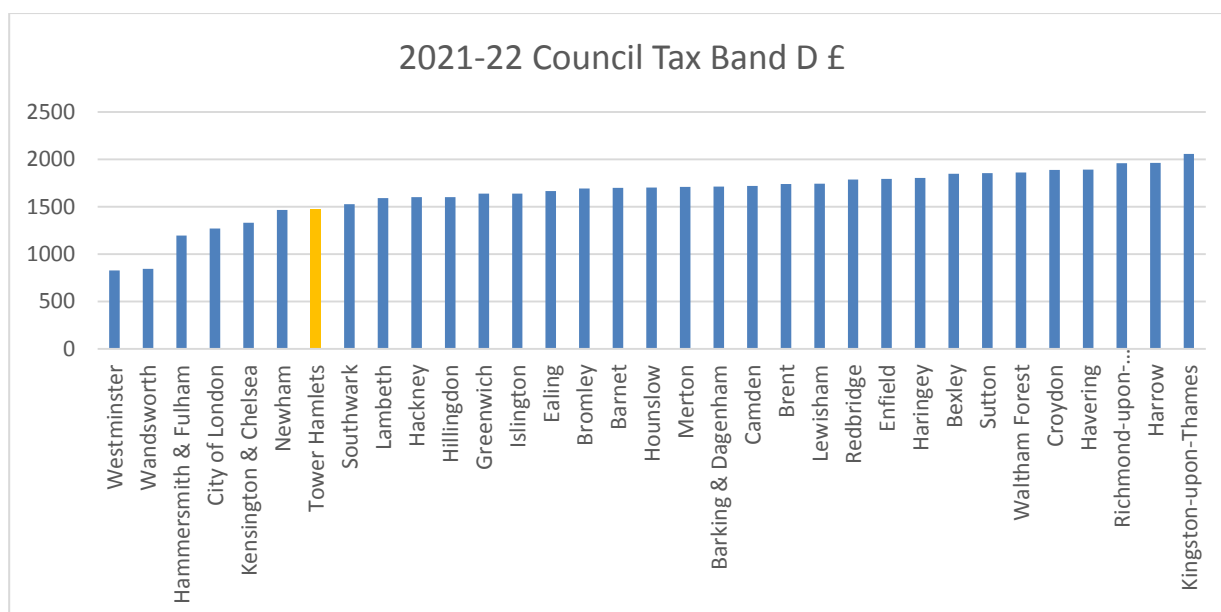
- No general Council Tax increase for 2022-23.

- ASC precept of 1% to be applied for 2022-23 - allocated to fund ASC demography.
- Core grant amounts not confirmed in the provisional LGFS will require updating once known.

Council Tax

- 3.5.1 Council Tax income is a key source of funding for Council Services. The amount generated through Council Tax is principally determined by the Council Tax Base (the number of properties adjusted for exemptions and discounts) and the rate of charge per property.
- 3.5.2 The Council currently can, subject to legislative constraints, increase its Council Tax rate through two mechanisms; the Adult Social Care precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £1.2m per annum, which equates to approximately 21 pence per week for the average Band D property.
- 3.5.3 For the Adult Social Care (ASC) precept, specifically to fund Adult Social Care pressures, the government agreed a maximum level of 2% for 2021-22 and the Council consulted on and implemented a 2% precept. The Council also implemented a 1.99% increase in the general Council Tax rate for 2021-22.
- 3.5.4 The provisional LGFS has stated a referendum level of 1.99% for general tax rate increases and an ASC precept of up to 1.00% for 2022-23. The government assumes in the Core Spending Power calculation that Councils will increase Council Tax at the maximum allowed level. If the Council, therefore, does not implement at the maximum level, then its spending power to provide services would be reduced going forward with no funding from government to mitigate this (and therefore be making higher savings than the Council otherwise would have done).
- 3.5.5 Currently Tower Hamlets has one of the lowest Council Tax rates in London as shown in Chart 1 below. It is currently proposed that the Council will not increase Council Tax in 2022-23 but the Council proposes to apply the ASC precept of 1.00%. The extra income received through the ASC precept is assumed to be given directly to the adult social care service to fund demographic growth (£1.2m in 2022-23). The Council will continue to have one of the lowest Council Tax rates across the 33 London Boroughs.

Chart 1: 2021-22 Council Tax Rates Across London



3.5.6 The borough has seen increases in the number of new homes over the last few years, however the Covid-19 pandemic has had a material impact on the level of income received from this source; the virus has impacted the number of people in work or receiving low pay and as a consequence increased significantly those claiming benefits, including through the Local Council Tax Reduction Scheme (LCTRS). There has also been a drop in the collection rate as residents have been affected by Covid-19 on their income levels.

3.5.7 The Mayor in Cabinet is recommended to approve the Council Tax Base calculation for 2022-23 (Appendix 3). The Council Tax Base calculation assumes growth of 3.5% in 2022-23.

Council Tax Assumptions

	2022-23
Council Tax increase	0.00%
ASC Precept	1.00%
Tax Base increase	3.5%
Collection Rate	97.50%

Local Council Tax Reduction Scheme (LCTRS) 2022-23

3.5.8 In March 2021, the Council agreed that there would be no changes to the current Local Council Tax Reduction Scheme (LCTRS) for 2021-22. Since that time, and as a result of the Covid-19 pandemic, the cost of the scheme has risen from £26.7m in 2019-20 to £31.6m in 2020-21. The level of claimants has remained at the increased pandemic level to date (estimated £33.2m cost in 2021-22 which includes the effect of the annual Council Tax increases).

- 3.5.9 The current LCTRS scheme remains amongst the most generous in the UK protecting Tower Hamlets residents on low incomes. Those on the lowest income are able to receive 100% relief and pay no Council Tax.
- 3.5.10 The Covid-19 pandemic resulted in a significant shift from those paying Council Tax towards those being in receipt of the LCTRS. This represents a significant risk to the Council's financial stability as income to the Council falls and demand for services increases, however the economy and levels of employment are showing improvement and it is hoped that the level of claimants will reduce back to pre-pandemic levels over the next two years.
- 3.5.11 Each year, the Council is required to consider whether it wishes to change its LCTRS. Any changes to the scheme require a full public consultation and impact analysis.
- 3.5.12 The MTFS assumes that the existing 100% LCTRS will remain unchanged for 2022-23 protecting our residents on low incomes. The reasons for not changing the current scheme would be:
- The current scheme was adopted after full public consultation.
 - The current scheme is a 100% scheme and remains amongst the most generous in the UK protecting Tower Hamlets residents on low incomes.

Settlement Funding Assessment and Revenue Support Grant

- 3.5.13 Settlement Funding Assessment (SFA) reflects the government's current approach to funding most local authorities through Revenue Support Grant (RSG) and retained business rates.
- 3.5.14 Each authority's SFA is based on a needs assessment established at the beginning of the funding arrangements and thereafter reflecting the impact primarily of government funding reductions. The Baseline Funding Level represents the amount of retained business rates that the government expects each local authority to generate assuming no increase in the tax base since the scheme inception (i.e. it continues to increase only in line with the increase in the relevant business rate multiplier).
- 3.5.15 The difference between SFA and the Baseline Funding Level is the amount of RSG an authority receives. For Tower Hamlets, the 2022-23 calculation based on the Provisional Local Government Finance Settlement is shown below.

Provisional Settlement Funding Assessment

Provisional Settlement Funding Assessment	2021-22 £m	2022-23 £m
Settlement Funding Assessment (SFA)	145.5	146.6
Baseline Funding Level (BFL)	111.5	111.5
Revenue Support Grant (RSG)	34.0	35.1

Business Rates Retention Scheme

- 3.5.16 The Business Rates London Pilot Pool commenced in April 2018 on 100% retention and was extended into 2019-20 on 75% retention. After the ending of pilot pools, all London Boroughs agreed to form a pool on the 67% retained total for 2020-21. Due to the volatility in business rates income resulting from the pandemic, all London Boroughs agreed to not form a business rates pool for 2021-22.
- 3.5.17 The Council will now enter a business rates pool with seven other neighbouring London Boroughs in 2022-23 (the 8 Authority Pool) which will enable the Council to retain some of the levy on growth that would otherwise be required to be paid to Central Government. The amount of extra growth retained is estimated to be £2.5m one-off extra income in 2022-23 and this has been reflected in the updated MTFS. Delegated authority has been given to the Section 151 Officer to implement the Council's inclusion in the pool.
- 3.5.18 The Covid-19 pandemic has significantly impacted the business rates income for the Council and created a 2020-21 Business Rates Collection Fund deficit which will be required to be repaid over the period 2021-24. The Council share of the accumulated Business Rates deficit to the end of 2020-21 is £85.6m, towards which the government will provide compensation of £15.08m. The Covid-19 pandemic continues to have a significant impact on the 2021-22 business rates income through revaluations, other changes to the rating list and a reduction in collection rates.
- 3.5.19 It should also be noted that the Valuation Office may carry out revaluations of business properties in the office accommodation sector following a number of potential appeals relating to changing working patterns and thus the reducing use of office accommodation, as impacted by the pandemic. Any successful appeals would have a potentially significant impact on the Council's level of business rates income.
- 3.5.20 The business rates baseline was due to be reset in 2022-23, however this has been delayed until at least 2023-24. The current business rates system allows councils to retain a proportion of the growth in the local business rates tax base, however this is typically lost during funding rebasing. For Tower Hamlets this is c£14.5m of funding that could be lost because of a reset and the delay has improved the MTFS position for 2022-23. The Government has signalled funding reforms to be implemented over the next year and it is still not clear when the government will implement the reset, how the money would be redistributed across Local Government and the amount of any transitional relief provided to the Council. The proposed reset therefore represents a significant funding risk to the Council that hinders its ability to plan over the Medium Term.

Collection Fund

- 3.5.21 Due to the effect of the Covid-19 pandemic on the Collection Fund deficits for 2020-21, the government announced that 2020-21 deficits can be repaid over the three-year period 2021-24. This is a further spread of the impact over more

years than the normal requirements for repayment periods. Furthermore, the Spending Review 2020 announced that the government will fund 75% of components of the 2020-21 deficit.

3.5.22 There is an accumulated Business Rates Collection Fund deficit to the end of 2020-21, of which the Council share is £85.6m and of this circa £54m is funded through expanded retail and nursery scheme relief grants. The Council is utilising its Collection Fund Smoothing Reserve to align the government grant funding of business rates reliefs with the timing of deficit payments over the three-year period 2021-24. The Collection Fund currently remains under consideration by external audit and, therefore, the accumulated deficit to the end of 2020-21 may be subject to change.

3.5.23 The Business Rates accumulated deficit includes the significant impact of the increased appeals provision for 2020-21 which includes allowance for potentially successful Material Change of Circumstances (MCC) appeals relating to the pandemic (total of £102m, Council share of £30.6m). The accumulated deficit also includes a significant increase in the loss allowance (bad debt provision) for potential non-payment of debts to the Council, again due to the pandemic, rising £5.8m (Council share) from £1.9m (2019-20) to £7.7m (2020-21).

3.5.24 There is an accumulated Council Tax Collection Fund deficit to the end of 2020-21, of which the Council share is £6.5m. The deficit includes the impact of the loss allowance (bad debt provision) which was increased by £2.9m (Council share) from £11.9m (2019-20) to £14.8m (2020-21) due to the impact of the pandemic.

Core Grants

3.5.25 The Council is in receipt of several core grants to support specific service priorities. Given the uncertainty of the Fair Funding review, assumptions have been made in respect of most grants after the announced 2022-23 level. There are risks associated with this approach as the government may decide to change its priorities and reduce or cease funding through a grant or reallocate service specific grants into more general funding with a changed distribution methodology.

Revenue Support Grant

3.5.26 Revenue Support Grant (RSG) is a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the Local Government Finance Settlement using the relevant funding formulae; the revision of these formulae is the focus of the (deferred) Fair Funding review process.

3.5.27 The Council's Revenue Support Grant (RSG) has decreased from circa £54m in 2017-18 to £35m in 2022-23.

New Homes Bonus

- 3.5.28 The New Homes Bonus (NHB) scheme was introduced in 2011-12 to help tackle the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. Tower Hamlets is a high growth area and has attracted one of the highest levels of NHB in the country.
- 3.5.29 A consultation was launched after the 2021-22 settlement on the future of NHB with options including increasing the threshold for payment and various other factors that could be included for calculations. There is uncertainty in the amounts to be received going forward and it is likely that payments in future will be significantly lower. The Secretary of State for DLUHC has stated that the government's response to the consultation will be published in early 2022 and that they are committed to reform and will use the additional year to carefully consider how they can ensure the incentive is more focused and targeted on ambitious housing delivery and which complements wider government priorities.
- 3.5.30 If the NHB (including all legacy payments) were to come to an end in the medium term, it is expected that decreases in NHB will be re-allocated nationally into other funding streams such as the Revenue Support Grant or other core grants, however this will clearly need to be kept under review. As part of the provisional LGFS, the Secretary of State for DLUHC announced a further round of New Homes Bonus allocations under the current scheme for 2022-23. The allocations for 2022-23 include previously announced legacy payments but, as in 2021-22, these new allocations for 2022-23 will not result in new legacy commitments being made in subsequent years on those allocations. The New Homes Bonus grant has reduced nationally from £622m in 2021-22 to £554m in 2022-23. The Council's New Homes Bonus grant allocation has decreased from £17.646m in 2021-22 to £16.263m in 2022-23.
- 3.5.31 Next year's budget has been updated to reflect the allocation of £16.263m in 2022-23. Over the medium term the level of funding potentially lost will depend on which changes are announced, the timescales for implementation and any transitional funding for Councils such as Tower Hamlets that would lose significant funds as a result. The amount of funding going forward remains therefore unclear.

Improved Better Care Fund

- 3.5.32 The Better Care Fund (BCF) was introduced in the 2013-14 spending review. The fund is a pooled budget, bringing together local authority and NHS funding to create a national pot designed to integrate care and health services.
- 3.5.33 In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities to deal with the growing health and social care pressures during the period 2017-20. The Spending Rounds since 2019 have extended this grant for one year at a time and the continued provision of this funding is built into the MTFS.

Social Care Grant

3.5.34 In the Chancellor's 2019-20 budget, £410m of additional funding was announced for use for adult and children's social services. The government believes there is not a single bespoke needs formula that can be used to model relative needs for both adult and children's social care, therefore the existing Adult Social Care Relative Needs Formula was used to distribute this Social Care Support Grant funding.

3.5.35 The 2020-21 LGFS confirmed that the previous Social Care Support Grant allocations will be rolled into a new Social Care Grant for 2020-21. The Social Care Support Grant allocation for Tower Hamlets of £2.499m was used to support the revenue budget funding for demographic and inflationary growth for the directorates. The grant was increased in 2020-21 to £9.367m. This increase of £6.868m was allocated 50% to supporting the revenue budget funding for demographic and inflationary growth for the directorates, and the remaining 50% directly allocated as budget to the services (75% to adult social care and 25% to children's social care).

3.5.36 The Spending Review 2020 announced a further one-off increase to the Social Care Grant for 2021-22 of £2.974m and this was allocated in full as budget to the services. The 2022-23 LGFS has retained the 2021-22 increase and further increased the grant by another £4.261m (to a total £16.602m) and it is proposed through the MTFS to also allocate this further increase directly to the specified services.

3.5.37 The table below demonstrates the allocations of the Social Care Grant.

Social Care Grant Allocations	Adult Social Care Budget	Children's Social Care Budget	Funding of Demography and Inflation	Total
	£m	£m	£m	£m
2019-20 Funding	-	-	2.499	2.499
2020-21 Additional Funding	2.575	0.858	3.435	6.868
2021-22 Additional Funding	2.230	0.744	-	2.974
2022-23 Additional Funding	3.196	1.065	-	4.261
Total 2022-23	8.001	2.667	5.934	16.602

Social Care Reform

3.5.38 In December 2021 the Government published its long-awaited white paper on Adult Social Care reform entitled 'People at the Heart of Care' setting out a 10-year vision for transforming support and care in England. The document set out a range of priorities that the Government will seek to take forward with the sector in coming years.

- 3.5.39 The Government published 'Build Back Better: Our Plan for Health and Social Care' in September 2021 introducing a new health and social care levy to National Insurance Contributions, initially to help fund the clearance of NHS backlogs, a cap on care costs of £86,000 and the ability of self-funders to ask their Local Authority to arrange their care for them. The Government announced that the cost of the increased National Insurance Employer Contributions for Councils will be funded and the provisional LGFS has stated that the 2022-23 funding has been included in the new Services Grant, although the grant is one-off whilst the tax increase is permanent.
- 3.5.40 The LGFS has stated that to ensure that local authorities are able to move towards paying a fair cost of care, the Government is providing an additional £1.4 billion over the next 3 years. This forms part of the £3.6 billion confirmed at Spending Review 2021 to implement Charging Reform. £162 million will be allocated in 2022 to 2023 to support local authorities as they prepare their markets for reform. A further £600 million will be made available in both 2023-24 and 2024-25. These proposals are funded by the new Health and Care Levy announced in September 2021, of which £5.4 billion is being invested into adult social care over the next 3 years. Beyond the next 3 years, an increasing share of funding raised by the levy will be spent on social care in England.

Market Sustainability and Fair Cost of Care Fund

- 3.5.41 The provisional LGFS has announced this new grant for 2022-23 intended to help local authorities to prepare their markets for reform and move towards paying the fair cost of care. The government has distributed funding using the adult social care relative needs formula and the 2022-23 allocation for Tower Hamlets is £0.989m. The MTFs allocates this funding in full to the Health, Adults and Community directorate.
- 3.5.42 Local authorities will be expected to carry out activities including:
- Conduct a cost of care exercise to determine sustainable rates.
 - Engage with local authorities to improve data on operational costs and the number of self-funders.
 - Strengthen capacity to plan and implement greater market oversight.
 - Use the funding to increase fee rates (appropriate to local circumstances).

Services Grant

- 3.5.43 In the provisional LGFS, the Government has introduced a one-off 2022-23 Services Grant and the proposed allocation for Tower Hamlets is £7.688m. This grant will not be ringfenced, and conditions on reporting requirements will not be attached. It has been provided in recognition of the vital services, including social care, delivered at every level of local government and also includes funding for local government costs for the increase in employer National Insurance Contributions.
- 3.5.44 The Government has stated a clear intention for this grant to be one-off for 2022-23 but intend to work closely with local government on how to best use

this funding from 2023-24 onwards. This funding would be excluded from any proposed baseline for transitional support as a result of any proposed system changes but the funding could be used by Government to provide transitional relief from decreases in funding caused by the Fair Funding Review and Business Rates Reset.

Public Health Grant

- 3.5.45 The Public Health grant is ring-fenced for use on public health functions exclusively and covers all ages. The allocation of the Public Health grant to Tower Hamlets for 2022-23 is estimated to be £36.896m, pending receipt of the final grant determination.

Rough Sleeping Initiative

- 3.5.46 The Rough Sleeping Initiative fund was created to provide local support for those living on the streets. This was first announced in March 2018 to make an immediate impact on the rising levels of rough sleeping. This funding combined the Rough Sleeping Initiative and Rapid Rehousing Pathway into a single, streamlined funding programme.
- 3.5.47 The MTFS estimates that the Council will receive an allocation of £0.646m in 2022-23 (allocation still to be announced) with the funding allocated directly to the relevant service.

Homelessness Prevention Grant

- 3.5.48 The Flexible Homelessness Support & Homelessness Reduction grant was designed to transform the way councils fund homelessness services to provide greater flexibility to prioritise the prevention of homelessness. The grant empowers the Council to support the full range of homelessness services.
- 3.5.49 The government created a newly named Homelessness Prevention Grant that replaced the Flexible Homelessness Support and Homelessness Reduction grant in 2021-22. The new allocation for 2021-22 was £5.852m which was a £0.746m increase on the previous grant. The MTFS includes this new grant allocation and assumes that this level will continue in future years with added inflation, with the funding allocated directly to the Place directorate to support services relating to homelessness in the borough.

Local Tier Services Grant

- 3.5.50 The Lower Tier Services Grant was introduced in the 2021-22 LGFS, intended to be “minimum floor funding” to ensure that no district or unitary council had a decrease in Core Spending Power for 2021-22. The government made it clear that “This funding is in response to the current exceptional circumstances and is a one-off. No local authority should take this funding floor as guaranteeing similar funding floors in future years, including in future finance reforms”.

3.5.51 The provisional LGFS has proposed to retain the Lower Tier Services Grant for another year (2022-23), however the current provisional allocation of £1.479m for Tower Hamlets may change in the final LGFS.

3.5.52 In 2021-22 the funding was placed into the Collection Fund Smoothing Reserve, to support the impact of the Covid-19 pandemic on Business Rates and Council Tax income. The MTFS for 2022-23 assumes that this one-off income will contribute to in-year funding of the Council's expenditure.

Covid-19 Support Grants

3.5.53 In the continuing response to the Covid-19 pandemic, the Council has continued to utilise government funding towards increased expenditure, reduced income and passported business rates (NNDR) relief.

3.5.54 As well as grants, the government has provided reimbursement of reduced income for specified eligible Sales, Fees & Charges. This has been agreed until June 2021. For income that is eligible, the government will reimburse 75% of the reduced income, after the first budgeted 5% (therefore circa 70% of the lost income). The main areas covered by this reimbursement are planning services, contract services and parking charges. Collection Fund deficits (Council Tax and Business Rates income), treasury investment income (reduced through the Covid-19 economic impact on interest rates) and income areas in the Housing Revenue Account (HRA) are the main areas of reduced income for the Council that are not eligible for reimbursement through this claim.

3.5.55 It is forecast that based on funding received and announced to date, that the funds available will not fully cover the costs and reduced income from the Covid-19 pandemic over the medium term, including Collection Fund deficits. This would have an impact on reserves balances for any overspends created.

3.6 BUDGET PRESSURES, GROWTH AND INFLATION

3.6.1 A key part of the annual budget setting process is the review of growth pressures across the MTFS period arising from demographic changes, new requirements or responsibilities or inflationary pressures.

3.6.2 In previous budget setting processes, the Council approved amounts for unavoidable growth and estimated inflation over the period to 2023-24. These have been reviewed as part of updating the MTFS for the period until 2025 and in the context of the overall funding pressures and in particular as a result of the continuing impact of Covid-19.

3.6.3 In line with this review methodology, previously agreed demographic growth funding for Adult Social Care (ASC) in 2021-22 and 2022-23 was revised downwards to take account of a range of demand management measures that include more effective price controls to mitigate pressures. This was a risk-based proposal given the Council's overall financial gap and given that the service is currently experiencing financial pressures on care packages. The

updated MTFS recommends that funding from the ASC Precept will be allocated to support ASC demography (£1.2m in 2022-23). Consideration of further adult social care demographic growth pressures of circa £4m for each of 2023-24 and 2024-25 will need to be made in the future, alongside work to estimate the impact of the government's ASC Reform and potential funding to be provided from the new health and social care tax.

- 3.6.4 The Council remains part of the National Joint Council (NJC) for Local Government Services for negotiating pay award arrangements. The 2020-21 pay inflation was agreed nationally at 2.75%. The Spending Review 2020 indicated that the government will not provide funding for a 2021-22 pay increase, except for an increase for those under £24,000 per annum of at least £250, however the Council would need to provide funding for any 2021-22 pay award agreed by the NJC.
- 3.6.5 The MTFS has been updated to ensure that pay inflation is provided for the higher increase of 2.75% that was agreed for 2020-21 and the current 1.75% pay award offer by the NJC for 2021-22. The pay inflation requirement for future years is currently estimated at £3.8m per annum, based on a 2% annual pay award and increased to provide for the recent bringing inhouse of IT and waste collection services.
- 3.6.6 Pay inflation for 2022-23 also includes a £1.4m allowance for the increased employer's NI contribution for the health and social care tax, funded in 2022-23 through the new Services Grant from Government.
- 3.6.7 The refresh of the MTFS has also considered the currently heightened inflationary risks in non-pay inflation. Some large contracts include inflationary uplifts based on the Retail Price Index (RPI) or Consumer Price Index (CPI), which could be high in certain months following the recovery from the pandemic and the markets are experiencing pressures in areas such as labour and fuel which could affect the cost of new contracts. The year on year RPI increase for October 2021 is 4.9% and the CPI increase is 5.1%.
- 3.6.8 Future years of the MTFS allow for non-pay inflation at 2% which is the Bank of England's target rate. This requires an annual allowance of £3.1m for General Fund budgets, reduced due to the recent bringing inhouse of IT and waste collection services. The MTFS has a higher non-pay inflation allowance in 2022-23 of £3.9m to take on board current inflationary pressures in contracts, however it should be noted that risk remains if the currently higher level of inflation continues into the next year.
- 3.6.9 The GLA has announced the London Living Wage (LLW) increase for 2022-23 of 1.84%, increasing from £10.85 per hour to £11.05 per hour. This followed the government's increase to the National Living Wage, and the Council is committed to fund social care homecare providers for any LLW increase as part of the Ethical Care Charter.
- 3.6.10 Directorates in the Council have also reviewed their service areas for unavoidable growth and budget pressures that are requested to be funded in

2022-23. These are listed together with inflation, demography and changes to savings and core grants in Appendix 4A. Please refer to the business cases for the General Fund growth items in Appendix 4B. Due to the level of uncertainty in future funding, the growth amounts indicated for 2023-24 and 2024-25 will need to be further reviewed as part of the 2023-26 MTFS refresh.

3.6.11 There has been a decrease in the costs of concessionary fares (freedom passes) due to the reduced travel journeys during the pandemic. The charge to the Council is calculated from the average of the two prior years. The charge has reduced from £9.2m in 2020-21 to circa £8.1m for 2021-22 and the forecast for 2022-23 is estimated at £6.2m. It is proposed that this one-off £3m reduction to cost will supplement the MTFS in 2022-23 only.

3.6.12 A summary of the changes to General Fund expenditure budgets is below:

Summary of changes to General Fund (GF) expenditure budgets	2022-23 £m
New Mayoral Priority Growth – Digital Inclusion	0.070
New Unavoidable Growth	3.482
New Budget Pressure Growth	3.926
New Budget Adjustment – Concessionary Fares	(3.000)
New changes to Core Grants allocated to services	8.262
New Pay Inflation	4.351
New Non-pay Inflation	0.500
Savings – reprofiled	1.700
Savings – written off	2.289
Total expenditure budget changes – GF	21.580

3.6.13 There are growth items proposed for the Housing Revenue Account (HRA) totalling £3.386m including allowance for new building safety obligations. Please refer to the listing in Appendix 4A and the business cases in Appendix 4C.

3.7 SAVINGS PROPOSALS

Savings Proposals – General Fund

3.7.1 The Council has previously approved savings to ensure that a balanced budget was in place for the MTFS three year period. However, as part of the 2021-24 budget setting process, amid considerable uncertainty around future funding levels, there was a remaining estimated budget gap for 2022-23 and 2023-24.

3.7.2 The expected delay to the business rates reset and increased income assumptions for Council Tax and recycling of government grants into the Revenue Support Grant mean that the current expectation is that new savings will not be required to be identified for 2022-23. Planning has commenced for the development of savings proposals to be worked up for 2023-25, pending clarity around future funding levels.

- 3.7.3 The Council has previously approved savings totalling £9.223m (2022-23) and £7.181m (2023-24). However, with the latest estimated significant budget gaps in both 2023-24 and 2024-25, there is a likely future need to identify significant additional savings for these years and to ensure all previously approved savings remain deliverable. Detailed consultation and impact assessments will continue to be undertaken as the proposals agreed previously are taken through to implementation and the services will continue to develop and consult on proposals for future years.

Prior year savings to be written off - £2.289m

- 3.7.4 Following a robust review, the following previously agreed savings are considered to be no longer deliverable and it is proposed in this budget that these are now formally written off: -
- **Local Presence and Idea Store Asset Strategy ref: SAV / RES 003 / 21-22 £0.600m.** The strategy agreed by Cabinet in March 2021 allows for the achievement of £1m of the £1.6m target, following stakeholder consultation and resulting amendments to the Idea Stores strategy which protect the services most valued by our residents.
 - **Local Presence / Contact Centre Review ref: ALL006/17-18 £0.689m.** This saving relates to channel shift to digital by default (streamlining access to services and utilising IT improvements). Of the total £2.050m original saving, £0.900m has been already achieved, £0.461k will be achieved in 2022-23 and £0.689m has been identified as unachievable at this time. A review of the full customer journey (frontline and back office) will be carried out to consider if new savings could be proposed in the future.
 - **Greater Commercialisation ref: SAV / ALL 002 / 20-21 £1.000m.** The pandemic has impacted the local economy and therefore £1m of the £2.5m saving has now been identified as unachievable.

Re-profiled savings to later financial year - £2.400m

- 3.7.5 The following previously agreed savings are considered to be no longer deliverable within the originally planned timescales and it is proposed in this budget to re-profile these to following years;
- **Property Asset Strategy ref: SAV / PLA 001 / 20-21 £0.500m re-profiled to 2024-25.** This re-profiles half of the total £1m savings due to the pandemic, e.g. rent holidays required to attract new tenants.
 - **Legal services ref: SAV / GOV 001 / 20-21 £0.200m re-profiled to 2024-25.** This re-profiles £0.2m of the total £0.3m savings to allow time for the consideration and implementation of a collaborative shared service.
 - **Human Resources ref: SAV / RES 010 / 21-22 £0.700m re-profiled to 2024-25** to allow time for service and system improvements.
 - **Greater Commercialisation ref: SAV / ALL 002 / 20-21 £1.000m re-profiled to 2024-25.** This saving has been impacted by the pandemic's effect on the local economy and therefore £1m is proposed to be re-

profiled to 2024-25 (as well as £1m being proposed for write-off as detailed in the paragraph above).

3.8 RISKS AND OPPORTUNITIES

- 3.8.1 When setting the draft MTFS, Service Directors have provided their best estimate of their service costs and income based on the information currently available to them. However, there will always be factors outside of the Council's direct control which have the potential to vary the key planning assumptions that underpin those estimates.
- 3.8.2 There are a number of significant risks that could affect either the level of service demand (and therefore service delivery costs) or its main sources of funding. In addition, there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services going forward.
- 3.8.3 Pressures in service demand are demonstrated in the Council's budget monitoring for 2021-22, especially for children's and adult social care. The Council commissioned an external review of adult social care budgets, demography projections and savings plans. Consideration of the review and identified risks will feed into the medium-term financial planning process.
- 3.8.4 Similarly, there are opportunities to either reduce costs or increase income which will not, as yet, be fully factored into the planning assumptions. The main risks and opportunities are summarised below.

Risks

Inflation

- CPI Inflation rose to above 3% from September 2021 and the increase is expected to persist to the end of the 2021-22 financial year, driven largely by energy and goods prices. Rises in commodity prices, increases in shipping costs and supply shortages have together pushed up goods prices globally and reflected in UK import prices. The increases are accentuated by the low base effect of 2020.
- Currently above target inflation is expected to be temporary, and CPI is expected to return to around the 2% target in the medium term. However, if these transitory factors do feed higher longer-term inflation there will be impacts on Council budgets in relation to higher costs, and potentially lower income collection as households face pressures associated with increased prices.

Covid-19 Pandemic

- Public health and wellbeing – both residents and staff
- Increase in service demand – especially mental health, social care, homelessness, unemployment and domestic abuse

- Increased levels of financial hardship, with poverty exacerbating existing inequalities
- Economic impact on Council funding
 - Potentially significant decreased business rates and council tax income levels; it will be vital for the Council to continue to receive government support for these reduced income levels
 - Decreased sales, fees and charges income
 - Decreased treasury investments income due to lower interest rates

Impact of decision to leave European Union (Brexit)

- Workforce impact arising from direct or indirect employment of EU nationals.
- Supply chains are affected by changes in import and procurement legislation, and there are potential cost implications associated with currency fluctuations.
- The implications for pension funds are mixed as global investment vehicles have already priced in much of the uncertainty, but valuations on balance sheets and the cost of borrowing may lead to greater vulnerability.
- Commercial strategies may need to take into account the potential for any downturn in demand for properties in their investment portfolios which impact rental income and profitability.

Regulatory Risk

- **Business Rate Reset** – A proposed business rates reset by the Department for Levelling Up, Housing and Communities (DLUHC) means that the baseline level will be raised to the current level of business rates, and therefore Tower Hamlets will only retain extra income for growth that occurs above the new baseline expected level.
 - The target business rates amount since 2013-14 was set on cash amounts received in previous years. This created winners and losers depending on the timing of appeals. Tower Hamlets benefited from the methodology chosen, plus has benefitted from growth achieved locally since 2013-14.
 - It was always DLUHC's intention to update the target amounts. This was planned to take place in 2019-20 but has been delayed until at least 2023-24, so, in this regard, Tower Hamlets has benefitted. It is envisaged that resets will also occur periodically going forward.
 - Once the reset takes place, the growth will be redistributed based on need (within the funding formula) and Tower Hamlets will receive a share. Tower Hamlets should also receive more resources going forward, if local growth continues.
- **Review of relative needs and resources (also called the Fair Funding Review)** - The government has committed to reforming the

way local authorities are funded. Its Fair Funding Review aimed to introduce a new funding formula from April 2021, now delayed to at least April 2023. The government has said that the Fair Funding Review will: -

- set new baseline funding allocations for local authorities;
 - deliver an up-to-date assessment of the relative needs of local authorities;
 - examine the relative resources available to local authorities;
 - focus initially on the services currently funded through the local government finance settlement;
 - be developed through close collaboration with local government to seek views on the right approach.
- It is considered likely that London authorities will be adversely affected by the changes and it is therefore sensible to plan for a variation in funding levels even after allowing for transitional arrangements.

Adult Social Care Services

- **Discharge from hospital** – reduction in NHS funding for the short-term funding of care costs for residents that are discharged from hospital (NHS funding is currently only agreed until March 2022).
- **Long Covid** – the long term effects on the health and social care needs of residents are unclear and may increase demand for community and residential based services.
- **National implementation of a care cap on client contributions** – reduction in income and an increase in administration costs (updating the calculations of contribution levels and monitoring of contributions paid against the cap which will also include self-funders).
- **Price pressures in the social care market** – impact of workforce shortages and inflation on labour, fuel, food and clothing costs.

General Economic Factors

- Economic growth slowing down or disappearing
- Reductions in grant and third party funding
- Reductions in the level of income generated through fees and charges
- A general reduction in debt recovery levels
- Increase in fraud

Increases in Service Demand

- Adult Social Care homecare and residential care services

- Children's Social Care including an increase in the number of looked after children, unaccompanied asylum seekers or those with no recourse to public funds
- Housing (including homelessness and temporary accommodation)
- General demographic trends (including a rising and ageing population)
- Impact of changes to Welfare Benefits

Efficiencies and Savings Programme

- Non-delivery of savings remains a key risk to the Council and will continue to be monitored during the current and next financial year
- Slippage in the expected delivery of the savings programme

Opportunities

- Growth in local taxbase for both housing and businesses
- Service transformation and redesign including digital services
- Invest to save approach (including capital improvements) to reduce revenue costs
- Income generation opportunities including through a more commercial approach

3.9 RESERVES

3.9.1 Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on rates of Council Tax. The recommended movement in reserves, either contributing to or drawing down from, is set out in this section of the report from paragraph 3.9.6.

3.9.2 The Council's key sources of funding face an uncertain future and the Council, therefore, holds earmarked reserves and a working balance in order to mitigate future financial risks. There are two main types of reserves:

- Earmarked Reserves – held for identified purposes and are used to maintain a resource in order to provide for expenditure in a future year/s.
- General Reserves – these are held for 'unforeseen' events.

3.9.3 The Council maintains reserves for its General Fund activities, in respect of its Housing Revenue Account (HRA) and for Schools. Capital reserves are also held to support funding of the Council's capital investment strategy.

3.9.4 The amount of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained and the Council's potential financial exposure to risks. The Council's current Reserves Policy is included in Appendix 5. Reserves are one-off funds and, therefore, the Council should always aim to avoid using reserves to meet on-going financial commitments other than as part of a sustainable budget plan. In the current unprecedented

challenging environment, it is even more important to ensure reserves are maintained and not on a continuing declining trajectory. The level of General Revenue balance is maintained at the level agreed in the Financial Regulations of the Council, currently £20m.

3.9.5 Reserves are therefore held for the following purposes:

- Providing a working balance i.e. Housing Revenue Account and General Fund.
- Smoothing the impact of uneven expenditure profiles between years e.g. collection fund surpluses or deficits, local elections, structural building maintenance and carrying forward expenditure between years.
- Holding funds for future spending plans e.g. capital expenditure plans and for the renewal of operational assets e.g. information technology renewal.
- Meeting future costs and liabilities where an accounting 'provision' cannot be justified.
- Meeting future costs and liabilities so as to cushion the effect on services e.g. the Insurance Reserve for self-funded liabilities arising from insurance claims.
- To provide resilience against future risks.
- To create policy capacity in a context of forecast declining future external resources.
- The use of some reserves is limited by regulation e.g. reserves established through the Housing Revenue Account can only be applied within that account and the Car Parking reserve can only be used to fund specific transport related expenditure. Schools reserves are also ring-fenced for their use.

3.9.6 The proposed draft Corporate reserve movements for 2021-22 and 2022-23 are presented below.

Proposed draft Corporate reserve movements 2021-22: -

Description	Transfer from Reserves £m	Transfer to Reserves £m
Planned contribution to MTFS	1.254	
Collection Fund Smoothing Reserve	13.872	
New Homes Bonus (NHB) Reserve - addition from in-year grant allocation		7.654
Contribution to Free School Meals costs (from Free School Meals reserve)	2.000	
Mayor's Covid Recovery Fund (CRF)		3.000
Transfer from NHB Reserve to create Mayor's Covid Recovery Fund	3.000	

Creation of BAME Inequalities Commission Reserve		1.000
Transfer from NHB Reserve to create BAME Inequalities Commission Reserve	1.000	

Proposed draft Corporate reserve movements 2022-23: -

Description	Transfer from Reserves £m	Transfer to Reserves £m
MTFS - contribution to reserves		5.413
Collection Fund Smoothing Reserve	18.604	
Contribution to Free School Meals costs (from Free School Meals reserve)	2.000	

3.10 SCHOOLS' FUNDING

- 3.10.1 The largest single grant received by the Council is the Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support the education of pupils. The Local Authority receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for Academies to pay them directly, based on the same formula as the funding allocations made to Tower Hamlets maintained schools. This leaves a net LA cash budget.
- 3.10.2 The DSG is allocated through four blocks: The Schools Block, Central School Services Block, High Needs Block and Early Years Block. All elements of the DSG are calculated based on a national funding formula, however these are calculated using historic funding as a baseline.
- 3.10.3 Whilst the Schools Block allocation for 2022-23 is based on allocating a school level budget calculation, the method of distribution to schools is still through a local formula methodology.
- 3.10.4 In December 2021 the ESFA published initial allocations for 2022-23 for the Schools Block, Central Services Block High Needs Block and the Early Years block. The allocations for the High Needs block and the Early Years block are further updated in year in line with pupil data changes whilst the Schools Block and Central School Services block are final allocations.
- 3.10.5 The Early years block is based on pupil take up on an hourly rate which is £8.06 per hour for 3 and 4 year olds and £6.87 per hour for 2 year olds. Tower Hamlets rate has been frozen for 3 and 4 year olds for the last three years with only the 2 year old rate increased by 21p or 3.1% for 2022-23. The initial Early Years Block allocation is based on January 2021 early years

numbers which were lower than in previous year due to the Pandemic, we would expect the final allocation to be increased for actual pupil take up

- 3.10.6 Additional funding for Pupil growth in the Schools Block for 2022-23 has been included in the December allocation at £1.796m this is calculated using growing pupil numbers in Middle Super Output Areas between October 2020 and October 2021 ignoring reductions in other areas. This methodology benefits Tower Hamlets with the movement in demand across the borough plus we have seen an increase in total pupils from the previous year of 597 or 1.6%.
- 3.10.7 The Schools block of the DSG has increased by 2% per pupil for 2022-23, whilst the overall cash increase is 4% this relates to the growth in the pupil population.
- 3.10.8 The High Needs Block is funding to support costs of pupils with additional education needs, across mainstream and special schools as well as the associated support costs. The allocation of the high needs block for 2022-23 has increased by 8%, which will go some way to ease the pressure on current spend and mean we are able to manage the high needs block spend within the financial year as well as build additional capacity. However, there continues to be an accrued deficit that will be bought forward and can, in line with government guidance, be bought back into balance over a number of future financial years.
- 3.10.9 Significant work continues to take place to identify efficiencies in high needs provision, including remodelling of central services, review of top ups paid to individual schools as well as building local capacity to prevent expensive placements outside of LBTH. A long term management plan for high needs will be reviewed with the Department for Education early in the new year.
- 3.10.10 The Central Schools Services Block (CSSB) was introduced in 2018-19 to fund LAs for their statutory duties relating to maintained schools and academies. The CSSB brings together funding previously allocated through the retained duties element of the Education Services Grant (ESG) funding for ongoing central functions e.g. admissions and funding for historic commitments including items previously agreed locally such as contributions to central Education budgets.
- 3.10.11 As part of the national funding formula the DfE are reducing the allocation within the CSSB of historic commitments and therefore the CSSB for Tower Hamlets has been decreased by £376k in relation to historic commitment for 2022-23.
- 3.10.12 In addition to the Central Schools Services Block, maintained schools can, through the Schools Forum, agree to de-delegate some of their Schools Block resources for certain specific services that schools would benefit from the economies of being managed centrally. Schools can also make contributions to support the former Education Services Grant (ESG) general duties which was removed as a separate grant in 2017. This contribution

supports costs the Council is obliged to carry out as statutory duties for maintained schools, for example in relation to financial regulation, asset management, internal audit, HR and the provision of information to government departments and agencies. Schools Forum will be asked to make a decision on future delegation at their December meeting.

- 3.10.13 The table below sets out the DSG allocation over the funding blocks for 2022-23.

Dedicated Schools Grant – Initial 2022-23 and Final 2021-22

Block Gross	2022-23	2021-22	Change
	£m	£m	£m
Schools Block	289,896	278,633	11,263
CSSB	3,511	3,887	(376)
High Needs Block	71,875	65,820	6,055
Early Years Block	27,927	31,139	(3,212)
Total	393,209	379,479	13,730

- 3.10.14 In addition, the Council receives, and passports fully to schools, funding for the pupil premium (£20.9m in 2021-22) and sixth form funding (circa £13m). Final allocations for the pupil premium will be confirmed in July 2022 and sixth form funding in March 2022. In 2021-22 a number of Covid related catch up funds were also passported fully to Schools which have yet to be confirmed as continuing into future years.

Tower Hamlets' Funding Formulae

- 3.10.15 The agreement on the local Schools Funding Formula and Early Years Funding Formula is a decision for the Council following consultation with the Schools Forum. Forum have had initial consultation and will finalise the distribution methodology in the January Forum meetings following the final DSG settlement. The current recommendation is:

- That the National Schools Funding Formula (NSFF) adopted by Tower Hamlets originally in 2019-20 continues for 2022-23. The only changes included are increases to the factor values in line with the NSFF, and the inclusion of mobility funding included in the NSFF but initially excluded in LBTH
- That the Minimum Funding Guarantee (the mechanism that guarantees schools a minimum uplift in per-pupil funding) is set as close to 2.0%, (the maximum allowed) as affordable.
- That the structure of the Early Years Funding Formula remains unchanged except that the two year old hourly rates will increase in line with the Early Years National Funding Formula.

3.11 HOUSING REVENUE ACCOUNT (HRA)

- 3.11.1 The Housing Revenue Account (HRA) relates to the activities of the Council as landlord of its dwelling stock. Since April 1990 the HRA has been “ring-fenced”. This means that any surplus or deficit on the Housing Revenue Account cannot be transferred to the General Fund. The HRA must also remain in balance.
- 3.11.2 From April 2012, the HRA subsidy grant was abolished and replaced by self-financing, under which local authorities retain all rental income, but are responsible for meeting all costs relating to Council housing.

2022-23 Rent Increase

- 3.11.3 Section 23 of the Welfare Reform and Work Act forced local authorities to implement a rent reduction of 1% for four years starting in 2016-17. The last year to which the rent reduction applied was 2019-20.
- 3.11.4 In September 2018 the government published a consultation entitled ‘Rents for social housing from 2020-21’ in which it set out its proposals for social rent policy from 2020-21. The proposals are that the Regulator of Social Housing’s rent standard will, from 2020-21, apply to local authorities. This will mean that, in common with other Registered Providers (RPs), local authorities will be permitted to increase their rents by a maximum of CPI + 1% for at least five years.
- 3.11.5 Any rent increase is based on the September CPI figure of 3.1%, and therefore the maximum rent increase would be 4.1% (CPI +1%). The table below shows the impact of a 4.1% on rental income by bedroom size:

Bedroom Numbers	2015/16 Average Weekly Rent	2021/22 Average Weekly Rent	2022/23 Average Weekly Rent	£ Weekly Increase (21/22 to 22/23)
0 Bed	85.49	85.81	89.33	3.52
1 Bed	99.28	99.32	103.39	4.07
2 Bed	112.17	112.27	116.87	4.60
3 Bed	126.06	126.48	131.67	5.19
4 Bed	141.35	143.36	149.24	5.88
5 Bed	156.97	156.19	162.59	6.40
6 Bed	160.34	160.06	166.62	6.56

The 2022/23 rent increase will be the first year in which rent levels have risen above 2015/16 rents prior to the enforced rent cuts detailed in para. 3.11.3

- 3.11.6 Within the formula rent calculation there is the ability to charge up to 5% more on the base rent levels for specific reasons, for example, a new build council house. This flexibility has not been applied in Tower Hamlets.

- 3.11.7 In line with this updated rent policy, the Mayor in Cabinet is asked to approve the proposal that a rent increase of CPI + 1% be implemented from the first rent week in April 2022.

2022-23 Increase in Tenanted Service Charges

- 3.11.8 LBTH should budget to recover the cost it incurs on providing services to tenants through the service charge made to them. Historically these charges have been subject to an inflationary increase, with the assumption being that the cost of providing the services will incur an annual inflationary increase. As a result, it is proposed that tenanted service charges are increased by 3.1% (September CPI figure).
- 3.11.9 The table below details the current service charges and the impact of a 3.1% CPI inflationary increase.

Service Charge	2021/22 Average Weekly Charge	2022/23 Average Weekly Charge	£ Weekly Increase (21/22 to 22/23)
Block Cleaning	5.70	5.88	0.18
Estate Cleaning	2.50	2.58	0.08
Concierge	9.97	10.28	0.31
Horticulture	0.81	0.84	0.03
ASB	1.20	1.24	0.04
Boiler Fuel	14.28	14.72	0.44
Communal Energy	1.33	1.37	0.04
Total	35.79	36.91	1.12

- 3.11.10 The Mayor in Cabinet is asked to approve the proposal that a tenanted service charge increase of CPI be implemented from the first rent week in April 2022.

Repairs and Maintenance

- 3.11.11 The 2021-22 repairs and maintenance budget included a growth item of £250k for a five-year programme of electrical testing. Work is ongoing to determine the level of inflationary provision required within the budget for 2022-23, with the impact of both Brexit and the pandemic now impacting on these costs. As a result, an above inflationary increase of 5% has been built into the budget.
- 3.11.12 The main repairs and maintenance contract, currently with Mears will be re-procured during the year. At present tender submissions are being sought and any positive or negative impact on the cost of providing the service is unknown.

Energy

- 3.11.13 The 2021-22 energy budget was held at the same level as the previous year with no inflation applied following a new energy contract being procured. However, wholesale gas and power markets have been extremely volatile since December 2020, with prices hitting a new decade high in August 2021. It is uncertain whether this is a short-term increase or a more long-term fundamental change to the UK energy prices but it is likely to impact on the cost of energy and will need to be factored into the MTFS and annual HRA budgets.
- 3.11.14 Tower Hamlets exposure to these price increases has been mitigated in year through the pre-emptive step to hedge most of the energy required. However, the longer-term impact will affect prices and the impact on the 2022-23 budget is being evaluated. An inflationary rise has been applied to the energy budget and this will be revised in year should the impact of the price rises be greater.

Management Fee

- 3.11.15 In January 2021, the Mayor in Cabinet approved the 2021-22 Management Fee payable to THH for services provided to the Council. At £32.615m, the Management Fee represents the largest single expenditure element of the HRA budget.
- 3.11.16 The table below shows the calculation of the proposed 2022-23 Management Fee payable to THH.

Calculation of 2022-23 Management Fee

Description	Total £m
Management Fee 2021-22	32.615
Add: 2021-22 Pay Award	0.000
Savings from Salary and Non-Salary Budgets	(0.313)
Growth from Non-Pay related activities	0.075
Growth from Pay related activities	0.217
Growth - Building Safety	0.642
Management Fee 2022-23	33.236

- 3.11.17 The 2021-22 management fee does not include an inflationary increase in relation to a pay award. Salary costs represent approximately £20m of the management fee and any formally agreed increase will need to be reflected in the 2022-23 management fee. At present any pay award is being negotiated and will be added to the management fee on agreement.

Savings

- 3.11.18 At its meeting on 26th July 2016, the Mayor in Cabinet agreed a HRA medium-term savings target of £6m. The budget for 2021-22 represented the final £1m tranche of this saving, with £5m already having been delivered across the management fee and delegated budgets.

- 3.11.19 Following the delivery of £6m of savings over the previous five years, THH has indicated that it will be difficult to deliver significant savings in 2022-23 without cutting services. It has therefore been suggested a negligible savings target is implemented in 2022-23, with larger targets in following years once THH move to the New Town Hall and can take advantage of the synergies that this will bring.
- 3.11.20 As part of its budget setting process, THH has identified £0.313m of savings that are deliverable against the management fee in 2022-23. Staff savings of £0.042m was identified, primarily from the re-organisation of the Business Development Team to enable the creation of a Regulatory Assurance Team. The remaining £0.271m of savings related to non-staffing budgets following service reviews, new ways of working following on from the pandemic and in preparation to moving to the new Town Hall. The savings also included budgets that had not been utilised and for which no plans were in place for its use.

Growth – Management Fee

- 3.11.21 In 2022-23 THH are proposing a new permanent growth item totalling £0.642m to ensure that the Council is meeting its obligations for building and fire safety following the Hackett review. The growth will fund the appointment of a team comprising a Fire Safety Manager and 8 Building Safety Officers.
- 3.11.22 The Fire (Building) Safety Manager will be the Council's 'named individual' and will manage our programme of fire risk assessments, EWS surveys and Type 4/compartimentation surveys; ensure compliance with the requirements of PAS9980 which relates to the holistic risk assessment of external walls; manage as part of the wider team the building safety officers who will primarily focus on our portfolio of 69 high rise buildings; inform the investment programme and help us to understand our priorities and provide advice within the organisation and support the project managers and delivery of fire safety remedial works.
- 3.11.23 The Building Safety Officers (seven Officers and one Senior) will manage all 69 high rise buildings over 6 stories and other buildings as may be deemed appropriate; each officer will have a portfolio of 10 buildings and they will be the public face with all residents in those buildings and lead resident engagement strategies; lead on enforcement action in relation to all fire safety issues (inc. leaseholders) i.e. gates/grills etc; work with suitable 3rd parties in ensuring that all front entrance doors across the 3966 flats in the 69 high rise buildings meet the relevant standard. This includes 1353 leaseholders; have a high profile in each building and carryout regular inspections working with caretakers.
- 3.11.24 A further £0.217m of pay related growth relating to the recruitment of additional caretakers for new build properties; the realignment of gardener's salaries as agreed with trade unions and overtime payments for ASB officers when providing an out of hours text service.

- 3.11.25 Non-pay growth of £0.075m relates to increase in rent paid on a property following a rent review, software upgrade for the Health & Safety system and training for the new building safety team.

Growth – HRA Delegated Budgets

- 3.11.26 A further permanent growth bid of £356k has been submitted relating to the clienting of the building safety bill. This growth is split over two years, with £108k required in 2022-23 and the remainder in 2023-24.
- 3.11.27 The Building Safety Bill introduces a new regime applicable to all high-risk/high-rise buildings that are 18 meters or 7 storeys and more in height with two or more residential units. This includes our existing housing stock, new developments that are ready for residents to move into and some commercial units located on the ground floor of residential blocks in scope of the Bill.
- 3.11.28 The Bill will improve the fire and structural safety of new and existing residential buildings and focuses on accountability at each stage of a building's lifecycle. Non-compliance with the Building Safety Act could result in fines and/or imprisonment.
- 3.11.29 The Council is required to undertake building safety case reviews with a requirement to complete intrusive external wall system surveys to the blocks managed by THH of 7+ storeys or 18m+. This represents a new requirement and costs are estimated at £0.353m and growth is proposed at this level.
- 3.11.30 It is proposed to increase the feasibility budget within the HRA by £1.5m to support the new build housing capital programme, enabling the continued identification of sites, develop designs, carry out cost and viability appraisals and proceed towards planning applications for the delivery programme.
- 3.11.31 The contracts for asbestos surveys, fire risk assessments and stock conditions surveys have recently been awarded and the procurement for water risk assessments is in the process of being relet. The overall 4-year budget for each contract have been agreed and growth of £0.783m is proposed.

Overall position on the HRA

- 3.11.32 The HRA business plan is currently being modelled and the impact of the risks and opportunities detailed above are being assessed to ensure that the key parameters within which it operates will not be breached. These include HRA reserve balances maintained at a minimum of £10m and an Interest Cover Ratio (the number of times rental income can cover interest repayments on borrowing) above 1.5.

Capital Programme, Stock Needs and 30 Year Business Plan

- 3.11.33 Work is being completed with external consultants to update the stock conditions data and identify an accurate level of investment needed in this stock over the next 30 years. The previous value of £1.2bn over 30 years was based on a 20% stock conditions survey and increasing this sample will provide for more accurate costing throughout the plan. Additional sums for fire safety works, building safety, environmental works and net zero carbon will be required on top of this to meet regulatory requirements and manifesto commitments. External consultants are supporting the Council's ALMO in identifying these costs.
- 3.11.34 A total of £308.496m was included in the 2021-22 Approved HRA Capital Programme. This includes funding of £74.596m for capital works in the THH Annual Rolling Programme for the existing housing stock over the next three years. The capital programme is currently being reviewed and updated and following discussions with THH the funding for these cyclical works is forecast to increase to £88m for the period 2022-23 to 2024-25, with a budget of £28m for 2022-23 and £30m for the following two years.
- 3.11.35 A further £233.900m has been budgeted for the delivery of the first 1,000 council homes programme, again this is being reviewed and will be updated as part of the capital budget setting process.
- 3.11.36 Schemes are being identified and assessed for financial viability and funding towards the delivery of the second 1,000 homes. Those schemes deemed viable that can be funded will be brought forward as part of the 2022-23 Capital budget setting process. The Council has been awarded £32.017m of GLA funding towards specific housing schemes as part of the delivery of this second 1,000 homes.
- 3.11.37 The HRA Business Plan is currently being reviewed and updated to ensure that the delivery of the capital programme is affordable and can be contained within the parameters agreed for the HRA (Interest Cover ratio above 1.5, Minimum revenue balances of £10m etc.)

Update on Government Policies Affecting the HRA

- 3.11.38 There have been a number of recent government consultations and announcements and these are outlined below.

Social Housing White Paper

- 3.11.39 In November 2020 the Government issued its social housing white paper - The charter for social housing residents, with a focus on tenant safety, consumer protection and redress. The Regulator of Social Housing (RSH) has been tasked with setting up a new consumer regulatory function which will proactively monitor and ensure compliance with updated consumer standards
- 3.11.40 The removal of the 'serious detriment' test along with the introduction of both routine and reactive inspections for all landlords with more than 1000 homes

signals a new approach to consumer regulation with implications for the way councils manage the ALMO relationship and gain assurance, providing the regulator with greater oversight of the performance of the local authority landlord function' emphasising that where management has been contracted out to an ALMO or TMO, it is the local authority as landlord that is responsible for meeting the regulatory standards.

- 3.11.41 This brings a renewed focus on the client role and how the local authority gains assurance. Councils will need to demonstrate to the regulator how they know the ALMO is performing and ensure there are robust measures in place to ensure compliance with the consumer standards and a shift towards more contractual compliance and the White Paper suggests councils should review their contracts to ensure they do not hinder the RSH in the exercise of its powers.
- 3.11.42 Landlords will also be required to specify a named 'responsible person for Consumer Standards' and a named 'responsible person for health and safety'. It is unclear whether it will be possible to delegate these roles to the ALMO, however the likelihood is that the Regulator will follow the precedent set in the Building Safety Bill which requires the landlord to undertake the Authorised Person role directly.
- 3.11.43 The White Paper also introduces new requirements in terms of landlord transparency and accountability to tenants. The regulator is tasked with developing arrangements to collect and publish a core set of tenant satisfaction measures for all social landlords so tenants will know how their landlord is performing relative to others in the sector. Whilst operationally much of this will be delegated to the ALMO, LBTH will need to keep a close eye on all aspects of performance including complaints and satisfaction levels with different aspects of the services.

Building Safety Bill

- 3.11.44 The government is bringing forward fundamental changes in the draft Building Safety Bill that will improve building and fire safety, so that people will be, and will feel, safer in their homes following the Grenfell Tower fire.
- 3.11.45 Dame Judith Hackitt carried out an independent review of building regulations and fire safety to understand the causes of the fire. The review concluded that the whole system needed major reform and that residents' safety needed to be a greater priority through the entire life cycle of a building – from design and construction, through to when people are living in their home.
- 3.11.46 The Building Safety Bill will sit alongside the recent Fire Safety Act 2021 was introduced on 5th July 2021 and anticipated to receive Royal Ascent between April and July 2022, with full implementation one year later.
- 3.11.47 Measures will be put place to make people safer in their homes. The Bill will ensure that there will always be someone responsible for keeping residents safe in high rise buildings – those 18 metres and above. They will also have to

listen and respond to residents' concerns and ensure their voices are heard – they will be called the 'Accountable Person'.

- 3.11.48 Residents and leaseholders will have access to vital safety information about their building and new complaints handling requirements will be introduced to make sure effective action is taken where concerns are raised.
- 3.11.49 As announced in the Queen's speech on 11th May 2021, a new Building Safety Regulator will be established to oversee and make sure that Accountable Persons are carrying out their duties properly. The new Regulator will sit within the Health and Safety Executive and will have the power to prosecute property developers and landlords that do not meet safety standards as set out in the Bill.
- 3.11.50 The Regulator will work closely with duty holders both within the Council and THH throughout the lifecycle of Council owned stock and will ensure that high rise buildings and the people who live in them are being kept safe and will have new powers to raise and enforce higher standards of safety and performance across all buildings.
- 3.11.51 The draft Bill will make sure that those responsible for the safety of residents are accountable for any mistakes and must put them right. It will fully establish the regulator that will enforce new rules and take strong actions against those who break them.
- 3.11.52 The regulator will have 3 main functions: to oversee the safety and standard of all buildings, directly assure the safety of higher-risk buildings; and improve the competence of people responsible for managing and overseeing building work.
- 3.11.53 It will operate a new, more stringent set of rules for high-rise residential buildings. The new set of rules, contained in the draft Bill, will apply when buildings are designed, constructed and then later occupied.
- 3.11.54 At each of these 3 stages, it will be clear who is responsible for managing the potential risks and what is required to move to the next stage enabling a 'golden thread' of vital information about the building to be gathered over its lifetime.
- 3.11.55 When residents move into a building that falls under the new set of rules, it will need to be registered with the Building Safety Regulator and apply for a Building Assurance Certificate. The Accountable Person will need to conduct and maintain a safety case risk assessment for the building and appoint a Building Safety Manager to oversee it day to day.
- 3.11.56 The bill also bans the use of combustible materials on the external walls of high-rise buildings, publishes clearer guidance on existing regulations that buildings owners must follow, and will make it mandatory for sprinklers to be fitted in all new blocks of flats over 11 metres high.

Fire Safety Act

3.11.57 The Fire Safety Act 2021 received Royal Assent in April. Implementation arrangements will be set out in legislation, namely Regulations and associated guidance to be issued by the Home Office. The implementation timetable envisages that the Fire Safety Regulations will be laid before Parliament before the end of October with a commencement date of April 2022.

3.11.58 These regulations will place significant obligations on landlords of high-rise and multi-occupancy residential buildings, including:

- Requiring the Council to consider the spread of fire across external surfaces of its buildings. This means that priority will need to be given to implementing a programme of External Wall Surveys which will require significant internal resource and expertise. It is proposed that the new Fire Safety Manager will take a leading role in this respect and manage the programme of inspections.
- The Fire Safety Act will also require front entrance doors and balconies to be included within the scope of fire risk assessments to ensure that they are in good condition and fit for purpose. This applies equally regardless of tenure and it is envisaged that the new building safety officers will play a key role in enforcing this.
- It is likely that the Act will require the Council to consider those residents who may need assistance in the event of the building being evacuated and put in place an appropriate plan (PEEP). Again, in high rise buildings the safety officers will lead on this.

The Act will empower fire and rescue services to take enforcement action and hold building owners to account if they are not compliant.

3.11.59 The Act provides a foundation for secondary legislation to take forward recommendations from the Grenfell Tower Inquiry phase one report, which stated that building owners and managers of high-rise and multi-occupied residential buildings should be responsible for a number of areas including:

- regular inspections of lifts and the reporting of results to the local fire and rescue services
- ensuring evacuation plans are reviewed and regularly updated and personal evacuation plans are in place for residents whose ability to evacuate may be compromised
- ensuring fire safety instructions are provided to residents in a form that they can reasonably be expected to understand
- ensuring individual flat entrance doors, where the external walls of the building have unsafe cladding, comply with current standards

Removal of HRA debt cap

3.11.60 The government announced in October 2018 that the HRA debt cap would be scrapped and this took effect from 29th October 2018. Removing the HRA debt cap means that instead of having a limit to the amount of debt that the

HRA can undertake, HRA borrowing must – along with General Fund borrowing - be subject to the Prudential Code meaning that borrowing must be affordable, prudent and sustainable.

- 3.11.61 Under current rules, although interest charges on outstanding debt must be paid, the HRA has not made any provision for debt repayment in recent years. As non-repayment of debt is not sustainable over the long-term as it would result in increasing levels of interest charges being incurred, the s151 officer has decided that the charging of Minimum Revenue Provision (MRP) must be made to ensure the repayment of any borrowing is made over the usable lifespan of the assets, similar to the Minimum Revenue Provision (MRP) arrangements that operate for the Council's General Fund. If MRP is not charged, then future administrations will inherit ongoing debt costs that will be very difficult to reduce within budget constraints.
- 3.11.62 The s151 officer has also introduced a number of metrics within which the HRA must remain to ensure that borrowing levels remain prudent and interest / debt repayment remains affordable. These most important metric is a maximum interest cover ratio (the number of times LBTH can cover its interest payments from its income) of 1.5. This in effect places an artificial cap on the HRA as it limits the interest that can be repaid and therefore the amount borrowed. An ICR of 1.5 is in line with other similar Local Authorities and therefore deemed to be set at the right level.

Social Rent policy 2019-20 onwards

- 3.11.63 On 13th September 2018 the government published a consultation 'Rents for social housing from 2020-21' in which the government set out its proposals in relation to social rent policy from 2020-21.
- 3.11.64 In the consultation the government proposed that the Regulator of Social Housing's rent standard will:
- i. permit Registered Providers (RPs) to increase their rents by a maximum of CPI + 1% for at least five years
 - ii. also now apply to Local Authorities
- 3.11.65 The government has now confirmed this policy and this means that in future local authorities will no longer have any discretion over their rent policy and will have to adhere to the Regulator's rent standard.
- 3.11.66 Historically local authorities have been able to make decisions on their rent policy with the only control mechanism being the annual 'Limit Rent', used to control Housing Benefit grant paid to the Authority by the Government.
- 3.11.67 With the introduction of HRA Self-Financing in April 2012, in return for being responsible for all items of expenditure and risk within the HRA, local authorities were meant to have discretion over their rent policy. As rent is the largest income stream within the HRA, having discretion over rent levels is seen as crucial in terms of running the HRA as a 'business'.

3.11.68 However, since 2012, the government has in relation to rents -:

- ended their rent restructuring policy a year early;
- implemented legislation to impose a 1% rent cut for four years;
- introduced the Regulator's rent standard to local authorities (as well as RPs) so that annual rent increases will be set out by the Regulator.

3.11.69 The most recent HRA 30 year financial modelling already assumes that after the four years of 1% rent cuts, HRA rents will increase by CPI + 1% for five years, and then by CPI only. The financial model set CPI at 3.1% for 2021-22 rent setting and assumes 2% throughout the remainder of the 30 year period.

Right to Buy receipts

3.11.70 The government's consultation on the use of right to buy receipts was launched in August 2018, reaching a conclusion in March 2021 with the publication of its consultation 'Use of receipts from Right to Buy sales'.

3.11.71 Original rules set out that Right to Buy 'one for one' receipts must be spent on replacement social housing within three years. Any unused receipts after three years were paid back, along with interest at 4% to MHCLG.

3.11.72 Under the new rules put forward by the Government in its Right to Buy consultation response, the timeframe local authorities have to spend new and existing Right to Buy receipts will be extended from three years to five years. This change has been backdated, and Councils will be able to apply this to receipts received as long ago as 2017-18 with the view that it will allow longer-term planning, including allowing larger plots of land to be remediated.

3.11.73 The response to the consultation also brought changes to the percentage cap that Councils can use on the construction of new homes, with the cap rising from 30% to 40% in a bid to make it easier for Local Authorities to fund replacement homes, particularly those for social rent. In Tower Hamlets, the cap has been applied at 30% to the existing housing programme and 40% to the future programme.

3.11.74 Authorities can use receipts to supply shared ownership and First Homes, as well as housing at affordable and social rent, to help them build the types of home most needed in their communities.

3.11.75 Right to Buy receipts for acquisitions will be capped to help drive new supply with effect from 1 April 2022 and phased in over 2022-23 to 2024-25. From April 2022 it will prohibit more than 50% of RTB replacements being delivered as acquisitions in financial year 2022-2023, reducing to 40% in 2023-24 and 30% from 2024-25 onwards.

3.11.76 Pooling of RTB receipts will take place annually, replacing the former quarterly system. Deadlines for spending retained receipts will also be calculated on an annual basis. A minimal amount of non-financial management information will still be collected quarterly.

Risks – Welfare Reform

- 3.11.77 The cumulative impact on the HRA will not be clear until the various reforms all take effect. Provision has been made within the HRA MTFP for an increase in bad debts but as the introduction of Universal Credit has been delayed it is not yet clear precisely what the future level of bad debts will be.

Risks – Brexit

- 3.11.78 On 31 December 2021 the United Kingdom left the European Union. The house building industry is reliant on a significant number of EU workers and procuring materials from EU countries. As a result, there is a risk of delays to house building and costs increasing which will impact on the 30-year business plan and delivery of Government legislation and manifesto commitments.
- 3.11.79 The BCIS Price Adjustment Formula Indices for May 2021 shows the most significant cost increase is in materials. The highest increase is in the cost of structural steel which increased by more than 30% between May 2020 and May 2021 (Source: BCIS). Other increases are lower (e.g. cost of composite windows and doors increased by around 15%; hardwood fittings by 7%; ready mixed concrete and tile cladding by 3%), but will still have an impact on total scheme costs. Added to this, lead-in times for materials and components have lengthened resulting in delays in delivery and the associated increase in costs.
- 3.11.80 Rising labour costs, combined with shortage of skills in certain trades, is also having an impact on project costs and delivery timetables. Contractors who rely on sub-contractors rather than their own directly employed labour force are most affected. Some workers have left the industry permanently due to pandemic and post-Brexit immigration rules have resulted in a reduction in the pool of workers available for construction activity.
- 3.11.81 In addition to changes in market conditions, new Health and Safety rules including the Fire Safety Bill, Building Safety Bill and Construction and Design Management Regulations will add further cost to construction projects, as will the target of meeting net carbon zero by 2025.
- 3.11.82 Turner and Townsend estimate that tender prices will be inflated over the next three years, increasing from 1.5% in 2021 to 4.5% in 2024 for built product and from 2% in 2021 to 5% in 2024 for infrastructure projects. However, recent returns for projects in the capital programme tendered in the last three months have seen prices increase by up to 15% as a result of material, supply chain and labour costs. These cost increases will impact on affordability within the HRA business plan.

Risks – Covid-19 Pandemic

- 3.11.83 On the 23rd March 2020 the UK entered into its first lockdown in response to the coronavirus pandemic. Since then, there have been two further lockdowns, with a phased ending of the third lockdown commencing on 8

March 2021. In total the UK has spent in excess of six months in lockdown restrictions. During this time many tenants have experienced hardship through the inability to work or loss of employment. Despite this, rent and service charge collection rates have remained stable and broadly in line with pre-pandemic levels. However, any further restrictions resulting from the pandemic could result in collection rates falling and an impact on the affordability of the HRA business plan.

3.12 TREASURY MANAGEMENT STRATEGY

3.12.1 The Treasury Management Strategy Statement will be revised and agreed with Audit Committee in January 2022, following which the strategy will be recommended for Full Council approval in March 2022 in accordance with the CIPFA Treasury Management Code of Practice. The Statement will set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.

3.12.2 The proposed prudential indicators set out in the Treasury Management Strategy will be based on the Capital Programme 2022-25.

3.13 BUDGET CONSULTATION AND SCRUTINY PROCESS 2022-25

3.13.1 The Council must undertake statutory budget consultation with Business Rates payers in the borough and it is also good practice to consult with Council Tax payers and a broad range of other key stakeholders. In addition, meaningful consultation must take place with service users before any changes to service provision are implemented. Furthermore, the Council's budget framework sets out the need for the Overview and Scrutiny Committee to be involved in the setting of the Council's budget.

3.13.2 The Council carried out the six weeks budget consultation from Monday 4 October until Monday 15 November 2021. The consultation sought to provide details of the financial challenges the Council currently faces and requested feedback on priorities for Council services. It also asked how the Council should consider its approach in light of the budgetary pressures it faces which have increased due to the impact of the Covid-19 pandemic.

3.13.3 A detailed report of the budget consultation was considered by Cabinet on 15 December and has informed budget proposals.

3.13.4 The on-going role of the Overview and Scrutiny Committee in scrutinising business cases and undertaking targeted reviews in a number of key areas identified by them is key to maintaining the rigour of budget scrutiny of the Medium Term Financial Strategy (MTFS).

3.13.5 In addition to the scrutiny of relevant revenue savings and growth proposals the O&S Committee will undertake similar scrutiny of capital programme proposals. They will also have an overview of the medium term financial proposals being considered for approval by the board of Tower Hamlets Homes (THH),

including proposals for rent setting and medium term savings. Similarly, the budget strategy for the Schools Budget which will be proposed for approval by the Cabinet, from the Schools Forum.

4 EQUALITIES IMPLICATIONS

- 4.1 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
- 4.2 Tower Hamlets is one of the fastest growing and most densely populated places in the UK. Our population has grown by almost 31% since 2011 to just under 332,000. It is expected to increase to 364,000 by 2028 (a further 9.6% increase). More homes are built here than almost anywhere else. The borough is expecting to accommodate a further 35,000 homes by 2028. We are a young borough - the average age is 32 and 44% of the population is between 20 and 39.
- 4.3 Tower Hamlets is a world borough with a proud history of diversity and equality. Over 117 languages are spoken in the borough's schools – 43% of residents were born in over 200 different countries. The mid-pandemic residents survey 2021 showed that 79% of our residents feel that people from different backgrounds get on well together.
- 4.4 This diversity and rapid growth mean that ensuring equality is embedded throughout Council plans, services and activities is the number one priority and at the heart of all decision making. To help meet its duty under the Equality Act the Council undertakes equality impact assessments to analyse a proposed change to assess whether it has a disproportionate impact on persons who share a protected characteristic. As part of our budget setting process an equality impact assessment checklist is carried out on all new savings and growth proposals to determine if a full equality impact assessment needs to be carried out.
- 4.5 Corporate Directors will ensure equality analyses are completed to inform decisions for implementation of these proposals.
- 4.6 In setting the 2022-23 budget, no new savings have been proposed, however existing savings for 2022-23 that were agreed in the 2020-23 and 2021-24 budgets will still need to be implemented. The new growth items proposed in the 2022-23 budget represent a positive impact for residents and organisations in the borough.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 The Council is required to consider the value for money implications of its decisions and to secure best value in the provision of all its services. It is important that, in considering the budget, Members satisfy themselves that resources are allocated in accordance with priorities and that best value is achieved.
- 5.2 The preparation of the MTFs takes account of the Council's obligations in relation to its Best Value duty. The budget proposals are based on securing best value within the context of continuing reductions in Council funding and service demand pressures.
- 5.3 The sustainable action for a greener environment implications of individual proposals in the budget are set out in the papers relating to those proposals.
- 5.4 Managing financial risk is of critical importance to the Council and maintaining financial health is essential for sustaining and improving service performance. Setting a balanced and realistic budget is a key element in this process. Specific budget risks will be reported to Cabinet as the budget process develops. The Council will maintain a range of budget provision (contingency) earmarked reserves for specific risks and general reserves for unforeseen events and risks.
- 5.5 The crime and disorder implications of individual proposals in the budget are set out in the papers relating to those proposals.
- 5.6 Any safeguarding implications of individual proposals in the budget are set out in the papers relating to those proposals.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 As this report is primarily financial in nature the comments of the Chief Finance Officer (Section 151 Officer) have been incorporated throughout this report.
- 6.2 The government's Core Spending Power calculation makes assumptions about the level of growth in the Council Tax base and that authorities will increase Council Tax each year up to the referendum limit.
- 6.3 Not increasing the Council Tax in line with government assumptions reduces the income available to the Council for 2022-23 and future years due to the impact on the Council's on-going tax raising base and also through the Fair Funding review where the government has indicated its preference to use a notional level of Council Tax rather than actual Council Tax levels to determine the extent of resources available to each authority. Although the provisional Local Government Finance Settlement (LGFS) for 2022-23 has been positive for the Council, there are significant risks facing the Council's funding over the medium term due to planned Local Government funding reforms.
- 6.4 Due to only receiving a one-year settlement from Central Government, and funding reforms signalled within the settlement, it is extremely challenging to forecast the Council's funding over the medium term. The impact of the fair funding review, business rates reset and changes pertaining to New Homes Bonus will impact Tower Hamlets significantly and timing of the implementation

of these reforms together with details of how funding will be redistributed, including any transitional arrangements, are unknown at this stage. Over the medium term it is anticipated that the funding gap could be in the range of circa £10m to £30m. For this reason, the Council has only prepared a one-year budget for 2022-23 and will refresh the MTFS in the summer as part of 2023-26 financial planning to ensure a sustainable budget going forward and alignment with the refreshed Strategic Plan.

- 6.5 Based on the provisional LGFS the MTFS shows an estimated budget surplus of £5.413m for 2022-23 which will be allocated to one-off projects in line with local and national priorities, taking account of the budget consultation results.
- 6.6 Following receipt of the final Local Government Finance Settlement, the CFO will need to be assured of the robustness of estimates and adequacy of reserves and this will be covered in the report to Council in March 2022.

7. COMMENTS OF LEGAL SERVICES

- 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 of which this report forms part. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report. It is also consistent with these legal duties to prepare the referred to savings plans and associated financial considerations.
- 7.2 The adoption of the final budget is reserved as a non-executive decision of full Council in accordance with the Constitution. This means that those recommendations that deal with the setting of budgets in each area in the coming financial year, if accepted by the executive Mayor will then need to be proposed to full Council in line with the Constitution before being of effect.
- 7.3 The setting of budgets and 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.
- 7.4 There are areas covered in the report where persons with a protected characteristic may be indirectly affected by changes to the budget for the purposes of the Equality Act 2010. However, where changes in the budgetary position result in a change to the delivery of a service, the effect on such persons should be considered immediately prior to the making of a change to the service.

Linked Reports, Appendices and Background Documents

Appendices

- Appendix 1A Medium Term Financial Strategy Summary
- Appendix 1B Medium Term Financial Strategy Detail by Service Area
- Appendix 2 Tower Hamlets Core Spending Power
- Appendix 3 Council Tax Base Calculation 2022-23

- Appendix 4A New Growth, Inflation and Changes to Existing Savings
- Appendix 4B New Growth Business Cases – General Fund
- Appendix 4C New Growth Business Cases – Housing Revenue Account
- Appendix 5 Reserves Policy
- Appendix 6 Projected Movement in Reserves
- Appendix 7 Housing Revenue Account Budget Summary
- Appendix 8 Budget Consultation

Linked Report

- None

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

- None

Officer contact details for documents:

Nisar Visram, Director of Finance, Procurement and Audit
 Allister Bannin, Head of Strategic and Corporate Finance
 Shakil Rahman, Senior Accountant

This page is intentionally left blank

Medium Term Financial Strategy 2022-23 Summary

Appendix 1A

2022-23
£'000

Net Service Costs	364,120
Growth	
- Previously approved by Full Council	573
- New	12,740
Inflation	
- Previously approved by Full Council	6,500
- New	4,851
Savings	
- Previously approved by Full Council	(9,223)
- New (previously approved savings reprofiling and write-offs)	3,989
Total Funding Requirement	383,551

Core Grants:	
- Revenue Support Grant	(35,056)
- New Homes Bonus	(16,263)
- Improved Better Care Fund	(16,810)
- Social Care Grant	(16,602)
- Public Health Grant	(36,896)
- Rough Sleeping Initiative	(646)
- Homelessness Prevention Grant	(5,940)
- Market Sustainability and Fair Cost of Care Fund	(989)
- Lower Tier Services Grant	(1,479)
- Services Grant	(7,688)
Core Grants	(138,368)

Business Rates	(129,286)
-----------------------	------------------

Council Tax:	
- Council Tax - in year income	(121,674)
- Council Tax - Collection Fund deficit / (surplus)	364
Council Tax	(121,309)

Total Funding	(388,964)
----------------------	------------------

Budget Gap / (Surplus)	(5,413)
-------------------------------	----------------

Allocation to one-off projects (to be confirmed)	5,413
---	--------------

Budget Gap after one-off allocation to projects	-
--	----------

Assumptions:

- No general Council Tax increase for 2022-23.
- ASC precept of 1% to be applied for 2022-23 - allocated to fund ASC demography.
- Core grant amounts not confirmed in the provisional LGFS will require updating once known.

This page is intentionally left blank

2021-22	Savings		Growth		2022-23
	Approved	New	Approved	New	
Total	£'000	£'000	£'000	£'000	Total
£'000	£'000	£'000	£'000	£'000	£'000

Funding Requirement						
Services						
Health, Adults and Community	112,571	(1,366)	-	1,650	7,674	120,529
Public Health	36,351	-	-	531	-	36,882
Children and Culture	70,050	(1,552)	-	(976)	2,916	70,438
Place	65,287	(1,025)	500	98	1,653	66,513
Chief Executive's Office	16,331	(200)	200	-	70	16,401
Resources	40,249	(200)	600	-	426	41,075
Net Service Costs	340,838	(4,343)	1,300	1,303	12,740	351,837
Corporate Costs						
Inflation	1,056	-	-	6,500	4,851	12,407
Capital Charges	6,423	-	-	-	-	6,423
Levies	1,970	-	-	60	-	2,029
Contribution to Local Government Pension Scheme (LGPS) deficit	12,790	-	-	-	-	12,790
Corporate Contingency	3,100	-	-	-	-	3,100
Other Corporate Costs	(2,056)	(4,880)	2,689	(789)	-	(5,036)
Net Corporate Costs	23,283	(4,880)	2,689	5,771	4,851	31,713
Total Funding Requirement	364,120	(9,223)	3,989	7,073	17,591	383,551

Funding						
Core Grants						
Revenue Support Grant	(34,010)	-	-	(722)	(324)	(35,056)
New Homes Bonus	(9,992)	6,180	-	-	(12,451)	(16,263)
Improved Better Care Fund	(16,316)	-	-	(328)	(165)	(16,810)
Social Care Grant	(12,341)	2,833	-	-	(7,094)	(16,602)
Public Health Grant	(36,350)	-	-	(531)	(14)	(36,896)
Rough Sleeping Initiative	(636)	-	-	(10)	-	(646)
Homelessness Prevention Grant	(5,852)	-	-	(88)	-	(5,940)
Market Sustainability and Fair Cost of Care Fund	-	-	-	-	(989)	(989)
Lower Tier Services Grant	-	-	-	-	(1,479)	(1,479)
Services Grant	-	-	-	-	(7,688)	(7,688)
Core Grants	(115,498)	9,013	-	(1,679)	(30,204)	(138,368)
Business Rates						
Collection Fund - in year income	(100,047)	-	-	(30,213)	-	(130,260)
Top up / (Tariff)	6,026	14,550	-	-	(14,550)	6,026
S31 Grants	(10,984)	10,984	-	-	-	-
Release of S31 Reserve	(28,364)	28,364	-	-	-	-
(Levy) / Safety Net adjustment	947	-	-	(947)	-	-
Government compensation towards 2020-21 deficit	(2,552)	-	-	-	-	(2,552)
Business Rates 8 Authority Pool	-	-	-	-	(2,500)	(2,500)
Business Rates	(134,974)	22,738	-	-	(17,050)	(129,286)
Council Tax						
Council Tax - in year income	(114,189)	-	-	(8,625)	1,141	(121,674)
Council Tax - Collection Fund deficit / (surplus)	1,795	6,500	-	(7,931)	-	364
Council Tax	(112,394)	6,500	-	(16,556)	1,141	(121,309)
Total Funding	(362,866)	38,251	-	(18,235)	(46,114)	(388,964)

Budget Gap / (Surplus)	1,254	(5,413)
Funding for one-off projects / (Drawdown from Reserves)	(1,254)	5,413

This page is intentionally left blank

Illustrative Core Spending Power of Local Government:								
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment	187.9	170.7	158.1	151.1	143.0	145.3	145.5	146.6
Compensation for under-indexing the business rates multiplier ¹	1.5	1.5	1.6	2.5	3.6	4.5	5.8	9.2
Council Tax Requirement excluding parish precepts ^{2,3}	69.8	76.9	85.8	93.8	100.3	108.4	114.2	121.9
Improved Better Care Fund	0.0	0.0	8.7	11.9	14.9	16.3	16.3	16.8
New Homes Bonus	24.8	28.6	23.9	20.7	19.2	22.0	17.6	16.3
New Homes Bonus returned funding	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Rural Services Delivery Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transition Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Social Care Support Grant	0.0	0.0	1.5	0.9	0.0	0.0	0.0	0.0
Winter Pressures Grant ⁴	0.0	0.0	0.0	1.5	1.5	0.0	0.0	0.0
Social Care Support Grant	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0
Social Care Grant ⁵	0.0	0.0	0.0	0.0	0.0	9.4	12.3	16.6
Market Sustainability and Fair Cost of Care Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Lower Tier Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.5
2022/23 Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7
Core Spending Power	284.3	278.0	279.8	282.3	284.9	305.9	313.2	337.5
Change since 2015-16 (£ millions)								53.2
Change since 2015-16 (% change)								18.7%
¹ For 2022-23, the Government will continue to pay under-indexation grant to ensure that local authorities are compensated for the difference between the change in the small business rates multiplier and the change in the Retail Price Index (RPI). The Core Spending Power figures published at provisional settlement show under-indexation in line with the Consumer Price Index but will be updated to RPI for the final settlement.								
² The Government proposes to provide the lowest charging quartile of fire and rescue authorities with the flexibility to increase band D precepts by £5 for one year only in 2022-23. This is to assist them in addressing immediate pressures and to maintain a sustainable income baseline for future years. This flexibility is not currently outlined in these Core Spending Power figures. Following consideration of responses to the Local Government Finance Settlement consultation, if the proposal is taken forward, the flexibility will be included in the allocations for which we will seek the approval of the House of Commons at the final settlement.								
³ Islington Council, Herefordshire Council and Royal Borough of Windsor and Maidenhead Council have identified historical errors in reporting their council tax, which will affect Social Care Grant and improved Better Care Fund allocations. Discussions are ongoing between them and the Department for Levelling Up, Housing and Communities and any adjustments will be reflected at the final settlement.								
⁴ From 2020-21, Winter Pressures Grant allocations were rolled into the Improved Better Care Fund, and no longer ringfenced for alleviating winter pressures.								
⁵ From 2020-21, Social Care Support Grant allocations were rolled into the Social Care Grant.								
Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Spending Power.								
The figures presented in Core Spending Power do not reflect the changes to Settlement Funding Assessment made for authorities with increased Business Rate Retention arrangements. For information about authorities with increased Business Rates Retention Arrangements see the Explanatory Note. For Settlement Funding Assessment figures after adjustments for increased Business Rate Retention authorities please see the Key Information for Local Authorities table.								

This page is intentionally left blank

Council Tax Base Calculation 2022-23

Appendix 3

	2022-23	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1	Total Dwellings	4,592	26,687	41,835	31,916	24,868	11,979	4,959	787	147,623
2	Exempt Dwellings	2,880	1,217	1,105	880	955	485	181	19	7,722
3	Disabled Reduction	-	11	32	35	48	24	13	6	169
4	Account for Disabled Reduction	11	32	35	48	24	13	6	-	169
5	Total Chargeable Dwellings	1,723	25,492	40,733	31,050	23,889	11,483	4,770	761	139,901
6	25% Discounts	790	11,067	12,734	9,012	5,817	2,300	853	112	42,683
7	25% Disregards	14	166	416	398	266	141	37	4	1,442
8	50% Discounts	7	9	26	11	42	2	8	8	113
9	10% Discounts	-	-	-	-	-	-	-	-	-
10	Total equivalent number of discounts	204	2,813	3,300	2,358	1,542	611	226	33	11,088
11	Property Council Tax Premium 100%	4	47	42	25	20	5	3	1	147
12	Net Chargeable Dwellings	1,523	22,726	37,474	28,717	22,367	10,877	4,547	729	128,960
13	Band Proportion	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	-
14	Number of band D equivalent properties	1,015	17,676	33,310	28,717	27,338	15,711	7,578	1,459	132,804
15	Council Tax Support Estimate									(21,816)
16	Revised Band D Equivalents									110,988
17	Estimated collection rate									97.50%
18	LBTH Estimated Taxbase 2022-23									108,213

This page is intentionally left blank

General Fund

General Fund						INDICATIVE			
Title	Reference	Type	Directorate	Service	2022-23 £'000	2023-24 £'000	2024-25 £'000	Total £'000	
Growth and Adjustments									
Delivering Free School Meals - Contract Services	GRO / CHI 001 / 22-23	Budget pressure	Children and Culture	Contract Services	500	-	-	500	
Special Educational Needs & Disabilities (SEND) Improvement Plan	GRO / CHI 002 / 22-23	Unavoidable Growth	Children and Culture	Special Educational Needs & Disabilities (SEND)	643	(249)	-	394	
Fire Safety Team Funding for Cladding and Remediation	GRO / PLA 001 / 22-23	Unavoidable Growth	Place	Housing & Regeneration, Planning & Building Control, and Public Realm	671	(35)	(636)	-	
New Local Plan funding	GRO / PLA 002 / 22-23	Unavoidable Growth	Place	Planning and Building Control – Strategic Planning	420	(40)	(220)	160	
Temporary Accommodation (cost pressure above Housing Benefit subsidy)	GRO / PLA 003 / 22-23	Budget pressure	Place	Homelessness	3,000	-	-	3,000	
Waste Treatment and Disposal	GRO / PLA 004 / 22-23	Unavoidable Growth	Place	Operational Service, Public Realm	255	-	-	255	
Waste Operations – additional recycling round and enhanced night time cleansing	GRO / PLA 005 / 22-23	Unavoidable Growth	Place	Waste Operations, Public Realm	293	-	-	293	
Digital Inclusion Ambassador	GRO / CHE 001 / 22-23	Mayoral Priority	Chief Executive's Office	Strategy, Improvement and Transformation	70	(35)	(35)	-	
Retention of PowerGate	GRO / RES 001 / 22-23	Budget pressure	Resources	IT	80	(80)	-	-	
ICT - (A) Security Operations Centre Operative (B) Software Licensing for Idea Stores Public Access Computers (C) Mosaic Hosting	GRO / RES 002 / 22-23	Budget pressure	Resources	IT	346	-	-	346	
Demographic Pressures in Adult Social Care	GRO / HAC 001 / 22-23	Unavoidable Growth	Health, Adults & Community	Adult Social Care	-	3,940	3,964	7,904	
Demographic Pressures in Adult Social Care (funded by 1% ASC precept)	GRO / HAC 001 / 22-23	Unavoidable Growth	Health, Adults & Community	Adult Social Care	1,200	1,400	1,500	4,100	
Concessionary Fares - one-off budget adjustment		Budget adjustment	Place	Mobility Support, Public Realm	(3,000)	3,000	-	-	
					4,478	7,901	4,573	16,952	

Core Grants

Improved Better Care Fund		Core Grant	Health, Adults & Community	Adult Social Care	165	(332)	-	(167)
Social Care Grant		Core Grant	Health, Adults & Community	Adult Social Care	5,320	(3,200)	188	2,309
Social Care Grant		Core Grant	Children & Culture	Children Social Care	1,773	(1,067)	63	770
Market Sustainability and Fair Cost of Care Fund		Core Grant	Health, Adults & Community	Adult Social Care	989	(989)	-	-
Public Health Grant		Core Grant	Health, Adults & Community	Public Health	-	-	121	121
Rough Sleeping Initiative		Core Grant	Place	Homelessness	14	20	753	787
Homelessness Prevention Grant		Core Grant	Place	Homelessness	-	-	14	14
					8,262	(5,567)	1,138	3,833

Inflation

Pay Inflation - 1.75% increase for 2021-22 and 2% for the other years		Pay Inflation	Corporate	Corporate	2,939	700	3,800	7,439
Increase in Employer's NI Contribution (Health and Social Care Tax)		Pay Inflation	Corporate	Corporate	1,412	-	-	1,412
Contractual Inflation		Non-Pay Inflation	Corporate	Corporate	500	(300)	3,100	3,300
					4,851	400	6,900	12,151

Savings to be reprofiled / written off

Savings to be reprofiled - Property Asset Strategy - SAV / PLA 001 / 20-21		Reprofiling of Agreed Savings	Place	Corporate Property & Capital Delivery	500	-	(500)	-
Savings to be reprofiled - Legal services - SAV / GOV 001 / 20-21		Reprofiling of Agreed Savings	Resources	Legal Services	200	-	(200)	-
Savings to be reprofiled - Human Resources - SAV / RES 001/17-18 (previously reprofiled)		Reprofiling of Agreed Savings	Resources	Human Resources	-	700	(700)	-
Savings to be part written off and reprofiled - Greater Commercialisation - SAV / ALL 007 / 19-20		Reprofiling of Agreed Savings / Unachievable Savings	Cross-Directorate / Resources	Cross-Directorate	2,000	-	(1,000)	1,000
Savings to be written off - Local Presence and Idea Store Asset Strategy - SAV / RES 003 / 21-22		Unachievable Saving	Resources	Customer Services	600	-	-	600
Savings to be written off - Local Presence / Contact Centre Review - ALL006/17-18		Unachievable Saving	Cross-Directorate	Customer Services	689	-	-	689
					3,989	700	(2,400)	2,289
					21,580	3,434	10,211	35,225

Housing Revenue Account

Title	Reference	Growth Type	Directorate	Service	2022-23 £'000	2023-24 £'000	2024-25 £'000	Total £'000
Growth								
LBTH New HRA Building Safety Obligations and Recruitment	GRO / HRA 001 / 22-23	Unavoidable Growth	Place - HRA	Housing & Regeneration	108	248	-	356
New Building Safety Obligations in the HRA	GRO / HRA 002 / 22-23	Unavoidable Growth	Place - HRA	Tower Hamlets Homes	642	-	-	642
External Wall System Surveys	GRO / HRA 003 / 22-23	Unavoidable Growth	Place - HRA	Housing & Regeneration	353	-	(353)	-
HRA Feasibility – annual allocation of revenue funding from the HRA for feasibility studies, associated surveys and pre-development activity	GRO / HRA 004 / 22-23	Mayoral Priority	Place - HRA	Property & Major Projects / Public Realm	1,500	-	-	1,500
New Contracts - Asbestos Surveys, Fire Risk Assessments, Stock Condition Surveys and Water Risk Assessments	GRO / HRA 005 / 22-23	Unavoidable Growth	Place - HRA	Housing & Regeneration	783	(70)	(29)	684
					3,386	178	(382)	3,182

Note - due to the level of uncertainty in future funding, the growth amounts indicated for 2023-24 and 2024-25 will need to be further reviewed as part of the 2023-26 MTFS refresh.

This page is intentionally left blank

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Delivering Free School Meals - Contract Services		
------------------------	---	--	--

Reference:	GRO / CHI 001 / 22-23	Growth Type:	Budget Pressure
Directorate:	Children and Culture	Growth Service Area:	Education services
Directorate Service:	Contract Services	Strategic Priority Outcome:	1. People access a range of education, training, and employment opportunities
Lead Officer and Post:	Jenny Pittam, Head of Service, Contract Services	Lead Member and Portfolio:	Cllr Asma Begum, Statutory Deputy Mayor and Cabinet Member for Children, Youth Services, Education and Equalities

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	14,600 Gross expenditure	500	-	-	500

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:
There is a need to raise the level of funding for Contract services, in order that the service can deliver the Council's commitment to Universal Free School Meals in all our primary schools. All the restructures previously approved by Cabinet, and the associated savings, have been delivered - however Contract Services still has a £500k budget pressure.
Further options appraisals are being carried out to explore any alternative options for 2023-24.

Budgeted Outcomes / Accountability (focus on improved performance):
This investment will meet the current costs of the service to deliver the Council's strategic priority of Universal Free School meals in all of our primary schools.

Risks and Implications:
If the investment is not made, then the service will be unable to deliver within its budget.

Value for Money and Efficiency:
The costs of delivery are constrained by paying London Living Wage (LLW) and Local Authority pensions.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Special Educational Needs & Disabilities (SEND) Improvement Plan		
Reference:	GRO / CHI 002 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Children and Culture	Growth Service Area:	Education services
Directorate Service:	Special Educational Needs & Disabilities (SEND)	Strategic Priority Outcome:	1. People access a range of education, training, and employment opportunities
Lead Officer and Post:	John O'Shea, Head of Service, SEND	Lead Member and Portfolio:	Cllr Asma Begum, Statutory Deputy Mayor and Cabinet Member for Children, Youth Services, Education and Equalities

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	6,354	643	(249)	-	394

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	25	12	(5)	-	7

Proposal Summary:

The inspection of our SEND provision published in September 2021 identified some significant weaknesses, which were already identified in our self-assessment, and which require investment in order to deliver our Improvement Plan and the Written Statement of Action that will be monitored by the DfE and NHS England. The need for this investment is also driven by demographic growth with both the overall increase year on year in the child population, and the year on year increase in the numbers of children and young people with an Education, Health and Care Plan.

A new team is required for a minimum of 12 months to deliver the EHCP & Annual Review Recovery Plan. Increases in the capacity to complete EHCP assessments were put in place through a restructure during 2021/2022, but this has not added any capacity for the completion of Annual Reviews and subsequent necessary amendments to EHCPs, especially for those children and young people transferring to a new phase of education, such as the transfer from Primary School to Secondary School.

Inspectors acknowledged improvements in the quality of plans in recent years, but there is an urgent need to ensure that all live plans, particularly those produced during the conversion from statements of special need to Education, Health and Care Plans, are reviewed in co-production with families and professionals, amended and updated to improve quality and to reflect the current need of individual children and young people; and to ensure that going forward, the Local Area is meeting its statutory obligations.

There is need for an intensive 12-month recovery plan, requiring additional management and caseworker capacity and an intensive level of additional work within the SEN Service, to respond to the issues identified, to ensure that all the EHCPs for 3,450 children and young people are up to date – and then a much-reduced level of capacity for maintenance thereafter.

Budgeted Outcomes / Accountability (focus on improved performance):

Priority 1

People access a range of education, training, and employment opportunities –

The Annual Reviews process will inform decision making in relation to appropriate educational placements and in supporting young people in their preparation for adulthood and employment. Service growth will enable a proactive response to future demographic growth and increase resident confidence in the range of support, education and training available for children and young people with SEND.

Priority 9

People say we are open and transparent and putting residents at the heart of everything we do –

The improved annual review process, co-produced with parents and young people will increase resident confidence in the Local Area SEND system as a whole and through the gathering of user feedback on the process and the systematic recording of outcomes, will demystify the annual review process for parents, increasing transparency and allowing the service to respond to the needs of the community. Regular reporting of service user feedback, statutory timescales and progress against individual outcomes will ensure accountability.

Expected improvements

Currently the process of reviewing and recording outcomes, and the amendments made to plans following annual reviews is inconsistent. The service has not had the capacity to track, monitor and capture data to inform improvement. The annual review action plan and this growth proposal will require the service to regularly report performance data, as prescribed in the SEND Code of Practice, via the SEND Governance system.

Risks and Implications:

- Reputational - Reduction in the local community's confidence in the LA
- Increase in tribunal and mediation cases – may increase the costs for parental choices of out of borough provision
- Increase in cases going to Ombudsman and potential compensation payments
- Non-compliance with statutory duties
- Written Statement of Action not delivered – failure to meet the significant weaknesses identified in the Written Statement of Action, leading to further action from Ofsted/CQC and central government. The next re-inspection is expected within 18-24 months.

Value for Money and Efficiency:

This investment will bring the capacity in line with neighbouring LAs and deliver better value for residents.

The increase in capacity will also enable data held within the service to be used more effectively in future planning and in meeting the outcomes of children and young people. This will improve the quality of provision for children and young people with SEND, and increased parental confidence will reduce requests for out of borough provisions.

A more efficient annual review process will support the plan to manage the high needs funding block overspend ensuring efficient review and monitoring of all high needs top-ups distributed to children and young people with EHCPs.

It will enable the LA to demonstrate the pace and impact required by the written statement of action following the joint Ofsted/CQC inspection, avoiding further intervention from central government and the further associated resourcing costs.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Fire Safety Team Funding for Cladding and Remediation		
Reference:	GRO / PLA 001 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Housing (General Fund)
Directorate Service:	Housing & Regeneration, Planning & Building Control and Public Realm	Strategic Priority Outcome:	6. People live in good quality and affordable homes and neighbourhoods
Lead Officer and Post:	Karen Swift, Divisional Director Housing & Regeneration Jennifer Peters, Divisional Director Planning & Building Control	Lead Member and Portfolio:	Cllr Asma Islam, Cabinet Member for Environment and Planning and Cllr Kahar Chowdhury, Cabinet Member for Highways and Public Realm

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	0	671	(35)	(636)	0
Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	2.5	8.0	0.0	(8.0)	0

Proposal Summary:

Background

Following the Grenfell Tower tragedy in 2017, the Government undertook a number of reviews and investigations on fire safety as part of its building safety programme. Local authorities were required to identify all high-rise residential buildings with Aluminium Composite Material (ACM) cladding systems across both the social and private sector. In addition, a screening programme for building owners was established to test the fire safety of cladding systems used on high-rise buildings. Buildings which were found to have systems which failed the combustibility test were expected to be remediated by the building owner.

The Building Safety programme continues to consider safety risks to high-rise buildings and supports action if there is a risk to public safety. MHCLG therefore asked Tower Hamlets, along with all other Local Authorities to complete a data collection exercise to identify external wall materials and insulation on all high-rise residential buildings 18 metres and over within their Borough.

This exercise is part of an ongoing programme of work to enable the Government to build a more complete picture of high-rise residential buildings and the variety of external wall systems in use. This will help local authorities and fire and rescue services to prioritise their inspection and protection work to ensure that building owners are taking the right steps to keep their residents safe.

The Fire Safety Act 2021 which received Royal Assent on 29 April 2021 places a responsibility on Local Authorities to consider the spread of fire across external surfaces of all buildings over 18m within the Borough, including this data collection exercise to identify external wall materials and insulation on all high-rise residential buildings of 18m and over. In Tower Hamlets this work commenced in late 2019, well in advance of the act receiving royal assent and is ongoing.

In advance of this legislation the MHCLG granted funding to local authorities under s31 of the Local Government Act 2003 which funds expenditure incurred by local authorities on specified projects. In this instance it was to undertake external wall surveys, to collect data and report back to the MHCLG through the DELTA system on the cladding and insulation on all the high-rise residential blocks over 18 meters in the borough.

Tower Hamlets applied for £690K of a national pot of £4m which would have funded a team of c8 officers to complete this work. However, LBTH was only granted £276k despite having the one of the greatest concentration of High and Medium rise blocks in the country. Senior managers met with MHCLG to try to build the case for increasing the funding allocation, but these discussions were unsuccessful, with the Local Authority expected to meet the ongoing cost of completing this work and ensuring property owners complete any remedial works.

Rather than setting up a dedicated team the council used this MHCLG funding to fund additional posts within existing teams to focus on collection, collation and returning this data. This group consists of

- 1 x Project Co-Ordinator

- 1 x Building Control Officer
- 0.5 x Environmental Officer

The role of these posts includes inspection of all relevant buildings, responding to resident queries on safety concerns, identify non-compliant buildings, advise on remedial works and to offer technical input on the composition of the buildings regarding EWS (External Wall Systems) and ACM (Aluminium Composite Material). They are also responsible for the production and submission of the reports to MHCLG, responding to Freedom of Information requests and liaising with partners including the London Fire Brigade, GLA, London Councils, management companies, and landlords. Where remedial works are required the EHO oversees the progress and initiates enforcement if required.

This funding will be used in full at 31 March 2022, leaving this team unfunded, the work incomplete and a potential breach of the Fire Safety Act 2021. Failure to complete these surveys will result in potentially dangerous cladding to not being identified and removed, increased risk of fire within the high-rise and medium rise blocks and increased health & safety risk to residents. The Council would also be failing in its statutory duty. This risk was highlighted in May when a fire broke out in the New Providence Wharf Development.

The Bid

To ensure that this work can continue and to reduce the risk to residents of fire resulting from the cladding on buildings a growth bid is being submitted requesting funding to complete this work over the next two years. This funding will therefore be time limited. The total amount of growth being requested is £671k for 2021/22 with a slight decrease in 2022/23 down to £636k. The full schedule of costs is shown as an attachment to this bid.

The bid has been broken down in several distinct areas:

- Staffing
- IT Costs
- Other Costs
 - Consultancy
 - Legal Fees
 - Other Fees

Staffing

The bid supports the expansion of the existing fire safety resource from 2.5 fte to 8 fte. This would bring the size of the team to that which formed the original funding bid to MHCLG. This increased resource is required to reflect the large volumes of work still to be undertaken.

As an indication of the work involved whenever a block is identified, the leaseholder is contacted and sent a survey, when returned this is uploaded to Delta. If this isn't complete or the initial online survey raises issues a more detailed inspection is undertaken by the fire safety resource and to discuss any technical issues.

Where defects found, all residents need to be informed. A site visit with a Fire Safety engineer then takes place to inspect the premises. The remedial works to be undertaken are identified and shared with all parties. The EHO will then oversee the progress of the works.

Further delays and costs can be incurred where there are appeals, where enforcement action needs to be taken or where additional specialists need to be engaged.

LBTH has over 900 high-rise blocks in the borough and at present over 800 property owners have been written to with the initial survey. To date the team has received nearly 780 replies though only about 500 have given full, complete responses. Increasing the team will allow these outstanding cases to be followed up and dealt with promptly and comprehensively. This work will also need to be done on the 4,500 Mid Rise properties in the borough

In addition to the DELTA EWS returns, building owners are now beginning to complete EWS intrusive surveys and some have identified areas to remediate. For example, 22 properties have identified ACM as a result of the EWS. Three social housing providers have begun emergency action as a result of their EWS intrusive surveys. One resulting in a full decant, the other leading to the retrofitting of sprinklers and the third moving to simultaneous evacuation and waking watch. LBTH recently received notice from MHCLG that the council needs to chase Registered Providers of private blocks to update data onto the DELTA system, the blocks in question number 69 and fall under Housing Act powers.

In preparation for the Fire Safety & Building Safety Bill more and more building owners will be undertaking External Wall intrusive surveys and building safety and fire safety work will remain a high priority area for the council in terms of making sure that residents are kept safe and that their buildings are remediated. This is a fast-moving agenda and will require close monitoring in terms of speedy remediation and reassurances to residents. Going forward it is foreseen that there is an ongoing need for resources for this work for at least two years. Increasing the resource available it will enable this work to be completed and for support to be offered to Building owners who are completing EW surveys of their own.

The new structure will contain:

Post	Post(T)	Post Grade (TR)	Top SCP TR	Budget 2022-23	Budget 2023-24
	Fire Safety Co-ordinator	Grade K	42	64,800	64,800
	Team Leader	Grade M	50	76,000	76,000
	Project Assistant	Grade I	34	54,000	54,000
	Environmental Health Officer	Grade L	46	70,300	70,300
	Environmental Health Officer	Grade L	46	70,300	70,300
	Environmental Health Officer	Grade L	46	70,300	70,300
	Building Control Technical Officer	Grade L	46	70,300	70,300
	Building Control Technical Officer	Grade L	46	70,300	70,300
				546,300	546,300

For the purposes of this bid posts have been costed at the top of the grade. This is to acknowledge that there is a recognised issue with recruiting suitable candidates in this area and the potential need for market supplements to attract suitably qualified candidates as LBTH are competing with all other Local Authorities for this resource. A sum of 35k has been included for recruitment to these posts.

Information Technology

A bespoke database is required to maintain these records and to allow reports to be created on the outcomes of the surveys. London Borough of Southwark has developed a package in conjunction with Un-Boxed and an exercise is underway to identify whether this meets our needs. When this has been established a full procurement process will be undertaken. The procurement of any ICT system will be capital and a formal PID and business case is being prepared for the IT Project Board and Capital Delivery Board. If successful, this will secure capital funding (estimated to be around £110k).

Assuming this bid for funding is successful, there will be revenue implications for hosting, licensing and maintenance of the system estimated at £18k per annum.

Other Costs

Consultancy Costs – £30k

This element is to cover the cost of Fire Safety Engineers, these are specialist consultants that may need to be brought in for specific issues that fall outside the expertise of the existing fire safety resource. This cost is based on 3 engagements in each of the 2 years at £5k per incidence.

Legal Fees – £50k

The bid includes an estimate for legal fees and enforcement of £50K, this has been split evenly between years. This figure equates to roughly 5 weeks of legal / court time.

Other Fees - £64k

Other fees include the cost of land searches and administration. If defects are found the council needs to contact every resident in the block, this data is obtained from the land registry. This fee is based 3,500 searches. Of the remainder of this sum (approximately £45k) is the cost of administering this function though the business support team and a further 4k is included for transport costs.

Conclusion

The Fire Safety Act 2021 places a responsibility on the Council to ensure that the external wall systems and cladding on all buildings of 18m and over meet Government guidelines. Failure for these buildings to be assessed and any remedial action taken by the building owner would result in a breach of this statutory responsibility.

Residents and management companies will have a dedicated point of contact where they can address their concerns, seek advice and share information and the council will be able to work more closely with its partner organisations including the London Fire Brigade, the GLA and the MHCLG.

Residents will have the peace of mind knowing that their homes are safe and compliant and that safety precautions are well maintained and up to date. Where cladding has been deemed inadequate and has not been removed, residents are struggling to sell their properties, property values are well below market value, mortgages on such properties are very difficult to get and insurance is very expensive, if available at all. This work will mitigate these issues and provide residents with the same flexibility as others throughout the Borough.

If this bid were to be rejected the council risks further fires within its blocks as a result of faulty cladding not being identified or removed. This will have significant reputational, political, legal and financial consequences as well as endangering the lives of residents.

Budgeted Outcomes / Accountability (focus on improved performance):

Since Grenfell all local authorities have been tasked by MHCLG to collect information on cladding on all blocks over 18m. Tower Hamlets Council has the majority of tall building in the country and the work to undertake the collating of all the information is complicated and very time consuming. There's a close working relationship between council officers, the GLA and the MHCLG and LFB to ensure that building owners are behaving responsibly and are remediating dangerous cladding on their blocks. Not having a team in place which corresponds quickly to information request from government bodies, members and MP's would reputationally damage the Council. With more serious consequences of fatalities in the event of a fire. New Providence Wharf was in the Council and MHCLG's radar, subject to a number of meeting with Ministers and Ballymore when the fire happened so having local intelligence on buildings with problematic cladding is essential to the Council.

What are the expected improvements in service delivery & performance? Provide performance information data. To continue a robust data collection and moving on to the next phase of work required collecting information on MCM/HPL and ensuring that building owners who have received funding from the BSF are moving at pace to remediate the cladding on the block. In a similar way as we are doing with the ACM. To ensure that officers are working efficiently a database is required.

Risks and Implications:

Overall Risks:

If there was another fire similar to Grenfell or New Providence Wharf as well as the risk of death, injury or property damage for the residents the council will face significant reputational, political, legal and financial damage.

Corporate Risk:

There is a financial risk associated with implementing this structure if the work exceeds the projected 2-year timescale.

Value for Money and Efficiency:

Undertaking this proposal will accelerate the delivery of this work and will improve the councils understanding of the composition of its buildings and the standard of their fire safety precautions. It will be better placed to share this information with its partner organisations. Use of an appropriate number and professional standard of staff will mean that the work is done to the correct standard within the current regulatory framework.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	New Local Plan funding		
Reference:	GRO / PLA 002 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Planning and development services
Directorate Service:	Planning and Building Control – Strategic Planning	Strategic Priority Outcome:	4. Residents feel they fairly share the benefits from growth and inequality is tackled
Lead Officer and Post:	Marissa Ryan-Hernandez, Head of Service for Strategic Planning	Lead Member and Portfolio:	Cllr Asma Islam, Cabinet Member for Environment and Planning

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	-	420	(40)	(220)	160

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

A new Statutory Local Plan is required every 5 years as the previous plan becomes out of date and ineffective in managing development pressures and securing the best outcome for the borough. It takes approximately 3-4 years to prepare a new Plan and, if proposed reforms come to fruition, it will be required to be produced within 30 months. Ahead of initiating the process and production of a Local Plan, it is key that we secure resources in order that there are no delays to its drafting.

There are currently several changes being proposed by the government – from process to policy – which are happening alongside those emerging more locally in London and the borough, such as a focus on design, net-zero-carbon, affordable workspaces, site development capacity, infrastructure provision, community engagement, reducing inequality, and introducing new / more affordable housing products. The current structure and resource capacity of the Strategic Planning section is not staffed in at a high level to absorb increased specialisms and responsibilities, and the approach has always been to supplement and support any needs at the relevant time, be that with additional officers or procuring the specialist / technical work.

Over the 3+ years of production there are key activities / stages which are resource intense and align to activities of:

- Drafting policy / producing the plan – a team of highly qualified and experienced policy planners to write policy and continuously test, re-draft and defend policies as well as ensure the spatial representations of these policies
- Evidence base gathering – procurement / commissioning or in-house field work of several studies to support the first draft of the Plan and subsequent versions where issues raised, or gaps identified need to be addressed and justified
- Consultation and engagement – regulations 18 (of which there are often two) and regulation 19 require comprehensive and accessible engagement with communities and stakeholders at each stage consultation for a minimum of 6 weeks and in accordance with the regulations and the Council's Statement of Community Involvement
- Examination in public – the point at which an Inspector is appointed, through to the closing of hearings and the issue of a (binding) report can last beyond a year and incurs costs to PINS (Planning Inspectorate) as well any specialists and Counsel to help defend the Plan

Over that year, we can expect spends of:

- Yr 1 – Reg 18(s) (x2) evidence £400K + consultation £10k + other (DTP) £10k
- Yr 2 – Reg 19 evidence £350K + consultation £5k + other (DTP, legal) £25k
- Yr 3 – EiP consultant's attendance / additional evidence £100K + comms / printing £10k + legal/QC £50k
- Yr 4 – Insp and Programme officer = £150k

It is not an option to fund the additional resources required with current budgets and income and so this growth bid is seeking support to fund key stages of the lengthy process to ensure that the Council's new Local Plan can be delivered to Adoption by Full Council by 2025.

Budgeted Outcomes / Accountability (focus on improved performance):

The Local Plan is our statutory planning policy document. The policies in this document set the vision, objectives and policy direction for how we as an authority want to see Tower Hamlets be developed. Its policies are targeted at leading, managing and delivering substantial growth and if kept up-to-date have a better chance of creating and maintaining a vibrant and successful place including improved place making and all the benefits from developments that enable the Council to:

- provide more housing and especially affordable and affordable family housing for residents;
- secure funding and space for infrastructure such as schools, health facilities, transport, public realm and open spaces;
- secure resources to support and maintain a wide range of other often locally led initiatives;
- provide funding and support to deliver economic development, employment and training initiatives;

As our growth levels are the highest in London, our housing target is the largest and if it the Council's priority to ensure our record of development and delivery are maintained, we need to begin drafting an ambitious and robust Plan. This resource will provide the additional capacity the Strategic Planning section and the service needs to begin this task and begin to engage and consult on the best plan possible, ready for discussion and testing.

The wider Strategic Planning function has prioritised the delivery of a new Local Plan in line with the 2021-24 Strategic Plan priority outcomes:

4. Residents feel they fairly share in the benefits from growth and inequality is tackled
5. People live in a borough that's clean and green
6. People live in good quality affordable homes and well-designed neighborhoods
7. People feel safe in their neighborhoods and anti-social behavior is tackled
8. People feel they are a part of a cohesive and vibrant community
9. People say we are open and transparent putting residents at the heart of everything we do
10. People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents

The Strategic Planning team is needed to ensure that the service delivers on these outcomes over the period to 2024 and provides the framework to secure all the associated benefits for the Council from having an up-to-date Local Plan.

Risks and Implications:

The Directorate and the Divisional Risk Registers identify:

Risk 1: Too much of the wrong development in the wrong place without infrastructure.

Risk Category: Resources

One of the Main control measures is: Produce a new Local Plan.

The Implications of not actively mitigating this risk include:

- Reduced affordable housing
- Reduced benefits for the local community
- Increased costs for the Council in fighting and losing appeals
- Poor place-shaping, neighbourhoods not functioning
- Reduced New Homes Bonus and other funding such a council tax and business rates if development is delayed/deterred
- Poorer designed buildings approved
- Reputational damage and special measures on appeal decisions
- Social cohesion and unrest issues emerge

Value for Money and Efficiency:

As the production of an up-to-date Local Plan is a statutory requirement, the previous plan was produced with a growth a bid and created funds that builds over a time period to enable it to fund, when required, the additional costs of the plan-making process. It is a significant commitment and requires additional technical staff, a sustained and detailed period of evidence base gathering and an extensive period of public consultation, amendment, and formal challenge periods through to adoption at Full Council. The process of preparing the Local Plan can take approximately 3 years and is needed every 5 years to remain up-to-date. To this end the Division recommends resources are continued to be assigned as a contribution from any surplus, generating each year towards future plan-making processes, this way prudently allotting resources over time to cover a known cost parameter in the future.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Temporary Accommodation (cost pressure above Housing Benefit subsidy)		
Reference:	GRO / PLA 003 / 22-23	Growth Type:	Budget pressure
Directorate:	Place	Growth Service Area:	Housing
Directorate Service:	Homelessness	Strategic Priority Outcome:	6. People live in good quality affordable homes and well-designed neighbourhoods
Lead Officer and Post:	Karen Swift Director of Housing and Abul Kalam - Service Manager - Housing Management & Procurement	Lead Member and Portfolio:	Cllr Danny Hassell, Cabinet Member for Housing

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	3,000	3,000	-	-	3,000

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Page 100

Proposal Summary:
<p>The Housing Options Service currently has over 2500 households in temporary accommodation, of these 1800 are private rented accommodation.</p> <p>Following the extension of the Local Housing Allowance (LHA) based subsidy scheme to people living in temporary accommodation from April 2010, the Government introduced a cap on the level of benefits paid that were eligible for Housing Benefit (HB) subsidy. This means that although a household may be eligible for full benefit on a property, the amount of the benefit that the Council can recover from the DWP in HB subsidy is capped.</p> <p>The amount the council can claim back is based on 90% of the January 2011 LHA rate which is substantially below current market rates and the Council has had to increase the amount it is paying for temporary accommodation in order to maintain supply to meet its statutory duty. The Council has no alternative but to subsidise the rents for homeless households if they exceed temporary accommodation subsidy rates as all properties have to be affordable if they are to be deemed suitable.</p> <p>The impact of the shortfall in temporary accommodation subsidy is a net charge to the Council's HB budget. The estimated shortfall in the budget is forecast to be £3M, which cannot be met from within existing budgets.</p>

Budgeted Outcomes / Accountability (focus on improved performance):
The transformation saving within the Homelessness service will mitigate the loss, this will take effect from year 3. There is a separate savings proposal that will offset this growth going forward. This pressure has been countered in the current year by utilising one off resources in the form of Covid funding.

Risks and Implications:
If this growth bid is not approved there will be an ongoing pressure on the budget. This was previously held with the Resources Directorate and will transfer over to the Place directorate during next financial year.

Value for Money and Efficiency:
Overall, this will have no effect with the exception of where the budget sat. Originally located in Benefits it will now be included in the Homelessness service.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Page 101

Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA be required?	No

Additional Information and Comments:

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Waste Treatment and Disposal		
Reference:	GRO / PLA 004 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Environmental and Regulatory Services
Directorate Service:	Operational Service, Public Realm	Strategic Priority Outcome:	5. People live in a borough that is clean and green
Lead Officer and Post:	Catherine Cooke, Environmental Service Improvement Team Leader	Lead Member and Portfolio:	Cllr Asma Islam, Cabinet Member for Environment and Planning

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	10,749	255	-	-	255

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE)	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

As both a Waste Collection and Waste Disposal Authority the council has a statutory duty to collect and dispose of Municipal Waste that arises within the Authority area. This includes all waste, recyclable materials, food and garden waste collected from households.

We are seeking an initial £255,000 of growth funding in 2022/23 to cover the impact of the increase in waste arisings caused by the pandemic, which has led to a projected overspend in 2021/22 of £245,000 (based on quarter 1 figures alone), plus the anticipated growth in housing (£170,000) that we expect to continue next year. The growth in waste arising due to the pandemic will be partly mitigated in 2022/23 by the rebate received from Bywaters (£160,000).

There has been a change in people's behaviour in relation to shopping habits and working styles. As a consequence of successive lockdowns and Government restrictions, many people have been and are continuing to work from home and shopping online. These changes have resulted in significant growth in the quantity of waste that is being generated by households at a time when the borough is still experiencing growth in the population housing development.

Using Quarter 1 figures for 2019/20 and 2021/22, we can see that collected residual waste has increased by 5% over the last two years and collected recycling by 17%. Comparisons have been made with tonnage data from 2019-20, which provides for more accurate pre-pandemic comparisons. Data from 2020/21 is too badly skewed by the impact of Covid and service disruption.

Quarter 1 tonnage (residual waste)

2019-20	2021-22
20,362	21,434

Quarter 1 tonnage (dry mixed recycling)

2019-20	2021-22
3,055	3,582

Whilst restrictions have been lifted, home working and changing behaviours have increased the level of residual waste collected in Q1 2021/22.

Current number of properties in the borough: 131,350.

Housing trajectory (number of units predicted each year):

2022-23	2023-24	2024-25
4,274	4,068	4,314

This is an average 3.2% growth in the number of new properties each year. Consequently, we would expect to see a growth in the amount of waste generated with increased treatment and disposal costs.

Current budget pressure for 2021/22

Budget- £10,748,800

Projected spend- £10,993,435

Overspend = **£245,000**

Our current modelling suggests that for the 3-year period 2022/23 to 2024/25 waste collection and treatment costs will increase due to growth in the quantity of Municipal Waste brought about by the growth in housing in the borough. From 2023, it is uncertain whether any rebate from recycling will be received as the current contract with Bywaters expires March 2023. In addition, the government is anticipated to make the separate collection of food waste from households and businesses mandatory from 2023/24 onwards. We will therefore be required to collect and treat an increased level of food waste, which will impact this budget. At the moment, we are unsure on the level of government support and funding that will be available. Therefore the future growth requirement, for 2023/24 and 2024/25 will be reviewed in the new year and may require a further growth proposal as part of the budget setting process.

We anticipate that the growth in waste produced due to the Covid pandemic will not reverse and the amount of Municipal Waste will remain high. Future waste generation is difficult to predict, however we expect home working and changed shopping behaviour to continue and the high levels of residual waste to be maintained over the next three years.

Budgeted Outcomes / Accountability (focus on improved performance):

The council has a statutory obligation to arrange for the treatment and disposal of Municipal Waste within the Authority area in order to protect the environment and human health. The council also has a statutory obligation to send dry materials for recycling and organic waste for composting. The amount of household waste that is recycled or composted contributes to the strategic performance indicator, percentage of household waste sent for reuse, recycling or composting.

Risks and Implications:

The Council has a statutory obligation to treat and dispose of the Municipal Waste that is generated within the borough. The quantity of Municipal Waste has increased as a result of the impacts of the covid pandemic. This growth is anticipated to continue year on year, linked to growth in the number of housing units and associated population increase. Because waste treatment and disposal are charged for on a per tonne basis, the cost increases are difficult to avoid.

There are a number of variables that could have an impact on the waste treatment and disposal budget:

- A greater uptake of online shopping could increase the average amount of waste produced per property further.
- The contract with Bywaters for processing dry recyclable materials will expire on 31st March 2023. Gate fees for the replacement contract could be higher than current rates as the introduction of the governments proposed deposit return scheme for drinks containers could increase gate fees for processing dry recycling due to the loss of the more valuable material.
- The percentage of non-conforming loads and contaminated material increases and we are charged at a higher processing rate.
- There is uncertainty over the anticipated level of housing growth which will have an impact on waste generation.
- The Government has set out proposals to make the separate collection of food waste mandatory from all household and businesses from 2023/24. There is uncertainty at this stage as to whether the council's disposal route and gate fee price for separate food waste will change until such time as any variation to the disposal contract can be implemented.
- There is also uncertainty at this time as to whether there will be any negative financial impacts on the waste disposal budget as a result of the Government's proposals to implement extended producer responsibility (EPR) requirements for packaging waste.

Value for Money and Efficiency:

The Council has made significant strides in mitigating the costs of waste treatment and disposal by maintaining levels of diversion from landfill disposal to other forms of waste treatment through the current waste disposal contract and at the time this contract was procured significant savings were delivered from the procurement process.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Page 104

Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA be required?	No

Additional Information and Comments:

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Waste Operations – additional recycling round and enhanced night time cleansing		
Reference:	GRO / PLA 005 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Waste Operations – Public Realm
Directorate Service:	Waste Operations, Public Realm	Strategic Priority Outcome:	5. People live in a borough that is clean and green
Lead Officer and Post:	Oil Kapopo, Interim Head of Waste Operations	Lead Member and Portfolio:	Cllr Asma Islam, Cabinet Member for Environment and Planning

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	18,994	293	-	-	293
Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	317	7	-	-	7

Proposal Summary:
<p>This is growth that is unavoidable as there has been an increase in waste production in the Borough. This proposal highlights the need for additional resources to collect waste from households. The proposal forecasts an increased workload on collection crews with a need to add an additional collection round. Currently waste operations utilise 17 trucks to collect refuse and 9 trucks to collect recycling. With the advent of the coronavirus pandemic, the subsequent lockdowns and increase in the amount of online shopping, there has been a sharp increase in recycling waste. Additionally, there are more people working from home and an increase in waste emanating from households. This requires additional capacity to collect this waste utilising existing vehicles. The growth is for the additional FTEs and vehicle running costs.</p> <p>This proposal also reflects the need for enhanced cleansing in the night because of an increased night-time economy, especially around the fringes of Brick Lane. This requires additional mechanical sweeping.</p> <p>The proposal requires the service to –</p> <ol style="list-style-type: none"> 1. Increase recycling collection rounds from 9 to 10. This growth is for 1 driver and 2 loaders (3 FTE) to cover the round. This does not include additional vehicles, just staff costs. 2. Increase mechanical sweeping between 9.30pm to 5.30am by 1 mechanical sweeping round. The growth is for 1 driver and 2 sweepers (3 FTE) to cover the round. This does not include vehicles, just staff costs 3. Creation of 1 FTE position for night-time manager

Budgeted Outcomes / Accountability (focus on improved performance):		
The increases in resources will improve cleanliness in the Borough, working to achieve the strategic priority of “People live in a borough that is clean and green”. The increased resources will help with managing increased waste and improve on street cleanliness.		
Additional recycling round		Mechanical broom
LGV Driver	£40,600	£40,600
Loader	£37,100	-
Loader	£37,100	-
Sweeper		£33,200
Sweeper		£33,200
Fuel	£5,000	£9,000
Brushes		£3,000
	£119,800	£119,000

Environmental Manager Nights
£54,600

Total Annual Cost = £293,400

Risks and Implications:

There are no identifiable risks associated with this proposal

Value for Money and Efficiency:

This is unavoidable growth as the population of the Borough increases. Additionally, with the night-time economy being more vibrant especially around the brick lane area, there is a need for more focussed cleansing. With an increase in manpower in the night, supervision will provide value for money and ensure work is being conducted efficiently. There is also a need to ensure productivity is being measure and performance is being reviewed on a regular basis. This requires a night-time manager to ensure these aspects are monitored.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	Yes	Impacts frontline services by creating additional jobs.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?	No	
Additional Information and Comments:		
No. The proposal does not impact on equalities		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Digital Inclusion Ambassador		
Reference:	GRO / CHE 001 / 22-23	Growth Type:	Mayoral Priority
Directorate:	Chief Executive's Office	Growth Service Area:	Central services
Directorate Service:	Strategy, Improvement and Transformation	Strategic Priority Outcome:	4. Residents feel they fairly share the benefits from growth and inequality is tackled
Lead Officer and Post:	Afazul Hoque, Head of SPP Corporate	Lead Member and Portfolio:	Cllr Mufeedah Bustin, Cabinet Member for Social Inclusion

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	0	70	(35)	(35)	-
Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	0	1	(0.5)	(0.5)	-

Proposal Summary:

There are a range of initiatives taking place across Tower Hamlets which aim to improve digital inclusion. Many of these began as a response to the COVID-19 pandemic. Cllr Mufeedah Bustin has chaired a Steering Group made up of partners and council officers to explore interventions needed to remove barriers to digital inclusion for Tower Hamlets residents. The Steering Group has developed a strategy and action plan which was agreed by [Cabinet in November 2021](#), which if delivered in partnership, will achieve the central vision - residents of Tower Hamlets have the tools and skills they need to participate in, contribute to, and benefit from a digital world.

Central to this strategy is appointment of a Digital Ambassador to co-ordinate the work across the borough. It was clear from the strategy work there is a lot of activity taking place across the borough and this Ambassador role will enable better co-ordination, access resources and funding to deliver digital inclusion activities, ensure initiatives are targeting those most in need and develop and promote best practice across the borough. From our [COVID-19 impact assessment](#), the [Black, Asian and Minority Ethnic Inequalities Commission](#) and [Poverty Review](#) and the work through this project it is clear digital inclusion has an impact on particular protected characteristics such as older people, disabled residents, people from Black, Asian and Minority Ethnic Communities and children and young people.

The funding will provide half the budget for this role with half the funding being sought from partner agencies. The Council will pay first full year salary and half the year salary for year 2 and partner contributions will fund half the salary in year 2 and full salary for year 3. Partners are positive and supportive of the strategy and the approach and conversations regarding financial contribution remain ongoing with some indicative support offered subject to the development of further detail. The partnership steering group will have on-going oversight of delivery and ensure the action plan is delivered and value for money assessment against this role.

Budgeted Outcomes / Accountability (focus on improved performance):

This proposal will support the council's aim of reducing inequality and improving access to our services. A key priority in our Customer Service Transformation Plan is to be 'digital by default' and the delivery of the Digital Inclusion Action Plan will ensure we reduce a negative impact on residents excluded by changes to our service provision.

Risks and Implications:

There is a risk partners may not contribute to the role, however discussions so far has been positive and work will be undertaken to secure partnership contribution early next financial year.

Value for Money and Efficiency:

As set out above there is considerable resources invested across the partnership to address digital exclusion. Through this ambassador role we will be able to better co-ordinate these resources ensuring they are allocated to where there is greater needs, improving impact of these interventions and reducing duplication.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Will support more residents to access services digitally.
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		
This growth proposal will address inequality faced by particular groups of residents in accessing services, employment and participation digitally.		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Retention of PowerGate		
Reference:	GRO / RES 001 / 22-23	Growth Type:	Budget Pressure
Directorate:	Resources	Growth Service Area:	Central services
Directorate Service:	IT	Strategic Priority Outcome:	11. People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement
Lead Officer and Post:	Adrian Gorst, Director of IT	Lead Member and Portfolio:	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	0	80	(80)	-	-

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

The move away from Agilisys and their partners Colt has contributed significantly to the £550,000 of saving delivered last year, however we have been unable to decommission one element of the Colt service, a small data centre and some essential connections, in PowerGate Acton. This is due to Northgate requiring a dedicated link between their hosting environment and the Council's environment which terminates in PowerGate Acton.

While the link could be moved to Mulberry Place this would be expensive and require downtime for housing and benefits users and would have to be repeated when we vacate Mulberry Place and move to the new Town Hall. Retaining PowerGate until we leave Mulberry Place avoids the cost, risk and downtime of two moves, and allows more time for an innovative solution to be found, potentially avoiding the cost of relocating the link.

Budgeted Outcomes / Accountability (focus on improved performance):

Maintains access to the housing and benefits applications

Value for Money and Efficiency:

The cost of retaining PowerGate Acton for an additional year is around £80,000. Each relocation, from PowerGate Acton to Mulberry Place, and then from Mulberry Place to the new Town Hall are likely to cost £80,000 each and risks extensive disruption to housing and benefits services.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	ICT - Security Operations Centre Operative		
Reference:	GRO / RES 002 / 22-23 (A)	Growth Type:	Budget Pressure
Directorate:	Resources	Growth Service Area:	Central services
Directorate Service:	IT	Strategic Priority Outcome:	11. People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement
Lead Officer and Post:	Adrian Gorst, Director of IT	Lead Member and Portfolio:	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	0	120	-	-	120

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	0	1	-	-	1

Proposal Summary:

Reinforce our IT security through the recruitment of an additional IT security specialist, reflecting the increasing threat to the council from malware and phishing attacks.

The move to Microsoft 365 and Azure enables us to see in real time cyber security threats and vulnerabilities however we are unable to monitor, assess and respond to all of these alerts without dedicated security operations centre operative, posing an avoidable risk to all the council's activities.

Budgeted Outcomes / Accountability (focus on improved performance):

Protect the council's operations through enhanced monitoring of and response to alerts

Risks and Implications:

This is likely to be a hard to recruit role and we have reflected this in the growth bid.

Value for Money and Efficiency:

Protect the council's operations through enhanced monitoring of and response to alerts

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	ICT - Software Licencing for Idea Stores Public Access Computers		
Reference:	GRO / RES 002 / 22-23 (B)	Growth Type:	Budget Pressure
Directorate:	Resources	Growth Service Area:	Central services
Directorate Service:	IT	Strategic Priority Outcome:	11. People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement
Lead Officer and Post:	Adrian Gorst, Director of IT	Lead Member and Portfolio:	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	0	150	-	-	150

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

The public access computers in Idea Stores including those use in the learning labs were originally funded by revenue reserves as one-off expenditure. Following extensive complaints about the slowness of the public access computers we anticipate a successful Digital Portfolio Board bid to replace the computers and the supporting infrastructure in 2021/22 however software licencing is now largely through subscription rather than purchase, so ongoing revenue is needed to maintain the legitimate use of the software and receive essential upgrades.

The proposal will sustain a modern software environment for users of the public access computers in Idea Stores including those signing up for learning.

The public access computers including the learning labs are an essential function of the Idea Stores and need modern software to allow people to achieve their desired outcomes, both for ad-hoc visits and for learning activities.

Licencing for public access computers is complicated as some aspects may quality for educational licencing and some may require corporate licencing, the estimate is based on 420 devices requiring £350 per annum of software subscription, circa £150,000. If the project to replace the computers and relicense the software progresses it may be possible to reduce this through greater clarity and control of uses to allow the use of educational licencing.

Budgeted Outcomes / Accountability (focus on improved performance):

The public access computers have been subject to public and member complaints as they are slow and the software is outdated. If approved the project will update the computers and software, however we need revenue growth to cover the ongoing software licencing costs. The revenue growth will sustain and extract value from the one-off project investment.

Risks and Implications:

None

Value for Money and Efficiency:

The Idea Stores are a flagship public service.

Compliance with modern software licence requirements is essential.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	ICT - Mosaic Hosting		
Reference:	GRO / RES 002 / 22-23 (C)	Growth Type:	Budget Pressure
Directorate:	Resources	Growth Service Area:	Central services
Directorate Service:	IT	Strategic Priority Outcome:	11. People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement
Lead Officer and Post:	Adrian Gorst, Director of IT	Lead Member and Portfolio:	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	20	76	-	-	76

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	0	-	-	-	-

Proposal Summary:

Frameworki was previously hosted on physical servers purchased by the council and hosted by Agilisys in their Welwyn Garden City data centre. The servers out of support, regularly failing and could not be upgraded to host Mosaic. So as part of the Frameworki to Mosaic project a decision was made to host Mosaic with Servelec which had the added benefit of bringing hosting and application support together, which was expected to and has reduced downtime. The project covered the original hosting bill however no financial arrangements were made for ongoing hosting at the time.

The Frameworki servers were purchased by the Council and hosted by Agilisys, however there is no specific mention or costing for this in the Agilisys contract, so I have estimated a prior cost of £20,000pa for rack space, power and cooling; and subtracted this from the current cost to request growth of £76,000pa.

Budgeted Outcomes / Accountability (focus on improved performance):

Mosaic is used by both Adults and Childrens social care and is integral to processes across the Council.

Risks and Implications:

Hosting by the vendor is the lowest operational risk as they take full responsibility for all aspects of the delivery of the service.

Value for Money and Efficiency:

The hosting arrangements provide the best possible up-time for the application and allow our 1000+ staff working in social care to perform their duties to support citizens and comply with our statutory requirements.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	Demographic Pressures in Adult Social Care		
Reference:	GRO / HAC 001 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Health, Adults and Community	Growth Service Area:	Adult Social Care
Directorate Service:	Adult Social Care	Strategic Priority Outcome:	3. People access joined-up services when they need them and feel healthier and more independent
Lead Officer and Post:	Warwick Tomsett, Joint Director of Integrated Commissioning	Lead Member and Portfolio:	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2021-22 £'000	Growth 2022-23 £'000	Growth 2023-24 £'000	Growth 2024-25 £'000	Total Growth £'000
Budget (£000)	111,690	1,200	5,340	5,464	12,004

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

Demographic pressures in adult social care have been recognised nationally as a growing concern for local authority budgets. The government has allowed local authorities to add a precept increase to council tax but demand for services continues to rise. In Tower Hamlets, the adult social care precept have historically been used to fund demographic and inflationary pressures in adult social care. However, there is an increased level of uncertainty surrounding these funding streams in future years despite them being significant for the council. For example, a 1% social care precept generates additional funding of approximately £1.2m for Tower Hamlets.

The demographic growth calculation assumes that increases in population, combined with other demographic factors detailed below will lead to more clients needing social care support for longer. National and local policy is designed to maintain independence for as long as possible through community-based support, thus reducing the need for more costly residential services. However, more people are living longer with more complex needs.

This increase in demand and resulting cost is subject to transformation work underway across health and social care services, through the Tower Hamlets Together partnership. This includes savings proposals detailed elsewhere, which are designed to make best use of resources across the system to provide community-based support, reduce overall unit costs and ensure efficiencies through contracts with services. This includes joint funded packages of care where appropriate.

The estimated average rate of growth per client group is different and is influenced by a number of factors such as age, ethnicity, deprivation and other such demographic factors.

Predicted population growth in Tower Hamlets will inevitably bring an increase in the number of people who need adult social care services. Tower Hamlets has high levels of deprivation, which in turn is associated with poor mental and physical health. Deprivation levels may be further exacerbated by welfare reform. An increase in the number of people living for longer with poor health is also a factor driving an increase in demand for adult social care across all client groups. There is likely to be an increased demand for adult social care from all sections of the population as it continues to expand.

This bid uses estimated growth rates from the Department of Health sponsored systems 'Projecting Adult Needs and Service Information' (PANSI) and 'Projecting Older People Population Information' (POPPI) systems. The two systems combine population projections with benefits data and research on expected prevalence rates to produce projections of the likely future demand on social care and health services. Projections from POPPI and PANSI for previous years have proven to be reasonably accurate and we are satisfied that these are the most robust figures available for calculating projections of future growth in demand for adult social care for older people and adults accessing physical disability and mental health services.

Summary data for Tower Hamlets from both sources is summarised in Table 1 below. It demonstrates that by 2025, the over 65 population is expected to total 26,600, an increase of 23% on the 2020 population.

Table 1: Summary data from POPPI and PANSI Tower Hamlets (2020:2040)

Source	Category	Descriptions	2020	2025	2030	2035	2040
POPPI	POPULATION	Total population 65 and over	21,600	26,600 23.15%	32,400 21.80%	38,900 20.06%	46,000 18.25%
PANSI	MOBILITY	Total population aged 18-64 predicted to have impaired mobility	8,999	10,309 14.56%	11,265 9.27%	12,004 6.56%	12,565 4.67%
PANSI	LEARNING DISABILITY	Total population aged 18-64 predicted to have a learning disability	5,846	6,243 6.79%	6,560 5.08%	6,830 4.12%	6,982 2.23%
PANSI	LEARNING DISABILITY	People aged 65 and over predicted to have a learning disability	450	558 24.00%	681 22.04%	822 20.70%	974 18.49%
PANSI	MENTAL HEALTH	Total People aged 18-64 mental health problem	78,286	83,721 6.94%	87,607 4.64%	91,158 4.05%	93,081 2.11%

Overall projections also predict increases in younger adults with primary disabilities increasing within the population.

Budgeted Outcomes / Accountability (focus on improved performance):

This growth bid relates directly to the 2021-24 strategic plan outcome – people access joined-up services when they need them and feel healthier and more independent. It is aligned to the vision and aims of the 2018-23 ageing well in Tower Hamlets Pan, which aims to support people to be as healthy and independent as possible.

The bid is necessary to ensure the council can fulfil its statutory duties to residents needing care and support, as articulated in the 2014 Care Act. It relates to the outcomes for adult social care expected nationally, as set out in the adult social care outcomes framework.

Accountability in adult social care is set out in our local quality assurance framework. In terms of our accountability of residents, a key mechanism is the annual local account. This publication is produced every year and sets out the quality and performance of services over the preceding 12 months. It enables residents to scrutinise and challenge our performance.

Risks and Implications:

Older people services (clients aged 65+)

Due to the health and demographic factors, demand for adult social care services from older people is predicted to continue to increase between now and 2025. For 2023-24 and 2024-25, the forecast growth rate is 5 per cent per annum (using POPPI), giving a growth requirement in 2023-24 of £2.4m in each financial year (before a deduction for death rates).

Home care, which is particularly heavily used by older people in Tower Hamlets, is expected to continue to be under growing pressure over the next eight years. Separate inflationary growth is allowed for in the MTFS to cover rising unit costs in home care (related to the Ethical Care Charter and the annual uprating of the London Living Wage), but does not include any allowance for rising demand, which is dealt with here.

Physical disability services

The causes of physical disabilities and sensory impairments in working-age adults are complex. This information, along with predictions on future prevalence rates, is not detailed in this report. Evidence suggests there has been a moderate increase in demand in the number of working-age adults who have a physical disability or sensory impairment and who are eligible to receive support from adult social care.

PANSI has a number of future predictions for physical disability and sensory impairment prevalence rates amongst working-age adults in Tower Hamlets. This information is categorised according to health condition and does not give an indication as to who might be eligible for adult social care. The average rate of growth for this group between 2020 and 2023/24 is 2.91 per cent and 2.34% to 2024/25. This has giving a growth requirement of £0.327m for 2023/24 and £0.263m in 2024/25.

Learning disabilities services

18-25 years old (transitions)

Young people transitioning from Children's to adult services are estimated using service data from the children with disabilities team and the community learning disability service (CLDS). Historically around 70-80 per cent of young people identified by children's services as having needs which may be met by adults' services are found to be eligible for the CLDS in adult social care. Using the Year 9 tracking record that is maintained by CLDS, it is anticipated 72 people will turn 18 in 2021-22. Using this, and previous trends, it can be anticipated that approximately 73 children will turn 18 in 2022-23, 73 in 2023-24 and 77 in 2024-25. Of this total, this will give rise to additional demand of 45 clients to Adult Social Care in 2023-24 and 48 clients in 2024-25. Given the average cost of a transition care package is £62,000, the growth requirement for 2023-24 is estimated at £2.774m and £2.961m in 2024-25.

26-64 years old

To calculate the growth required for new clients aged between 18-64 years the actual cost of new clients who joined the service in 2021-22 (up to July 2021) is used to estimate what this may look like in future financial years.

Given the estimated growth rate of learning disabilities in the Tower Hamlets population is 1.2% annually (per PANSI), this would result in expected growth in 2023-24 being £0.587m and for 2024-25 £0.594m.

Therefore, the total growth requirement for Learning Disability services in 2023-24 is £3.361m and for 2024-25 £3.555m.

Mental health services

Evidence suggests there has been a steady increase in the number of adults who have a mental health problem and who are eligible to receive support from adult social care. PANSI has a number of future predictions for mental health prevalence rates amongst working-age adults in Tower Hamlets.

This information is categorised according to mental health condition and does not give an indication as to who might be eligible for adult social care.

In addition to this general growth in the number of mental health clients, there are also particular pressures in Tower Hamlets on the number of mental health forensic placements, and there is also an increasing group of young people with mental health issues that will transition to adult social care. The average growth rate for mental health services is predicted at 1.29 per cent for 2023-24 and 1.21 per cent for 2024-25. This represents a requirement of £0.096m for 2023-24 and £0.090m for 2024-25.

If demographic growth was only funded in part, work to reduce overall expenditure would need to be developed to mitigate the impact of this in both 2023-24 and 2024-25. This would likely need to focus on demand management to reduce the level of social care support provided to all individuals by the council, so that the pressures of demographic growth could be contained within current budgets. These estimates do not include an allowance for additional demand which may arise from the Long Covid-19 impact on Adult Social Care which is currently projected at 2%.

Value for Money and Efficiency:

The amount required for growth is intended to meet the assessed eligible needs of vulnerable individuals, including home care, day care, meals, direct payments and residential and nursing care services.

Scrutiny on the quality of assessments and their value for money in legally meeting assessed needs is central to social care operational practice. The eligibility criteria are set nationally through regulations within the Care Act, which has a threshold of significant impact on wellbeing as the benchmark on where the duty is reached. This demand led service is therefore very sensitive to demographic changes.

Against the backdrop of increasing demographic and inflationary pressures, adult social care has set out to improve value for money by:

- Increasing the use of home care and direct payments to reduce and delay residential and nursing care placements.
- Improving the independence of service users through reablement (care after illness or hospital discharge) and employment opportunities.
- Utilising more supported accommodation, extra care sheltered housing and intensive housing support to reduce residential and nursing care placements.

Adult social care is projected to achieve £2.519m savings in 2021-22 and a further £0.586m savings in 2022-23. Ongoing savings delivery plans for 2023-24 and 2024-25 are yet to be developed.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

This page is intentionally left blank

GROWTH PROPOSAL – HOUSING REVENUE ACCOUNT (HRA)

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	LBTH New HRA Building Safety Obligations and Recruitment		
Reference:	GRO / HRA 001 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Housing (HRA)
Directorate Service:	Housing & Regeneration	Strategic Priority Outcome:	6. People live in good quality and affordable homes and neighbourhoods
Lead Officer and Post:	Karen Swift, Director of Housing & Regeneration	Lead Member and Portfolio:	Cllr Danny Hassell, Cabinet Member for Housing

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	0	108	248	-	356
Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	0	1 (+ ICT Support)	1 (+ ICT Support)	1 (+ ICT Support)	1 (+ ICT Support)

Proposal Summary:					
Page 123	<p>1. Government Context</p> <p>Following the fire at Grenfell Tower, the Government commissioned a review of building regulations and fire safety. The independent review which was led by Dame Judith Hackitt was published on 17 May 2018 and made recommendations regarding the physical aspects of building safety and how landlords engage with residents on fire safety matters.</p> <p>As a result of the recommendations, the Building Safety Bill (the Bill) which sits alongside the recent Fire Safety Act 2021 was introduced on 5 July 2021 and is anticipated to receive Royal assent between April to July 2022 (with full implementation one year later).</p> <p>As announced in the Queen's speech of 11 May 2021, a new Building Safety Regulator will be established, which will sit under the Health and Safety Executive (HSE). The new Regulator will provide oversight of building safety in the housing industry and will have the power to prosecute property developers and landlords that do not meet safety standards as set out in the Bill. The Regulator will work closely with dutyholders in the Council and THH throughout the lifecycle of Council-owned housing stock. The Government anticipates the Regulator to be fully established in 2023.</p>				
	<p>2. Building Safety Bill</p> <p>The Building Safety Bill introduces a new regime applicable to all high-risk/high-rise buildings that are 18 meters or 7 storeys and more in height with two or more residential units. This includes our existing housing stock, new developments that are ready for residents to move into and some commercial units located on the ground floor of residential blocks in scope of the Bill.</p> <p>The Bill will improve the fire and structural safety of new and existing residential buildings and focuses on accountability at each stage of a building's lifecycle.</p> <p>Non-compliance with the Building Safety Act could result in fines and/or imprisonment.</p> <p>The Bill establishes dutyholder holder roles throughout the lifecycle of a building in scope of the upcoming Act including two new dutyholder roles for buildings in occupation which are:</p> <ul style="list-style-type: none"> the Accountable Person who will have a series of statutory duties and be the lead for overseeing building safety risks. The Council as an entity is deemed to be the Accountable Person for the London Borough of Tower Hamlets as advised by external solicitors. This role will be supported by a Building Safety Advisor who will provide the specialist advice to the Lead Member of Housing, Cabinet and other Directors who have delegated authority to make decisions related to building safety. the Building Safety Manager will be appointed by the Accountable Person to assist with delivering the building safety regime for managing all building and fire risk within high-rise blocks that are at least 18m or 7 storeys high. THH will become the Council's interim Building Safety Manager (as an entity), pending Cabinet approval in November 2021. 				

Once the Building Safety Bill receives Royal Assent and becomes an Act of Parliament, the Council as Accountable Person will formally appoint THH as Building Safety Manager pending final approval from the soon to be set up Building Safety Regulator.

Please note that THH has submitted a separate growth proposal to recruit to nine positions required under the Building Safety Manager role; Fire Safety Manager x 1, Senior Building Safety Officer x 1 and Building Safety Officers x 7.

See Appendix 1 for the full Interim LBTH/THH (Residential) Building Safety Framework, which is pending Cabinet approval (November 2021) and will be in place until the Bill receives Royal Assent. Changes may be made to the Building Safety Bill as it travels through Parliament prior to receiving Royal Assent, therefore the LBTH/THH Building Safety Framework may need to be adapted to ensure that the Council/THH is compliant with the Bill.

This proposal focuses on the required resources to enable the Council to fulfil the role of Accountable Person. The resources are required to recruit to one additional role and specialist ICT support as detailed below in section 3.

As the requirements to be compliant with the Bill have severe risks of prosecutions it is requested that consideration for approving the required funding is prioritised.

Budgeted Outcomes / Accountability (focus on improved performance):

3. Recruitment to the Accountable Person role

See Appendix 2 for estimate of costs.

3.1. Building Safety Advisor

The Building Safety Advisor will be a new position that will report to the Corporate Director of Place. In the interim the role will focus on preparations for the building safety regime, including working with the Divisional Director of Housing & Regeneration, LBTH departments impacted by the Building Safety Bill/Act including ICT and THH to ensure that the Council is fully prepared for the upcoming Building Safety Act. This role will be key in advising the already established Building Safety Bill Working Group on specialist requirements of the Bill and developing the building safety regime within the Council.

When the Building Safety Act is implemented, the post will have accountability for:

- overseeing THH as Building Safety Manager
- working with THH who will assist with delivering some of the Accountable Person duties
- reviewing all statutory returns before submitting them to the Building Safety Regulator on time.
- being the face of building safety for our residents in the borough, including overseeing the resident engagement strategy.
- being the Regulator's main point of contact for enquiries, etc.
- applying for Building Assessment Certificates which need to be displayed in the relevant buildings.
- reviewing all building safety risks and ensuring that the Building Safety Manager is taking all reasonable steps to prevent a major incident from occurring and reducing the severity of any potential incident.
- reviewing and submitting all building safety cases to the Regulator.
- notifying the Regulator of any revised building safety case and providing a copy when requested.
- producing and carrying out reviews of the Resident Engagement Strategy. In addition, ensuring every Council resident aged 16 years or over with a copy of the strategy.
- ensuring that the Council's Insurance Team has adequate insurance against loss under building safety management (subject to the terms of any Regulations enacted).
- establishing and operating a mandatory occurrence reporting system.
- retaining set information, following the prescribed standards. All the information must be kept up to date.
- setting up a complaint's process for the investigation of relevant building safety complaints.
- ensuring requests for residents to comply with duties concerning resident safety have been issued. In addition, ensuring the relevant notices have been issued where there is a breach of resident duties.
- application to court for the purposes above.
- providing the Cabinet Member for Housing, Cabinet, Directors, Building Safety Bill Working Group, etc of building safety advice.

The salary range for this post pending evaluation will be within the divisional director pay range of between £78,291 to £109,662 plus on costs.

In the lead-up to the Bill receiving royal assent, the Building Safety Advisor will be responsible for preparing for the building safety regime. Therefore, the role is required to be recruited to by November/December 2021. As this will be a senior strategic role, an external recruitment agency will lead with the recruitment, organised by the Council's Human Resources Department. Further funding will be requested to cover 2023/24 onwards once Building Safety Bill has received Royal Assent and the full requirements related to the upcoming Act have been fully divulged from central Government.

3.2. Temporary ICT Support (Building safety Regime)

The Building Safety Bill ICT requirements that have been identified so far include:

Golden Thread of Information	BIM <ul style="list-style-type: none"> 3d drawings All floor plans Building Safety Cases <ul style="list-style-type: none"> All designs including 3d digital drawings & floor plans All structural & fire risks plus how the risk will be managed. Planning stage information to be incorporated into the BS cases (which are hard copies) Building control records (which are hard copies) Upgrade/purchase of Northgate module/bolt on or explore other Housing management systems to hold asset and resident data <ul style="list-style-type: none"> Holding data on the asset (compliance inspections/servicing, building components and condition, repairs etc) and data on residents (tenant/leasehold households, vulnerability etc.) on a single system
	Building Safety Charge <p>Northgate update to incorporate the new charge</p> <p>- This will cover the cost of delivering the building safety regime.</p>
	Resident Engagement Strategy <p>Website Update</p> <ul style="list-style-type: none"> Information page on building safety
	New Housing Ombudsman <p>Update ICasework</p> <ul style="list-style-type: none"> New category to be added

Temporary ICT specialists will be required to provide advice for the Council and THH to have appropriate ICT in place to deliver the new building safety regime. The required ICT will need to be in place prior to full implementation of the Building Safety Act, which is anticipated to be between April to July 2023.

The ICT specialist will lead on:

Stage 1: Scoping problem solutions

Stage 2: Planning and delivering the implementation of ICT requirements

The IT Project Board and Digital Portfolio Board will advise regarding the support available for the ICT requirements but initial thoughts from the Head of ICT Office is that three temporary agency roles will be required within ICT:

- Project Manager
- Business Analyst or service designer and a
- Technical subject matter expert/solution architect

£60k would be required for 3 months ICT support and the estimates for the ICT support will be based on this initial estimate (provided by the Head of ICT Office) for 2021/22 and 2022/23.

Risks and Implications:

- This growth bid will contribute to the establishment of the LBTH/THH (Residential) Building Safety Framework, with appointments made in the quarter 4 of 2021/22
- The legislative changes outlined above establish a new building safety regime in the wake of the Grenfell Tower disaster. A new Building Safety Regulator is being established, and additional duties placed on the Council (and THH). Failure to comply could result in action from the Regulator and even put residents at risk.
- As any contravention under the Building Safety Act could result in fines or imprisonment, it may be prudent for the Council to place priority for funding the Building Safety Advisor role and ICT support required to ensure that the Council is compliant with the upcoming Act.

Value for Money and Efficiency:

- As the building safety regime is new there are no benchmarks elsewhere in the sector to compare these proposals with.
- As the detailed regulations are published benchmarking will be undertaken with peers to ensure that a robust value for money building safety regime is established for the London Borough of Tower Hamlets' high rise/risk housing stock.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	Improved Building Safety will benefit the most vulnerable
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Page 127

Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA be required?	No

Additional Information and Comments:

Appendix 1: LBTH/THH Shadow (Residential) Building Safety Framework

Diagram 1: Outline of LBTH/THH Shadow (Residential) Building Safety Framework

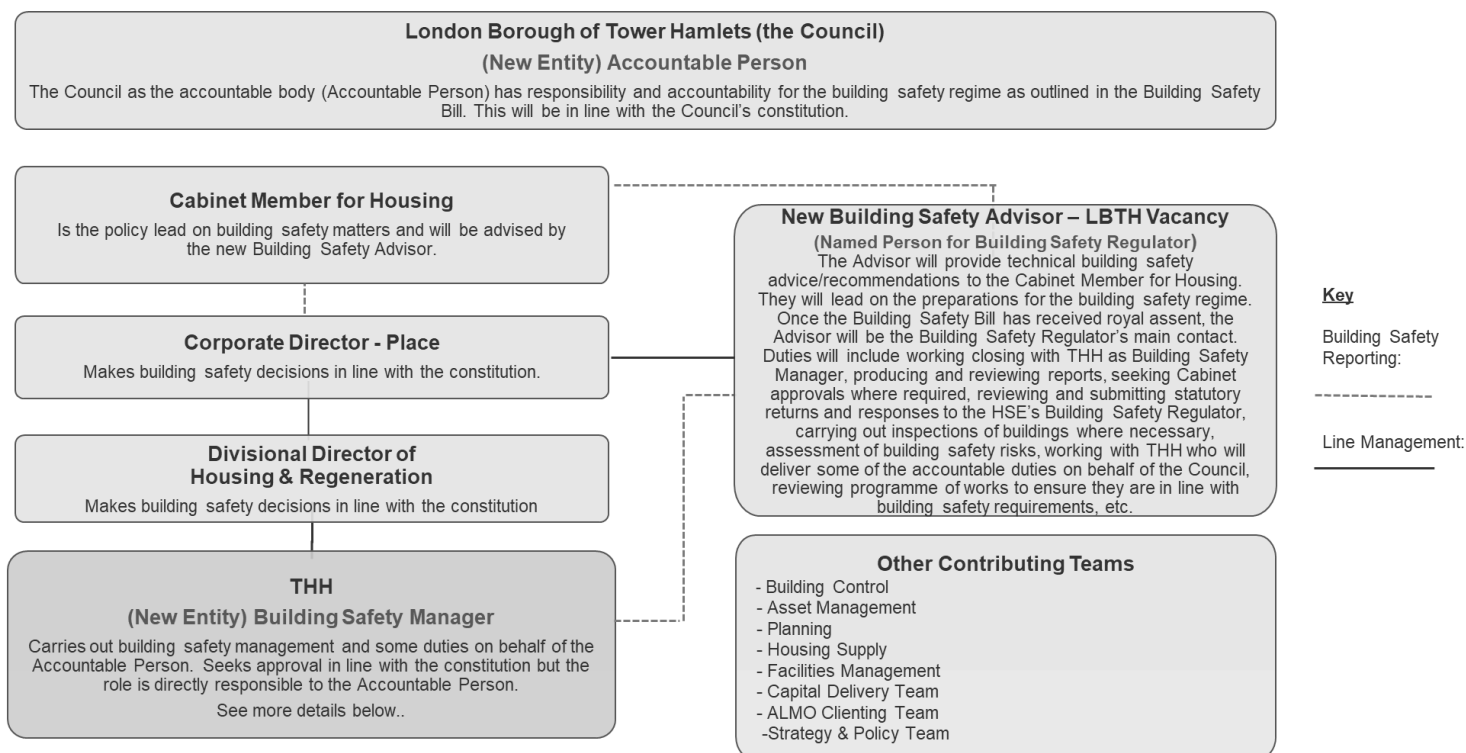
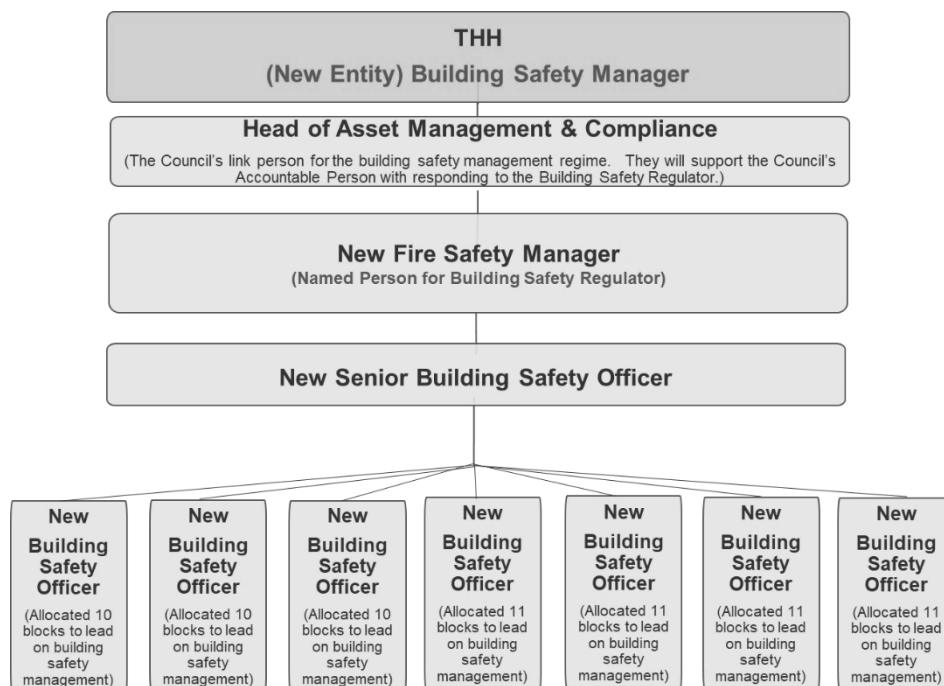


Diagram 2: THH (Residential) Building Safety Manager Framework



Appendix 2: Building Safety Advisor / Building Safety Regime ICT Support Estimate 2021/22 and 2022/23

Estimated Costs	Estimated Grade (Pending Evaluation)	Salary*	On-Cost (20%)	Total Salary Cost Per Annum	2021/22 Pro-Rata	2022/23 P.A.**	Four Year Total April 2022 to March 2025)
LBTH Estimated Costs:							
Building Safety Advisor/Lead (or Director of Building Safety)	<ul style="list-style-type: none"> - Estimate based on Divisional Director Grade (SP1) - May need to pay higher grade to attract the right person. - 2021/22 estimate is for Nov to March. 	£ 94,779.00	£ 18,955.80	£ 113,734.80	£ 47,389.50	£ 115,440.82	£ 115,440.82
ICT Support	IT Project Board to make full recommendations regarding recruitment to this support. Estimate for 2021/22 is for January to March 21. Required specialist include: Project Manager, Business Analyst or service designer and a Technical subject matter expert/solution architect.	TBC	TBC	TBC	£ 60,000.00	£ 240,000.00	£ 300,000.00
LBTH Total Estimated Costs		£ 94,779.00	£ 18,955.80	£ 113,734.80	£ 107,389.50	£ 355,440.82	£ 415,440.82

GROWTH PROPOSAL – HOUSING REVENUE ACCOUNT (HRA)

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	New Building Safety Obligations in the HRA		
Reference:	GRO / HRA 002 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Housing (HRA)
Directorate Service:	Tower Hamlets Homes	Strategic Priority Outcome:	6. People live in good quality and affordable homes and neighbourhoods
Lead Officer and Post:	Will Manning, Director of Asset Management (THH)	Lead Member and Portfolio:	Cllr Danny Hassell, Cabinet Member for Housing

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	-	642	-	-	642
Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	-	9	-	-	9

Proposal Summary:

The government is taking a range of measures to regulate the safety of high rise buildings. There are 3 pieces of legislation that are substantively driving this change:

Building Safety Bill. This will apply to all buildings over 6 stories (of which we have 69). It will:

- Impose a new duty holder regime that requires all buildings to have a Building Safety Manager (BSM) and Accountable person. The latter will be the Council (based on legal advice that both THH and the Council have obtained). The Council have already confirmed that THH will be the named BSM and the legislation will require us to name at least one specific individual. They will need to meet the requirements set out by working group 8, a competence steering group established to look at the skills necessary for individuals to take on these roles.
- Require a Building Safety Certificate for which a building safety case will need to be prepared. We are not yet certain of the exact format and contents for this but it will likely need to cover the principal compliance areas (fire, servicing, lifts, asbestos, legionella, structural issues etc) and may also need to comply with BIM2 standards. It will be a 'golden thread' of information from development to current use/occupation. This means that we may need to laser scan our buildings and look at IT requirements for BIM. Although it is envisaged that some of this work will be conducted by external consultants it will require significant resources internally.
- Require us to improve our management of communal areas in buildings and liaison with residents. The building safety officers will be the key contact point for residents to raise concerns and will drive these improvements.
- Improve our response to repairs and other remedial issues both in terms of response time and the skillsets of contractors.

Fire Safety Order. This has now received Royal assent although we are yet to see the detailed regulations that will arise. We know however that the Act will:

- Require us to consider the spread of fire across external surfaces of our buildings. This means that we will need to prioritise and implement a programme of EWS surveys which will require a significant internal resource and expertise. It is proposed that the new Fire Safety Manager will taking a leading role in this respect and manage the programme of inspections.
- Also require us to ensure that front entrance doors and balconies are included within the scope of fire risk assessments and that they are in good condition and fit for purpose. This applies equally regardless of tenure and it is envisaged that the new building safety officers will play a key role in enforcing this.
- Likely require us to consider those residents who may need assistance in the event of the building being evacuated and put in place an appropriate plan (PEEP). Again, in high rise buildings the safety officers will lead on this.

Social Housing White Paper. This will:

- Increase focus on safety including smoke alarms and electrical safety.
- Ensure that residents have a bigger voice and increased opportunities for engagement.
- Ensure there is greater transparency in how we as a landlord perform.

Budgeted Outcomes / Accountability (focus on improved performance):

The team will comprise a Fire Safety Manager and 8 Building Safety Officers, with key duties as follows:

Fire (Building) Safety Manager

This postholder will be the named individual and will have the requisite experience and qualifications to meet the requirements of the 'Building Safety Manager' role as defined within the anticipated legislation and working group recommendations. They will likely be a fully qualified/part qualified building surveyor with considerable experience of fire safety. They will:

- Be our professional lead on all matters relating to fire safety.
- Manage our programme of fire risk assessments, EWS surveys and Type 4/compartimentation surveys.
- Ensure we will comply with the requirements of PAS9980 which relates to the holistic risk assessment of external walls.
- They will also manage as part of the wider team the building safety officers who will primarily focus on our portfolio of 69 high rise buildings.
- Inform our investment programme and help us to understand our priorities.
- Provide advice within the organisation and support the project managers and delivery of fire safety remedial works.

Building Safety Officers (seven Officers and one Senior)

They will:

- Manage all 69 high rise buildings over 6 stories and other buildings as may be deemed appropriate.
- Each officer will have a portfolio of 10 buildings and they will be the public face with all residents in those buildings and lead resident engagement strategies.
- They will lead on enforcement action in relation to all fire safety issues (inc. leaseholders) i.e. gates/grills etc
- Work with suitable 3rd parties in ensuring that all front entrance doors across the 3966 flats in the 69 high rise buildings meet the relevant standard. This includes 1353 leaseholders. It is envisaged that we will train the officers to carryout formal inspections of doors.
- They will have a high profile in each building and carryout regular inspections working with caretakers.
- Their remit will extend beyond fire safety to include communal repairs, servicing, management of asbestos etc.
- They will be provided with a comprehensive training plan to build the necessary knowledge to be effective in their roles.

Risks and Implications:

The legislative changes outlined above establish a new building safety regime in the wake of the Grenfell Tower disaster. A new regulator is established and additional duties placed on the Council (and THH). Failure to comply could result in action from the Regulator and even put residents at risk.

A one off growth bid to prepare for these changes was approved for 2019/20 but as the legislation progressed more slowly than anticipated this was not utilised so was rolled forward into 2020/21. This growth bid will allow the establishment of the building safety structure, with appointments made in the second half of 2021/22

Value for Money and Efficiency:

As the building safety regime is new there are no benchmarks elsewhere in the sector to compare these proposals with. Anecdotally these proposals appear to be at the lower end of industry expectations.

As the detailed regulations are published benchmarking will be undertaken with peers to ensure that a robust value for money building safety regime is established for Tower Hamlets' high rise housing stock.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	Improved Building Safety will benefit the most vulnerable
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Summary:	Additional Information and Comments:
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA be required?	
No	

GROWTH PROPOSAL – HOUSING REVENUE ACCOUNT (HRA)

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	External Wall System Surveys		
Reference:	GRO / HRA 003 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Housing (HRA)
Directorate Service:	Housing & Regeneration	Strategic Priority Outcome:	6. People live in good quality and affordable homes and neighbourhoods
Lead Officer and Post:	Karen Swift, Director of Housing & Regeneration	Lead Member and Portfolio:	Cllr Danny Hassell, Cabinet Member for Housing

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	-	353	-	(353)	-

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

Due to the need to undertake Building Safety Case Reviews there is a need to complete Intrusive External Wall System Surveys (EWS) to the blocks managed by THH of 7+ storeys or 18m+.

The costs below represent the cost of completing 48 EWS at the rate we have recently been quoted by BB& i.e. 10,700 per EWS plus 4000 for access. We have allowed for 1 extra survey to cover any new build blocks.

Budgeted Outcomes / Accountability (focus on improved performance):

These surveys will be required under the Building Safety regime to prove that the buildings are safe to live in. We will have to submit a building safety case to the regulator which will require a survey together with many other documents.

Risks and Implications:

If this budget is not made available, then both the council and THH will not be able to undertake its statutory duty to verify the fire safety of the building which is required for building safety cases and will risk regulatory action being taken by both the Health and Safety Executive and the Housing regulator.

Value for Money and Efficiency:

All of these services are being procured through a competitive tender process ensuring VFM is being attained

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL – HOUSING REVENUE ACCOUNT (HRA)

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	HRA Feasibility – annual allocation of revenue funding from the HRA for feasibility studies, associated surveys and pre-development activity		
Reference:	GRO / HRA 004 / 22-23	Growth Type:	Mayoral Priority
Directorate:	Place	Growth Service Area:	Housing (HRA)
Directorate Service:	Property & Major Projects / Public Realm	Strategic Priority Outcome:	6. People live in good quality and affordable homes and neighbourhoods
Lead Officer and Post:	Ann Sutcliffe, Corporate Director, Place	Lead Member and Portfolio:	Cllr Danny Hassell, Cabinet Member for Housing

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	500	1,500	0	0	1,500
Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

In order to continue to identify sites, develop designs, carry out cost and viability appraisals and proceed towards planning applications for the delivery of the new council homes programme, the service requires revenue from the HRA to fund these activities. In 2021/22, £1.5m was allocated from the HRA for feasibility studies. This proposal is for draw down of **£1.5m** every year for the next three years from the HRA to support the delivery programme.

Budgeted Outcomes / Accountability (focus on improved performance):

The outcome of the feasibility studies and viability appraisals are considered by Affordable Housing Supply Board before proposed schemes are added to the programme.

Risks and Implications:

Without the availability of revenue funding for feasibility, no scheme designs can progress resulting in no further new council homes can be delivered

Value for Money and Efficiency:

Feasibility studies and viability appraisals are required to demonstrate the VFM implications of potential schemes ahead of them becoming part of the programme.

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

GROWTH PROPOSAL – HOUSING REVENUE ACCOUNT (HRA)

London Borough of Tower Hamlets
Medium Term Financial Strategy 2022-25

Proposal Title:	New Contracts - Asbestos Surveys, Fire Risk Assessments, Stock Condition Surveys and Water Risk Assessments		
Reference:	GRO / HRA 005 / 22-23	Growth Type:	Unavoidable Growth
Directorate:	Place	Growth Service Area:	Housing (HRA)
Directorate Service:	Housing & Regeneration	Strategic Priority Outcome:	6. People live in good quality and affordable homes and neighbourhoods
Lead Officer and Post:	Karen Swift, Director of Housing & Regeneration	Lead Member and Portfolio:	Cllr Danny Hassell, Cabinet Member for Housing

Financial Impact:	Current Budget 2021-22	Growth 2022-23	Growth 2023-24	Growth 2024-25	Total Growth
Budget (£000)	-	783	(70)	(29)	684

Staffing Impact (if applicable):	Current 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	FTE Increase 2024-25	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:

The contracts for Asbestos Surveys, Fire Risk Assessments and Stock Condition Surveys have just been awarded. The procurement for Water Risk Assessments is underway and anticipate awarding this contract around 1st March 2021. The overall 4 year budget for each contract has been agreed as part of the procurement process. In order to adequately manage these budgets and ensure contractor payments are authorised they will need to sit within the Asset management & Compliance team.

New Contracts	2022/23
Compliance surveys - Asbestos	226,392
Compliance surveys - Water (Legionella)	225,000
Compliance surveys - Fire risk assessments	183,882
Rolling stock condition surveys	147,947
Total	783,221

Budgeted Outcomes / Accountability (focus on improved performance):

These surveys are a mandatory obligation for us to comply with relevant statutes.

The stock condition surveys are not strictly mandatory however we do need to understand the condition of our homes and assess them for decency and statutory hazards. Failure to do so would likely lead to loss of reputation and regulatory intervention.

All of these surveys have previously been coded against other budgets elsewhere in the business. We are proposing to move them to clearly identified budget lines to improve transparency and control of invoicing.

Risks and Implications:

If these budgets are not made available, then both the council and THH will not be able to undertake its statutory duty for building and fire safety risking regulatory action being taken by the Housing regulator.

Value for Money and Efficiency:

All of these services have/are being procured through competitive tender processes ensuring VFM is being attained

GROWTH PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

Trigger Questions	Yes / No	If Yes – please provide a brief summary of how this impacts on each protected characteristic as identified in the Equalities Act 2010. This will need to be expanded in a full Equality Analysis at full Business Case stage.
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
Summary:		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA be required?		No
Additional Information and Comments:		

Reserves Policy

1. Background and Context

- 1.1. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.2. CIPFA has issued Local Authority Accounting Panel (LAAP) Bulletin No.55, Guidance Note on Local Authority Reserves and Balances and LAAP Bulletin 99 (Local Authority Reserves and Provisions). Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.
- 1.3. This policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance.
- 1.4. Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.
- 1.5. Earmarked reserves are reviewed annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three year period.

2. Overview

- 2.1. The Council's overall approach to reserves will be defined by the system of internal control. The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement. Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management.
- 2.2. The Council will maintain:
 - a general fund general reserve;
 - a housing revenue account (HRA) general reserve; and
 - a number of earmarked reserves.
- 2.3. Additionally the Council is required to maintain **unusable** reserves to comply with accounting requirements although, as the term suggests, these reserves are not available to fund expenditure.
- 2.4. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context).
- 2.5. In principle, only the income derived from the investment of reserve funds should be available to support recurring spending.

3. Strategic context

- 3.1. The Council is facing a significant withdrawal of grant funding and the transfer of funding risk from Government with demand for at least some services forecast to grow. The Council has to annually review its priorities in response to these issues.

- 3.2. Reserves play an important part in the Council's medium term financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience.
- 3.3. The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on Council Tax.
- 3.4. Capital reserves play a crucial role in funding the Council's Capital Strategy. The Capital Expenditure Reserve is used to create capacity to meet future capital investment.
- 3.5. The Council relies on interest earned through holding reserves to support its general spending plans.
- 3.6. Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long term future planning.

4. Purposes

- 4.1. Reserves are therefore held for the following purposes, some of which may overlap:
 - Providing a working balance i.e. Housing Revenue Account and General Fund general reserves.
 - Smoothing the impact of uneven expenditure profiles between years e.g. local elections, structural building maintenance and carrying forward expenditure between years.
 - Holding funds for future spending plans e.g. Capital Expenditure Reserve, and for the renewal of operational assets e.g. repairs and renewal, and Information Technology renewal.
 - Meeting future costs and liabilities where an accounting 'provision' cannot be justified.
 - Meeting future costs and liabilities so as to cushion the effect on services e.g. The Insurance Reserve for self-funded liabilities arising from insurance claims.
 - To provide resilience against future risks.
 - To create policy capacity in a context of forecast declining future external resources e.g. Tackling Poverty Reserve.
- 4.2. All earmarked reserves are held for a specific purpose. This, together with a summary on the movement on each reserve, is published annually, to accompany the annual Statement of Accounts.
- 4.3. The use of some reserves is limited by regulation e.g. the Collection Fund balance must be set against Council Tax levels, reserves established through the Housing Revenue Account can only be applied within that account and the Parking Reserve can only be used to fund specific spending. Schools reserves are also ring-fenced for their use, although there are certain regulatory exceptions.

5. Management

- 5.1. All reserves are reviewed as part of the budget preparation, financial management and closing processes. The Council will consider a report from the S151 Officer on the adequacy of the reserves in the annual budget-setting process. The report will contain estimates of reserves where necessary. The Audit Committee will consider actual reserves when approving the statement of accounts each year.
- 5.2. The following matters apply to individual reserves:
 - The General Fund working balance will not fall below £20 million without the approval of The Council.
 - The Capital Expenditure Reserve is applied to meet future investment plans and is available either to fund investment directly or to support other financing costs. The reserve can also be used for preliminary costs of capital schemes e.g. feasibility.
 - The Parking Reserve will be applied to purposes for which there are specific statutory powers. This is broadly defined as transport and environmental improvements (the latter as defined in the Traffic Management Act 2004).
 - The Schools Reserve, the Insurance Reserve, and the Barkantine (PFI Reserve) are clearly defined and require no further authority for the financing of relevant expenditure.
- 5.3. The Council will review the Reserves Policy on an annual basis.

Reserves Summary	31/03/2018*	31/03/2019*	31/03/2020*	31/03/2021*	Forecast 31/03/2022
	£m	£m	£m	£m	£m
General Fund Reserve	26.1	17.5	24.6	24.8	23.3
Earmarked Reserves with Restrictions					
Insurance	21.2	17.7	8.7	10.0	9.6
New Civic Centre	17.2	17.2	17.0	0.0	0.0
Parking Control	3.3	3.3	3.3	3.3	3.3
Collection Fund Smoothing **	0.0	6.5	11.4	66.8	51.0
Free School Meals Reserve	0.0	0.0	2.0	6.0	4.0
Public Health Reserve	1.3	1.7	1.0	3.3	3.3
Revenue Grants Unused	5.7	9.5	8.5	8.7	6.8
Covid-19 Grant	0.0	0.0	10.3	3.5	5.8
Local Elections earmarked reserve	0.0	0.0	0.0	0.8	0.5
CIL reserve	0.0	0.0	7.8	7.8	7.8
BAME Inequalities Commission	0.0	0.0	0.0	0.0	1.0
Covid Recovery Fund	0.0	0.0	0.0	0.0	1.6
Earmarked Reserves with Restrictions Sub-Total	48.7	55.9	70.0	110.2	94.7
Earmarked Reserves without Restrictions					
Risk Reserve	8.8	4.5	7.4	6.5	6.5
Transformation Reserve	15.0	9.2	5.3	3.6	2.5
ICT Reserve	21.0	16.1	14.5	9.6	7.6
Mayor's Tackling Poverty Reserve	4.1	3.4	3.4	3.4	2.6
Mayor's Priority Investment Reserve	7.0	4.6	5.4	5.4	5.4
New Homes Bonus	12.1	28.9	30.6	40.6	44.2
Services Reserve	1.5	4.4	6.4	8.1	3.9
Earmarked Reserves without Restrictions Sub-Total	69.5	71.1	73.0	77.2	72.7
Total Earmarked Reserves	118.2	127.0	143.0	187.4	167.3
Other Reserves					
Housing Revenue Account	47.6	44.6	48.2	52.3	50.9
Schools Balances	25.5	25.6	25.9	36.5	36.5
DSG Reserve Surplus / (Deficit)	0.2	-4.5	-11.1	-11.6	-10.6
Capital					
Capital grants unapplied	141.7	158.4	194.2	198.4	198.4
Capital Receipts Reserve	194.6	190.7	134.2	139.0	122.5
Major Repairs Reserve	5.5	0.0	0.0	0.0	0.0
Reserves Total	559.4	559.3	559.0	626.8	588.3

* the reserves position is subject to the closure and audit of the Council's accounts for the period 2016 – 2021.

** Profile of draw down of smoothing reserve (mostly grant paid in advance for council to fund NNDR Reliefs) to be confirmed.

This page is intentionally left blank

Housing Revenue Account Budget Summary
Medium Term Financial Strategy 2021-22 to 2025-26

Appendix 7

	2021-22	2021-22	2022-23	2023-24	2024-25	2025-26
	Draft Budget £'000	Forecast £'000	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000
INCOME						
Dwelling rents	(66,990)	(67,080)	(71,007)	(74,657)	(79,505)	(81,213)
Non-dwelling rents	(4,412)	(4,169)	(4,320)	(4,388)	(4,476)	(4,565)
Heating and other tenant charges	(8,618)	(8,626)	(8,500)	(8,906)	(9,084)	(9,266)
Leaseholder charges for services and facilities	(17,794)	(16,964)	(17,500)	(17,458)	(17,807)	(18,163)
Contributions towards expenditure	(116)	(116)	(118)	(120)	(123)	(125)
GROSS INCOME	(97,930)	(96,955)	(101,446)	(105,529)	(110,995)	(113,332)
EXPENDITURE						
Repairs & Maintenance	16,317	16,030	17,133	17,591	17,943	18,178
Tower Hamlets Homes management fee	32,615	33,115	33,236	33,901	34,579	35,270
Supervision & Management	9,630	10,052	9,399	9,587	9,779	9,974
Special Services	5,882	5,944	8,077	7,260	7,405	7,553
Rents rates & taxes	5,475	5,810	4,194	5,696	5,810	5,926
Increased/(Decrease) provision for bad debts	609	613	599	603	642	656
Depreciation - HRA dwellings	17,317	16,046	16,450	16,845	17,480	17,818
Depreciation - Non Dwellings	1,062	812	828	845	862	879
Debt Management Costs	440	440	440	440	440	440
GROSS EXPENDITURE	89,347	88,862	90,356	92,768	94,939	96,695
NET COST OF HRA SERVICES	(8,583)	(8,093)	(11,090)	(12,761)	(16,056)	(16,637)
Interest on Debt (Item 8 debit)	3,497	3,574	4,716	5,954	6,622	7,801
Interest on Investments (Item 8 credit)	(446)	(525)	(560)	(547)	(138)	(176)
NET (INC) / EXP BEFORE APPROPRIATIONS	(5,532)	(5,044)	(6,934)	(7,354)	(9,572)	(9,012)
Set Aside for Debt Repayment (VRP)	2,061	2,306	3,442	4,444	4,894	5,735
Revenue Contribution to Capital (RCCO)	-	-	-	43,000	1,000	1,000
Allocation to / (from) other reserves	-	-	-	-	-	-
NET HRA (SURPLUS) / DEFICIT	(3,471)	(2,738)	(3,492)	40,090	(3,678)	(2,277)
General Balances						
Opening balance	(48,210)	(48,210)	(51,681)	(55,174)	(15,084)	(18,762)
(Surplus)/ Deficit on HRA	(3,471)	(2,738)	(3,492)	40,090	(3,678)	(2,277)
CLOSING BALANCE	(51,681)	(50,948)	(55,174)	(15,084)	(18,762)	(21,039)
Other Reserve Brought Forward	9,000	9,000	4,500	-	-	-
Appropriation from HRA	-	-	-	-	-	-
Release of Reserve	(4,500)	(4,500)	(4,500)	-	-	-
Other Reserve Brought Forward	4,500	4,500	-	-	-	-

This page is intentionally left blank

Budget Consultation 2021

On behalf of London Borough of Tower Hamlets

November 2021 (V01)



Prepared by

SMSR
RESEARCH

Contents

Headline Findings.....	3
Introduction	5
Background.....	5
Report structure	6
Sample / Methodology	7
Residents	8
Businesses	10
Main Findings.....	11
Appendices.....	21
Questionnaire.....	21

Headline Findings

Residents and businesses across Tower Hamlets value Community Safety the most during 2021, marking a shift from 2020 in which Public Health was deemed to be most valuable. Almost half (48%) of respondents value Community Safety the most, followed by Children's Services (39%), Street Cleaning and Waste (36%) and Public Health (35%). Less than a fifth placed value on Economic Growth (18%) and Highways and Transport (15%), favouring more emphasis on safety, education, cleanliness, and health.

Furthermore, residents and businesses across the borough confirmed that Community Safety should be prioritised by Tower Hamlets Council. Almost half (48%) placed this service in their top three priorities for the borough alongside Children's Services (40%), Public Health (37%) and Housing Services (30%). Highways and Transport services were seen as least important (12%).

Businesses in the borough strongly advocated the prioritisation of Community Safety (48%) together with residents but also emphasised the need for Economic Growth and Job Creation (43%).

Overall, almost three-fifths (59%) would prefer the Council to reduce spending on temporary agency staff. Half advocated the reduction of costs by means of delivering more services digitally (50%) and two-fifths (39%) felt the Council should generate more commercial income and maximise use of its assets. These preferences mirrored the top three from the previous year, 2020, highlighting a consistency in attitudes towards these actions. Reduction in spending on frontline services drew least support amongst respondents - just 3%.

More than half of respondents (55%) across the borough believe it is important to investigate better use of council assets and other ways to generate income to minimise the impact of savings in future years. More than two-fifths (43%) also feel that working closely with organisations in the voluntary and community sector is important in mitigating the impact of savings, moving forward. Less than a tenth (8%) felt this aim could be achieved by outsourcing services to the private sector.

More than two-fifths (42%) of residents and businesses across the borough say they support a proposal to increase council tax. Support receded since 2020 by 5%, perhaps in response to changes in economic fortunes caused by the Covid-19 pandemic, rising costs to food and fuel and possible effects of Brexit. Almost half (49%) said they did not support the proposal and a tenth did not know. Business in the borough strongly opposes any increase in council tax; more than two-thirds (69%) in opposition.

When asked what level of increase in council tax people in the borough were prepared to pay, responses were more balanced: 47% of respondents said they would support some level of increase, starting between 0% and 2% and 45% confirmed they would not support any increase. A third (34%) said they would support an increase between 0% and 2%; less than a tenth (8%) between 2% and 3% and 5% said they would support an increase above 3%.

There is increase support for an adult social care precept to support this aspect of the Council's provision. Almost three-fifths (58%) say they would support this proposal with a fifth (22%) in opposition and a further fifth (19%) unsure. Support for this action increased by 2%, overall, since 2020.

More than 8 in every 10 support the Council expanding its approach to income generation so it can continue to protect frontline services and limit the impact of government cuts. This represents an increase of 11% in support from the previous year.

Introduction

Background

This year Tower Hamlets Council is spending £1.2 billion gross expenditure (£364.1million net expenditure budget) on public services to support people and improve lives. Almost half of the net budget is spent on supporting children and vulnerable adults. Covid-19 has had a huge impact on services and finances and the Council will set the budget for 2022/23 in that context.

The Council have worked hard to make over £200m in savings since 2010, as their budget has been cut by the government and been squeezed by additional demand. The additional expenditure and income pressures that have been experienced because of the pandemic, alongside increasing demand for services, and expected changes to government funding, mean the Council still need to look at achieving significant savings. The required savings are subject to ongoing uncertainty as this will depend on both the extent to which the government provides additional funding for Covid-19 pressures, and the impact of the pandemic on income from council tax and business rates.

Despite challenges from budget cuts, increases in the number of vulnerable residents and a rising population, the Council has made several tough choices to minimise the impact on services residents have told them they rely on the most. The Council has reduced running costs, been more efficient in how services are delivered, and reduced workforce by a third since 2010. Tower Hamlets Council must make the most of the money available, as well as continuing to look at innovative ways to generate income.

In addition to an online consultation, hosted on the Council's website, SMSR Ltd, an independent research company was commissioned to undertake a face-to-face survey with residents and businesses across the borough help the Council understand priorities and the impact savings may have on people living and working in Tower Hamlets.

Report structure

This report includes headline findings for each question combined with insight based on demographic trends. It should be noted that when the results are discussed within the report, often percentages will be rounded up or down to the nearest one per cent. Therefore, occasionally figures may add up to 101% or 99%. Due to multiple responses being allowed for the question, some results may exceed the sum of 100%.

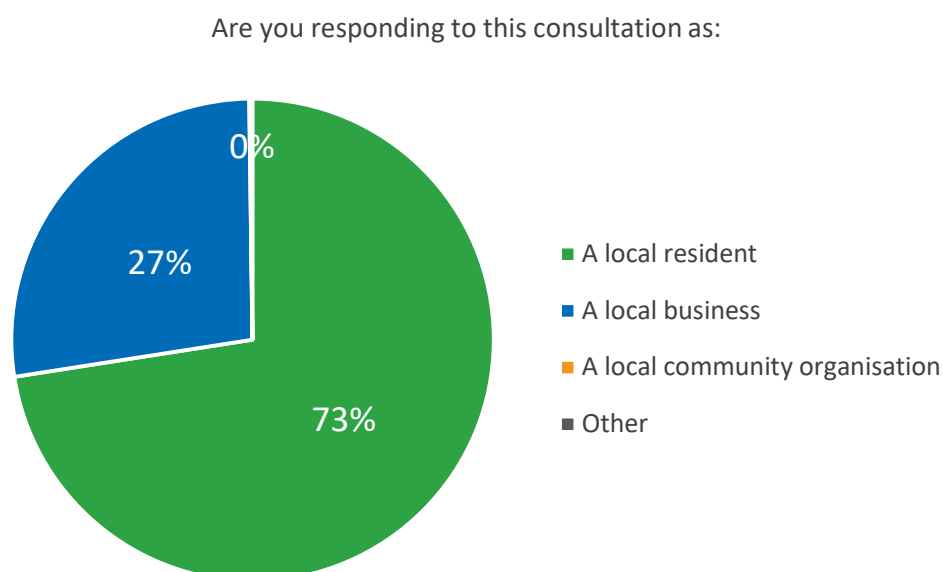
Trends identified in the reporting are statistically significant at a 95% confidence level. This means that there is only 5% probability that the difference has occurred by chance (a commonly accepted level of probability), rather than being a 'real' difference. Unless otherwise stated, statistically significant trends have been reported on.

Sample / Methodology

An interviewer led questionnaire was designed by staff from Tower Hamlets Council with support from SMSR Ltd and administered using CAPI (computer aided personal interviewing) methodology, face to face in the borough. The survey script mirrored the online consultation open to all residents, businesses and local organisations in the borough, located on the Council's website.

Interviews were conducted using random quota sampling to maximise representation across the borough. Target quotas for age, gender and ethnicity were set using the most recent ONS figures available for the residents' consultation and the sample included representation from each of the wards within the borough. Quotas for business interviews were set by business size.

Respondents were asked to identify as a local resident, a local business, or a community group:



A total of 1,843 residents, businesses and community groups took part in the consultation, overall. A representative sample of 1,100 residents were interviewed by SMSR Ltd using Computer Aided Personal Interviewing (CAPI) methodology with residents on the street or at the Council's Ideas Stores. A further sample of 500 businesses were interviewed by SMSR Ltd, using the same methodology. In addition, a total of 243 residents, businesses and community groups responded to an online consultation, hosted on the Council's website. Overall, almost three-quarters responded as a local resident (73%), just over a quarter responded as a business (27%) and less than 1% via a local community organisation. All responses have been

combined in this report. The consultation ran from Monday 4th October to Monday 15th November 2021.

The demographic and geographic breakdown of residents and businesses was as follows:

Residents

The following tables show the demographic breakdown of all respondents who participated in the research and identified themselves as a local resident (1,337). Please note that not all residents provided demographic information.

Gender	Number	Percentage of sample
Male	674	50%
Female	636	48%
Prefer to self-identify	22	2%
Prefer not to say	5	0%

Age	Number	Percentage of sample
0-24	183	14%
25-34	407	30%
35-44	329	25%
45-54	189	14%
55-64	116	9%
65+	101	8%
Prefer not to say	12	1%

Ethnicity	Number	Percentage of sample
White	723	54%
Black, Asian and minority ethnic	574	43%

Prefer not to say	40	3%
-------------------	----	----

Ward	Number	Percentage of sample
Bethnal Green	87	8%
Blackwall & Cubitt Town	52	5%
Bow East	62	6%
Bow West	52	5%
Bromley North	27	2%
Bromley South	50	5%
Canary Wharf	65	6%
Island Gardens	58	5%
Lansbury	49	4%
Limehouse	33	3%
Mile End	73	7%
Poplar	25	2%
Shadwell	53	5%
Spitalfields & Banglatown	60	5%
St Dunstan's	49	4%
St Katharine's & Wapping	35	3%
St Peter's	88	8%
Stepney Green	64	6%
Weavers	54	5%
Whitechapel	64	6%

*Please note that no geographical information was collected during the online consultation.

Businesses

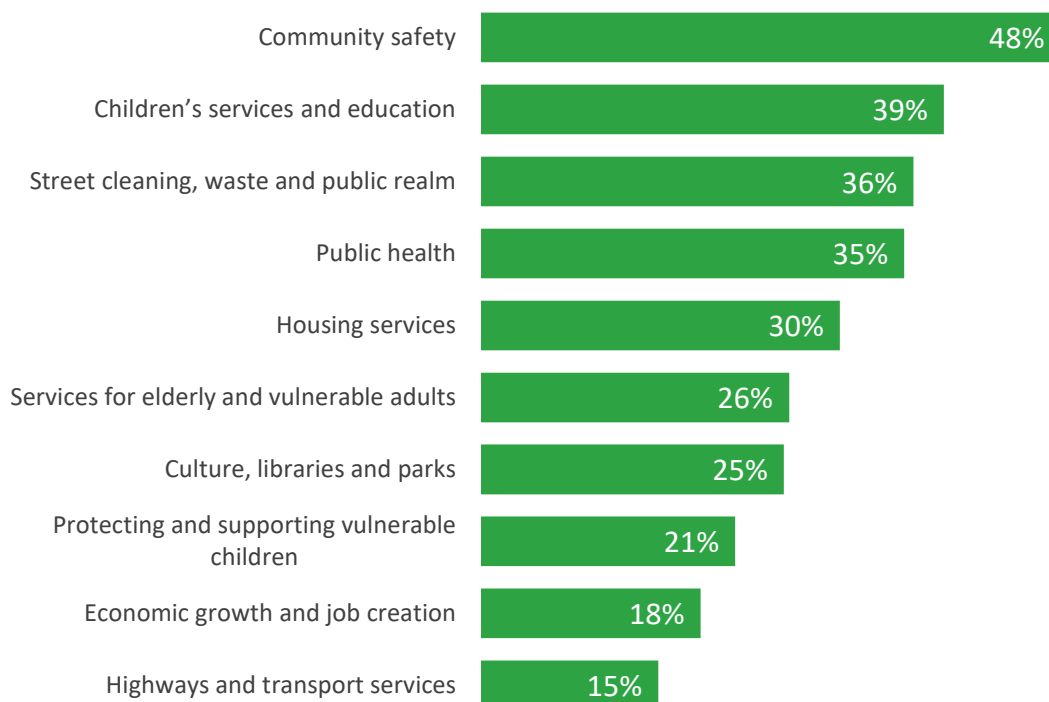
Business size	Number	Percentage of sample
Micro (1-10 employees)	443	89%
Small (11-49 employees)	50	10%
Medium (50-249 employees)	5	1%
Large (250+ employees)	2	0%

Ward	Number	Percentage of sample
Bethnal Green	55	11%
Blackwall & Cubitt Town	7	1%
Bow East	56	11%
Bow West	42	8%
Bromley North	0	0%
Bromley South	0	0%
Canary Wharf	45	9%
Island Gardens	0	0%
Lansbury	48	10%
Limehouse	0	0%
Mile End	7	1%
Poplar	0	0%
Shadwell	53	11%
Spitalfields & Banglatown	37	7%
St Dunstan's	13	3%
St Katharine's & Wapping	1	0%
St Peter's	24	5%
Stepney Green	20	4%
Weavers	38	8%
Whitechapel	54	8%
Not known	0	0%

Main Findings

Respondents were asked to choose which council services they valued the most from a list.

In your opinion, which council service(s) do you value the most?



Almost half of respondents (48%) say they value Community Safety the most, replacing Public Health, cited as the most valued service during 2020. Almost two-fifths (39%) value Children's Services with over a third mentioning Street Cleaning (36%) and Public Health (35%). Less valuable services include Economic Growth and Highways and Transport with less than a fifth of those asked choosing these options (18% and 15% respectively).

The value placed on Community Safety tended to be slightly higher amongst 25–34-year-olds (52%) and 35–44-year-olds (51%) compared to other age groups with males more likely to deem this service as valuable compared to females (51% vs 46%). Black, Asian, and Minority Ethnic respondents were also significantly more likely to choose this option (52%) compared to white respondents (44%), particularly the Bengali community (58%). This service was revealed to be most valuable amongst those residing or involved in a business in Spitalfields and Banglatown (62%).

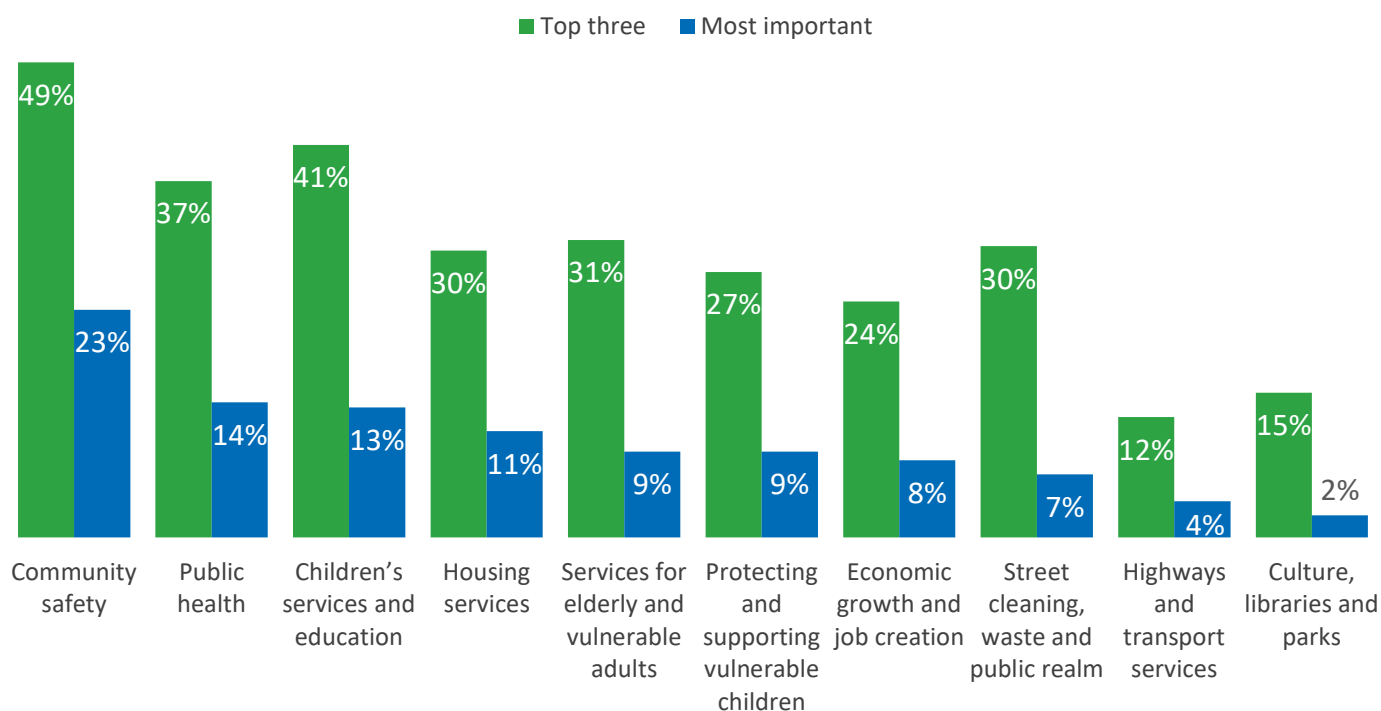
Children's Services were valued less by those aged 55+ compared to younger age groups, however, Black, Asian and minority ethnic respondents were more likely to value this service compared to White respondents (42% vs 36%). Almost half of those identifying as Bangladeshi (45%) said they valued this service the most. Furthermore, respondents living or involved in businesses in Bow East (53%) and Bethnal Green (49%) were more likely to choose this option.

Those with a disability (41%) were less inclined to place value on Community Safety compared to those without a disability (49%), with disabled residents placing the most value on Services for Elderly and Vulnerable Adults (42%) instead.

Community Safety Services were highly valued both by respondents making up the representative residents' sample (50%) and the business sample (50%). However, online respondents were less likely to choose this option (37%), instead highlighting Street Cleaning (61%) and Culture, Libraries and Parks (50%) as more valuable services. Online respondents were also less likely to select Children's Services as valuable (32%) compared to the representative residents' sample (40%) and businesses (39%).

Next, respondents were asked to consider, with limited resources available, which council services should be prioritised in the borough. Respondents were asked to rank the options including the service they believed was most important to prioritise. The chart below shows respondents' top three priorities together with the service ranked most important.

With limited resources available, please tell us which services you think the council should prioritise?



Community Safety was again deemed to be important with respondents significantly more likely to prioritise this service as most important (23%) alongside half of the overall sample (49%) ranking this service in their top three. As seen in the previous question, Children's Services were seen to be a priority overall (41%) but when ordered into the most important services, was equal to Public Health in terms of the public's priorities (13% and 14% respectively). Highways and transport services (12%) together with Culture (15%) are seen as lesser priorities during 2021.

Public Health and Children's Services remain priorities since 2020 – both remaining in the top three from one year ago. However, Community Safety has replaced Public Health as the number one priority in 2021.

Similar attitudes towards Community Safety were seen amongst demographic sub-groups to those who placed value on each service. Respondents aged 25-44 were most concerned about Community Safety (25-34 – 48% and 35-44 – 55%), compared to other age groups with Black, Asian and minority ethnic responders also more likely to prioritise this service compared to White (51% vs 46%). Again, this seems to be driven in part by the Bengali community of which

56% felt this service should be prioritised. Those responding from Canary Wharf (65%) and Blackwall and Cubitt Town (63%) felt particularly inclined to prioritise this service.

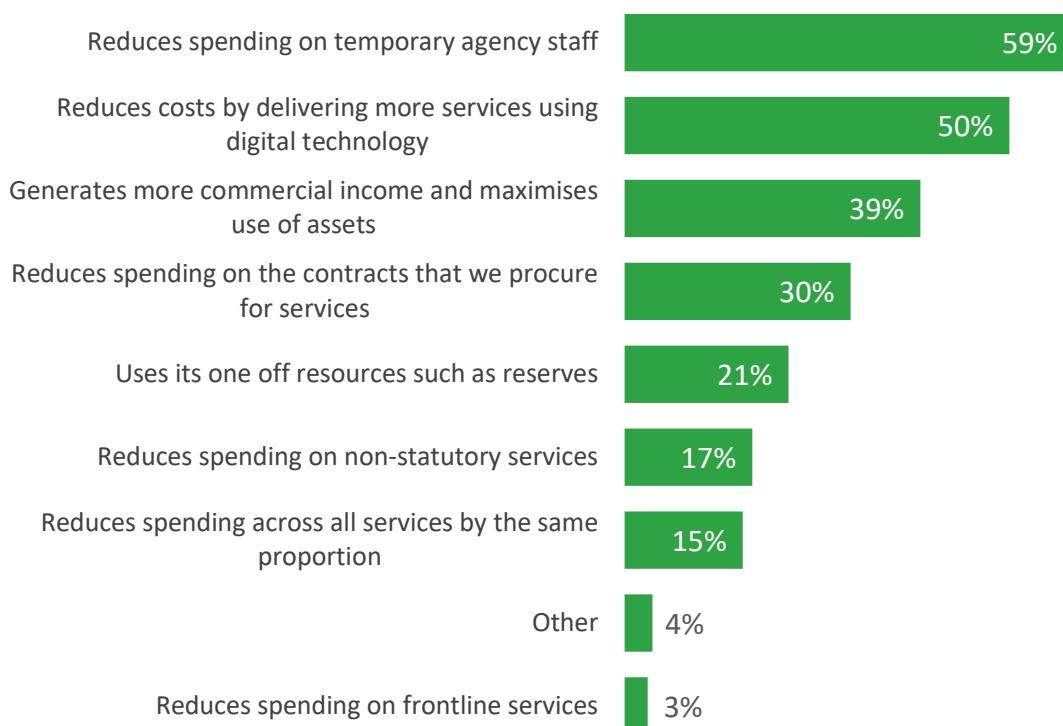
Those with a disability were less inclined to prioritise Community Safety when compared to those without a disability (44% vs 50%) with disabled residents again placing much more emphasis on Services for Elderly and Vulnerable Adults compared to those without a disability (42% vs 24%).

Although no significant trends were identified across demographic subgroups when considering Children's Services as a priority, those responding from Poplar were more inclined to choose this option in their top three (56%).

When comparing the three samples of representative residents, businesses, and online respondents, Community Safety was deemed less important by online respondents (36%) compared to the representative residents' sample (52%) and businesses (49%). Online respondents were significantly more likely to prioritise Street Cleaning (46%).

Due to the impact of the pandemic, increases in demand for services and expected changes to government funding, the Council still need to look at achieving significant savings. Participants were asked where they would prefer these additional savings to be made.

We have made savings in the following areas, but as we have to make additional savings, would you prefer that the council:



Almost three-fifths (59%) would prefer that Tower Hamlets Council reduces spending on temporary agency staff. Half believe that reducing costs using digital technology (50%) should be pursued to make additional savings and almost two-fifths (39%) feel the Council should generate more commercial income.

This is comparable to 2020 findings in which respondents chose the same options at their three most preferred actions and in the same order.

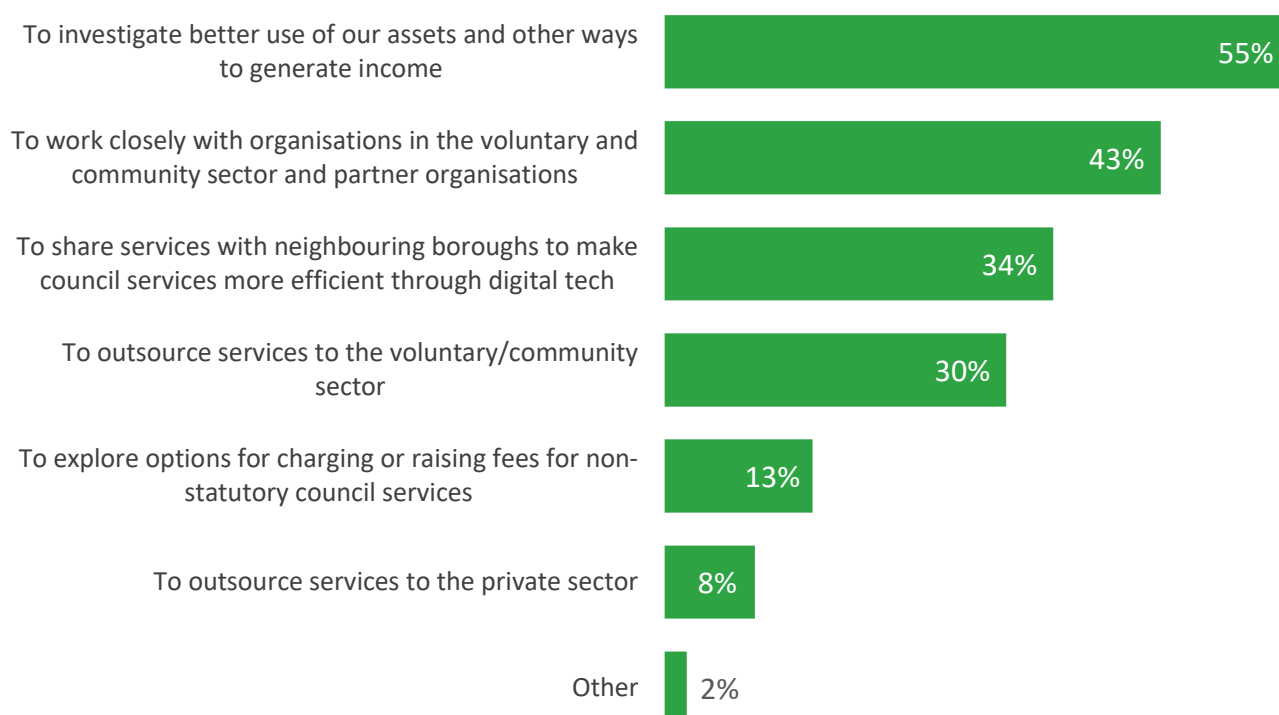
Less than a fifth (15%) felt the Council should reduce spending across all services by the same proportion and just 3% thought that additional savings should be made by reducing spending on frontline staff.

Perhaps, naturally, younger respondents felt that savings could be made using digital technologies compared to older participants with 57% of those aged below 25 and 56% of those aged 25-34 compared to a third of those aged 65+ (33%). Conversely, older people were more likely to prefer a reduction in temporary staff with more than two-thirds of respondents aged 65+ (68%) compared to 49% of those under 24.

Residents, businesses and online respondents all heavily favoured a reduction in spending on temporary agency staff, in particular businesses (66%). Online respondents were most inclined to prefer the delivery of services via digital technology, perhaps indicated by the method through they engaged with the research.

Respondents were informed that Tower Hamlets Council is exploring a range of solutions to minimise the impact of the savings the Council will need to make in future years. They were asked to choose two options from a list of actions which they felt were most important.

If we had to pursue just two options below, which are the most important to you?

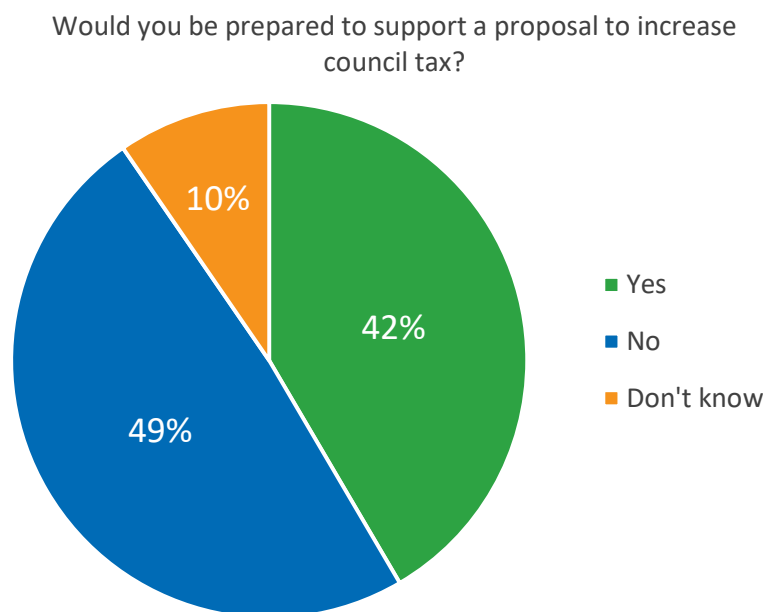


More than half thought Tower Hamlets Council should investigate better use of assets and other ways to generate income (55%). More than two-fifths felt the Council should work closely with organisations in the voluntary and community sector and partner organisations (43%) and a third believe that sharing services with neighbouring boroughs to make service more efficient through digital tech (34%) will minimise the impact of savings in future years.

Results mirror those recorded during 2020; the same top three options in the same order. Fewer respondents felt that exploring options for charging or raising fees for non-statutory council services (13%) or outsourcing services to the private sector was the right actions to pursue.

Differences in opinions were found amongst the three main cohorts who participated in the research. Two-thirds of residents who responded within the representative residents' sample felt that the Council should investigate better use of assets (60%) compared to a tenth less online respondents (50%) and less than half of businesses (46%). Respondents in the online cohort were more likely to look to efficiencies through digital tech (59%) and more than half of businesses attributing more importance on working with voluntary, community and partner organisations.

Respondents were asked if they would be prepared to support a proposal to increase council tax, in order to protect services.



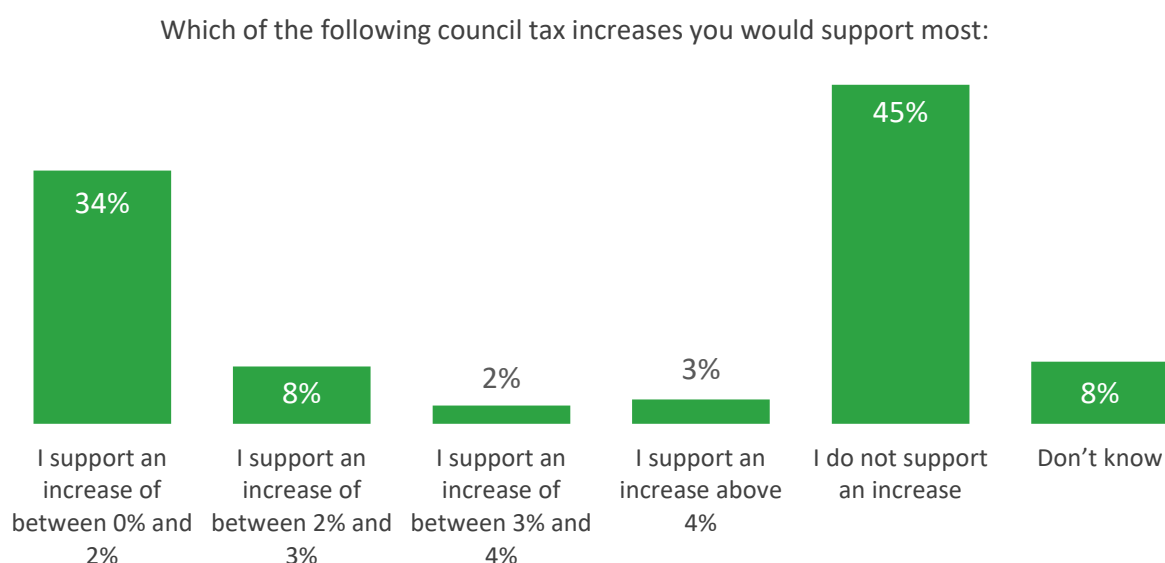
More than two-fifths (42%) said they would support a proposal to increase council tax. The majority (49%) did not support this action and a tenth said they did not know. This represents a decline in support since 2020 in which 47% supported a raise in tax and 43% opposed this action. This decline in support could conceivably be triggered by a number of recent events including the effect of the Covid-19 pandemic on household budgets together with rising energy and food bills.

Support for the proposal was more prominent amongst older respondents with more than half of those aged 55-64 (51%) and over 65 (57%) in favour of the rise in council tax. Females also supported the rise when compared to males (46% vs 38%). White respondents were more than a fifth more likely to support the proposal when compared to Black, Asian and minority ethnic respondents (53% vs 31%) and Asian respondents were least likely to support the rise (27%) compared to other ethnic groups. Those with a disability were more inclined to be in favour of the rise in council tax than those without a disability (46% vs 42%).

Respondents in Bromley North (63%) and Island Gardens (60%) were most likely to back the proposal of a council tax rise whereas just a quarter of those in Shadwell (24%) gave their support.

Businesses were least likely to support the rise when comparing samples with just 20% in favour of this action compared to around half of residents (49%) and online responders (53%).

Any council wishing to raise council tax higher than a threshold set by central government will have to hold a local referendum. As it is unclear what the government threshold may be, residents were asked which council tax increase they would support most.



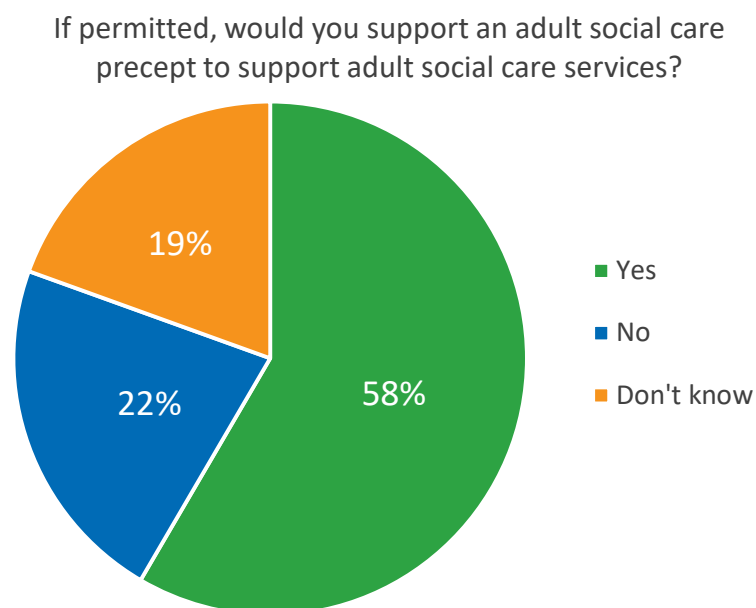
Just under half say they do support some level of increase in council tax (47%). A third (34%) would support an increase up to 2%; just under a tenth (8%) would pay an increase between 2% and 3% and a small percentage (5%) say they are willing to pay an increase over 3%. Less than half (45%) confirmed they do not support an increase and just less than a tenth say they do not know.

Females are more inclined to agree to an increase up to 2% compared to males (39% vs 30%) whereas males are significantly more likely to not support any increase at all (48% male vs 41% female). Black, Asian and minority ethnic respondents strongly favoured no increase in council tax (53%) compared to White participants (36%) who also supported an increase up to 2% by the same percentage.

As seen previously, respondents in Shadwell were most likely to oppose an increase in council tax (66%) together with those responding from Lansbury (57%). More than half of those responding from Bromley North (56%) said they would be prepared to pay up to a 2%

increase. Businesses were strongly opposed to any increase (62%). The representative residents' sample was split between no increase (39%) and paying up to 2% (39%).

Tower Hamlets Council estimate that the additional cost pressures for adult social care services in 2021/22 will be £3.5m. The Council has to meet these costs whether or not it increases council tax or other income; if it doesn't increase its income, savings have to be found elsewhere. Therefore, respondents were asked, if permitted, would they support an adult social care precept to support adult social care services.



Overall, the majority support an adult social care precept (58%). Around a fifth (22%) do not support this proposal and a further fifth (19%) do not know. The percentage of people who support this action has increased over the past year by 2% from 56% in 2020.

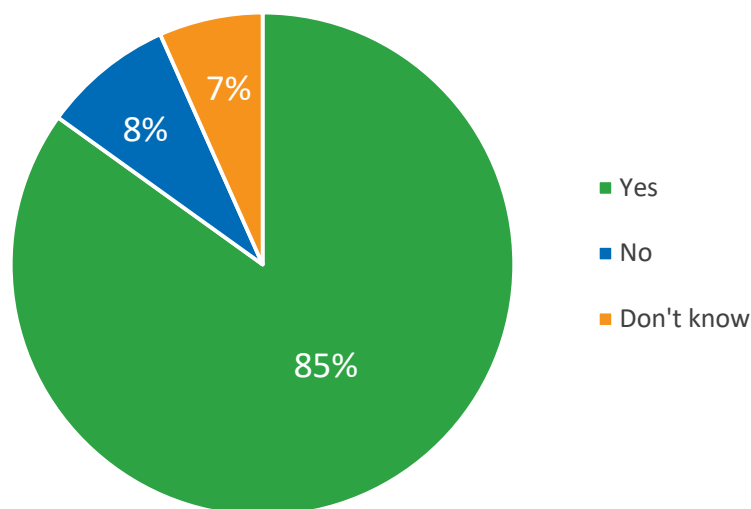
Older respondents were more amiable to the proposal with 71% of those over 65 in support of the precept compared to 58% of those aged under 24. Furthermore, females were also more likely to support this action compared to males (61% vs 57%). Black, Asian and minority ethnic respondents were less likely to support an adult social care precept when compared to those who identified as White (54% vs 65%), whereas those with a disability were more supportive of an adult social care precept than those without a disability (69% vs 58%).

Respondents in St Katherine's and Wapping (78%) strongly approved of the precept whereas residents and businesses in Lansbury were less supportive (49%). Members of the resident cohort were most likely to support the precept (62%) with just over half of businesses (55%) and 49% of the online sample.

Finally, the Council is looking at ways it can generate income to contribute towards the budget shortfall and minimise the impact of cuts on its services.

One of the ways the Council already generates income is by hiring out its unique council-owned assets such as parks for events and filming, and the use of venues for ceremonies and sporting activities. It also continually compares its fees and charges against other councils and looks at how it can be more innovative in raising income. Participants were asked if they supported this approach to income generation.

Do you support the council expanding this approach to income generation so we can continue to protect frontline services, and limit the impact of government cuts?



The vast majority confirm they support this approach to income generation (85%). Less than a tenth (8%) say they oppose this process and 7% do not know. The percentage of respondents who support this approach increased by more than a tenth from 2020 (up 11% from 74% during 2020).

Older respondents and those with a disability were less likely to be in favour of the council expanding its approach to income generation with both cohorts indicating just under three-quarters (74%) of support for this approach.

Levels of support were higher amongst online respondents (89%) and residents (87%) compared to businesses (79%) with strong support found in St Katherine's and Wapping (94%) and St Dunstan's (92%). Respondents in Poplar were least supportive (76%) but still provided strong support for this aspect of income generation.

Questionnaire

Tower Hamlets Council

Budget Consultation 2021

Thank you for agreeing to take part in the Tower Hamlets Budget Survey 2021. Your responses will remain strictly confidential and anonymous, and your personal details will not be forwarded to a third party. It should take approximately 10 minutes, and anonymised responses will be used by SMSR Ltd and Tower Hamlets Council.

The data is being collected in accordance with the MRS Code of Conduct and will only be used by SMSR and Tower Hamlets Council. Data collected will not be used for marketing purposes and the interview will take around 10 minutes.

If you wish to check validity of research, offer the following contact details: SMSR Ltd - Freephone 0800 1380845 and speak to Amy Collier (Office Manager) or call the Market Research Society freephone on 0800 975 9596. For further information regarding the consultation, visit the consultation page at <https://talk.towerhamlets.gov.uk/budget>

Introduction

This year the council is spending £1.2 billion gross expenditure (£364.1million net expenditure budget) on public services to support people and improve lives.

Almost half of our net budget is spent on supporting children and vulnerable adults.

Covid-19 has of course had a huge impact on our services and on our finances and we set this budget in that context.

We've worked hard to make **over £200m in savings since 2010**, as our budget has been cut by the government and we've been squeezed by additional demand.

The additional expenditure and income pressures that have now been experienced because of the pandemic, alongside increasing demand for services and expected changes to government funding, mean that we still need to look at achieving significant savings.

The required savings are subject to ongoing uncertainty as this will depend on both the extent to which the government provides additional funding for Covid-19 pressures, and the impact of the pandemic on income from council tax and business rates.

Despite challenges from budget cuts, increases in the number of vulnerable residents and a rising population, we are proud to continue our investment in frontline services and have the **seventh lowest council tax** in London.

We have made a number of tough choices to minimise the impact on those services residents have told us that they rely on the most. We have reduced our own running costs, been more efficient in how we deliver services, and reduced our workforce by a third since 2010.

We have to make the most of the money we have, as well as continuing to look at innovative ways to generate income.

This consultation is your chance to get involved in the budget conversations and to help us shape the future for all.

Q1 Are you responding to this consultation as: Tick (✓) one box only

- a local resident..... ☐ 1
a local business ☐ 2
a local community organisation..... ☐ 3
other (please specify)..... ☐ 4

Please specify other:

--

Q2 In your opinion, which council service(s) do you value the most? Tick (✓) up to three options

- Services for elderly and vulnerable adults ☐ 01
Children's services and education ☐ 02
Protecting and supporting vulnerable children ☐ 03
Housing services..... ☐ 04
Public health ☐ 05
Culture, libraries and parks ☐ 06
Community safety ☐ 07
Highways and transport services ☐ 08
Street cleaning, waste and public realm ☐ 09
Economic growth and job creation ☐ 10

Q3a With limited resources available, please tell us which services you think the council should prioritise? Tick (✓) up to three options

- Services for elderly and vulnerable adults ☐ 01
Children's services and education ☐ 02
Protecting and supporting vulnerable children ☐ 03
Housing services..... ☐ 04
Public health ☐ 05
Culture, libraries and parks ☐ 06
Community safety ☐ 07
Highways and transport services ☐ 08
Street cleaning, waste and public realm ☐ 09
Economic growth and job creation ☐ 10

Q3b Please tell us which of the options you think is most important to prioritise? Tick (✓) one box only

- | | |
|---|-----------------------------|
| Services for elderly and vulnerable adults | <input type="checkbox"/> 01 |
| Children's services and education | <input type="checkbox"/> 02 |
| Protecting and supporting vulnerable children | <input type="checkbox"/> 03 |
| Housing services..... | <input type="checkbox"/> 04 |
| Public health | <input type="checkbox"/> 05 |
| Culture, libraries and parks | <input type="checkbox"/> 06 |
| Community safety | <input type="checkbox"/> 07 |
| Highways and transport services | <input type="checkbox"/> 08 |
| Street cleaning, waste and public realm | <input type="checkbox"/> 09 |
| Economic growth and job creation | <input type="checkbox"/> 10 |

Q4 Due to the impact of the pandemic, increases in demand for services and expected changes to government funding, we still need to look at achieving significant savings.

We have made savings already, but as we have to make additional savings, would you prefer that the council:

Tick (✓) up to three options

- | | |
|---|----------------------------|
| reduces spending across all services by the same proportion | <input type="checkbox"/> 1 |
| reduces spending on frontline services..... | <input type="checkbox"/> 2 |
| reduces spending on temporary agency staff | <input type="checkbox"/> 3 |
| reduces spending on the contracts that we procure for services | <input type="checkbox"/> 4 |
| reduces spending on non-statutory services (services the council is not legally required to provide) An example of statutory services is social care and a non-statutory service is our funding of additional police officers. | <input type="checkbox"/> 5 |
| reduces costs by delivering more services using digital technology | <input type="checkbox"/> 6 |
| generates more commercial income and maximises use of assets (currently reduced due to impact of Covid-19) | <input type="checkbox"/> 7 |
| uses its one off resources such as reserves | <input type="checkbox"/> 8 |
| Other..... | <input type="checkbox"/> 9 |

Please specify other:

Q5 We are exploring a range of solutions to minimise the impact of the savings the council will need to make in future years.

If we had to pursue just two options below, which are the most important to you?

Tick (✓) up to two options

- to work closely with organisations in the voluntary and community sector and partner organisations such as the NHS to deliver more joined up services ☐ 1
- to share services with neighbouring boroughs to make council services more efficient through greater use of digital technology ☐ 2
- to outsource services to the private sector ☐ 3
- to outsource services to the voluntary/community sector ☐ 4
- to investigate better use of our assets and other ways to generate income ☐ 5
- to explore options for charging or raising fees for non-statutory council services (services we are not legally required to provide). An example of statutory services is social care and a non-statutory service is our funding of additional police officers. ... ☐ 6
- Other ☐ 7

Please specify other:

Council Tax currently funds around a third of our total budget (excluding schools) so it's a significant funding source for the services we provide. The government has said it expects councils to increase their council tax rate by an amount every year to cover inflation. This increase partly helps to meet rising costs and demand for our services but will not be enough to fully cover the rising costs we have in the medium-term future. Even with an increase in council tax, savings will still be needed to balance our budget over the next three years.

In 2021/22, Tower Hamlets Council increased council tax by 1.99% and charged an adult social care precept of 3% so overall an increase of 4.99% which was the case in most other boroughs. The council has retained a local council tax reduction scheme that fully protects those residents on the lowest income from any council tax payment.

Every 1% increase in council tax that the council raises generates circa £1 million, which can be used to protect services. Each 1% rise in council tax costs households an average of 20p extra per week.

Q6 Would you be prepared to support a proposal to increase council tax? Tick (✓) one box only

- Yes ☐ 1
- No ☐ 2
- Don't know ☐ 3

- Q7 Any council that wishes to raise council tax higher than a threshold set by central government will have to hold a local referendum.

At this stage it is unclear what the government threshold may be, but we would like to seek your view on which of the following council tax increases you would support most:

Tick (✓) one box only

- I support an increase of between 0% and 2% ☐ 1
I support an increase of between 2% and 3% ☐ 2
I support an increase of between 3% and 4% ☐ 3
I support an increase above 4% ☐ 4
I do not support an increase ☐ 5
Don't know ☐ 6

- Q8 The government has allowed councils in the last five years to add an additional charge to their council tax for adult social care to support some of their most vulnerable residents. This is called the adult social care precept.

At this stage in the same way as for general council tax increases it is unclear whether, and if so at what level, any adult social care precept will be permitted.

We estimate that the additional cost pressures to the council for adult social care services in 2022/23 will be circa £5m.

The council has to meet these costs whether or not it increases council tax or other income, therefore if it doesn't increase its income, savings have to be found elsewhere.

If permitted, would you support an adult social care precept to support adult social care services?

- Yes ☐ 1
No ☐ 2
Don't know ☐ 3

- Q9 The council is looking at ways it can generate income to contribute towards the budget shortfall and minimise the impact of cuts on our services.

One of the ways the council already generates income is by hiring out its unique council-owned assets such as parks for events and filming, the use of venues for ceremonies and sporting activities. We also continually compare our fees and charges against other councils and look at how we can be more innovative in raising income.

Do you support the council expanding this approach to income generation so we can continue to protect frontline services, and limit the impact of government cuts?

- Yes ☐ 1
No ☐ 2
Don't know ☐ 3

Demographics

In order to better understand the views of the diverse communities we serve, we would like to ask you a few questions about yourself

Q10 How old are you?

- | | |
|-------------------------|-----------------------------|
| 0-15..... | <input type="checkbox"/> 01 |
| 16-24..... | <input type="checkbox"/> 02 |
| 25-34..... | <input type="checkbox"/> 03 |
| 35-44..... | <input type="checkbox"/> 04 |
| 45-54..... | <input type="checkbox"/> 05 |
| 55-64..... | <input type="checkbox"/> 06 |
| 65-74..... | <input type="checkbox"/> 07 |
| 75-84..... | <input type="checkbox"/> 08 |
| 85+ | <input type="checkbox"/> 09 |
| Prefer not to say | <input type="checkbox"/> 10 |

Q11 Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months (include any problems related to old age)?

- | | |
|-------------------------|----------------------------|
| Yes | <input type="checkbox"/> 1 |
| No | <input type="checkbox"/> 2 |
| Prefer not to say | <input type="checkbox"/> 3 |

Q12 Please state the type of health problem or disability that applies to you?

(People may experience more than one type of disability or health problem, in which case you may indicate more than one. If none of the categories applies, please mark 'Prefer to self-describe' and specify the type of health problem or disability.)

- Sensory impairment (such as being blind / having a visual impairment or being deaf / having a hearing impairment) ☐ 1
- Physical impairment (such as using a wheelchair to get around and / or difficulty using your arms) ☐ 2
- Learning disability (such as Downs syndrome or dyslexia) or cognitive impairment (such as autism or head-injury) ☐ 3
- Mental health condition, (such as depression or schizophrenia) ☐ 4
- Long-standing illness or health condition (such as cancer, HIV, diabetes, chronic heart disease, or epilepsy) ☐ 5
- Prefer to self-describe (please specify): ☐ 6
- Prefer not to say ☐ 7

Please specify other:

Q13 Which best describes your gender?

- Male ☐ 1
- Female ☐ 2
- Prefer not to say ☐ 3
- Prefer to self-describe (please specify): ☐ 4

Please specify:

Q14 Is your gender identity the same as the sex you were assigned to at birth?

- Yes ☐ 1
- No ☐ 2
- Prefer not to say ☐ 3

Q15 Which of the following describes your sex?

- Man ☐ 1
Woman ☐ 2
Intersex ☐ 3
Prefer not to say ☐ 4
Prefer to self-describe (please specify): ☐ 5

Please specify:

Q16 Which of the following describes your sexual orientation?

- Gay / lesbian ☐ 1
Bi (attracted to more than one gender) ☐ 2
Heterosexual / straight ☐ 3
Prefer not to say ☐ 4
Prefer to self-describe (please specify): ☐ 5

Please specify:

Q17 Are you legally married or in a civil partnership?

- Yes ☐ 1
No ☐ 2
Prefer not to say ☐ 3

Q18 Which best describes your current marital, civil partnership or cohabitation status?

- Single (never married or never registered a civil partnership) ☐ 01
Married ☐ 02
In a registered civil partnership ☐ 03
Separated, but still legally married ☐ 04
Separated, but still in a registered civil partnership ☐ 05
Divorced ☐ 06
Formerly in a registered civil partnership which is now dissolved ☐ 07
Widowed ☐ 08
Surviving partner from a registered civil partnership ☐ 09
Cohabiting with a partner ☐ 10
Prefer not to say ☐ 11

Q19 Are you currently pregnant or did you give birth in the last twelve months?

- Yes ☐ 1
No ☐ 2
Prefer not to say ☐ 3
Not applicable ☐ 4

Q21 What is your religion or belief system?

- No religion or belief ☐ 01
Agnostic ☐ 02
Muslim ☐ 03
Christian..... ☐ 04
Jewish..... ☐ 05
Buddhist..... ☐ 06
Sikh..... ☐ 07
Hindu ☐ 08
Humanist..... ☐ 09
Prefer not to say ☐ 10
Prefer to self-describe (please specify)..... ☐ 11
Please specify other:

Q22 Do you have caring or parenting responsibilities? (for example, childcare or dependent adults)

- Yes..... ☐ 1
No ☐ 2
Prefer not to say ☐ 3

Please provide your postcode (if you are responding as a business, please provide the business postcode):

If you answered the survey as a local business, please complete Bus1 and Bus2:

Bus1 How many employees work in your organisation?

- 1-10..... ☐ 1
11-49..... ☐ 2
50-249..... ☐ 3
250 or more ☐ 4

Bus2 What type of business do you operate?

- | | |
|--|-----------------------------|
| Financial or insurance | <input type="checkbox"/> 01 |
| Professional, scientific or technical | <input type="checkbox"/> 02 |
| Business administration and support services | <input type="checkbox"/> 03 |
| Information and communication | <input type="checkbox"/> 04 |
| Health | <input type="checkbox"/> 05 |
| Education | <input type="checkbox"/> 06 |
| Accommodation and food services | <input type="checkbox"/> 07 |
| Public administration and defence | <input type="checkbox"/> 08 |
| Retail..... | <input type="checkbox"/> 09 |
| Arts, entertainment and leisure | <input type="checkbox"/> 10 |
| Wholesale | <input type="checkbox"/> 11 |
| Construction..... | <input type="checkbox"/> 12 |
| Property | <input type="checkbox"/> 13 |
| Transport, storage and postage | <input type="checkbox"/> 14 |
| Manufacturing | <input type="checkbox"/> 15 |
| Motor trades..... | <input type="checkbox"/> 16 |
| Other (please specify):..... | <input type="checkbox"/> 17 |

Ward Which ward do you live in?

- | | | | |
|---------------------------------|-----------------------------|----------------------------------|-----------------------------|
| Bethnal Green | <input type="checkbox"/> 01 | Poplar | <input type="checkbox"/> 12 |
| Blackwall and Cubitt Town | <input type="checkbox"/> 02 | Shadwell | <input type="checkbox"/> 13 |
| Bow East | <input type="checkbox"/> 03 | Spitalfields and Banglatown..... | <input type="checkbox"/> 14 |
| Bow West | <input type="checkbox"/> 04 | St Dunstan's | <input type="checkbox"/> 15 |
| Bromley North | <input type="checkbox"/> 05 | St Katherine's and Wapping | <input type="checkbox"/> 16 |
| Bromley South..... | <input type="checkbox"/> 06 | St Peter's..... | <input type="checkbox"/> 17 |
| Canary Wharf | <input type="checkbox"/> 07 | Stepney Green | <input type="checkbox"/> 18 |
| Island Gardens | <input type="checkbox"/> 08 | Weavers | <input type="checkbox"/> 19 |
| Lansbury..... | <input type="checkbox"/> 09 | Whitechapel..... | <input type="checkbox"/> 20 |
| Limehouse..... | <input type="checkbox"/> 10 | Don't know..... | <input type="checkbox"/> 21 |
| Mile End | <input type="checkbox"/> 11 | | |

Thank you for completing this questionnaire.

Q20 How would you describe your ethnic group?

- | | |
|---|-----------------------------|
| White: British..... | <input type="checkbox"/> 01 |
| White: Irish..... | <input type="checkbox"/> 02 |
| White: Traveller of Irish heritage | <input type="checkbox"/> 03 |
| White: Gypsy / Roma..... | <input type="checkbox"/> 04 |
| White: Any other White background..... | <input type="checkbox"/> 05 |
| Mixed: White and Black Caribbean | <input type="checkbox"/> 06 |
| Mixed: White and Black African..... | <input type="checkbox"/> 07 |
| Mixed: White and Asian | <input type="checkbox"/> 08 |
| Mixed: Any other Mixed background..... | <input type="checkbox"/> 09 |
| Asian / Asian British: Indian | <input type="checkbox"/> 10 |
| Asian / Asian British: Pakistani..... | <input type="checkbox"/> 11 |
| Asian / Asian British: Bangladeshi | <input type="checkbox"/> 12 |
| Asian / Asian British: Any other Asian background | <input type="checkbox"/> 13 |
| Black / Black British: Somali | <input type="checkbox"/> 14 |
| Black / Black British: Other Africa..... | <input type="checkbox"/> 15 |
| Black / Black British: Caribbean | <input type="checkbox"/> 16 |
| Black / Black British: Any other Black background..... | <input type="checkbox"/> 17 |
| Other ethnic group: Chinese | <input type="checkbox"/> 18 |
| Other ethnic group: Vietnamese | <input type="checkbox"/> 19 |
| Other ethnic group: Any other background | <input type="checkbox"/> 20 |
| Prefer not to say | <input type="checkbox"/> 21 |

This page is intentionally left blank