



Meeting of the

# Tower Hamlets Council

## Agenda

**Thursday, 4 March 2021 at 7.00 p.m.**

### **VENUE**

Online 'Virtual' Meeting - <https://towerhamlets.public-i.tv/core/portal/home>

### **Democratic Services Contact:**

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## To the Mayor and Councillors of the London Borough of Tower Hamlets

You are summoned to attend a meeting of the Council of the London Borough of Tower Hamlets to be held in **ONLINE 'VIRTUAL' MEETING - [HTTPS://TOWERHAMLETS.PUBLIC-I.TV/CORE/PORTAL/HOME](https://towerhamlets.public-i.tv/core/portal/home) at 7.00 p.m. on THURSDAY, 4 MARCH 2021**

Will Tuckley  
Chief Executive



## Public Information

### Viewing Council Meetings

Except where any exempt/restricted documents are being discussed, the public are welcome to view this meeting through the Council's webcast system.

Physical Attendance at the Town Hall is not possible at this time.

### Meeting Webcast

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### Electronic agendas reports and minutes.

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Agendas are available on the Modern.Gov, Windows, iPad and Android apps.



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smart phone  
users

## Public Information – ‘Accessing and Participating in Remote’ Meetings

In line with recent Government legislation, the Budget Council meeting will be held as a ‘remote meeting’ through the Microsoft Teams app and broadcast live on the Council’s Webcasting portal <https://towerhamlets.public-i.tv/core/portal/home>.

The meeting will follow, as far as possible, the standard procedures for such meetings subject to any special requirements for remote meetings set out in the Council’s– ‘Virtual Meeting Addendum’. In the event of a technical difficulty, the meeting arrangements may be altered or the meeting adjourned to a later date.

This guidance provides an overview of how the Budget Council meeting will work. Full Council is made up of the Mayor and the 45 Councillors. The Budget Council meeting is a special meeting held every year, for the purposes of setting the Council’s budget and Council Tax for the forthcoming financial year. The agenda typically comprise, as set out on the agenda front sheet:

- Apologies for absence from Members
- Declarations of Interests.
- Announcements from the Speaker or the Chief Executive of the Council.
- Petitions relating to the budget/Council Tax, in accordance with the Council’s Petitions Scheme
- The Mayor and the Executive’s proposals on the Council budget and the Council Tax.
- Any other items requiring the Council’s approval

There are no Members’ Questions or Motions on Notice at the Budget Meeting.

### Procedure at the Meetings.

The Speaker of the Council is the Chair of the meeting and is in charge of the debate. Their role is to control the meeting, including the order of speakers, and to ensure that the business is carried out properly. The Speaker will confirm the expected meeting etiquette for a virtual Council meetings, including the following:

- That participants may speak at the invitation of the Speaker.
- All participants microphones must be **muted** when not speaking.
- Where necessary, participants may switch off their cameras when not speaking to save bandwidth.
- Participants **must alert** the Democratic Services contact if they experience technical difficulties, particularly a loss of connection, or if they need to leave the meeting, as soon as possible

### Budget Debate

At the start of the debate, the Mayor and/ or the Cabinet Member for Resources will present their proposals, as contained in agenda. Once the Executive’s proposals have been moved, the Speaker will invite the mover and seconder of any amendments in turn to speak and move their amendments. Any proposed amendments will be published on the website before the meeting (including Officers’ comments) in the supplementary pack. After all the amendments have been moved, the Council will debate the proposals. At the end of the debate, the Mayor or the Cabinet Member who has moved the proposals may exercise a right of reply.





### **Voting and Decision**

Full Council will conduct a roll call vote on each amendment in the order they were moved and finally the substantive budget motion moved by the Administration. The Head of Democratic Services will read out the name of each Mayor and Councillor present and will ask them to confirm whether they are in favour, against or wish to abstain.

If the Council adopts the budget proposals without amendment, the decision will take effect immediately. If however, the Council votes to make any amendments to the budget proposals, it shall request that the Mayor reconsider the proposed budget in light of their amendments and resubmit the budget (amended or not) to a further Council meeting the following week.

If the Council still wishes to amend the Mayor's proposals, such a decision will require a two thirds majority of the Members present. If no valid amendment receives two thirds support, the Mayor's proposals are deemed adopted.

### **Decisions and Minutes**

The decisions will be published on the website 2 days after the meeting. The draft minutes will be published around 10 working days after the meeting.

### **Copies of Council Meeting documents**

Electronic copies of the agenda documents will be published on the Council's Website on the Council meeting page at least five clear working days before the meeting.

[www.towerhamlets.gov.uk/committee](http://www.towerhamlets.gov.uk/committee).

Any additional documents (such as motions on petitions for debate or amendments to the budget proposals) will normally be published on the Council meeting website either shortly before or during the meeting.



# London Borough of Tower Hamlets

## Council

Thursday, 4 March 2021

7.00 p.m.

PAGE  
NUMBER

1. **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

2. **DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS**

9 - 10

Members are reminded to consider the categories of interest, identified in the Code of Conduct for Members to determine; whether they have an interest in any agenda item and any action they should take. For further details, see the attached note from the Monitoring Officer.

Members are also reminded to declare the nature of the interest at the earliest opportunity and the agenda item it relates to.

Please note that ultimately it is the Members' responsibility to identify any interests and also update their register of interests form as required by the Code.

If in doubt as to the nature of an interest, you are advised to seek advice prior to the meeting by contacting the Monitoring Officer or Democratic Services.

3. **TO RECEIVE ANNOUNCEMENTS (IF ANY) FROM THE SPEAKER OF THE COUNCIL OR THE CHIEF EXECUTIVE**

4. **TO RECEIVE PETITIONS**

The Council Procedure Rules provide for a maximum of four petitions to be discussed at the Budget Meeting of the Council provided they are related to the Council's Budget and Council Tax.

There are no petitions for consideration at this meeting.



**5. BUDGET AND COUNCIL TAX 2021/22**

**11 - 382**

To consider the proposals of the Mayor and Executive for the Council's Budget and Council Tax 2021-22, as agreed at the Cabinet Meeting on 27 January 2021.



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# Agenda Item 2

## **DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER**

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

### **(i) Disclosable Pecuniary Interests (DPI)**

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

**DPI Dispensations and Sensitive Interests.** In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

### **(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)**

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

### **(iii) Declarations of Interests not included in the Register of Members' Interest.**

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

### **Guidance on Predetermination and Bias**

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

### **Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting**

In such circumstances the member may not vote on any reports and motions with respect to the matter.


**Further Advice** contact: Asmat Hussain, Corporate Director, Governance and Monitoring Officer,  
Tel: 0207 364 4800.

## **APPENDIX A: Definition of a Disclosable Pecuniary Interest**

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either—  (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

# Agenda Item 5

<p><b>Council</b></p> <p>4 March 2021</p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Kevin Bartle, Interim Corporate Director - Resources (Section 151 Officer)</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>The Council's 2021-22 Budget Report and Medium Term Financial Strategy 2021-24</b></p>	

<b>Lead Member</b>	<b>Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector</b>
<b>Originating Officer(s)</b>	Kevin Bartle, Interim Corporate Director - Resources
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	November 2020
<b>Reason for Key Decision</b>	To approve the 2021-22 Council Tax resolution and to consider and agree the proposals of the Mayor in Cabinet for the Council's Budget for 2021-24 and agree the Treasury Management Strategy Statement, Investment Strategy and Capital Strategy for 2021-22.
<b>Strategic Plan Priority / Outcome</b>	<ol style="list-style-type: none"> <li>1. People are aspirational, independent and have equal access to opportunities;</li> <li>2. A borough that our residents are proud of and love to live in;</li> <li>3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.</li> </ol>

## Executive Summary

This report sets out the proposals of the Mayor in Cabinet for the Council's 2021-24 Budget and Council Tax 2021-22.

This report also includes the Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report for 2021-22, approved for recommendation to Council by the Audit Committee on 28<sup>th</sup> January 2021.

## **Recommendations:**

In accordance with the recommendation of the Mayor in Cabinet, Full Council is recommended:

### **Revenue and Capital Medium Term Financial Plan 2021-24**

1. To note a General Fund Revenue Budget of £363.141m and agree a Council Tax (Band D) of £1,113.26 (Council element) for 2021-22 as set out in the motion and Council Tax Resolution attached at Annex 1 to this report. This incorporates a 1.99% general increase on the previous year and a 3% increase in respect of the Adult Social Care 'Precept'.
2. To note the GLA precept as set out in the Council Tax Resolution is subject to the approval of the GLA Assembly at their meeting scheduled for 25 February, any changes as a result of that meeting will be made known to Council before the date of this meeting.
3. To note the Projected Movement in Reserves statement, April 2019 to March 2023 (Annex 2 Appendix 6 of the attached Cabinet report), has been updated following further assessment of the latest position.
4. To note the Capital Programme, Housing Revenue Account budget and Dedicated Schools budget.

### **Treasury Management Strategy Statement, Investment Strategy and Capital Strategy 2021-22**

5. To adopt the Treasury Management Strategy Statement set out in Annex 3 Appendix A attached to this report.
6. To adopt the Investment Strategy Report set out in Annex 3 Appendix B attached to this report.
7. To adopt the Capital Strategy Report (which incorporates the Minimum Revenue Provision Policy Statement) set out in Annex 3 Appendix C attached to this report.

### **Section 25, Local Government Act 2003**

8. To note the Section 151 officer's view on the robustness of estimates and adequacy of reserves required under Section 25 of the Local Government Act 2003, set out in section 2 of this report.

### **Local Council Tax Reduction Scheme (LCTRS)**

9. To note that the Local Council Tax Reduction Scheme will remain unchanged for 2021-22.



## **1. CABINET MEETING, 27 JANUARY 2021**

- 1.1 The Cabinet received the report of the Corporate Director Resources on the Council's 2021-22 Budget Report and Medium Term Financial Strategy 2021-24.
- 1.2 In considering the information in the reports, the Mayor and Cabinet considered the comments of the Overview and Scrutiny Committee (OSC) on the Mayor's initial budget proposals for 2021-22.
- 1.3 The Mayor and Cabinet also considered feedback from the budget consultation process.
- 1.4 The Mayor in Cabinet also agreed to authorise the Corporate Director, Resources after consultation with the Mayor and Lead Member of Resources to make any changes required to the budget following the final Local Government Finance Settlement announcement.
- 1.5 Please note that the Projected Movement in Reserves April 2019 to March 2023 (Annex 2 Appendix 6) has been updated since Cabinet 27 January to reflect the latest position reported to Cabinet on 3 March in the Budget Monitoring Report 2020-21 Period 9.

## **2. SECTION 25, LOCAL GOVERNMENT ACT 2003**

### **The robustness of the budget estimates**

- 2.1 Under Section 25 of the Local Government Act 2003, the Corporate Director - Resources (the S151 officer) is required to include, in the budget report, his view of the robustness of the 2021-22 estimates. This forms part of the statutory advice from the S151 officer to the Council in addition to his advice provided throughout the year in the preparation of the budget for 2021-22.
- 2.2 The Mayor and Cabinet of the Council have been advised of the financial challenges the Council faces over the next financial year, the medium and longer term. The levels of government funding for 2021-22 have been clearly identified in this report and it must be recognised and understood that a one-year funding settlement, as is currently the case, creates a level of uncertainty and, therefore, creates a financial planning risk.
- 2.3 Budget estimates are exactly that, estimates of spending and income at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget but gives Full Council reasonable assurances that the budget has been based on the best available information and assumptions. For the reasons set out below the S151 officer, is satisfied with the accuracy and robustness of the estimates included in this report although it must be acknowledged that the delivery in full and to time of the savings proposals included in this budget is not without risk:

- The budget proposals have been developed following guidance from the Corporate Director – Resources
- A review by the Corporate Leadership Team of proposed savings and their achievability has taken place
- The budget proposals have been consulted upon
- The Mayor and Cabinet members have reviewed and challenged all budget proposals. The Overview & Scrutiny committee have scrutinised the budget proposals
- A robust process of development and challenge with Corporate Directors and Cabinet members has taken place
- Contract inflation has been provided for
- Adequate allowance is made for pension costs with budgeted contributions in line with the recommendations from the 2019 triennial pension review
- Corporate Directors have made reasonable assumptions about growth pressures
- Mechanisms will be in place to monitor areas of expenditure and the delivery of savings
- The Council recognises that it faces an increasing financial challenge due to the combination of the COVID-19 pandemic, declining government grant, demographic trends including increasing demand and complexity and cost of that demand. The latest current year Council Revenue Budget Monitoring Report (month 9) forecasts a net overspend of £2.9m, after the use of a planned estimated c£17m of earmarked reserves. Officers are developing further mitigating measures to reduce the overspend and prevent future overspends
- The use of budget monitoring in 2020-21 to re-align budgets where required with growth provided in 2021-22 to meet identified budget pressures
- Key risks have been identified and considered
- Prudent assumptions have been made about interest rates payable and the budget proposals are joined up with the requirements of the Prudential Code and Treasury Management Strategy
- The revenue effects of the capital programme are reflected in the budget with an increase of £0.1m provided for in the revenue net cost of borrowing in 2021-22 and a further £1.1m from 2022-23 onwards
- The recommendations regarding fees and charges are in line with the assumptions in the budget
- The provision for redundancy is reasonable to meet future restructuring and downsizing
- The establishment of appropriate management and monitoring arrangements for the delivery of savings programmes
- A prudent approach has been adopted on the local share of income receivable through business rates
- The budget proposals include an annual base budget contingency of £3.1m
- Reasonable assumptions have been made on the use of S106 and CIL funding. Such contributions can only be used once a process is in place for 2021-22 and beyond, to tackle underlying budget pressures and produce

balanced budgets going forward

### **Risk, revenue balances and earmarked reserves**

- 2.4 The S151 officer is also required under the act to include, in budget reports, his view of the adequacy of the balances and reserves the budget provides for. The level of balances is examined each year along with the level of reserves in light of the risks facing the authority in the medium term.
- 2.5 Reserves play a crucial role in good public financial management. They exist so that a council can make one-off investments in service transformation for the future or to respond to one-off unexpected events or emerging needs. They are the foundation for good financial management and resilience. As one-off resources they can only be spent once.
- 2.6 Given the General Fund outturn is, as at Period 9, forecasting a net overspend of £2.9m, which already takes into account the use of some earmarked reserves in delivering services (i.e. without the use of these reserves there would be a higher forecast overspend), reserves are on a downward trend. It should be noted that, given the latest forecast financial position, earmarked General Fund reserves are consequently projected to rise; from £132m to £135m by the end of this financial year. This is, however, only a temporary rise as £28m is section 31 grant that will be required immediately in 2021-22 to offset business rates reliefs granted due to the pandemic. A like for like comparison shows a reduction of £25m year-on-year. It must be acknowledged that the proposed budgets for both 2021-22 and 2022-23 rely on drawing down reserves, in both years, to balance. This is partly why reserve balances are projected to fall. Any overspend at the year-end will also have to be financed from reserves and members should additionally note that the reserves position of the Council is uncertain pending the closure of the statements of accounts for the period 2016 – 2020.
- 2.7 This is clearly not a sustainable position for the Council in the longer term and the consequent advice from the S151 officer is for the Council to address the forecast on-going decline of its reserves during the next 2 years. The Council's finances will, therefore, need careful management and review. Continued focus will be required on keeping spend within budget, delivering savings as planned, avoiding the use of reserves to balance future budgets and on rebuilding reserves to support future investments and priorities.
- 2.8 Members of the Council are not automatically obliged to accept the advice of the S151 officer in every particular case, but must pay due regard to it and be satisfied that they have met their own public obligations if they are minded to depart from that advice.

### **General fund balances**

- 2.9 The Council's general fund balance, subject to Audit, is forecast to be maintained at the prescribed level of £20m as at 31 March 2021.
- 2.10 Given the on-going scale of change in local government funding, and risks

facing the Council, the Council's S151 officer considers that general fund balances need to be maintained at this level, in accordance with Council policy, for the foreseeable future.

### **3 EQUALITIES IMPLICATIONS**

3.1 Equalities implications are set out in the reports which are appended.

### **4 OTHER STATUTORY IMPLICATIONS**

4.1 a) This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

b) None.

### **5 COMMENTS OF THE CHIEF FINANCE OFFICER**

5.1 As this report is financial in nature the comments of the Chief Finance Officer (S151 officer) have been incorporated throughout this report. Particular reference should be made to the S151 officer's statement included in this report, as required by Section 25 of the Local Government Act 2003, relating to the adequacy of reserves, robustness of estimates and the Council's annual contingency budget.

### **6 COMMENTS OF LEGAL SERVICES**

6.1 The legal comments are set out in the reports which are appended and there are no additional comments to be added.

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## Linked Reports, Appendices and Background Documents

The following documents are attached to this report for the Council's consideration: -

Annex 1: Budget Motion from Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector.

- Appendix A - Council Tax Resolution

Annex 2: Report of the Corporate Director Resources: The Council's 2021-22 Budget Report and Medium Term Financial Strategy 2021-24.

Appendices 1 - 9 to the above report: -

- Appendix 1A - Medium Term Financial Strategy Summary
- Appendix 1B - Medium Term Financial Strategy Detail by Service Area
- Appendix 2 - Core Spending Power
- Appendix 3 - New Growth Proposals
- Appendix 4 - New Savings Proposals
- Appendix 5 - Reserves Policy
- Appendix 6 - Projected Movement in Reserves
- Appendix 7 - Housing Revenue Account Budget Summary
- Appendix 8A - Capital Programme General Fund Summary
- Appendix 8B - Capital Approved Programme Detail
- Appendix 8C - Capital Annual Rolling Programme Detail
- Appendix 8D - Capital Invest To Save Programme Detail
- Appendix 8E - Capital Programme HRA Summary
- Appendix 8F - Capital Potential Assets For Disposal
- Appendix 9 - Budget Consultation 2021-22

Please note that Appendix 6 Projected Movement in Reserves has been updated since Cabinet 27 January to reflect the latest position reported to Cabinet on 3 March in the Budget Monitoring Report 2020-21 Period 9.

Annex 3: Report of the Corporate Director Resources to the Audit Committee 28<sup>th</sup> January 2021: Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report for 2021-22.

- Appendix A - Treasury Management Strategy Statement
- Appendix B - Investment Strategy Report
- Appendix C - Capital Strategy Report
- Appendix D - Prudential and Treasury Indicators
- Appendix E - Treasury Management Policy Statement
- Appendix F - Treasury Management Scheme of Delegation
- Appendix G - Treasury Management Reporting Arrangement
- Appendix H - Glossary

Annex 4:

- The Overview and Scrutiny Committee's budget response
- The Executive's response to the Overview and Scrutiny Committee's report (to follow)

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

- None

**Officer contact details for documents:**

Allister Bannin, Head of Strategic and Corporate Finance, 020 7364 3930  
Shakil Rahman, Senior Accountant, 020 7364 1658

**BUDGET COUNCIL**  
**4 MARCH 2021**  
**COUNCIL TAX REQUIREMENT 2021-22**

***BUDGET MOTION FROM COUNCILLOR CANDIDA RONALD,  
CABINET MEMBER FOR RESOURCES AND THE VOLUNTARY SECTOR***

***I propose the following motion in relation to The Council's 2021-22 Budget Report and Medium Term Financial Strategy 2021-24:***

That Council:

1. Approve the Council Tax Resolution, detailed in Appendix A to this motion.
2. Agree a General Fund revenue budget of £363.141m and Council Tax Requirement for Tower Hamlets in 2021-22 of £114.189m.
3. Agree the Council's 2021-22 Budget Report and Medium Term Financial Strategy 2021-24 set out in Annex 2.
4. Agree the report of the Corporate Director of Resources to the Audit Committee of 28<sup>th</sup> January 2021; Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report for 2021-22 set out in Annex 3.

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**LONDON BOROUGH OF TOWER HAMLETS  
COUNCIL 4<sup>th</sup> MARCH 2021  
COUNCIL TAX RESOLUTION**

1. That the revenue estimates for 2021-22 be approved.
2. That it be noted that, at its meeting on 6<sup>th</sup> January 2021, Cabinet agreed 102,572 as its **Council Tax base** for the year 2021-22 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
3. That the following amounts be now calculated by the council for the year 2021-22 in accordance with Section 31 to 36 of the Local Government Finance Act 1992 as amended and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2011:
  - a) £1,289,511,179 Being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) of The Act. [**Gross Expenditure**]
  - b) £1,175,321,874 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of The Act. [**Gross Income**]
  - c) £114,189,305 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of The Act, as its council tax requirement for the year. (Item R in the formula in Section 31B of The Act). [**Council Tax Requirement**]
  - d) £1,113.26 Being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of The Act, as the basic amount of its Council Tax for the year. [**Council Tax**]

4. Being the amount given by multiplying the amount at 3(d) above by the number which, in the proportion set out in Section 5(1) of The Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of The Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands. **Tower Hamlets Council Tax:**

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£742.17	£865.87	£989.57	£1,113.26	£1,360.65	£1,608.04	£1,855.43	£2,226.52

5. That it be noted that for the year 2021-22 the **Greater London Authority (GLA)** has stated the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:


Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£242.44	£282.85	£323.25	£363.66	£444.47	£525.29	£606.10	£727.32

6. That, having calculated the aggregate in each case of the amounts at 4 and 5 above, the council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of **Council Tax for the year 2021-22** for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£984.61	£1,148.72	£1,312.82	£1,476.92	£1,805.12	£2,133.33	£2,461.53	£2,953.84

7. That the council hereby determines in accordance with Section 52ZB of the Local Government Finance Act 1992, that its relevant basic amount of Council Tax for 2021-22 is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Local Government Finance Act 1992. As the billing authority, the council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2021-22 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.

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<b>Cabinet</b>	 <b>TOWER HAMLETS</b>
27 January 2021	
<b>Report of:</b> Kevin Bartle, Interim Corporate Director - Resources (Section 151 Officer)	<b>Classification:</b> Unrestricted
<b>The Council's 2021-22 Budget Report and Medium Term Financial Strategy 2021-24</b>	

<b>Lead Member</b>	<b>Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector</b>
<b>Originating Officer(s)</b>	Kevin Bartle, Interim Corporate Director - Resources
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	November 2020
<b>Reason for Key Decision</b>	To set the Council's Budget for 2021-22 and MTFS 2021-24
<b>Strategic Plan Priority / Outcome</b>	<ol style="list-style-type: none"> <li>1. People are aspirational, independent and have equal access to opportunities;</li> <li>2. A borough that our residents are proud of and love to live in;</li> <li>3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.</li> </ol>

## **Executive Summary**

In February 2020 the Council agreed its budget for 2020-21 and set out a Medium Term Financial Strategy (MTFS) covering the period 2020-2023. This included additional savings of £8.653m to be delivered over the extended MTFS period.

Very shortly thereafter the country was hit by the Covid-19 pandemic and the government implemented on 20 March a series of emergency measures including a lockdown. Local authorities' emergency planning procedures were invoked and new responsibilities followed including in relation to the borough's most vulnerable residents.

This crisis has had a profound impact on the Council's budget and its ability to deliver services and, as a consequence, on its financial planning assumptions. The Council welcomed the Government's pledge to provide 'whatever it takes' to cover the cost of dealing with the crisis. As a result of the pandemic, and this explicit government commitment, new areas of expenditure were required together with fundamental changes to the Council's main sources of funding; additional emergency short term funding was made available by the government alongside other measures to support the Council's cash flow. The Council's priorities were redefined by the crisis and the delivery of some proposed investments and savings were paused.

The MTFS was refreshed and extended to 2023-24; a potential budget gap of £12.9m for 2021-22 and £26.3m for 2022-23 was identified and reported to Cabinet on 29 July 2020. The national environment, both financial and in relation to the virus, continues to be subject to significant uncertainty with Brexit taking effect, the government announcing the deferral of the Fair Funding Review and the Business Rates Reset and there being potential for further waves of the virus.

Separately the Council also set out the impact of the pandemic and a resulting refreshed strategic plan through reports to Cabinet on 29 July 2020. The Council is experiencing a rise in demand and extreme pressure on services especially in mental health, social care, homelessness, unemployment, domestic abuse as well as increased levels of financial hardship, with poverty exacerbating existing inequalities. The refreshed strategic plan outlined the high-level interventions we will take as part of our response and a basis for future policy considerations. Taken together these reports informed a new direction in what is a fundamentally more challenging financial environment.

If government fails to honour its pledge to cover the cost of dealing with the pandemic then as a Council we will be in an even more difficult financial position in future years and as a result will have to make tough choices about our services. We are not complacent and will continue to fight for our fair share of funding to continue to protect the essential services needed to support residents.

Due to the significant potential budget gap for future years, this MTFS report sets out draft savings proposals for initial consideration. As previously, consultation with residents, businesses and other key stakeholders has been a feature of proposed changes and the results of the Council's 2021-22 budget consultation were

considered at Cabinet on 16 December 2020.

The financial position for all of the public sector, but particularly for Local Government, is subject to significant uncertainty. The government is reacting to the changing impact of the pandemic with unprecedented levels of financial support, a large number of new grants and changes to regulations and funding systems happening with very little warning. This makes financial planning even more challenging than normal and when taken alongside the huge uncertainty surrounding financial forecasts at the time of a global pandemic, it must be appreciated that the MTFS being recommended for approval in this report will remain subject to 'last minute' and potentially significant change. It may be, therefore, that the MTFS requires further revision during 2021-22 and Cabinet consequently asked to approve an updated version.

The Council received the provisional Local Government Finance Settlement (LGFS) on 17 December 2020. The final LGFS will be received in January and the MTFS would need to be further updated if any changes materialise.

### **Recommendations:**

The Cabinet is recommended to:

1. Propose a General Fund Revenue Funding Requirement of £363.141m subject to any remaining changes arising from the final Local Government Finance Settlement.
2. Propose a Band D Council Tax of £1,113.26 (Council share) 2021-22 to be referred to Full Council for approval.
3. Propose the Interim Corporate Director – Resources, after consultation with the Mayor and Lead Member of Resources, to make any changes required to the budget following the final settlement announcement.
4. Approve the 2021-22 transfers to and from reserves as set out in paragraph 3.9.12.
5. Approve the continuation of £1m funding from the Public Health grant to the Key Stage Two extension of Free School Meals.
6. Approve that the £2.974m one-off increase in the Social Care Support Grant for 2021-22 is allocated in full directly as budget to the services (75% to adult social care, £2.230m, and 25% to children's social care, £0.744m).
7. Approve that the £0.746m increase in the Homelessness Prevention Grant is allocated in full to the Place directorate to support homelessness in the borough.

8. Propose the three-year General Fund Capital Programme 2021-24 as set out in Appendix 8, totalling £395.471m.
9. Approve the budget allocation for the newly listed schemes in the programme, subject to sign off through the capital governance process and agreement to proceed given by the Corporate Director of Place in consultation with the Corporate Director of Resources and that schemes funded by future capital receipts, s106 and/or CIL will not go ahead until such funds have been securely received.
10. Approve delegated authority to the Corporate Director of Place in consultation with the Corporate Director of Resources for all activities required to deliver the capital programme e.g. go out to tender, appoint consultants and contractors in accordance with the Procurement Procedures, acquire land interests, appropriate land from the General Fund to the Housing Revenue Account (HRA) for the delivery of new council homes, subject to approved budget.
11. Approve the following specific recommendations:
  - i. Approve the 2020-21 spend on IT projects, of which £7.020m to be funded from revenue reserve; and
  - ii. Approve the disposal of assets, as set out in Appendix 8F, subject to sign off through the capital governance process and agreement to proceed given by the Corporate Director of Place and Corporate Director of Resources.
12. Approve the principle that when capital receipts are achieved in year that they replace borrowing in future years.
13. Approve the inclusion of the George Green School within the General Fund Capital Programme 2021-24 totalling £51.400m.
14. Note the development of the medium term and long-term Prioritisation and Financing Delivery Plan for Infrastructure (PFDP) identifying priorities for 2023 to 2030.
15. Propose the 3-year Housing Revenue Account Capital Programme 2021-24 as set out in Appendix 8E totalling £231.095m.
16. Propose the 2021-22 Housing Revenue Account budget as set out in Appendix 7.
17. Approve the 2021-22 Management Fee payable to Tower Hamlets Homes (THH) of £32.615m as set out in paragraph 3.11.11.
18. 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 2021-22, THH will manage delegated income

budgets totalling £93.942m and delegated expenditure budgets totalling £61.311m.

19. Propose the 2021-22 Dedicated Schools Budget.
20. Agree that the National Schools Funding Formula (NSFF) adopted by Tower Hamlets originally in 2019-20 continues for 2021-22. The only changes included are increases to the factor values in line with the NSFF, the inclusion of pay and pension grant allocations and a minor change to the funding allocated to schools with split sites.
21. Agree that the Minimum Funding Guarantee (the mechanism that guarantees schools a minimum uplift in per-pupil funding) is set at 2.0%, the maximum allowed.
22. 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.
23. Note that the Local Council Tax Reduction Scheme will remain unchanged for 2021-22.
24. 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 2021-22 by 11 March 2021 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 the 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 2020, the 2021-22 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; in particular as the Council becomes ever more dependent on locally raised sources of income through Council Tax and retained business rates these elements become fundamental elements of its approach and strategies.
- 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. This report includes the revised three year Capital Programme 2021-24 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 February 2020 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 three 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 February 2020 the Council agreed a balanced budget for 2020-21 and a MTFS to 2022-23 identifying further savings of £8.653m to be delivered over that period and utilising £1.740m of general fund reserves in 2020-21.

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 all of these changes and identifies the additional growth and savings proposals that will inform consideration of the budget package by the Overview and Scrutiny Committee. The proposals will deliver a balanced budget for 2021-22; 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)
- Capital (Section 3.12)
- Treasury Management Strategy (Section 3.13)
- Budget Consultation and Scrutiny Process 2021-24 (Section 3.14)

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 – minor increase of £0.2m from 2020-21.
- New Homes Bonus – a decrease from 2020-21 (£22.0m) to 2021-22 (£17.6m).
- Council Tax Requirement (base and levels of growth) and assumptions on the level of assumed Council Tax increases.
- Improved Better Care Fund – unchanged from 2020-21 at £16.3m.
- Social Care Grant – additional one-off increase of £3.0m in 2021-22 to support adult and children's social care, as announced in the Spending Review 2020.

## 3.2 STRATEGIC APPROACH

3.2.1 The Strategic Plan 2020-23 was refreshed at the Cabinet meeting on 29 July 2020 to take account of the Covid-19 pandemic impacts of exposed inequality and rising demand, as well as opportunities to holding on to gains such as improved air quality, delivering services in a different way and tackling rough sleeping. 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.
<b>Priority 2: A borough that our residents are proud of and love to live in</b>	
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.
<b>Priority 3: A dynamic, outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough</b>	
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.

### 3.3 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 £363.141m for 2021-22; a Council Tax at Band D of £1,113.26 (Council share); a net transfer from reserves of £1.254m in 2021-22 and a further planned reserves usage of £8.239m in 2022-23 to smooth the MTFS over the medium term.
- 3.3.2 The last funding settlement agreed with the Government expired at the end of the 2019-20 financial year. The government previously stated its intention to hold a new Spending Review in 2019, covering the period 2020-24. However, due to the government's focus on Brexit, a one year 2020-21 Spending Round was announced in September 2019. On 25 November 2020 the Chancellor announced the Spending Review 2020, again for only one year (2021-22), this time due to the Covid-19 pandemic.
- 3.3.3 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.
- 3.3.4 Previously the direction of travel for Local Authority funding has 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 the Council Tax and retained Business Rate receipts.

- 3.3.5 The Local Government Secretary, Robert Jenrick, announced on 2 July 2020 a support package to help councils respond to Covid-19 and to help ensure councils' financial sustainability for the future. This included allowing councils to repay Council Tax and Business Rates deficits over a three-year period instead of in one year. The Spending Review 2020 announced on 25<sup>th</sup> November went further and announced that the government would provide funding to Local Authorities for 75% of the 2020-21 deficits (with the 25% remaining to still be repaid over three years by local authorities).
- 3.3.6 The Council's MTFS will be affected by deferral of the Fair Funding Review and the expected associated changes to the national Business Rates retention scheme alongside the Fair Funding Review.
- 3.3.7 A provisional Local Government Finance Settlement (LGFS) was published on 17 December 2020, however the final settlement had not been received at the time of writing this report. The MTFS nevertheless includes consideration of the provisional settlement and these assumptions will be revised as necessary as soon as the Council receives the final settlement information.

#### **3.4 IMPACT ON COUNCIL SERVICES**

- 3.4.1 In the context of the funding challenges set out in the Medium Term Financial Strategy Refresh and 2021-22 Budget Planning report (Cabinet, 29 July 2020), it is critical that the government delivers on its "whatever it takes" pledge to cover the cost of our Covid-19 response. Whilst we welcome government spending announcements on recovery, including support for business, training, skills and the green economy, we are keen to ensure these commitments are stood behind and strive to ensure we are positioned to embed these proposals into our local ambition for recovery. However, if the government does not provide the funding required, we will need to make significant changes to the way the Council operates. There will be difficult choices to make including changing the way we deliver services and an associated reappraisal of previous priority areas.
- 3.4.2 The majority of the Council's costs relate to staffing and, given the scale of the challenges being faced in 2020-21 and projected for future years, it is likely that significant reductions will need to be made 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. The proposed savings business cases include information on staffing impact and estimated numbers of full time equivalent posts affected.

## 3.5 FINANCIAL RESOURCES

### 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), the rate of charge per property and the collection rate.
- 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 £1m per annum, which equates to approximately 20 pence per week for the average Band D property.
- 3.5.3 For the Adult Social Care (ASC) precept, the government agreed a maximum level of 2% for 2020-21 and the Council consulted on and implemented a 2% precept. The increase in Council Tax attributable to the ASC precept must be directed towards Adult Social Care pressures.
- 3.5.4 A general tax rate increase of 1.99% is assumed over the three years of the MTFs plus, in 2021-22 only, the additional 3% ASC precept. This 4.99% increase in the Council Tax rate equates to approximately £1.00 per week for the average Band D property.
- 3.5.5 The Spending Review 2020 confirmed the referendum level of 2% for general tax rate increases and permitted Councils to add an ASC precept of up to 3%. The government assumes in the Core Spending Power calculation that Councils will increase Council Tax at the maximum allowed level. If the Council, therefore, did 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 we otherwise would have done).
- 3.5.6 Currently Tower Hamlets has the seventh lowest Council Tax rate in London. It is likely that even after implementing the proposed increases, the Council will continue to have one of the lowest Council Tax rates across the 33 London Boroughs.
- 3.5.7 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.
- 3.5.8 The MTFs has, in recent years, assumed a 97.5% collection rate, however to take account of the economic impact of Covid-19 this assumption has been

reduced to 96% for 2021-22 only in the MTF5 as demonstrated in the table below:

### **Council Tax Current Assumptions**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Council Tax increases	4.99%	1.99%	1.99%
Tax Base increases	4.5%	3.0%	3.0%
Collection Rates	96.0%	97.5%	97.5%

3.5.9 The Council Tax Collection Fund deficit in 2020-21 can now be repaid over the three-year period 2021-24. The level of this deficit (currently estimated in the region of £4.4m for the LBTH share) from slower than anticipated growth, reduction in the collection rate and increased cost of the LCTRS will vary depending on the ongoing level of the pandemic and its economic impact. The Spending Review 2020 announced that the government will fund 75% of the 2020-21 deficit and the MTF5 has, therefore, been updated to reflect this as well as the spreading of the 25% remaining deficit repayment over the three-year period 2021-24.

### **Local Council Tax Reduction Scheme (LCTRS) 2021-22**

- 3.5.10 In February 2020, the Council agreed that there would be no changes to the current Local Council Tax Reduction Scheme (LCTRS) for 2020-21. 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 circa £31.8m in 2020-21.
- 3.5.11 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. The Covid-19 pandemic has seen 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.
- 3.5.12 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.
- 3.5.13 As part of the MTF5 refresh and budget planning for 2021-22, Cabinet noted on 6 January that the existing 100% LCTRS will remain unchanged for 2021-22 protecting our residents on low incomes.
- 3.5.14 It is, therefore, recommended that the current LCTRS should remain unchanged for 2021-22. The reasons for this are:

- 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.

3.5.15 A one-off Local Council Tax Support Grant of £4.025m has been announced by the government in recognition of the anticipated extra costs Local Authorities are likely to face in their LCTS schemes in 2021-22 due to anticipated higher unemployment. This income has not been included in the MTFS Council Tax income figures because it is recommended that this is transferred into the Collection Fund Smoothing Reserve, to be used to support the anticipated further pressures in the LCTRS in 2021-22 above current assumptions. This reserve movement is also demonstrated in the Reserves paragraph 3.9.12.

### **Settlement Funding Assessment and Revenue Support Grant**

3.5.16 Settlement Funding Assessment (SFA) reflects the government's current approach to funding most local authorities through Revenue Support Grant (RSG) and retained business rates.

3.5.17 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).

3.5.18 The difference between SFA and the Baseline Funding Level is the amount of RSG an authority receives. For Tower Hamlets this calculation is shown below.

### **Provisional Settlement Funding Assessment**

<b>Provisional Settlement Funding Assessment</b>	<b>2020-21 £m</b>	<b>2021-22 £m</b>
Settlement Funding Assessment (SFA)	145.3	145.5
Baseline Funding Level (BFL)	111.5	111.5
Revenue Support Grant (RSG)	33.8	34.0

### **Business Rates Retention Scheme**

3.5.19 In 2018-19 and 2019-20, the Council participated in a London-wide Business Rates Retention Pilot scheme. In the 2019 Spending Round it was announced that the London 75% Business Rates pilot would end in March 2020. Nevertheless, the Leaders of all London Councils, together with the Greater London Authority (GLA), agreed to continue with the London wide pooling

arrangement for 2020-21 permissible under the original business rate retention scheme.

- 3.5.20 Given the significant impact of the pandemic on Business Rates collection and the consequent loss that would result on London Boroughs' Collection Funds, the future of the pool has been reconsidered for 2021-22. The initial response to the possibility of significant losses being shared across London was for London Councils to request that the government provide some form of support for these potential losses on the pool; this, however, has not been forthcoming. It has been decided, therefore, that the pool will no longer continue and a letter of revocation on behalf of all London Boroughs was sent to MHCLG on 12th January 2021.
- 3.5.21 The Covid-19 pandemic has significantly impacted the business rates income for the Council creating a 2020-21 Business Rates Collection Fund deficit which will be required to be repaid over the period 2021-24. The 2020-21 deficit (currently estimated in the region of £10.2m for the Council's share) has been caused by a reduction in the collection rate, revaluations and other changes to the rating list. The level of the deficit will continue to be affected by the current poor economic conditions, primarily due to the pandemic, and therefore the MTFs has been updated in this iteration of the budget process to reflect the latest estimates for the 2020-21 deficit.
- 3.5.22 The Spending Review 2020 announced that the government will fund 75% of the 2020-21 deficit and the MTFs has, therefore, been updated to reflect this as well as the spreading of the 25% remaining deficit repayment over the three-year period 2021-24. The government has not yet announced the details of how this funding support will be allocated, so changes could also be required once these details are known.
- 3.5.23 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. Should no government financial support be forthcoming for this potential impact, then the Council's Collection Fund would incur a deficit for the affected years which the Council would need to fund. Although the maximum level of financial risk to the Council is currently limited by the safety net threshold within the system, this would only provide protection if income dropped by more than c£30m. This is, therefore, a potentially very serious financial risk.
- 3.5.24 A one-off non-ringfenced Lower Tier Services Grant of £1.404m in 2021-22 has been announced by the government, intended to be "minimum floor funding" to ensure that no district or unitary council will have a decrease in Core Spending Power for 2021-22. The government has 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". This income was only recently announced and has not been included in the MTFs income figures to date. It is recommended that the funding is placed into the Collection Fund



Smoothing Reserve, to offset future additional costs likely to emerge as a result of the Covid-19 pandemic during the 2021-22 financial year. This will also allow us to support further pressures in Business Rates income that may be encountered in 2021-22 above current assumptions again partially arising from the uncertainty caused by the Covid-19 pandemic. This reserve movement is demonstrated in Reserves paragraph 3.9.12.

### **Collection Fund**

- 3.5.25 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 the 2020-21 deficit.
- 3.5.26 There is an accumulated Business Rates Collection Fund deficit assumed in the MTFs to the end of 2019-20, of which the estimated Council share is £22.5m, and the Council will repay this in 2020-21 from reserves. The Collection Fund currently remains under consideration by external audit and, therefore, the estimated accumulated deficit to the end of 2019-20 may be subject to change. The Council's share of the 2020-21 Business Rates deficit is currently forecast to be £10.2m, of which 25% will need to be repaid over the three-year period 2021-24.
- 3.5.27 The Council is receiving S31 government grant monies in 2020-21 for business rates reliefs, relating to rates reductions given to businesses in 2020-21, but the deficit in the Collection Fund impacts the following year (2021-22). The MTFs recommends, therefore, that £28.4m will be moved into an earmarked reserve in 2020-21 and held over to help offset payment of a contribution to the Collection Fund deficit in 2021-22.
- 3.5.28 There is an accumulated Council Tax Collection Fund deficit to the end of 2019-20 assumed in the MTFs, of which the estimated Council share is £7.9m, and the Council will repay this in 2021-22 (£6.5m is recommended to be funded through the Council's smoothing reserve). The Council share of the 2020-21 Council Tax deficit is currently forecast to be £4.4m, of which 25% will need to be repaid over the three year period 2021-24.

### **Core Grants**

- 3.5.29 The Council is in receipt of several core grants to support specific service priorities. Given the uncertainty of the Fair Funding review, assumptions have needed to be made in respect of most grants after the announced 2021-22 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. Current assumptions for each of these are summarised in the table below:

## Summary Core Grants 2021-24

Core Grants	2021-22 £m	2022-23 £m	2023-24 £m
Revenue Support Grant	34.010	34.732	35.427
New Homes Bonus	17.646	3.812	-
Improved Better Care Fund	16.316	16.644	16.976
Social Care Grant	12.341	9.508	9.698
Public Health Grant	35.371	35.902	36.620
Rough Sleeping Initiative	0.636	0.646	0.658
Homelessness Prevention Grant	5.852	5.940	6.058
Total Core Grants	122.172	107.184	105.437
Transfer of 2021-22 additional New Homes Bonus to reserves	(7.654)	-	-
Total Core Grants applied to revenue	114.518	107.184	105.437

### Revenue Support Grant

3.5.30 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.

3.5.31 The Council's Revenue Support Grant (RSG) has decreased from circa £54m in 2017-18 to circa £34m in 2020-21.

### New Homes Bonus

3.5.32 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.

3.5.33 Tower Hamlets is a high growth area and has attracted one of the highest levels of NHB in the country.

3.5.34 The Council has reduced its reliance on NHB as a funding source in support of its general revenue budget since 2016-17. From the £22.0m NHB the Council

expects to receive in 2020-21, £6.0m will be used to support the revenue budget.

3.5.35 As reported to July Cabinet, in the light of the financial situation that the Council now finds itself in, the Section 151 Officer considered the previous approach set out in the MTFS i.e. to only allocate £3.2m NHB to support the revenue budget in 2021-22 and 2022-23 and concluded that the approach had to be revisited. The previous approach of placing the balance into an earmarked reserve was appropriate prior to the impact of Covid-19 but, given that it is a non-ringfenced grant and the acute pressures now being seen, the MTFS was then updated to assume that the full grant at the time of £10.0m (2021-22) and £3.8m (2022-23) is allocated to the revenue budget in 2021-22 and 2022-23.

3.5.36 The Spending Review 2020 announced one further year of NHB for 2021-22 and the provisional LGFS estimates the Tower Hamlets allocation as £7.7m. Given the uncertainty of the amount to be received, the MTFS assumes, prudently, that this will initially be transferred to reserves. The NHB (including all legacy payments) is expected to come to an end in 2023-24 and although 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, this will clearly need to be kept under review.

3.5.37 Given the above, it is recommended that £6m is transferred from the NHB reserve to the Free School Meals reserve to fund the Key Stage Two extension of Free School Meals until the end of 2023-24 at an estimated cost of £2m per annum (in addition to the recommended continuation of £1m per annum funding from the Public Health grant). This reserve movement is demonstrated in paragraph 3.9.12.

### **Improved Better Care Fund**

3.5.38 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.

3.5.39 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 for 2019 and 2020 have extended this grant for one year at a time.

### **Social Care Grant**

3.5.40 In the Chancellor's 2019-20 budget, £410m of additional funding was announced for use for adult and children's social services. The Spending Round 2019 indicated that there will be additional Social Care funding of up to £1.5bn in total for 2020-21, partly delivered through grant (over and above funding currently received in 2019-20) and through an additional year of Adult Social Care Precept. 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.

3.5.41 The final 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 and is assumed in the MTFs to be ongoing grant funding. This increase of £6.868m is proposed to be 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 £2.575m and 25% to children’s social care £0.858m).

3.5.42 The Spending Review 2020 announced a further one-off increase to the Social Care Grant for 2021-22 and the provisional LGFS allocation shows this increase as £2.974m, increasing the total grant value for 2021-22 to £12.341m. It is recommended that this one-off increase is allocated in full directly as budget to the services (75% to adult social care, £2.230m, and 25% to children’s social care, £0.744m).

3.5.43 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
<b>Total 2021-22</b>	<b>4.805</b>	<b>1.602</b>	<b>5.934</b>	<b>12.341</b>

### Public Health Grant

3.5.44 The Public Health grant is ring-fenced for use on public health functions exclusively and covers all ages. The current estimate of the Public Health grant allocation for 2021-22 is £35.4m.

3.5.45 Savings of £1.606m from current expenditure within the Public Health grant across 2021-22 and 2022-23 have been identified through the development of the MTFs that has resulted in Public Health grant being available to fund existing public health services funded by the general fund. The profile of the savings are as follows:

Savings Title	Reference	2021-22	2022-23	2023-24	Total
		£000's	£000's	£000's	£000's
Substance Misuse Service reductions	SAV / HAC 008 / 21-22	(450)	-	-	(450)
Mainstreaming Communities Driving Change	SAV / HAC 009 / 21-22	(371)	(371)	-	(742)
Adult healthy lives services locality based model	SAV / HAC 010 / 21-22	(70)	(72)	-	(142)
0-5 Specialist Community Public Health Nursing (Health Visiting) – in contract efficiency saving	SAV / HAC 011 / 21-22	(100)	-	-	(100)
Young People's Wellbeing Service – recommissioning savings	SAV / HAC 012 / 21-22	(18)	(52)	-	(70)
Health E1 Homeless Drug and Alcohol Service (RHDAS)	SAV / HAC 015 / 21-22	(102)	-	-	(102)
<b>Total</b>		<b>(1,111)</b>	<b>(495)</b>	<b>-</b>	<b>(1,606)</b>

3.5.46 These savings can now be used to expand the range of preventative work that is funded via the Public Health Grant. These services meet the broad public health grant conditions and the public aspirations for a healthier Tower Hamlets. The following service areas have been identified for ongoing funding through the Public Health Grant, which changes the funding source but doesn't impact the ongoing budget provision.

Service Area	2021-22	2022-23	2023-24	Total
	£000's	£000's	£000's	£000's
Physical Activity/Sports	444	-	-	444
Independent Domestic Violence Advocates	180	-	-	180
Local Community Fund – Healthy Lives	134	134	-	268
Local Community Fund – Inclusion, Health and Wellbeing	100	154	-	254
Local Community Fund – Older People	208	161	-	369
Local Community Fund – Information and Self Management	45	46	-	91
<b>Total</b>	<b>1,111</b>	<b>495</b>	<b>-</b>	<b>1,606</b>

### Rough Sleeping Initiative

3.5.47 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.

3.5.48 The MTFs assumes that the Council will receive an allocation of £0.636m in 2021-22 with the funding allocated directly to the relevant service.

### **Homelessness Prevention Grant**

3.5.49 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.

3.5.50 The government recently announced that a newly named Homelessness Prevention Grant is replacing the Flexible Homelessness Support and Homelessness Reduction grant in 2021-22. The new allocation for 2021-22 is £5.852m which is 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. It is recommended that the full extra grant amount is allocated to the Place directorate to support services relating to homelessness in the borough.

### **Covid-19 Support Grants**

3.5.51 In response to the Covid-19 pandemic, the government has announced circa £62.6m in grants for Council expenditure and reduced income and a further circa £194.3m for passported business rates (NNDR) relief and passported grants to businesses.

3.5.52 The c£62.6m funding includes the following grants:

- Non-ringfenced Covid-19 emergency grant (£38.1m)
- Council Tax Hardship Fund (£4.4m)
- Test, Track and Contain Grants (£3.6m)
- Next Steps Accommodation Programmes (3.3m)
- Contain Outbreak Management Fund (£2.7m)
- Infection Control (£2.0m for care homes support)

3.5.53 The majority of the funding is intended for 2020-21 and it is forecast that based on funding announced to date that the funds available for 2020-21 will not fully cover the 2020-21 costs and reduced income from the Covid-19 pandemic. This would impact the MTFs for Collection Fund deficits requiring to be repaid in 2021-24 and reserves balances for any in-year 2020-21 overspend created.

3.5.54 Also included in the c£62.6m funding is an estimated £6m which the Council is able to claim for reimbursement of reduced income for specified eligible Sales, Fees & Charges. 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.

### **3.6 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 2022-23. These have been reviewed as part of updating the MTFs for the period until 2024 and in the context of the overall funding pressures and in particular as a result of the impact of Covid-19.
- 3.6.3 In line with this review methodology, the previously agreed 2020-21 growth of £0.475m for Early Help (GRO/CHI 006/19-20) has been reversed in the updated MTFs. Also previously agreed demographic growth funding for adult social care in 2021-22 and 2022-23 has been revised downwards to take account of a range of demand management measures that include more effective price controls to mitigate pressures. This is a risk-based proposal given the Council's overall financial gap and given that the service is currently experiencing financial pressures on care packages.
- 3.6.4 The proposed new growth and inflation items are listed in Appendix 3 New Growth Proposals 2021-22 to 2023-24. These include growth for pay inflation of £3.1m, non-pay inflation of £3.4m, expected changes to core grants, increases in statutory levies and realignment of central support service recharges.
- 3.6.5 The Council remains part of the National Joint Council for Local Government Services for negotiating pay award arrangements. The 2020-21 pay inflation was agreed nationally at 2.75%. The Spending Review 2020 has 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 pay award agreement may agree an increase (which the Council would need to provide funding for). The pay inflation assumption, therefore, has remained unchanged and this position can be re-visited once final decisions are made about any potential local pay award.
- 3.6.6 Growth of £4.6m is proposed to align the Housing Benefit budget for the cost pressure created by rental costs above the level of housing subsidy received by the Council. This mainly relates to temporary accommodation which can cost circa £500 per week compared to housing subsidy of circa £240 per week.
- 3.6.7 The Council is impacted by high rental costs due to being an inner London borough and this has been further exacerbated by the Covid-19 pandemic increasing demand and its economic impact on the level of housing benefit

claims. The situation is being kept under constant review as the economic impact of the pandemic and the government response to local government funding requirements unfolds. At the time of writing, the total shortfall in government housing benefit funding is estimated at circa £8.9m. Potential funding sources to support the £4.3m increase due to Covid-19 since 2019-20 could include the non-ringfenced Covid-19 emergency grant and specific government grants for homelessness and rough sleeping.

3.6.8 The Place directorate has submitted a savings proposal (reference SAV / PLA 018 / 21-22) for a transformational review of the homelessness service which would decrease Housing Benefits pressures through alternative accommodation provision.

3.6.9 Growth bids have also been submitted for:

- Mulberry Place short term lease – rental increase of £1.2m per annum for 2021-22 and 2022-23 prior to the move to the new Civic Centre at Whitechapel.
- Partnership Taskforce policing – £0.771m permanent growth to continue the extra policing currently funded through the Mayoral Priority Growth reserve. The Council currently has a three year agreement under Section 92 of the Police Act 1996 (Grant from a Local Authority) with the Mayor’s Office for Policing and Crime (MOPAC) using the Met Patrol Plus scheme to fund additional police officers. This arrangement ends in March 2021 and growth is requested to secure continuation of funding for a resource of two sergeants and 10 police constables.
- Anti-social behaviour (ASB) Neighbourhood Scheme - £0.2m permanent growth to continue this pilot currently funded through the Mayoral Priority Growth reserve.
- Borrowing to fund capital expenditure - £0.109m (21-22) and £1.271m (22-23) to fund the associated increase in revenue borrowing costs which will underpin the planned capital programme.
- HRA growth submission by THH - £0.217 (21-22) reduced by £0.042m (22-23) and £0.010m (23-24) to ensure that the Council is meeting its obligations for building safety, as detailed in paragraph 3.11.16.

### 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 2020-23 budget setting process the original budget assumptions were reviewed and updated, largely to take account of the revised analysis of demographic growth requirements and following a re-assessment of the expected deliverability and timescales for agreed savings. This resulted in the reprofiling of £5.4m of



savings planned for the 2020-21 financial year to be re-profiled into later financial years. This was mainly to allow for planned contractual efficiencies to be delivered in line with procurement timescales, greater commercialisation opportunities to be developed and information technology improvements to become embedded.

- 3.7.2 The Council has previously approved savings totalling £13.5m (2021-22) and £7.1m (2022-23). However, with the latest estimated significant budget gaps in both 2022-23 and 2023-24, there is a 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.
- 3.7.3 New proposed General Fund savings have been identified for consideration for 2021-22 as well as future years. The high level summary of the proposed saving areas is detailed in Appendix 4 New Savings Proposals 2021-22 to 2023-24. Inter-dependencies of new savings with other savings proposals will continue to be reviewed as savings proposals are further developed and implemented to identify any potential double counting of budget savings.
- 3.7.4 The Programme Management Office has been funded in part through the planned use of reserves to fund short-term priority investments agreed in earlier budget rounds. The savings proposal for this area (SAV / RES007 / 21-22) would cease the use of non-recurrent reserves as well as producing general fund savings of £0.2m.

#### **Prior year savings to be written off - £3.217m**

- 3.7.5 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: -
- Appropriation of HRA Shops to GF ref: SAV/PLA002/19-20 £0.8m
  - Review of Printing/ Scanning/ Use of Multi-Functional Devices (MFD's) ref: ALL001/17-18 £0.979m
  - Debt Management & Income Optimisation ref: ALL003/17-18 £1.438m. It should be noted, however, that in this case, over £7.5m of the total £9m target against this proposal had been identified, albeit not completely in line with the originally approved proposal.

#### **Re-profiled savings to later financial year - £1.05m**

- 3.7.6 The following previously agreed savings are no longer deliverable within the originally planned timescales and it is proposed in this budget to re-profile these to 2023-24;
- Income Through Housing Companies ref: SAV/RES08/18-19 £0.25m
  - THH - Potential support service Savings ref: SAV/RES09/18-19 £0.1m
  - Human Resources ref: RES001/17-18 £0.7m

### **Re-profiled saving brought forward - £0.02m**

- 3.7.7 More sustainable planting methods - £0.02m of previously agreed Review of Parks saving (SAV / PLA005 / 20-21) has been brought forward from 2022-23 to 2021-22 to align with earlier delivery.

### **Income generation through fees and charges re-profiled £0.235m**

- 3.7.8 The 2020-21 budget round agreed income generation through fees and charges for 2021-22 (£0.545m including agreed updates to planning fees) and 2022-23 (£0.420m). The majority of discretionary fees and charges are raised annually by a minimum of inflation (CPI or RPI). Both of these inflation measures have been depressed recently due to the economic impact of Covid-19. For example, CPI inflation is around 0.7% compared to 1.7% in August 2019 and RPI inflation is around 1.3% compared to 2.6% in August 2019. The current fees and charges income generation assumption for 2021-22 has therefore been reviewed and £0.235m has been re-profiled from 2021-22 to 2023-24.
- 3.7.9 A Fees and Charges report was presented to Cabinet on 6 January 2021 and is being presented alongside this report at Cabinet for approval.

### **Savings Proposals – Housing Revenue Account (HRA)**

- 3.7.10 An HRA saving of £1.140m is proposed and has been included in Appendix 4 New Savings Proposals 2021-24. This demonstrates savings of £0.500m in the Tower Hamlets Homes (THH) management fee and £0.640m in delegated HRA budgets, as detailed in paragraph 3.11.14.

## **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. Pressures in service demand are demonstrated in the Council's projected overspend for 2020-21, especially for children's and adults social care and special educational needs transport. A recovery plan is in place with the aim to reduce spend where appropriate, with a view to eliminating or at least minimising the need for a drawdown of general fund reserves. We have commissioned an external review of adult social care budgets, demography projections and savings plans. The findings from this will feed into the next medium term financial planning process.

3.8.3 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**

### **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)**

- Potential workforce impact arising from direct or indirect employment of EU nationals.
- Supply chains could be affected by any changes in 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 Ministry of Housing, Communities and Local Government (MHCLG) means that the baseline level will be raised in 2022-23 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 MHCLG's intention to update the target amounts. This was planned to take place in 2019-20, so, in this regard,

- Tower Hamlets has gained by a further three years. It is envisaged that resets will also occur periodically going forward.
- The growth is not lost to MHCLG but 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.
  - The forecast reduction in business rates income due to the reset for the Council in 2022-23 onwards has been factored into our planning.
- **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 2022. Given the impact of the pandemic, it may bring into question whether the review will happen at all. Nevertheless, 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.

### **General Economic Factors**

- Economic growth slows down or disappears
- A general reduction in debt recovery levels
- Reductions in grant and third party funding
- Reductions in the level of income generated through fees and charges
- 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**

- Slippage in the expected delivery of the 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

### **Opportunities**

- Growth in local taxbase for both housing and businesses
- Service transformation and redesign including digital services
- Invest to save approach 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 manage change without undue impact on the Council Tax and are a key element of its financial standing and resilience. The recommended movement in reserves, either contributing to or drawing down from, is set out in this section of the report in paragraph
- 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.
- 3.9.3 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.
- 3.9.4 The Council maintains reserves both for its General Fund activities and in respect of its Housing Revenue Account (HRA). In addition, it accounts for the reserves of schools.
- 3.9.5 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.
- 3.9.6 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 rates of Council Tax. Capital reserves play a similar role in funding the Council's capital investment strategy.
- 3.9.7 The Council also relies on interest earned through holding cash and investment balances to support its general spending plans.

3.9.8 Reserves are one-off money 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. The Council has to balance the opportunity cost of holding reserves in terms of its Council Tax rate against the importance of interest earning and long-term future planning. In the current unprecedented challenging environment, however, it is even more important to ensure reserves are maintained and not on a continuing declining trajectory.

3.9.9 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.

3.9.10 All earmarked reserves are held for a specific purpose. A summary of the movement on each reserve is published annually, to accompany the annual Statement of Accounts.

3.9.11 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.

3.9.12 Recommended reserve movements 2020-21: -

Description		Transfer from Reserves £m	Transfer to Reserves £m
Collection Fund Smoothing Reserve (1) – Business Rates Reliefs S31 Grant			28.400
Collection Fund Smoothing Reserve (2) – Local Council Tax Support Grant			4.025
Collection Fund Smoothing Reserve (3) – Lower Tier Services Grant			1.404
New Homes Bonus Reserve	6.000		
Free School Meals Reserve			6.000

Recommended reserve movements 2021-22: -

Description	Transfer from Reserves £m	Transfer to Reserves £m
Contribution to MTFS	1.254	
Collection Fund Smoothing Reserve (1)	28.400	
Collection Fund Smoothing Reserve (2)	4.025	
Collection Fund Smoothing Reserve (3)	1.404	
Collection Fund Smoothing Reserve (4)	6.500	
New Homes Bonus (NHB)		7.654
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 2021-22 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 July 2020 the ESFA published provisional allocations for 2021-22 for the Schools Block, Central Services Block and the High Needs Block. The allocations have been updated on the 17th December with the October 2020 pupil data.
- 3.10.5 The early years block is currently only an indicative allocation as this is updated post year end based on the census of January 2021 pupil numbers, with the current indicative allocation based on January 2020 numbers. The hourly rate funded which is the basis of the allocation was confirmed on the 17th December as £8.06 per hour for 3 and 4 year olds and £6.66 per hour for 2 year olds, the 2 year old rate has increased by 1.2%, whilst we have seen no increase in the 3 and 4 year old rate.

- 3.10.6 Growth in the Schools Block for 2021-22 was not included in the provisional allocations and is calculated using growing pupil numbers in Middle Super Output Areas between October 2019 and October 2020 ignoring reductions in other areas. This methodology benefits Tower Hamlets with the movement in a demand across the borough where overall pupil numbers have not changed but there is significant growth in certain local areas with decline in others. The allocation using this methodology in 2020-21 was £1.4m and the allocation for 2021-22 was confirmed on the 17th December as £0.973m.
- 3.10.7 The Schools block of the DSG has increased by 2.18% per pupil before the baselining of grants to support the costs of teachers pay and pensions which were paid separately but will be included in the final DSG allocation for 2021-22. The increase factoring in these previously separate grants is 3.61%.
- 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 2021-22 has increased by 8%, which will go some way to ease the pressure on current spend and should bring us to a position of managing the high needs block spend within the financial year. However, there continues to be an accrued deficit that will be bought forward and can, in line with government guidance, be paid back 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 and review of top ups paid to individual schools. A long term recovery plan for high needs has been reviewed and accepted by the Department for Education.
- 3.10.10 Schools Forum were requested to consider a 0.5% transfer (the maximum they have authority to approve) from Schools Block to the High Needs Block to represent the still increasing pressure from Education Health and Care plans (EHCPs) in mainstream schools. This was considered by Forum in early December and Forum agreed a transfer based on introducing a methodology for using this high needs funding to target support to inclusive schools, in turn reducing the central pressure on central provision of short term intervention funding.
- 3.10.11 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 combined budgets.
- 3.10.12 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 will be decreased by £445k in relation to historic commitment for 2021-22. The element of the CSSB that funds ongoing services will also be reduced by 2.5% per pupil giving a further £60k reduction, a total of £505k or



13.7%. The allocation of CSSB announced on December 17th included an additional amount of £192k to support the extra pension costs of centrally employed teachers, this does not represent a real terms increase as the same amount was paid as a central grant in 2020-21.

3.10.13 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 agreed that the council should model the continuation of this support when preparing School budgets at their December meeting. These rates were agreed by the Schools Forum at their meeting on 13 January 2021.

3.10.14 The table below sets out the latest DSG allocation over the funding blocks for 2021-22.

#### **Dedicated Schools Grant 2021-22 and Final DSG 2020-21**

<b>Block</b>	<b>2021-22</b>	<b>2020-21</b>	<b>Change</b>
	£m	£m	£m
Schools Block	278.633	264.818	13.815
CSSB	3.887	4.200	(0.313)
High Needs Block	66.018	59.676	6.342
Early Years Block	31.139	31.100	0.039
<b>Total</b>	<b>379.677</b>	<b>359.794</b>	<b>19.883</b>

Note: 2021-22 Schools Block includes the previously separately funded teacher's pay and pensions grants of £9.793m. The CSSB includes an allocation £0.192m for the same grants.

3.10.15 The table below sets out the proposed Schools Budget for 2021-22 following Forum decisions.

### Schools Budget

Schools Budget	2021-22 £m
Schools Block (including Growth Fund and exceptional high needs)	276.973
De-delegated Items (Schools Block)	1.661
Gross High Needs Block	66.018
Early Years Block	31.139
Central School Services Block	3.887
<b>Total</b>	<b>379.678</b>
Funding Sources	2021-22 £m
DSG (After Recoupment)	(304.305)
Academy Recoupment (Indicative)	(70.253)
High Needs Block Recoupment	(5.120)
<b>Total</b>	<b>(379.678)</b>

3.10.16 In addition, the Council receives, and passports fully to schools, funding for the pupil premium (£21.2m in 2020-21) and sixth form funding (£12.67m in 2020-21). Final allocations for the pupil premium will be confirmed in July 2021 and sixth form funding in March 2021.

### Tower Hamlets' Funding Formulae

3.10.17 The agreement of the local Schools Funding Formula and Early Years Funding Formula is a decision for the Council following consultation with the Schools Forum. Forum has been consulted on both and endorsed the following recommendations for 2021-22. Cabinet is asked to formally agree these recommendations:

- That the National Schools Funding Formula (NSFF) adopted by Tower Hamlets originally in 2019-20 continues for 2021-22. The only changes included are increases to the factor values in line with the NSFF, the inclusion of pay and pension grant allocations and a minor change to the funding allocated to schools with split sites.
- That the Minimum Funding Guarantee (the mechanism that guarantees schools a minimum uplift in per-pupil funding) is set at 2.0%, the maximum allowed.

- 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.

#### **2021-22 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. In line with this updated rent policy, the Mayor in Cabinet is asked to agree that a rent increase of CPI + 1% be implemented from the first rent week in April 2021.

3.11.5 The current year’s budget for rents is £65.497m. As a result of the rent increase and the movements in stock arising from property acquisitions and disposals (including right to buy sales), voids and bad debt, the 2021-22 budget is estimated at £66.990m. September 2020 CPI was 0.5%, therefore the average increase is 1.5% which equates to an average weekly rent increase in 2021-22 of £1.23.

#### **2021-22 Increase in Tenanted Service Charges**

3.11.6 It is proposed that tenanted service charges are subject to an inflationary increase. This will lead to an average weekly increase in tenanted service charges of approximately £0.57. It should be noted that energy charges are billed separately based on actual costs incurred.

3.11.7 The current year’s budget for tenanted service charges is £5,033,000 (inclusive of the MOPAC charge that went live in November 2020). As a result of the proposed increase in charges and the movements in stock arising from property acquisitions and disposals (including right to buy sales), the 2021-22

budget is estimated at £5,480,000. This income forms part of the budget line titled heating and other tenant charges shown in Appendix 7.

### Repairs and Maintenance

3.11.8 The 2021-22 repairs and maintenance budget includes a growth item of £250k for a five year programme of electrical testing. THH has agreed that some of this growth could be absorbed within the existing budget, reducing it to £137k. An inflation provision of £95k has also been included to reflect contractual obligations. The main repairs and maintenance contract, currently with Mears will be re-procured during the year and this could have an impact on the budget position.

### Energy

3.11.9 The 2021-22 energy budget has been held at the same level as the current year. The new energy contract is expected to generate some savings but this has not yet been quantified.

### Management Fee

3.11.10 In February 2020, The Mayor in Cabinet approved the 2020-21 Management Fee payable to THH for services provided to the Council. At £32.415m, the Management Fee represents the largest single expenditure element of the HRA budget.

3.11.11 The table below shows the calculation of the proposed 2021-22 Management Fee payable to THH.

### Calculation of 2021-22 Management Fee

Description	Total £m
<b>Management Fee 2020-21</b>	<b>32.415</b>
Add: 2019-20 Pay award	0.620
Savings from salary and non-salary budgets	(0.500)
Growth from non-pay related (Fire Risk Assessment Surveys and System Upgrades)	0.080
<b>Management Fee 2021-22</b>	<b>32.615</b>

3.11.12 The 2020-21 management fee does not include an inflationary increase in relation to a pay award. Salary costs represent approximately £20m of the management fee, resulting in an increase in employee costs of £0.620m when

the 2.75% pay award is applied. These costs are built into the HRA MTFP and released to THH once the pay award is formally agreed.

- 3.11.13 As in previous years, there is scope to adjust the management fee outlined in the table above during the 2021-22 financial year, including work on efficiencies as mentioned above in paragraph 3.11.8.

### **Savings**

- 3.11.14 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 represents the final £1m tranche of this saving, with £5m already having been delivered across the management fee and delegated budgets. For 2021-22, £0.500m of savings have been identified within the THH management fee and £0.640m from additional income within the delegated budgets. This will be achieved through improved recovery of leaseholder service charges and major works admin charges. These savings are in line with current service performance.

### **Growth**

- 3.11.15 As part of setting the budget for 2017-18 approval was given to a three year programme to tackle ASB on LBTH estates. This involved an agreement to fund additional police officers through a 'buy one get one free' deal with MOPAC and securing a patrol service from an accredited organisation called Parkguard. This has proved very successful. It is now been agreed that this will become a permanent scheme and funded within the HRA from 2021-22. MOPAC no longer offers the 'buy one get one free' arrangement so the costs have increased and approval has been given to charge tenants and leaseholders for this service as part of their annual service charges.
- 3.11.16 In 2021-22 THH are proposing a new growth item totalling £0.080m to ensure that the Council is meeting its obligations for building safety. The growth will fund a Building Information Management system to enhance the recording of Fire Risk Assessment Surveys and other fire related information related to buildings. Secondly, to commission a five year electrical testing programme to comply with the requirements set out in the Housing White Paper at a cost of £137k.

### **Roll Forward Growth for Building Safety Initiatives**

- 3.11.17 A one-off growth bid of £0.350m was approved for 2020-21 to start the process of assessing the building safety requirements arising from the Grenfell enquiry. Due to Covid related delays in the publication of draft requirements it has not been possible to determine the necessary staffing structure and costs relating to enhanced building safety requirements. It is therefore proposed to roll forward the unused budget from the current financial year and to make any necessary growth bids for 2022-23 not 2021-22 as had been envisaged.

## Roll Forward of Growth for Community Initiatives

3.11.18 A three year programme of community activities was approved by Cabinet in 2018-19. THH submitted and had approved a growth bid to expand their community investment programme. This was to further enhance a range of community investment programmes to allow THH to reach out to and support even more residents and enhance their life chances. The council approved the following 3-year budget/programme:

Project	2019-20	2020-21	2021-22	Total
ASB Diversionary Programme with Streets of Growth Project - 17 plus	50,000	50,000	50,000	150,000
Estate youth centres & outreach - under 16	150,000	200,000	200,000	550,000
Community Food Gardens (CFG)	75,000	50,000	50,000	175,000
Health & Wellbeing programme	75,000	100,000	100,000	275,000
Financial Health and Employment & Enterprise	75,000	100,000	100,000	275,000
Capacity building & small grants programme for TRAs	75,000	75,000	75,000	225,000
<b>TOTAL</b>	<b>500,000</b>	<b>575,000</b>	<b>575,000</b>	<b>1,650,000</b>

3.11.19 THH started procurement for key projects in January 2020 with plans to start these projects in April 2020. However, there has been significant delays in the procurement of key projects due to Covid-19 following a freeze on procurement activities. THH has started some of the procurement work to get works commissioned, namely their employment programme and ASB Diversionary Programme, however these contracts are unlikely to start until January 2021.

3.11.20 On the estate youth centres and outreach, THH concluded the procurement activity in mid-March and were close to issuing contracts but paused it due to the lock down. THH has had to reconsider its position because LBTH had already initiated its youth service commissioning. It is therefore deemed prudent to wait and see the outcome of this, to see how these funds were allocated to maximise impact and to avoid duplication with the proposed LBTH service.

3.11.21 THH are requesting that the growth budget that was approved by LBTH gets reprofiled over the next 3 years, so they are able to deliver the programme that was approved by LBTH and its aims and objectives achieved.

### Medium Term Financial Plan

3.11.22 Appendix 7 shows the HRA Medium Term Financial Plan (MTFP) for the period 2021-22 to 2024-25.

### Overall position on the HRA

3.11.23 The MTFP incorporates various income and expenditure assumptions and includes changes that will affect the budget, for example changes to stock numbers due to assumed Right to Buy sales and new supply resulting from

agreed new-build schemes, stock conditions work, environmental works (zero carbon) and Fire risk works following the Grenfell Tower fire.

3.11.24 The revised MTFP shows that, on current projections, the HRA reserve will reduce over the period, but will remain above the approved minimum balance of £10m.

### **Capital Programme, Stock Needs and 30 Year Business Plan**

3.11.25 Work is ongoing 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 current value of £1.2bn is 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 and environmental works 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.

3.11.26 A total of £308.496m was included in the 2020-21 Approved Capital Programme. This included £71.552m for the capital works in the THH Annual Rolling Programme and £232.768m for the delivery of the first 1,000 council homes programme. For the remaining two years, there is an approved budget of £231.095m.

3.11.27 No further additions to the HRA will be considered until the two reports that Savills are working on are completed. The two reports are the carbon-neutral review and the estate-by-estate review of costs. In addition, the cost of implementing the full programme of fire safety works is being established to inform the future programme. A separate report on the HRA programme will be brought to Cabinet in the late Spring.

### **New Housing Supply**

3.11.28 In relation to new housing supply, detailed financial modelling is currently being undertaken to identify funding options for the second 1,000 new Council homes programme (new build) and the energy efficiency works to reach the carbon target (works to existing stock). Initial results of the modelling suggest that it is unlikely the Council will be able to afford the full extent of its aspirations for building Council homes, delivering Fire Safety Works and Energy Efficiency works solely drawing on HRA available resources, prudential borrowing limits and reasonable grant expectations. Alternative delivery models are being considered, therefore, for example mixed tenure developments where market sales and rents can be used to subsidise the build costs, actively seeking external funding for energy efficiency works and cross subsidising through our Carbon Offset Fund.

### **Update on Government Policies Affecting the HRA**

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

## **Social Housing White Paper**

- 3.11.30 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
- 3.11.31 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.
- 3.11.32 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.
- 3.11.33 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.
- 3.11.34 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.

## **Draft Building Safety Bill**

- 3.11.35 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.
- 3.11.36 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 homes

- 3.11.37 Measures will be put place to make people safer in their homes. The draft 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'.
- 3.11.38 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.
- 3.11.39 To oversee all this and make sure that Accountable Persons are carrying out their duties properly, there will also be a new national regulator for building safety, within the Health and Safety Executive.
- 3.11.40 It 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.
- 3.11.41 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.
- 3.11.42 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.
- 3.11.43 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.
- 3.11.44 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.
- 3.11.45 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.
- 3.11.46 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 Bill**

3.11.47 The bill amends the Fire Safety Order 2005 to clarify that the responsible person or duty-holder for multi-occupied, residential buildings must manage and reduce the risk of fire for:

- the structure and external walls of the building, including cladding, balconies and windows
- Entrance doors to individual flats that open into common parts

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

3.11.48 The bill 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**

3.11.49 The government announced in October 2018 that the HRA debt cap would be scrapped and this took effect from 29<sup>th</sup> 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.

3.11.50 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.

3.11.51 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**

3.11.52 On 13<sup>th</sup> 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.

3.11.53 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

3.11.54 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.

3.11.55 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.

3.11.56 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'.

3.11.57 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.

3.11.58 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 0.5% for 2021-22 rent setting and assumes 2% throughout the remainder of the 30 year period.

### **Right to Buy receipts**

3.11.59 The government published its consultation 'Use of receipts from Right to Buy sales', the main proposed changes are summarised below

#### Q1. Increased time limit for spending existing Right to Buy receipts

3.11.60 Original rules set out that Right to Buy 'one for one' receipts must be spent on replacement social housing within three years. The consultation asked for views on extending the time limit for using existing receipts from three to five years but keeping the timescales for new receipts at three years.

#### **GLA Agreement – Right to Buy ring-fence**

3.11.61 In June 2018 the Authority signed an agreement with the GLA in order that any currently retained Right to Buy 'one for one' receipts that are unspent by the Authority by the three year deadline and must be returned to the government with interest, will then be passed to the GLA and subsequently ear-marked to be returned to the Authority as grant money, with another three years to spend. The Authority must make a firm commitment to deliver a programme of projects on a three-year rolling delivery programme. It is not clear whether the proposals resulting from the Right to Buy receipts consultation will have any impact on the status of this agreement.

#### Q2. Flexibility of the 30% cap on 1-4-1 receipts funding new housing

3.11.62 Under current Right to Buy rules the retained Right to Buy 'one for one' can finance 30% of the cost of the 'replacement social housing', and the local authority must finance the remaining 70% from its own resources.

3.11.63 The consultation set out two possible areas of flexibility over the 30%:

- a) Increase the cap to 50% of build costs for homes for social rent where LAs meet the eligibility of the Affordable Homes Programme and can demonstrate a clear need for social rent rather than affordable rent.
- b) Permit LAs to 'top-up' insufficient Right to Buy receipts with funding from the Affordable Homes Programme up to 30% of build cost for affordable rent, or up to 50% of build costs for social rent, where the LA can demonstrate a need for social rent (top up bids are to be submitted to the Affordable Homes Programme).

At present the original 30% financing is still applicable.

#### Q3. Use of 'one for one' receipts for property acquisition

3.11.64 The government is looking to restrict property acquisitions and outlined two options, but stated that its preference is option a:

- a) Introducing a cap per dwelling based on average build costs; acquiring a property at above these (indicative) caps would not be allowed:
  - £268,000 in Inner London
  - £265,000 in Outer London
  - £167,000 in the South-East), or

- b) allowing acquisitions in certain areas (e.g. where average build costs are more than acquisition costs).

3.11.65 If agreed, this may mean that the Authority may not be able to use any Right to Buy 'one for one' receipts to finance 30% of the costs of any acquisitions that are higher than the average build costs in the relevant area.

3.11.66 The Authority has adopted substantial capital estimates in order to undertake property acquisitions both in and out of the borough but may need to revise this commitment should the rules change. Currently no cap has been introduced limiting the use of 'one for one' RTB receipts.

#### Q5. Cost of transferring land between the General Fund (GF) and the HRA

3.11.67 Under current rules, where LAs transfer land from their GF to their HRA the land must – in effect – be 'bought' by the HRA, with an adjustment made to the HRA Capital Financing Requirement and the GF compensated for the value of the land.

3.11.68 The government is considering relaxing the conditions so that LAs would be able to gift GF land to the HRA at zero cost, thereby making it easier for LAs to use GF land for housing.

#### Q7. Suspension of interest payments for three months

3.11.69 Under current rules, if Right to Buy 'one for one' receipts are not returned to the government immediately (at the end of the quarter in which they arise) then interest is payable on the sum if the local authority subsequently decides to return the receipts. The government is proposing that local authorities would have a short period of time – 3 months - to return receipts without paying interest.

#### **Update on Right to Buy receipts position**

3.11.70 Currently the Authority has retained Right to Buy 'one for one' receipts of £132.127m, which means that, under the original (current) Right to Buy agreement, the Authority would have to spend £440m on replacement social housing by the end of September 2023.

3.11.71 The table below outlines the cumulative future spend levels and deadlines for the next three years, for information.

### Three year spend deadlines for existing Right to Buy 'one for one' receipts

Deadline	Cumulative spend needed on replacement social housing £m
31-Dec-20	336.0
31-Mar-21	352.0
30-Jun-21	366.6
30-Sep-21	378.4
31-Dec-21	399.0
31-Mar-22	412.1
30-Jun-22	413.4
30-Sep-22	418.7
31-Dec-22	422.9
31-Mar-23	432.7
30-Jun-23	439.1
30-Sep-23	443.3

3.11.72 As outlined earlier, the Authority has an agreement with the GLA so that any currently retained Right to Buy 'one for one' receipts unspent by the Authority by the three year deadline can be returned to the government with interest, but then passed to the GLA and subsequently returned to the Authority as grant money, with another three years to spend. Therefore, the Authority now has some added flexibility in relation to its deadlines to spend current Right to Buy receipts. To date the authority has not had to use this flexibility.

3.11.73 On 12 June 2020 the Secretary of State wrote to Local Authorities that have signed an agreement under section 11(6) of the Local Government Act 2003 under which they retain all receipts arising from additional RTB sales (those above the number predicted since 2012) in return for the provision of social housing. This letter invited Local Authorities to enter into an amendment to this agreement, making it easier to fulfil the conditions by which the receipts are retained, acknowledging that the Covid crisis has halted or slowed down housing development. The amendment gave authorities until 31 December to catch up with their spending plans for the delivery of new social housing.

#### Risks – Welfare Reform

3.11.74 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 – Covid-19 Pandemic**

3.11.75 In March 2020 the Country entered a lockdown as part of the national response to the coronavirus pandemic. This prevented many people from working and significantly impacted on their income levels and therefore ability to pay for rent and service charges. Current forecasts suggest the bad debt provision will need to increase by 1% for tenants and 5% for leaseholders. This is likely to be further exacerbated by the lockdown in January 2021. There is currently no recourse to reclaim lost income or additional cost incurred as a result of Covid-19 from the Government. All pressures must be borne by the HRA.

### **Risks – Brexit**

3.11.76 On 31 December 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.

## **3.12 CAPITAL**

3.12.1 The updated three-year General Fund and Housing Revenue Account Capital Programme 2020-23 totalling **£705.212m**, was approved by Cabinet on 25 November 2020, with **£396.716m** for the General Fund programme and **£308.496m** for the Housing Revenue Account programme; taking into account the need to set a realistic and deliverable programme, avoid significant over-programming and subsequent underspending and include changes resulting from the Covid-19 pandemic.

3.12.2 Funding sources were identified and allocated for each scheme being included in the capital programme before Cabinet approval was sought. Schemes for which funding sources were not identified or available are not included in the Approved Capital Programme or recommended for inclusion in the Capital Programme for 2021-24.

3.12.3 The forecast for 2020-21 and the three-year Capital Programme 2021-24 is shown in Appendix 8A and approval is sought for the three-year Capital Programme 2021-24 totalling **£395.471m**. An updated assessment of the capital financing requirements and the consequent impact on the revenue budget and borrowing strategy is included. The Capital Programme 2021-24 for the General Fund has three strands: capital schemes are listed in Appendix 8B; the Annual Rolling Programme is listed in Appendix 8C and the Invest to Save Programme is listed in Appendix 8D.

3.12.4 The capital programme for the Housing Revenue Account (HRA), which includes funding for the annual housing capital rolling programme for THH to maintain and improve the council's housing stock and carry out the essential

fire and building safety works, and funding for the delivery of the first 1,000 new council homes, is shown in Appendix 8E. The capital programme maximises the availability of external funding and Right-to-Buy receipts, but the regulations associated with the use of these sources means that there is also a need for borrowing to be used.

- 3.12.5 No additions are proposed at this time to the HRA capital programme as approved in November 2020, which means that the programme shown in Appendix 8E is only for two years, from 2021-2023. The HRA capital programme will be updated when the carbon-neutral review and the estate-by-estate review of costs have been completed by the Council's external consultants, Savills, after which a report will be brought to Cabinet.
- 3.12.6 The principles on which the capital programme is based are that approved projects will not proceed until identified funding sources have been received, or in the case of external grant, confirmed in writing; the council will not borrow more than it can afford to repay; and the total approved capital programme will not exceed the total funding available and if new schemes are prioritised above those already in the programme, they will need to replace existing approved schemes. The programme-wide approach will enable individual projects to be brought forward and moved back as issues that impact on delivery arise, to maintain delivery outcomes.
- 3.12.7 There are various sources of funding available to the council for the capital programme, including external grants, s106 contributions, Community Infrastructure Levy (CIL) payments, capital receipts, including Right-to-Buy (RTB) receipts, and lastly, borrowing. For schemes being brought forward for inclusion in the capital programme, the availability of each funding source is considered in this order, to ensure that all other funding options have been maximised before drawing on capital receipts and borrowing. Borrowing will be considered as a last resort.
- 3.12.8 It is evident that the aspirations of the council included in the Capital Programme 2021-24 exceed available funding and, as such, additional Council borrowing (and the associated revenue cost) would be required if these aspirations are to be met. Based on the capital programme set out in this report, there is a borrowing requirement of **£194.921m** for the forecast three-year budget for 2021-24. An additional £0.109m (2021-22) and £1.271m (2022-23) revenue budget growth has been included in the MTFs to fund additional borrowing costs that have been identified as required since November 2020.
- 3.12.9 Existing capital receipts are limited, but as the principal source of funding for a number of high priority projects, the potential to dispose of assets to increase the availability of capital receipts is included in this report. At the time of writing, it is anticipated that a capital receipt of £22.000m for Ailsa Wharf will be received by the end of March 2021 and further receipts of up to £0.288m will be generated by disposals during 2021-22, as set out in Appendix 8F.



**Potential resources for future allocation (General Fund)**

Resource	Brought forward as at 1/4/20	Add	(Less)	Add / (Less)	Total of unallocated resources
		Actually received since 1/4/20	Allocated in Approved Capital Programme 2020-23 (as approved in November 2020)	Changes arising from this report	
	£m	£m	£m	£m	£m
<b>Capital receipts (GF and non-RTB HRA) including reserves</b>	40.677	-	(40.677) (Fully allocated - nil remaining)	0.711	0.711
<b>S106 (GF/HRA)</b>	109.986	12.924	(66.693)	(22.869)	33.348
<b>CIL</b>	64.747	4.706	(57.854)	(10.133)	1.466
<b>Total</b>	<b>215.410</b>	<b>17.630</b>	<b>(165.224)</b>	<b>(32.291)</b>	<b>35.525</b>

- 3.12.10 At the end of the financial year, the out-turn variances will lead to different levels of resource being used and this will be reported in the capital outturn report; one issue of note is that the total IT capital budget of £3.867m approved in November 2020, has been reduced by £0.763m, releasing capital receipts to be allocated to other projects, including £0.053m required for the Annual Rolling Programme as set out in paragraph 3.12.29.
- 3.12.11 There is a risk that the contributions which are expected over the next three-year period may not come forward as programmed, due to the impact of the global pandemic.

## Status of s106 as at end of December 2020

Head of Term	Account Balance as at 31/12/20*	Of which the following is allocated in 2020-23 Approved Capital Programme (Nov 2020)	Of which the following is allocated in this report	Remainder available for future allocation
	£m	£m	£m	£m
Affordable Housing (wheelchair adaptation)	0.141	0.054	0.000	0.087
Public Art	0.469	0.328	0.000	0.141
Carbon Offset	5.120	3.052	1.110	0.958
Community Payment	3.545	1.123	0.374	2.048
Education	20.838	15.059	5.779	0.000
Environment and Public Realm	10.034	6.117	0.000	3.917
Health	17.311	11.620	0.198	5.493
Leisure	6.697	2.792	0.457	3.448
Landscape and Open Space	16.624	11.557	0.209	4.858
London Thames Gateway Tariff (for infrastructure in Lower Lea Valley)	13.767	0.372	8.359	5.036
Millennium Quarter	0.620	0.000	0.000	0.620
TfL	6.061	0.000	6.061	0.000
Highways and Transportation	6.539	4.866	0.322	1.351
Employment and Enterprise (capital)	0.780	0.780	0.000	0.000
<b>Sub-total (Appendix A-D)</b>	<b>108.546</b>	<b>57.720^</b>	<b>22.869</b>	<b>27.957</b>
Affordable Housing	14.364	8.973	0.000	5.391**
<b>Sub-total</b>	<b>14.364</b>	<b>8.973</b>	<b>0.000</b>	<b>5.391</b>
<b>GRAND TOTAL</b>	<b>122.910</b>	<b>66.693</b>	<b>22.869</b>	<b>33.348</b>

Head of Term	Received to date 20-21 £m	Financial Year £m			Total £m
		20-21 (full year forecast)	21-22	22-23	
Affordable Housing	1.351	1.551	1.069	9.625**	12.245
Carbon Offset	1.396	3.103	2.102	0.884	6.089
Community Payment	0.343	0.615	0.423	0.000	1.038
Education	0.538	0.743	4.151	3.812	8.706
Environment and Public Realm	1.799	3.264	2.659	1.239	7.162
Health	1.791	1.966	1.359	0.645	3.970
Leisure	1.951	2.408	0.878	0.000	3.286
Landscape and Open Space	1.129	2.073	0.723	0.650	3.446
London Thames Gateway	1.736	1.736	0.495	0.000	2.231
Highways and Transportation (incl TfL)	0.890	1.940	4.206	7.838	13.984
<b>Total</b>	<b>12.924</b>	<b>19.399</b>	<b>18.065</b>	<b>24.693</b>	<b>62.157</b>

^Approved programme + completions/retentions

\*\*to be included in the HRA Business Plan

### **s106 projections for the next three years**

Notes:

Figures include indexation.

\*\*Includes the Spire/Hertsmere House. The development has stalled due to Grenfell impacting build costs and Brexit causing economic uncertainty.

- 3.12.12 The remaining **£49.233m** (£62.157m - £12.924m) of s106 payments is expected in the current year plus the next two years. Payments are contingent on developments progressing as approved in the planning permission and the developer paying in line with the trigger point defined in the s106 agreement. All payments are index linked from the date the s106 is signed to generate uplift in the money received by the Council, where required.
- 3.12.13 In the current climate, there is a very high degree of risk around those resources becoming available or the time frame for them. There is a greater level of certainty relating to payments forecast to be received in respect of large-scale developments with multiple phase trigger points closely monitored by the Council.
- 3.12.14 The capital programme set out in this report allocates an additional £10.133m of the available CIL, as shown in Appendix 8A. An additional £10m in CIL is expected each year for the next three years.
- 3.12.15 Forecasting income from developments (both CIL and S106) is subject to significant risk. Payment is made only if / when the development commences. Planned commencement dates are not in the control of the Council and are subject to extensive change dependent on a range of factors such as macro-economic and political circumstances, CV-19 impacts, National and Local policy

and housing market conditions. Individual payments on large sites are significant (often exceeding £5m and in some cases exceeding £30m) meaning that income tends to arrive in batches and not smoothly. As a result, it is not possible to accurately forecast income on an annual basis. There is more certainty in the Medium Term / Long Term approach in this report. Income in the short term (1-2 years) is monitored quarterly on a site-by-site basis to increase certainty and reduce risk regarding forecast income.

- 3.12.16 There is a time lag between agreeing the CIL payable for a development and receiving payment, which is received shortly after commencement.
- 3.12.17 Where agreement has been reached for infrastructure ‘in kind’, the developer will deliver the infrastructure on site, which could be a long time after commencement, for example, a new school may not be delivered until 3-4 years after commencement, meaning that the reduced CIL income and equivalent delivery of infrastructure happens in separate years. Sites currently delivering on-site infrastructure, up to 2023, are dealt with under the old S106 system.
- 3.12.18 The council’s ambition is to develop a resilient long-term strategy for financing the delivery of the infrastructure needed to support both existing and new residents. The Council recognises the challenges in financing and delivering the right infrastructure in the right places at the right time.
- 3.12.19 Using the council’s Infrastructure Delivery Plan (IDP), its range of long-term strategies and through close working with key partners such as TfL and the NHS, the council has a robust picture of the infrastructure needs over the next ten years. The Infrastructure Delivery Plan and the Capital Programme include a range of projects that will deliver across the borough, supporting those areas impacted by development growth whilst also improving facilities for existing residents and businesses.
- 3.12.20 Options for developing a long-term plan for infrastructure funding and delivery, known as the Infrastructure Prioritisation and Financing Delivery Plan (PFDP), are being considered. This document will set out plans beyond 2022-23. Timescales and further detail will be provided in future Capital Programme reports to Cabinet during 2021.
- 3.12.21 It is recognised that recent events will have a financial impact on the capital programme, as well as resulting changes to corporate priorities and models of service delivery. Additional costs which are incurred in relation to individual projects as a result of the pandemic or Brexit will be requested through the capital governance process. Once funding sources to cover these additional costs are identified, updated budgets will be brought into the capital programme.
- 3.21.22 Whilst recognising that there are pressures on the availability of finance for the capital programme, and the likely additional costs to address the challenges arising from Covid-19, this report demonstrates that the council continues to fund a substantial and ambitious programme to deliver improved outcomes to residents in the built environment.

3.12.23 As set out in the report to Cabinet in November 2020, there are insufficient capital receipts currently available to fund the priorities in the capital programme which require this source of funding. A programme of future disposals is proposed to generate capital receipts. Schemes prioritised for use of capital receipts are highway works, IT improvements and the remainder of the Annual Rolling Programme. In the absence of capital receipts to fund these priorities, it is proposed that borrowing is used to fill the funding gap. Once capital receipts are achieved in year, they will replace borrowing in future years. The borrowing requirement for the existing approved General Fund programme is shown below:

Borrowing requirement for General Fund	Current total General Fund borrowing requirement (2021-23)			
	Total 2020-23	2020-21	2021-22	2022-23
	£m	£m	£m	£m
The New Town Hall	90.120	34.363	51.595	4.162
Additional contingency for approved schemes	8.400	0.000	0.000	8.400
<b>Approved Programme Sub-total</b>	<b>98.520</b>	<b>34.363</b>	<b>51.595</b>	<b>12.562</b>
Conversion of council buildings to TA	3.212	1.549	1.663	0.000
Purchase of properties for use as TA	17.218	8.609	5.739	2.870
Modular homes potential loan to Place Ltd	3.820	0.000	3.530	0.290
<b>Invest to Save Sub-total</b>	<b>24.250</b>	<b>10.158</b>	<b>10.932</b>	<b>3.160</b>
<b>Total General Fund</b>	<b>122.770</b>	<b>44.521</b>	<b>62.527</b>	<b>15.722</b>

3.12.24 If no additional capital receipts are generated the additional borrowing costs that will need to be funded within the General Fund are set out in the table below:

Additional borrowing for Annual Rolling Programme and George Green	Total borrowing requirement (additional)	Annual cumulative additional borrowing costs				
	2021-24	2021-22	2022-23	2023-24	2024-25	2025-26
	£m	£m	£m	£m	£m	£m
Highways - Footway and Carriage	15.000	0.050	0.323	0.608	0.906	1.217
Street Lighting Maintenance	1.200	0.004	0.026	0.042	0.066	0.091
Investment Works LBTH Assets	6.000	0.020	0.103	0.190	0.283	0.380
IT assets	10.500	0.035	0.609	1.193	1.805	2.426
<b>Annual Rolling Programme Sub-total</b>	<b>32.700</b>	<b>0.109</b>	<b>1.061</b>	<b>2.033</b>	<b>3.060</b>	<b>4.114</b>
George Green School	39.451	0.000	0.185	0.658	0.945	1.734
<b>Total</b>	<b>72.151</b>	<b>0.109</b>	<b>1.246</b>	<b>2.691</b>	<b>4.005</b>	<b>5.848</b>

3.12.25 The borrowing requirement for the existing total approved General Fund programme (2020-2023) is £122.770m, which includes £90.120m relating to the New Town Hall. The additional borrowing requirement for George Green school and the Annual Rolling programme as set out in this report is £72.151m. Hence, total borrowing of **£194.921m** is shown in Appendix 8A.

3.12.26 The revenue impact of borrowing on budgets is shown below:

2021-23 Total MRP and interest payable budget assumption in MTFS	2021-22 £m	2022-23 £m
2020-21 Revised General Fund budget	10.250	10.250
Plus: MTFS growth budget to be agreed for 2021-24	0.109	1.380
<b>Total budget allowance in MTFS General Fund for potential borrowing</b>	<b>10.359</b>	<b>11.630</b>

3.12.27 In addition to the schemes that are proposed for inclusion in this year's capital programme, service areas have set out priorities for capital investment in future

years. These schemes will require funding sources to be identified or made available within the next three years, to support emerging priorities and the council's revitalised approach to regeneration. The importance of retaining sufficient s106 and CIL to fund long term infrastructure (over the next ten years) is recognised, as this is essential to the sustained success of the borough beyond the period of this programme.

- 3.12.28 In order to successfully deliver a substantial capital programme, it is essential to have effective governance, project monitoring, financial management and staff resources in place. Monthly monitoring of capital projects through the capital governance process continues to demonstrate progress, manage risk, identify slippage and ensure quality outcomes are delivered on time and value for money is demonstrated.

#### ***Annual Rolling Programme***

- 3.12.29 The purpose of an annual rolling programme is to ensure that the council's assets are maintained to avoid deterioration, to address ongoing health and safety requirements and meet statutory duties. Approval is sought for funding of **£47.750m** for the next three years of the Annual Rolling Programme for 2021-24. The schemes which require borrowing are listed below:

#### *Streetlighting Maintenance Programme*

- 3.12.30 Streetlighting maintenance requires £0.400m per year for the next three years from 2021-24, to be funded by borrowing. Capital investment of **£1.200m** will enable the delivery of £0.150m of revenue savings.

#### *Carriageway and Footway Maintenance Programme*

- 3.12.31 Maintenance of footways and carriageways requires £5.000m per year for the next three years from 2021-24, to ensure that the assets are maintained at the current level of condition. The total of **£15.000m** will be funded by borrowing.

#### *Capital investment works for LBTH assets*

- 3.12.32 Investment in council-owned assets (building fabric works, M&E) requires a total of **£6.000m** for the three-year period from 2021-24 (£2.000m per year), to be funded by borrowing. An increased budget allocation of £0.053m is required in addition to the £2.141m budget allocation for 2020-21, to fund an overspend that enabled essential works to be completed this financial year. This additional expenditure will be financed from capital receipts.

#### *IT rolling programme*

- 3.12.33 The programme contains an IT budget of £3.500m per year from 2021-24 to fund improvements to corporate IT infrastructure. This is proposed to be funded by borrowing and will be allocated to specific schemes through the capital governance process. Consideration will be given to further schemes that can

be funded through the revenue IT reserve. Other IT capital spend is referred to in paragraph 3.12.50.

3.12.34 Whilst a capital receipt of £22.288m is anticipated in 2021-22 and may be used to fund the annual rolling programme once received, the current budgets for these four programmes will be from prudential borrowing. This report includes a recommendation to use capital receipts once received to replace borrowing.

### ***Invest to Save Programme***

3.12.35 The proposed Invest to Save programme is **£33.185m**. There is an expectation that the £30.000m allocation for the buy-back programme will not be spent in full in 2020-21 and the remainder will be carried forward to complete purchases in early in the new financial year.

3.12.36 No additional schemes are proposed in this report, or allocations for 2023-24; however, there are expected to be invest to save schemes which come forward through the capital governance process during 2021-22, including the accommodation-based schemes for Adult Social Care, which will enable the reduction of costly out-of-borough placements. Borrowing may be used as a last resort to fund invest to save proposals which may be brought forward and require capital spend to generate revenue savings or income.

### ***Capital works projects (General Fund)***

#### *George Green School*

3.12.37 At Cabinet in September 2020, the council confirmed its commitment to deliver a new school for George Green on its existing site. A feasibility study is underway to prepare a concept design, logistics plan and more accurate cost estimate. This is a significant, high value project which is currently estimated to cost in the region of **£51.400m**. Funding sources are expected to be a combination of grant funding, funding from s106 and CIL, ring-fenced capital receipts from the disposal of assets that are surplus to requirement and borrowing. Once capital receipts are received, they will be used to replace borrowing.

3.12.38 Approval is sought in this report for a budget allocation of £51.400m. The £5.400m required for 2021-22 will be partly funded by grants (£2.000m) and s106 (£3.400m). In 2022-23, the £23.000m required will be partly funded by s106 (£0.600m) and CIL (£5.949m), with the remainder from borrowing (£16.451m). In 2023-24, the £23.000m required will be funded by borrowing. Only the cost of borrowing relating to 2022-23 have currently been taken into account within the MTFS, amounting to £0.2m. The total revenue impacts, including the cost of borrowing, associated with George Green School project is anticipated to rise to £1.7m annually by 2025-26.



3.12.39 The delivery timetable is set out below:

Activity	Dates	Funding requirement		Of which, funding sources will be (£m):			
		Year	£m	Grants	S106	CIL	Borrowing
Feasibility	1 – 3/21	2021-22	5.400	1.714	3.686	0	0
Consultation/ design development	4 – 7/21						
Planning process (including temp acc.)	7 – 10/21						
Procurement of contractor	10/21 – 3/22						
Provision of temp accommodation	10/21 – 3/22						
Build programme (including decant)	4/22 – 4/24	2022-23	23.000	0	2.093	4.456	16.451
		2023-24	23.000	0	0	0	23.000
<b>Total</b>				<b>1.714</b>	<b>5.779</b>	<b>4.456</b>	<b>39.451</b>

#### *Liveable Streets Programme*

3.12.40 In 2020-21, funding sources were identified for the delivery of the Liveable Streets schemes at Bethnal Green (£2.700m), Wapping (£1.100m), Barkantine (£1.000m), Bow (£3.000m) and Brick Lane (£1.700m) which total £9.500m, which included spend from 2019-20.

3.12.41 The next schemes in the Liveable Streets programme, which are due to commence in 2021-22 are listed below. Funding sources have been identified to fund the total of **£4.200m**, for these schemes, with £0.322m from s106 and £3.878m from CIL:

- Old Ford West (£1.000m)
- Shadwell (£1.000m)
- Whitechapel (£1.200m)
- Mile End West (£1.000m)

3.12.42 Schemes in the Liveable Streets Programme that are due to be delivered in 2022-23 and beyond, will be brought forward for approval and inclusion in the capital programme at a later date. Initial feasibility and consultation for the remainder of the programme can take place using funding from the CIL feasibility pot. The remaining schemes are:

- Southern Grove (£0.600m)
- Burdett Road South (£1.000m)
- Eastferry (£0.700m)
- Cephas Street (£0.600m)
- Teviot/Brownfield (£0.700m)

- Bethnal Green South (£1.200m)
- Aberfeldy Village (£0.700m)
- Spindrifft/ Island Gardens (£0.650m)

#### *Capital works to Parks*

3.12.43 Capital works are proposed for Victoria Park in 2021-22. A budget of **£0.457m** is available from s106 to fund the Mini Golf project at Victoria Park. Additional works to be funded include improvements to public toilets, water fountains, electric points for four ice cream concessions (to improve air quality) and the provision of small storage units. Electric charging points in the north car park are expected to be funded Film London

3.12.44 Playground and toilet improvements are proposed at V&A playground, subject to the availability of funding.

3.12.45 A final phase of outdoor gyms is proposed for 2021-22.

#### *Whitechapel Road Improvements*

3.12.46 A budget of **£1.870m** is allocated from CIL for Phase 1 of the Whitechapel Improvement Project, to be delivered in 2021-22. When outputs are confirmed for future phases, these will be brought forward for funding.

#### *Carbon offset*

3.12.47 A budget of **£1.150m** is required from s106 to fund carbon offset projects, including a Community Solar PV project (£0.500m); SME Energy Reduction Grants Programme 2021 (£0.400m); and Schools Energy Retrofit Programme 2021 (£0.250m)

#### *TfL schemes*

3.12.48 There is s106 funding of **£6.061m** available for TfL schemes, of which £3.300m was a specific payment for bus schemes. The schemes identified for funding in this report are bus service infrastructure (£3.846m), Cycle Super Highway and cycle hire docking stations (£0.640m), DLR works (£0.341m), Legible London information boards (£0.135m) and site-specific works (£1.115m)

#### *Lea Valley Bridges*

3.12.49 An allocation of **£8.359m** is required for the Lea Valley bridges to be funded from the s106 collected as the London Thames Gateway Tariff, over the next three years.

#### *IT capital programme*

3.12.50 The total IT capital budget allocation of £3.867m (Agresso, Mosaic, IT Transformation Service Need) was approved in November 2020. The required

capital budget has reduced to **£3.104m** for 2020-21 and 2021-22, as shown in the table below. There has been an additional £7.020m funded by the ICT revenue reserve.

Project	2020-21 (Nov 2020)	2020-21	2021-22	Total
	£m	£m	£m	£m
Agresso	0.677	0.677		0.677
Mosaic	0.510	0.985		0.985
IT Transformation	2.680	0.655		0.655
CRM		0.453	0.334	0.787
<b>Sub-total</b>	<b>3.867</b>	<b>2.770</b>	<b>0.334</b>	<b>3.104</b>
IT Capital Projects, including Telecare (to be funded by revenue reserve)		6.970		6.970
Town Hall		0.050		0.050
<b>Sub-total (which will be funded by revenue reserves)</b>		<b>7.020</b>		<b>7.020</b>
<b>Total</b>	<b>3.867</b>	<b>9.790</b>	<b>0.334</b>	<b>10.124</b>

#### *Housing companies*

3.12.51 Recent changes to the rules relating to the use of loans from the PWLB, have meant that a further review of the Council's housing companies is required. This review will consider the future funding arrangements for Seahorse Homes Ltd, Mulberry Homes and PLACE Ltd (for modular temporary accommodation). Currently funding has been identified in the capital programme for Mulberry Homes and PLACE Ltd. A report will be brought to Cabinet on the outcome of the review and the impact this will have on the future supply of housing.

#### *Other project approvals*

3.12.52 Other projects within the Approved Capital Programme where change requests have progressed through the capital governance process are:

- Sutton Wharf Health Centre
- Sports and Inclusive Play
- Community hubs

#### *Housing Capital Programme (HRA)*

3.12.53 A total of **£308.496m** was included in the 2020-21 Approved Capital Programme. This included £71.552m for the capital works in the THH Annual Rolling Programme and £232.768m for the delivery of the first 1,000 council

homes programme. For the remaining two years, there is an approved budget of **£231.095m**.

3.12.54 No further additions to the Housing Capital Programme will be considered until the two reports that Savills are working on are completed. The two reports are the carbon-neutral review and the estate-by-estate review of costs. In addition, the cost of implementing the full programme of fire safety works is being established to inform the future programme. A separate report on the HRA programme will be brought to Cabinet in the late Spring.

### ***Emerging capital projects***

3.12.55 The following schemes are expected to be brought forward into the capital programme during 2021-22, subject to the availability of funding:

- LIP (traffic schemes)
- Adult Social Care accommodation-based schemes (Invest to Save)
- Schemes identified in the Primary School Review
- Requirements identified by the SEND strategy
- Additional Early Year places
- Delivering the outcomes of the Leisure Provision Review
- Slipway Park
- East India Dock Basin
- Thames Path
- LIF Programme 3 (following 2020 consultation)
- Health Facilities Programme
- Delivering the outcomes of the review of library services and local history archive

## **3.13 TREASURY MANAGEMENT STRATEGY**

3.13.1 The Treasury Management Strategy Statement will be revised and presented to Full Council in February 2020 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.

3.13.2 The proposed prudential indicators set out in the Treasury Management Strategy will be based on the Capital Programme 2021-24.

## **3.14 BUDGET CONSULTATION AND SCRUTINY PROCESS 2021-24**

3.14.1 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.

3.14.2 The Council carried out the six weeks budget consultation from Wednesday 28 October until Wednesday 9 December 2020. 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.

3.14.3 A narrative was agreed which identified and articulated the key drivers for the Council's approach. The key messages in this narrative were:

- Ongoing financial pressures, including responding to Covid-19, mean that despite saving £200m since 2020, the Council now has to save a further £30m by 2024.
- The impact of Covid-19 has highlighted the importance of public services. However, while the Government said that local councils should do 'whatever it takes' to support their communities they have not fully covered the reduced income and increased costs the Council has faced and this is on top of over a decade of austerity.
- Despite challenges from budget cuts, increases in demand from vulnerable residents and a rising population, the Council has continued to invest in frontline services and has the seventh lowest council tax in London.
- The Council is committed to adapting its services with a continuing focus to make them more efficient. It also has a number of anti-poverty measures in place including funding for free school meals and one of the most generous council tax reduction schemes in the country.
- Residents and businesses were encouraged to get involved by giving their views on what matters most to them and suggesting ways in which Tower Hamlets can do things differently to help make savings.

3.14.4 The consultation aimed to engage as many residents and businesses as possible during a six weeks consultation period. A wide range of visible communication methods were employed, including an Our East End story ahead of consultation, press releases, local media promotion including with BAME media, Council website promotion linking to the online Let's Talk Tower Hamlets Consultation Hub. Social media carried regular messages and used the budget consultation designs and infographics focused on the key narrative.

3.14.5 There were regular stories urging people to take part in the consultation promoted across a number of e-newsletters including the Council's weekly e-newsletter and the Bengali language e-newsletter. Additional direct promotion took place with staff, elected Members and with key partners.

3.14.6 An 8-page budget consultation booklet was designed and delivered to every home across the borough to maximise awareness of the key issues and encourage engagement with the consultation.

3.14.7 Mayor John Biggs also led a virtual 'Ask The Mayor' event on the evening of Tuesday 24 November, where viewers could ask their questions related to the budget.

3.14.8 The consultation also ensured representative views were sought (i.e. there was opportunity for people from all parts of the borough and from different age groups and ethnicities to take part). As in previous years, the Council has employed a dual approach of self-selection (opting-in to the Council's online Let's Talk Tower Hamlets consultation hub), and commissioned telephone surveys carried out by SMSR Research to support a representative set of responses.

3.14.9 Face-to-face interviews or public engagement sessions such as those that have previously taken place at Idea Stores and other public locations could not take place this year due to the Covid-19 pandemic restrictions.

3.14.10 The consultation on Your Borough Your Future started on Wednesday 28 October and closed on Wednesday 9 December 2020. A total of 1,955 responses were received. A representative sample of 1,138 residents and 468 businesses were interviewed by SMSR Research. In addition, a total of 349 residents, businesses and community groups responded to the consultation hosted on the Council's Let's Talk Tower Hamlets consultation hub. Whilst most people identified with the demographic and geographic breakdown, not all demographic responses were fully completed and no assumptions have been made where these have been left blank.

3.14.11 Overall, three-quarters responded as a local resident (75%), just under a quarter responded as a business (23%) and 1% via a local community organisation. All responses have been combined in the report.

3.14.12 Key findings of the budget consultation include:

- Overall, Public Health is the most valued service (41%), followed by Community Safety (38%), Children's Services and Education (34%) and Services for Elderly and Vulnerable Adults (33%).
- Public Health (again at 41%) is seen as the most important service in a list of the top three to prioritise. Followed by Children's Services and Education (36%), Community Safety (35%) and Services for Elderly and Vulnerable Adults (34%).
- Half (50%) felt the Council should reduce spending on temporary agency staff. Followed by (45%) support for more services using digital technology and (40%) support to generate more commercial income and maximise the use of council assets.
- The majority felt the availability (78%) and quality (58%) of services will decline as a result of further savings. 52% believed services would become more efficient as a result of savings.
- To minimise the impact of savings there was most support for better use of council assets to generate income (54%) followed by working more closely with the voluntary sector and partners (45%), and sharing services with neighbouring boroughs and more use of technology (44%).

- Just under half (47%) support a council tax rise, with 43% opposed and 10% don't know.
- Of those who support a council tax rise, 26% would support an increase of up to 2%, followed by 12% support for a rise between 2% and 3%.
- More than half (56%) were in favour of an adult social care precept, with over a quarter (28%) against, and 16% don't know.
- Increased income generation from greater use of council assets and through fees and charges were supported by almost three quarters (74%), with 14% opposed and 11% don't know.

3.14.13 A detailed report of the budget consultation results provided by SMSR has been included in Appendix 9 of this report. This was considered by Cabinet on the 16 December 2020 and informed the final budget proposals detailed within this report.

3.14.14 The scrutiny and consultation processes recognise that developing proposals over a three year period means that business cases will be more fully developed for proposals in the earlier years but that others will continue to be developed later on. The on-going role of the Overview and Scrutiny Committee in scrutinising developed 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).

3.14.15 In addition to the scrutiny of relevant revenue savings and investment 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 Dedicated Schools Budget (DSB) 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 a dynamic place where a thriving economy co-exists with high levels of poverty. The council is working to make the borough a safer, cleaner and fairer place to live and improve outcomes for local people however inequalities still exist. The borough is the second most densely populated local authority in the country with almost 19,000 people on the housing waiting list – the third highest in London – and between 2016-17 and 2030-31 Tower Hamlets is expected to accommodate an additional 54,000 homes. There are significant health problems and the borough has the lowest life expectancy rates in London (disability-free) and 43 per cent of Year 6 children are overweight or obese. Tower Hamlets has the highest rates of child poverty in England at 32.5% and half of all residents aged 60+ live below the poverty line (highest proportion in England and more than double the average). Coupled with this is the fact that

Tower Hamlets has one of the fastest growing populations in the UK which is projected to rise from 317,000 in 2019 to 380,598 by 2030.

- 4.3 These inequalities 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 understand the impact of a proposed change and where appropriate identify proportionate mitigating action. As part of our budget setting process an equality impact assessment checklist is carried out on all new savings proposals to determine if a full equality impact assessment should be completed.
- 4.4 The budget setting process for 2021-22 to 2023-24 has identified 56 savings proposals. Equality impact assessment screenings have been completed for all proposals and it has been determined that 39 of these will require a full equality impact analysis to inform the implementation of these proposals.

Details of the proposals, including which proposal will require a full EIA, are set out below:

Savings Proposal Reference	Title	Directorate	Full Equality Impact Assessment required?
SAV / GOV 001 / 21-22	Electoral Services	Governance	Yes - the change involves a reduction in staff
SAV / GOV 002 / 21-22	Communications Service restructure	Governance	Yes - the change involves a reduction in staff
SAV / GOV 003 / 21-22	Review of Monitoring Officer service structure	Governance	No
SAV / GOV 004 / 21-22	Cancellation of subscriptions to benchmarking services	Governance	No
SAV / RES 001 / 21-22	Business Support Phase 2 – Additional efficiencies in Business Support staffing	Resources	Yes - The proposal includes a reduction on current resources within the current Business Support Service
SAV / RES 002 / 21-22	Reorganisation of Executive Support – Phase 2	Resources	Yes - the change involves a reduction in and redesign of the roles staff and most staff impacted by this proposal are female.



SAV / RES 003 / 21-22	Local Presence and Idea Store Asset Strategy	Resources	Yes - the change involves direct impact on front line services available for protected groups and there will be a reduction in staff
SAV / RES 004 / 21-22	Finance, Procurement and Audit – process and system improvements	Resources	Yes - the change involves a reduction in staff
SAV / RES 005 / 21-22	IT - cancel memberships of LOTI and Gartner	Resources	No
SAV / RES 006 / 21-22	Reduction in the level of IT services	Resources	Yes - the change alters access to the service
SAV / RES 007 / 21-22	Corporate Programme Management Office (CPMO) Staffing Reduction	Resources	Yes - the change involves a reduction in staff
SAV / RES 008 / 21-22	Merging the Revenues & Benefits Services (Phase 1)	Resources	Yes - the change involves a reduction in and a redesign of the roles of staff
SAV / RES 009 / 21-22	Merging the Revenues & Benefits Services (Phase 2)	Resources	Yes - the change involves a reduction in and a redesign of the roles of staff
SAV / ALL 001 / 21-22	Transformation of Regulatory and Enforcement Functions	Cross- Directorate Health, Adults & Community and Place	Yes - the change reduces resources available to support vulnerable residents and involves changes to staffing
SAV - ALL 002 - 21-22	Workforce Optional Scheme - Flexible Retirement or Four Day Week	Corporate	Yes – there will be changes to staffing
SAV / ALL 003 / 21-22	Review of Senior Leadership Team	Corporate	Yes – the change involves a reduction in and redesign of the roles of staff
SAV / HAC 001 / 21-22	Tenant Activity Pot (TAP) activities programme	Health, Adults & Community	Yes - the change reduces resources available to support vulnerable residents and may increase loneliness

			and isolation amongst sheltered tenants/residents.
SAV / HAC 002 / 21-22	Adults Transport Savings	Health, Adults & Community	No
SAV / HAC 003 / 21-22	Day Opportunities - day centres redesign	Health, Adults & Community	Yes - The change will reduce the in-house offer and will impact staff, service users and carers at Riverside Day Service, PD Day Opportunities and Pritchard's Road
SAV / HAC 004 / 21-22	Integrated Commissioning staffing reductions	Health, Adults & Community	No – EIA already completed
SAV / HAC 005 / 21-22	Reduction in Service, Partnership Support and Management – VAWG, Hate Crime and Community Safety Teams	Health, Adults & Community	Yes - the change involves a reduction in and a redesign of the roles of staff
SAV / HAC 006 / 21-22	Community Safety Response Team (CSRT)	Health, Adults & Community	Yes - the change reduces resources available to address inequality and support vulnerable residents (mainly BAME young men), involves direct impact on front line services and involves a reduction in staff
SAV / HAC 007 / 21-22	Royal London Hospital Violence Reduction Project	Health, Adults & Community	Yes - the change reduces resources available to address inequality and support vulnerable residents (mainly BAME young men), involves direct impact on front line services, alters access to the service and involves a reduction in staff
SAV / HAC 008 / 21-22	Substance Misuse Service reductions	Health, Adults & Community	Yes - the change reduces resources available to address inequality and support vulnerable residents (namely female, LGBT and

			certain ethnic groups), involves direct impact on front line services and alters access to the service
SAV / HAC 009 / 21-22	Mainstreaming Communities Driving Change	Health, Adults & Community	Yes - the change reduces resources available to address inequality and support vulnerable residents (particularly economically deprived groups, residents from different ethnic background, with disabilities and of different gender) and access to services
SAV / HAC 010 / 21-22	Adult healthy lives services locality- based model	Health, Adults & Community	Yes - the change reduces resources available to address inequality and support vulnerable residents as smoking cessation, poor diet, low physical activity linked to most protected characteristics
SAV / HAC 011 / 21-22	Health Visiting – in contract efficiency saving	Health, Adults & Community	No
SAV / HAC 012 / 21-22	Young People’s Wellbeing Service – recommissioning savings	Health, Adults & Community	Yes - the change reduces resources available to support vulnerable residents and involve direct impact on front line services
SAV / HAC 013 / 21-22	Hostels and Substance Misuse	Health, Adults & Community	Yes –the change reduces resources available to address inequality and support vulnerable residents and alters access to the service
SAV / HAC 014 / 21-22	Review Telecare model	Health, Adults & Community	Yes – the review potentially involves staff and service changes once efficiencies have been delivered
SAV / HAC 015 / 21-22	Health E1 Homeless Drug and Alcohol Service (RHDAS)	Health, Adults & Community	Yes –the change reduces resources available to address inequality and support vulnerable residents and alters access to the service

SAV / CHI 001 / 21-22	Additional Integrated Early Years' Service Savings - Educational Psychology	Children & Culture	Yes - the change reduces resources available to support vulnerable residents particularly vulnerable children
SAV / CHI 002 / 21-22	Cessation of 'Free' Community Events provided for LBTH Arts Parks & Events	Children & Culture	Yes – the change includes cessation of the Mela which is a Bangladeshi cultural event and is likely to have a disproportionate impact on this ethnic group
SAV / CHI 003 / 21-22	Children's Commissioning – Contracts Review	Children & Culture	Yes – the change alters access to the service
SAV / CHI 004 / 21-22	Children's Social Care management and service review	Children & Culture	Yes – the change involves direct impact on front line services, alters access to the service and there will be changes to staffing
SAV / CHI 005 / 21-22	Youth Service Review	Children & Culture	Yes - the change reduces resources available to address inequality, involves direct impact on front line services, alters access to the service and there will be changes to staffing
SAV / CHI 006 / 21-22	Efficiencies in Commissioning for Placements	Children & Culture	Yes - the change involves direct impact on front line services and alters access to the service
SAV / CHI 007 / 21-22	Review of Education and Partnerships service	Children & Culture	Yes - the change reduces resources available to address inequality and support vulnerable residents, involves direct impact on front line services, alters eligibility and access to the service and there will be changes to staffing
SAV / CHI 008 / 21-22	Children's Social Care - Changes to Edge of Care Service	Children & Culture	No

SAV / CHI 009 / 21-22	Substitution of Dedicated Schools Grant (DSG) funding for services currently funded by General Fund	Children & Culture	No
SAV-ALL - 002 -21-22	Transformation of Regulatory and Enforcement Functions	Place	Yes - the change reduces resources available to support vulnerable residents and involves a reduction and a redesign of the roles of staff
SAV-PLA- 001-21-22	New unattended CCTV cameras	Place	No
SAV-PLA- 002-21-22	Change of fleet diesel supply	Place	No
SAV-PLA- 003-21-22	Environmental Service Team - increased enforcement activity to target fly tipping	Place	No
SAV-PLA- 004-21-22	Recycling Improvement and Engagement Officer Post	Place	No
SAV / PLA 005 / 21-22	Sustainable Development Team efficiencies	Place	No – post proposed to be deleted currently vacant
SAV / PLA 006 / 21-22	New Town Hall revenue savings	Place	No
SAV-PLA- 007-21-22	Removal of two vacant Workshop posts	Place	No
SAV-PLA- 008-21-22	Green Team deletion of Graduate post	Place	No
SAV / PLA 009 / 21-22	Transformational Review of the Homelessness Service	Place	Yes – the change involves direct impact on frontline services

SAV-PLA-010-21-22	Restructure of Directorate Management Systems (DMS) & Technical Support Team (TST)	Place	Yes - change involves a reduction in and redesign of the roles of staff
SAV / PLA 011 / 21-22	Waste Services Reorganisation	Place	Yes - change involves direct impact on frontline services and a reduction in and redesign of the roles of staff
SAV-PLA-012-21-22	Growth service rationalisation and efficiencies	Place	Yes - the change alters access to the service and a reduction in and redesign of the roles of staff
SAV-PLA-013-21-22	Employment & Skills Service transformation	Place	Yes - the change reduces resources available to support vulnerable residents, involves direct impact on front line services, alters access to the service and involves a reduction in and redesign of the roles of staff
SAV-PLA-014-21-22	Performance and Value service transformation	Place	Yes - the change involves a reduction in staff (3xFTE)
SAV-PLA-015-21-22	Reduction in Facilities Management Team & Realignment of Postal Services	Place	No – post proposed to be deleted currently vacant
SAV-PLA-016-21-22	More sustainable planting methods - reprofiling of existing savings Parks Review	Place	No

4.5 Corporate Directors will ensure equality analyses are completed to inform decisions for implementation of these proposals.

## 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. On that basis Council Tax income is assumed to increase to £119.8m by 2021-22 as shown in the Core Spending Power (CSP) analysis at Appendix 2. However, based on previous decisions and the Council's actual tax base the current MTFs estimates £112.4m Council Tax income in 2021-22.
- 6.3 Not increasing the Council Tax in line with government assumptions could result in a growing financial pressure over the MTFs 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.
- 6.4 Following receipt of the final 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 on 4 March 2021.

## **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.

- 7.2 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.
- 7.3 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 persons should be considered immediately prior to the making of a change to the service.

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## **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 Core Spending Power
- Appendix 3 New Growth Proposals
- Appendix 4 New Savings Proposals
- Appendix 5 Reserves Policy
- Appendix 6 Projected Movement in Reserves
- Appendix 7 Housing Revenue Account Budget Summary
- Appendix 8A Capital Programme General Fund Summary
- Appendix 8B Capital Approved Programme Detail
- Appendix 8C Capital Annual Rolling Programme Detail
- Appendix 8D Capital Invest To Save Programme Detail
- Appendix 8E Capital Programme HRA Summary
- Appendix 8F Capital Potential Assets For Disposal
- Appendix 9 Budget Consultation 2021-22

### **Linked Report**

- None

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

- None

### **Officer contact details for documents:**

Allister Bannin, Head of Strategic and Corporate Finance, 020 7364 3930  
Shakil Rahman, Senior Accountant, 020 7364 1658



	2021-22 £'000	2022-23 £'000	2023-24 £'000
<b>Net Service Costs</b>	354,646	363,141	360,991
<b>Growth</b>			
- Previously approved by Full Council	(59)	3,309	-
- New	21,517	(2,736)	137
<b>Inflation</b>			
- Previously approved by Full Council	6,500	6,500	-
- New	-	-	6,500
<b>Savings</b>			
- Previously approved by Full Council	(13,488)	(7,172)	-
- New	(5,975)	(2,051)	(7,181)
<b>Total Funding Requirement</b>	<b>363,141</b>	<b>360,991</b>	<b>360,447</b>
<b>Core Grants:</b>			
- Revenue Support Grant	(34,010)	(34,732)	(35,427)
- New Homes Bonus	(9,992)	(3,812)	-
- Improved Better Care Fund	(16,316)	(16,644)	(16,976)
- Social Care Grant	(12,341)	(9,508)	(9,698)
- Public Health Grant	(35,371)	(35,902)	(36,620)
- Rough Sleeping Initiative	(636)	(646)	(658)
- Homelessness Prevention Grant	(5,852)	(5,940)	(6,058)
<b>Core Grants</b>	<b>(114,518)</b>	<b>(107,184)</b>	<b>(105,437)</b>
<b>Business Rates</b>	<b>(134,974)</b>	<b>(112,236)</b>	<b>(114,471)</b>
<b>Council Tax:</b>			
- Council Tax - in year income	(114,189)	(122,814)	(130,020)
- Council Tax Collection Fund - deficit / (surplus)	8,295	364	364
<b>Council Tax</b>	<b>(105,894)</b>	<b>(122,450)</b>	<b>(129,656)</b>
<b>Council Tax Collection Fund deficit - funding from smoothing reserve</b>	<b>(6,500)</b>	-	-
<b>Total Funding</b>	<b>(361,887)</b>	<b>(341,870)</b>	<b>(349,564)</b>
<b>Budget Gap (excluding use of Reserves)</b>	<b>1,254</b>	<b>19,121</b>	<b>10,882</b>
<b>Reserves Contribution / (Drawdown)</b>	<b>(1,254)</b>	<b>(8,239)</b>	-
<b>Savings to be identified</b>	<b>0</b>	<b>10,882</b>	<b>10,882</b>

NB: The figures above assume 1.99% Council Tax rate increase all three years and ASC precept of 3% in 2021-22 (nil for future years).

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Medium Term Financial Strategy 2020-2024 Detail by Service Area

Appendix 1B

2020-21	Savings		Growth		One Off Adjustments		2021-22	Savings		Growth		2022-23	Savings		Growth		2023-24	
	Revised Total	Approved	New	Approved	New	Approved		New	Total	Approved	New		Approved	New	Total	Approved		New
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Funding Requirement																		
<b>Services</b>																		
Health, Adults & Community	107,005	(2,491)	(2,875)	4,375	5,190	(477)	-	110,728	(550)	(816)	4,770	(3,120)	111,012	-	(100)	-	403	111,315
Public Health	35,195	-	-	701	(525)	-	-	35,371	-	-	715	(184)	35,902	-	-	-	718	36,620
Children & Culture	77,506	(2,468)	(2,658)	1,204	1,127	(2,031)	-	72,680	(1,327)	(225)	(2,250)	(726)	68,152	-	(380)	-	24	67,796
Place	59,624	(1,464)	(1,726)	374	7,688	(2,522)	-	61,973	(525)	(500)	-	98	61,046	-	(5,216)	-	(1,070)	54,760
Governance	17,187	(140)	(208)	330	-	(100)	-	17,069	(200)	-	-	-	16,869	-	-	-	-	16,869
Resources	40,402	(850)	(1,780)	-	4,600	(115)	-	42,257	(200)	-	-	-	42,057	-	(700)	-	-	41,357
<b>Net Service Costs</b>	<b>336,920</b>	<b>(7,413)</b>	<b>(9,247)</b>	<b>6,984</b>	<b>18,081</b>	<b>(5,245)</b>	<b>-</b>	<b>340,080</b>	<b>(2,802)</b>	<b>(1,541)</b>	<b>3,235</b>	<b>(3,933)</b>	<b>335,039</b>	<b>-</b>	<b>(6,396)</b>	<b>-</b>	<b>75</b>	<b>328,718</b>
<b>Corporate Costs</b>																		
Inflation	569	-	-	6,500	-	-	-	7,069	-	-	6,500	-	13,569	-	-	-	6,500	20,069
Capital Charges	9,970	-	-	-	-	-	-	9,970	-	-	-	-	9,970	-	-	-	-	9,970
Levies	1,936	-	-	-	58	-	-	1,994	-	-	-	60	2,054	-	-	-	62	2,116
Pensions	12,790	-	-	-	-	-	-	12,790	-	-	-	-	12,790	-	-	-	-	12,790
Corporate Contingency	3,150	-	-	-	-	-	-	3,150	-	-	-	-	3,150	-	-	-	-	3,150
Other Corporate Costs	(10,689)	(6,075)	3,272	(1,798)	3,378	-	-	(11,912)	(4,370)	(510)	74	1,137	(15,581)	-	(785)	-	-	(16,366)
<b>Net Corporate Costs</b>	<b>17,726</b>	<b>(6,075)</b>	<b>3,272</b>	<b>4,702</b>	<b>3,436</b>	<b>-</b>	<b>-</b>	<b>23,061</b>	<b>(4,370)</b>	<b>(510)</b>	<b>6,574</b>	<b>1,197</b>	<b>25,952</b>	<b>-</b>	<b>(785)</b>	<b>-</b>	<b>6,562</b>	<b>31,729</b>
<b>Total Funding Requirement</b>	<b>354,646</b>	<b>(13,488)</b>	<b>(5,975)</b>	<b>11,686</b>	<b>21,517</b>	<b>(5,245)</b>	<b>-</b>	<b>363,141</b>	<b>(7,172)</b>	<b>(2,051)</b>	<b>9,809</b>	<b>(2,736)</b>	<b>360,991</b>	<b>-</b>	<b>(7,181)</b>	<b>-</b>	<b>6,637</b>	<b>360,447</b>

Funding																		
<b>Core Grants</b>																		
Revenue Support Grant	(33,823)	-	-	-	(187)	-	-	(34,010)	-	-	-	(722)	(34,732)	-	-	-	(695)	(35,427)
New Homes Bonus	(5,982)	2,800	3,182	-	(9,992)	-	-	(9,992)	-	6,180	-	-	(3,812)	3,182	630	-	-	-
Improved Better Care Fund	(16,316)	-	-	-	-	-	-	(16,316)	-	-	-	(328)	(16,644)	-	-	-	(332)	(16,976)
Social Care Grant	(9,367)	6,867	-	-	(9,841)	-	-	(12,341)	-	2,833	-	-	(9,508)	-	-	-	(190)	(9,698)
Public Health Grant	(35,195)	-	-	(701)	525	-	-	(35,371)	-	-	(715)	184	(35,902)	-	-	-	(718)	(36,620)
Rough Sleeping Initiative	-	-	-	-	(636)	-	-	(636)	-	-	-	(10)	(646)	-	-	-	(12)	(658)
Homelessness Prevention Grant	-	-	-	-	(5,852)	-	-	(5,852)	-	-	-	(88)	(5,940)	-	-	-	(118)	(6,058)
<b>Core Grants</b>	<b>(100,683)</b>	<b>9,667</b>	<b>3,182</b>	<b>(701)</b>	<b>(25,983)</b>	<b>-</b>	<b>-</b>	<b>(114,518)</b>	<b>-</b>	<b>9,013</b>	<b>(715)</b>	<b>(964)</b>	<b>(107,184)</b>	<b>3,182</b>	<b>630</b>	<b>-</b>	<b>(2,065)</b>	<b>(105,437)</b>
<b>Business Rates</b>	<b>(143,785)</b>	<b>16,000</b>	<b>-</b>	<b>-</b>	<b>(7,189)</b>	<b>-</b>	<b>-</b>	<b>(134,974)</b>	<b>-</b>	<b>22,738</b>	<b>-</b>	<b>-</b>	<b>(112,236)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,235)</b>	<b>(114,471)</b>
<b>Council Tax</b>	<b>(108,438)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,752)</b>	<b>-</b>	<b>-</b>	<b>(114,189)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,625)</b>	<b>(122,814)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,206)</b>	<b>(130,020)</b>
Council Tax - in year income	(108,438)	-	-	-	(5,752)	-	-	(114,189)	-	-	-	(8,625)	(122,814)	-	-	-	(7,206)	(130,020)
Council Tax Collection Fund - deficit / (surplus)	-	-	8,295	-	-	-	-	8,295	-	-	-	(7,931)	364	-	-	-	-	364
<b>Council Tax</b>	<b>(108,438)</b>	<b>-</b>	<b>8,295</b>	<b>-</b>	<b>(5,752)</b>	<b>-</b>	<b>-</b>	<b>(105,894)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,556)</b>	<b>(122,450)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,206)</b>	<b>(129,656)</b>
Council Tax Collection Fund deficit - funding from smoothing reserve	-	-	(6,500)	-	-	-	-	(6,500)	-	6,500	-	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>(352,906)</b>	<b>25,667</b>	<b>4,977</b>	<b>(701)</b>	<b>(38,923)</b>	<b>-</b>	<b>-</b>	<b>(361,887)</b>	<b>-</b>	<b>38,251</b>	<b>(715)</b>	<b>(17,520)</b>	<b>(341,870)</b>	<b>3,182</b>	<b>630</b>	<b>-</b>	<b>(11,506)</b>	<b>(349,564)</b>

Budget Gap (excluding use of Reserves)	1,740	1,254	19,121	10,882
Reserves Contribution / (Drawdown)	(1,740)	(1,254)	(8,239)	-
Savings to be identified	-	-	10,882	10,882

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Illustrative Core Spending Power of Local Government:							
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment	187.9	170.7	158.1	151.1	143.0	145.3	145.5
Compensation for under-indexing the business rates multiplier	1.5	1.5	1.6	2.5	3.6	4.5	5.8
Council Tax Requirement excluding parish precepts	69.8	76.9	85.8	93.8	100.3	108.4	119.8
Improved Better Care Fund	0.0	0.0	8.7	11.9	14.9	16.3	16.3
New Homes Bonus	24.8	28.6	23.9	20.7	19.2	22.0	17.6
New Homes Bonus returned funding	0.3	0.2	0.2	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
Transition Grant	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
Winter Pressures Grant <sup>1</sup>	0.0	0.0	0.0	1.5	1.5	0.0	0.0
Social Care Support Grant	0.0	0.0	0.0	0.0	2.5	0.0	0.0
Social Care Grant <sup>2</sup>	0.0	0.0	0.0	0.0	0.0	9.4	12.3
Lower Tier Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	1.4
<b>Core Spending Power</b>	<b>284.3</b>	<b>278.0</b>	<b>279.8</b>	<b>282.3</b>	<b>284.9</b>	<b>305.9</b>	<b>318.8</b>
Change since 2015-16 (£ millions)							34.5
Change since 2015-16 (% change)							12%
<p>1 From 2020-21, Winter Pressures Grant allocations were rolled into the Improved Better Care Fund, and no longer ringfenced for alleviating winter pressures.</p> <p>2 From 2020-21, Social Care Support Grant allocations were rolled into the Social Care Grant.</p> <p>Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Spending Power.</p> <p>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.</p>							

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## New Growth Proposals 2021-22 to 2023-24

## Appendix 3

### General Fund

Title	Reference	Growth Type	Directorate	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
Partnership Taskforce (PTF) - extra police officers	GRO / HAC 001 / 21-22	Mayoral Priority	Health, Adults & Community	771	-	-	771
Tackling ASB - Neighbourhood Management (NM)	GRO / HAC 002 / 21-22	Mayoral Priority	Health, Adults & Community	200	-	-	200
Reduction of Demographic Pressures in Adult Social Care growth - part reversal of previously agreed growth GRO / HAC 001 / 19-20 and GRO / HAC 001 / 20-21	GRO / HAC 003 / 21-22	Reversal of Agreed Growth	Health, Adults & Community	(586)	(1,271)	-	(1,857)
Mulberry Place - short term rent increase	GRO / PLA 001 / 21-22	Budget Pressure	Place	1,200	-	(1,200)	-
Housing Benefits	GRO / RES 001 / 21-22	Budget pressure	Resources	4,600	-	-	4,600
Early Help - reversal of previously agreed 2020-21 growth GRO / CHI 006 / 19-20		Reversal of Agreed Growth	Children & Culture	(475)	-	-	(475)
Levies		Unavoidable Growth	Corporate	58	60	62	180
Central Support Services		Unavoidable Growth	Corporate	3,269	-	-	3,269
Capital Borrowing		Budget pressure	Corporate	109	1,137	-	1,246
Social Care Grant (from SR19)		Core Grant	Children & Culture	858	18	24	900
Social Care Grant (from SR19)		Core Grant	Health, Adults & Community	2,575	53	71	2,699
Social Care Grant (from SR20)		Core Grant	Children & Culture	744	(744)	-	-
Social Care Grant (from SR20)		Core Grant	Health, Adults & Community	2,230	(2,230)	-	-
Improved Better Care Fund		Core Grant	Health, Adults & Community	-	328	332	660
Public Health Grant		Core Grant	Health, Adults & Community	(525)	(184)	718	9
Rough Sleeping Initiative		Core Grant	Place	636	10	12	658
Homelessness Prevention Grant		Core Grant	Place	5,852	88	118	6,058
Pay Inflation		Inflation	Corporate	-	-	3,100	3,100
Contractual Inflation		Inflation	Corporate	-	-	3,400	3,400
				<b>21,517</b>	<b>(2,736)</b>	<b>6,637</b>	<b>25,418</b>

### Housing Revenue Account

Title	Reference	Growth Type	Directorate	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
THH Growth proposals within the HRA	GRO / HRA 001 / 21-22	Unavoidable Growth	Place	217	(42)	(10)	165

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# GROWTH PROPOSAL

<b>Proposal Title:</b>	<b>Partnership Taskforce (PTF) - extra police officers</b>		
<b>Reference:</b>	GRO / HAC 001 / 21-22	<b>Growth Type:</b>	Mayoral Priority
<b>Directorate:</b>	Health, Adults & Community	<b>Growth Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Community Safety & Substance Misuse	<b>Strategic Priority Outcome:</b>	7. People live in safer neighbourhoods and anti-social behaviour is tackled
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety	<b>Lead Member and Portfolio:</b>	Cllr Asma Begum, Deputy Mayor & Cabinet Member for Community Safety and Equalities

Financial Impact:	Current Budget 2020-21	Growth 2021-22	Growth 2022-23	Growth 2023-24	Total Growth
Budget (£000)		771	-	-	771

Staffing Impact (if applicable):	Current FTE 2020-21	FTE Increase 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	Total FTE Increase
Employees (FTE) or state N/A					

## Proposal Summary:

The current contract with MOPAC for additional police officers ends in March 2021. The proposal seeks to secure continuation of funding for additional police officers under the revised MOPAC 'Partnership Plus' scheme. The police officers will continue to focus on tackling ASB and drugs and aligned with the Community Safety Partnership, resident and Council priorities. In particular, the priority to tackle ASB including drugs and alcohol and violence as set out in the statutory Community Safety Partnership Plan 2017-21 and the Council's 2017 ASB Blueprint for Action. It is recommended that the additional police officers be brigaded to form a new target operating model. The police officers will form part of a multi agency team with a key focus on drug related ASB to create a new ASB and Drug Suppression Unit. The multi agency model will consist of the Council's Neighbourhood Manager, Neighbourhood Officers and will work closely with the Specialist Substance Misuse Intervention Team (SSMIT) in the Substance Misuse Service and the Homelessness and Rough Sleeping service/s.

The police officers will also be tasked through our operational tasking model to hotspot crime areas reported by residents and will target those involved in the sale and supply of street drugs and those chaotic individuals involved on the demand side of the local drugs market. The additional investment will deliver the following outcomes;

- Visibility of neighbourhood police will improve
- Residents will be reassured, and victims' satisfaction level will improve
- Residents concerns about crime and ASB will have been addressed
- Support the Chaotic Substance Misusers Forum focussing on those individuals who have the most complex needs and behaviours often associated with drug related ASB.
- Perpetrators will be brought to justice.
- Criminal justice outcomes will improve and those individuals committing drug/alcohol related crime and/or ASB will be required to address their substance misuse issues via the proactive use of criminal or civil orders.
- Joint partnership operations that deliver positive outcomes for residents and improve perceptions and feelings of safety
- ASB, drug related incidents and drug dealings will decrease
- Communications between residents and the partners will improve

The proposal will also:

- Reinforce the neighbourhood policing model to mitigate and manage crime and ASB as a key Mayoral priority.
- Support the Council's commitment to real neighbourhood policing and neighbourhood management.
- Provide a ring-fenced resource for the Borough which cannot be abstracted and will be locally operationally tasked on issues that matter to residents through the tasking process.
- Provide opportunities for co-location with Council enforcement officers and statutory partners for greater synergy, improved efficiency, reduction in duplication and savings delivery through Neighbourhood Management.
- The Team will have a focus on delivering the neighbourhood priorities that are critical to the Borough and will be tasked accordingly via the tasking process.
- Provide a highly visible commitment and resource to the community, along with the additional policing resource contracted to patrol THH housing estates.

- The proposals are based on purchasing 10 constables and two sergeants with oversight from an existing police Inspector. This will give resilience and help retain the local knowledge and relationships that have been developed with partners and the community.

Significantly this proposal recognises the financial pressures on the Council whilst at the same time recognises the significant uplift in police officer numbers deployed to the borough.

The revised proposal is for 2 sergeants, 10 constables and vehicles for operational activities and seeks to add value responding to the council priorities tackling drugs and ASB.

#### Budgeted Outcomes / Accountability (focus on improved performance):

The Partnership Task Force will continue to operate to an agreed set of KPIs linked to the Community Safety Plan and provide regular performance updates to the Community Safety Partnership. Over the past three years the PTF has delivered the following;

Number of arrests – 1218

ASB warnings issued – 1635

Vehicles seized - 193

Referrals to DIP/RESET – 186

Referrals to the 'Stop and Think' programme- 95

Referrals for Vulnerable women who have been trafficked or VAWG – 194

Brothels investigated and closed – 37

#### Risks and Implications:

The key performance indicators also included dealing with on street sex working and brothels. Tackling prostitution and supporting those most vulnerable involved in on street sex working is seen as a VAWG issue and has been prioritised by the Council and the Partnership. Most of the women involved in on street prostitution face multiple disadvantage. The Council commissions the organisation Beyond the Streets to help support and work with women involved in prostitution. The PTF provides a valuable resource to enhance referrals to support and diversionary programmes for vulnerable women, and targets buyers of sex and those arrested for kerb crawling ensuring referrals into behaviour change programmes. It is important to note that most of this area of work is undertaken by the PTF, consequently without this resource referrals are likely to stop or drop significantly.

Another programme likely to be impacted in the absence of a PTF would be the Osmani Trust 'second Chance' programme. This affords an opportunity for those suspected of drug dealing to be diverted into help and support and to make different life choices.

The council is making a significant investment in CCTV. The absence of the PTF will mean the council would no longer be able to run initiatives like 'top 10 drug cars' which has proved effective in disrupting the on-street drug dealing and provides reassurance to the public as has been reported in Weavers Ward where we previously had many complaints regarding vehicles involved in drug dealing activities.

#### Value for Money and Efficiency:

This option would provide a policing model that would enable some police resource to support the Mayor's priority to reduce ASB, particularly drug related ASB and respond to issues such as brothels and on street sex working. The additional benefits of a PTF include:

- Support readily available for THEOs and Neighbourhood Management.
- In the absence of additional resources being deployed to safer neighbourhoods, a resource the council can direct to provide reassurance to residents and tackle ASB issues of concern to residents and businesses.
- Ability to task to priorities the council considers important, including resident complaints, alleviating gaps in the police response to drug use and drug dealing.
- Improved information sharing with THEOs, CCTV.
- Support marketing and income generation for the THEOs (added value). This is important as the THEOs alone could be considered as expensive.
- Police powers, in particular fast time use of closure powers.
- Provide an intercept capability for criminal vehicles identified through the council's ANPR enabled cameras and CCTV
- Provide an expert operational response to ASB caused by on-street sex working and brothels
- PTF have a comprehensive performance framework in place
- With a combined resource of PTF and THEOs ability to tackle a wide range of issues from ASB to crime with a wide range of tools and powers.
- PTF has its own management structures.

- PTF have access to training and equipment.
- Access to MPS Legal services to support court proceedings at no cost.
- Strengthen the role of THEOs and opportunities to increase income generation.
- Support for the ASB team and locality-based problem-solving groups.

Funding for this model is £771,000 per annum which is a 21% reduction in actual costs made available by MOPAC to Councils under a scheme called 'Partnership Plus'

## 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:
An EQIA screening assessment has been completed.

# GROWTH PROPOSAL

<b>Proposal Title:</b>	<b>Tackling ASB - Neighbourhood Management</b>		
<b>Reference:</b>	GRO / HAC 002 / 21-22	<b>Growth Type:</b>	Mayoral Priority
<b>Directorate:</b>	Health, Adults & Community	<b>Growth Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Community Safety & Substance Misuse	<b>Strategic Priority Outcome:</b>	7. People live in safer neighbourhoods and anti-social behaviour is tackled
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety	<b>Lead Member and Portfolio:</b>	Cllr Asma Begum, Deputy Mayor & Cabinet Member for Community Safety and Equalities

Financial Impact:	Current Budget 2020-21	Growth 2021-22	Growth 2022-23	Growth 2023-24	Total Growth
Budget (£000)		200	-	-	200

Staffing Impact (if applicable):	Current FTE 2020-21	FTE Increase 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	Total FTE Increase
Employees (FTE) or state N/A	3	3	-	-	3

## Proposal Summary:

The proposal seeks to continue the Neighbourhood Management (NM) approach to tackling ASB & Crime. Originally piloted in the North West of the Borough in 2018 as part of a new hyper local approach to ASB and responding to local residents' concerns. NM is a proven concept of effectively managing the response to local neighbourhood crime and anti-social behaviour (ASB). It is currently being piloted in the North West of the borough and that pilot concludes in March 2021.

A detailed evaluation of the approach has been undertaken with interviews with key stakeholders, businesses, partners and residents and a review of relevant datasets. The ASB Blueprint agreed by the Mayor in Cabinet in 2017 set out a series of commitments to action. A key strand of this work was a commitment to a harm reduction approach to ASB, and to put victims and residents at the heart of this approach. The Pilot commenced in May 2018 in response to the commitments in the Blueprint which identified resident frustration with reporting ASB and crime to partners e.g. uncertainty as to who to report to, what to report and how to report and how to navigate the wide range of partnership agencies and council services involved in dealing with the issues. When asked residents said they rarely saw the police or uniformed council services and they wanted to see more enforcement and more engagement. There was also a wide perception that services were not well coordinated, worked in silos and there was a lack of partnership working with the police. When people wanted help from the Council, they reported that those services were difficult to negotiate and navigate.

NM therefore responds to these concerns and delivers:

- A strong local geographic focus, problem solving and coordinates relevant services, operational partnerships across the system,
- Co-production and resident involvement,
- Specialised crime and ASB service delivery, and advice
- Support for vulnerable victims of ASB and hate crime.

A logic model has been developed showing the journey of change that can be expected on implementation of the NM model. Current evaluation of the NM model provides a high level of confidence that continued implementation will impact upon resident concerns about safety and security. Stakeholder feedback on the NM pilot to date has been incredibly positive; residents stated that there were tangible benefits; responsiveness of the council to address crime and ASB issues, improved relationships and communication between residents, businesses, the council and police, putting "community" back into Community Safety.

### Budgeted Outcomes / Accountability (focus on improved performance):

As part of a new target operating model, NM will form part of a newly created multi-agency team with a key focus on drug related ASB, the ASB and Drug Suppression Unit. The multi-agency model will consist of the Council's funded police officers and will work closely with the Specialist Substance Misuse Intervention Team (SSMIT) in the Substance Misuse Service and the Homelessness and Rough Sleeping service/s. It is envisaged to build on the successes of the last 3 years, where funded police officers and NM have delivered the following:

Number of arrests – 1218

ASB warnings issued – 1635

Vehicles seized - 193

Referrals to DIP/RESET – 186

Referrals to the 'Stop and Think' programme- 95

Referrals for Vulnerable women who have been trafficked or VAWG – 194

Brothels investigated and closed – 37

### Risks and Implications:

- Crime & ASB continues to increase – the impact of COVID on ASB has been significant.
- Resident dissatisfaction increases & increasing complaints in relation to ASB and crime to the council
- Perceptions and feelings of safety decrease
- The council is unable to consolidate improvements already made on tackling ASB since the ASB Review in 2017.
- Failure to deliver on strategic plan outcome 7 – People live in safe neighbourhoods and ASB is tackled

## 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# GROWTH PROPOSAL

<b>Proposal Title:</b>	<b>Reduction of Demographic Pressures in Adult Social Care growth</b>		
<b>Reference:</b>	GRO / HAC 003 / 21-22	<b>Growth Type:</b>	Reversal of previously agreed growth
<b>Directorate:</b>	Health, Adults & Community	<b>Growth Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Adult Social Care	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Claudia Brown, Divisional Director, Adult Social Care	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor & Cabinet Member for Planning, Air Quality and Tackling Poverty

Financial Impact:	Current Budget 2020-21	Growth 2021-22	Growth 2022-23	Growth 2023-24	Total Growth
Budget (£000)	87,400	(586)	(1,271)	-	(1,857)

Staffing Impact (if applicable):	Current FTE 2020-21	FTE Increase 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:
<p>Adult Social Care within Tower Hamlets provides support for nearly 3,500 individuals. The numbers receiving support have seen an increase year on year, with bigger increases for those aged 18-64. Along with the increase in numbers there is an increase in complexity of those needing support. Annually a budget allocation is made for these demographic changes and the 2020-21 increase in budget was £3.499m. The MTFs contains further proposed increases of £4.085m and £4.770m for financial years 2021-22 and 2022-23 respectively.</p> <p>It is proposed that through a range of demand management measures including more effective price controls that the Adult Social Care division will require a smaller budget allocation in recognition of demographic pressures than previously set out in the MTFs. Holding the increase at £3.499m for each of the next two years will release £1.857m funding to meet Tower Hamlets' financial challenges.</p> <p>Examples of demand management measures include maximising community solutions as an alternative to formal care and maximising support where possible in an individual's own home rather than a residential or nursing placement where it is appropriate to do so and provides a cost-effective alternative. This will also include working with providers to ensure that the price paid for care is cost effective and profit taking is reduced and removed where possible. Collaboration at local regional level will help ensure that price controls are effective.</p> <p>This growth reduction is a part reversal of previously agreed growth GRO/HAC001/19-20 and GRO/HAC001/20-21</p>



## 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?	Yes	Resources will be directed to ensure that individuals' needs are met.
Does the change involve direct impact on front line services?	No	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# GROWTH PROPOSAL

<b>Proposal Title:</b>	<b>Mulberry Place - short term rent increase</b>
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<b>Reference:</b>	GRO / PLA 001 / 21-22	<b>Growth Type:</b>	Budget Pressure
<b>Directorate:</b>	Place	<b>Growth Service Area:</b>	Central services
<b>Directorate Service:</b>	Property & Major Projects	<b>Strategic Priority Outcome:</b>	13. Not aligned with Strategic outcome
<b>Lead Officer and Post:</b>	Vicky Clark, Divisional Director, Growth & Economic Development	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Growth 2021-22	Growth 2022-23	Growth 2023-24	Total Growth
Budget (£000)	2,800	1,200	-	(1,200)	-

Staffing Impact (if applicable):	Current FTE 2020-21	FTE Increase 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	Total FTE Increase
Employees (FTE) or state N/A	N/A	-	-	-	-

## Proposal Summary:

The current lease of Mulberry Place expired on 1st July 2020 and officers engaged in negotiations with the Landlord's agents to discuss and agree terms for a lease extension. It has always been recognised that the new Town Hall will not be ready for occupation until midway through 2022 at the earliest, so the Council needed to secure accommodation for the intervening period either through an extension to the current lease or moving to new premises.

It is important that the Council has certainty regarding its office accommodation provision over the period prior to relocation to the new building which is likely to be in mid-2022. Options to provide this accommodation were to either remain in Mulberry Place or to move the workforce to a new location. Detailed analysis was undertaken of both options, with the cost of moving to new offices being estimated in the region of £8m to £12m. It therefore represented value for money to remain within the current offices and to re-negotiate the lease.

Discussions started with the landlord's agents in December 2016 shortly after they had purchased the freehold from the former owners. Those discussions included sharing the Council's plans for the move to the new Town Hall and the timescale for that project were included in the negotiation for a lease extension.

The Council has a current annual budget of £2.8 million in respect of the rent for Mulberry Place. In addition, service charges are payable to the landlord. Under the terms of the new lease, the previous financial arrangements continued to 1st July 2020 when the higher rental charge came into effect. A revised rental charge of £4m was agreed and this increase in annual rent was approved at Cabinet on 9 January 2019, resulting in a budget shortfall of £1.2m from 2021-22 and the need for growth. There is no mitigation for this budget shortfall which will continue until the Council vacates the building in 2023-24. At this time the growth will no longer be required.

## Budgeted Outcomes / Accountability (focus on improved performance):

This growth bid will align the budget with the terms of the new Mulberry Place rental agreement on a temporary basis until the lease is ceased and the workforce move to the new town hall in 2023-24.

## Risks and Implications:

The lease extension is predicated on the Council moving to the New Town Hall by 2023-24 and vacating Mulberry Place. The main risk is that this project will be delayed and the Council will require a further extension to the existing lease on Mulberry Place. Market conditions and the Council's vulnerable position in requiring a short-term extension could result in a further increase in the lease rental for which there is no budgetary provision. If the landlord were to refuse an extension then the Council could be forced to seek alternative accommodation and the cost for this is likely to be even greater.

## Value for Money and Efficiency:

Extending the lease on Mulberry Place represented value for money to the Council. The increase in lease rental of £1.2m per annum for two years is significantly lower than the estimated cost of decanting the building and moving to alternative accommodation, which was estimated at a cost of £8m-12m.

## 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# GROWTH PROPOSAL

<b>Proposal Title:</b>	<b>Housing Benefits</b>		
<b>Reference:</b>	GRO / RES 001 / 21-22	<b>Growth Type:</b>	Budget Pressure
<b>Directorate:</b>	Resources	<b>Growth Service Area:</b>	Central services
<b>Directorate Service:</b>	Benefits Service	<b>Strategic Priority Outcome:</b>	6. People live in good quality and affordable homes and neighbourhoods
<b>Lead Officer and Post:</b>	Roger Jones, Head of Revenues Service	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Growth 2021-22	Growth 2022-23	Growth 2023-24	Total Growth
Budget (£000)	164,379	4,600	-	-	4,600

Staffing Impact (if applicable):	Current FTE 2020-21	FTE Increase 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

**Proposal Summary:**

This budget realignment is requested to align the Housing Benefit budget for the cost pressure created by rental costs above the level of housing subsidy received by the Council. This mainly relates to temporary accommodation which can cost circa £500 per week compared to housing subsidy of circa £240 per week.

The Council is impacted by high rental costs due to being an inner London borough and this has been further exacerbated by the Covid-19 pandemic increasing demand and its economic impact on the level of housing benefit claims.

The situation is being kept under constant review as the economic impact of the pandemic and the government response to local government funding requirements unfolds. At the time of writing, the total shortfall in government housing benefit funding is estimated at circa £8.9m. Potential funding sources to support the £4.3m increase due to Covid-19 since 2019-20 could include the non-ringfenced Covid-19 emergency grant and specific government grants for homelessness and rough sleeping.

The Place directorate has submitted a savings proposal for transformation of homelessness services which aims to decrease Housing Benefits pressures through alternative accommodation provision.

**Budgeted Outcomes / Accountability (focus on improved performance):**

This budget realignment proposal supports the Council's strategic priority of people living in good quality and affordable homes and neighbourhoods.

**Risks and Implications:**

The continued financial risk from the level of housing subsidy from government compared to actual service provision costs will continue to be monitored closely. There is no change to service risks created through this budget realignment.

**Value for Money and Efficiency:**

Please refer to the separate savings business case for transformation of homelessness services which aims to improve value for money and efficiency of accommodation 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# HRA GROWTH PROPOSAL

<b>Proposal Title:</b>	THH Growth Proposals within the HRA				
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<b>Reference:</b>	GRO / HRA 001 / 21-22	<b>Growth Type:</b>	Unavoidable Growth		
<b>Directorate:</b>	Place	<b>Growth Service Area:</b>	Housing Revenue Account (HRA)		
<b>Directorate Service:</b>	HRA / Tower Hamlets Homes	<b>Strategic Priority Outcome:</b>	6. People live in good quality and affordable homes and neighbourhoods		
<b>Lead Officer and Post:</b>	Neil Isaac, Finance Director Tower Hamlets Homes	<b>Lead Member and Portfolio:</b>	Cllr Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing		

Financial Impact:	Current Budget 2020-21	Growth 2021-22	Growth 2022-23	Growth 2023-24	Total Growth
Budget (£000)	-	217	(42)	(10)	165

Staffing Impact (if applicable):	Current FTE 2020-21	FTE Increase 2021-22	FTE Increase 2022-23	FTE Increase 2023-24	Total FTE Increase
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

### Proposal Summary:

Tower Hamlets Homes are in the final year of the £6m savings programme over five years. With £5m already delivered, identifying savings has become progressively more difficult.

This growth bid focusses on the important area of fire and building safety and is asking for a modest increase to ensure that the Council is meeting its obligations for building safety. The bid is for a Building Information Management system to enhance the recording of Fire Risk Assessment Surveys and other fire related information related to buildings. Secondly, to commission a five year electrical testing programme to comply with the requirements set out in the Housing White Paper. The Housing benchmarking organisation has asked its members how they manage such programmes.

The overall cost will be £217k, however notwithstanding the difficulty with achieving the £1m savings THH is able to redirect savings from the main budget to reduce this growth bid to £165k so that two items are effectively funded from existing budgets except for the initial injection of resources.

### Budgeted Outcomes / Accountability (focus on improved performance):

These proposals will both improve resident safety and further demonstrate the Council's compliance with building safety requirements.

### Risks and Implications:

The Regulator of Social Housing is increasingly active in the local authority and ALMO sector. Building Safety including electrical checks and building information management systems will become key requirements of the regulatory regime and are therefore considered essential to put in place. The measures outlined will assist in demonstrating compliance with our safety obligations.

### Value for Money and Efficiency:

The growth bid has been reduced by redirecting money from existing resources and focusses on initial investment in a planned programme of inspections and upgrading of systems.

## 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:
The proposals in the document are an absolute requirement for the Council's landlord responsibilities.

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## New Savings Proposals 2021-22 to 2023-24

## Appendix 4

### General Fund

Title	Reference	Directorate	Service Area	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
Transformation of Regulatory and Enforcement Functions	SAV / ALL 001 / 21-22	Health, Adults & Community / Place	Community Safety / Public Realm	-	(300)	-	(300)
Change of working hours and use of Flexible Retirement schemes	SAV / ALL 002 / 21-22	Cross-directorate	Workforce	(200)	(400)	(200)	(800)
Review of Senior Leadership Team	SAV / ALL 003 / 21-22	Cross-directorate	Senior Management	(330)	(110)	-	(440)
Additional Integrated Early Years' Service Savings - Educational Psychology	SAV / CHI 001 / 21-22	Children & Culture	Integrated Early Years' Service	(240)	-	-	(240)
Cessation of 'Free' Community Events provided for LBTH Arts Parks & Events	SAV / CHI 002 / 21-22	Children & Culture	Sport Leisure & Culture	(248)	-	-	(248)
Children's Commissioning – Contracts Review	SAV / CHI 003 / 21-22	Children & Culture	Youth and Commissioning	(30)	(125)	(300)	(455)
Children's Social Care management and service review	SAV / CHI 004 / 21-22	Children & Culture	Children's Social Care	(275)	-	-	(275)
Youth Services Review	SAV / CHI 005 / 21-22	Children & Culture	Youth and Commissioning	(100)	-	-	(100)
Efficiencies in Commissioning for Placements	SAV / CHI 006 / 21-22	Children & Culture	Children's Social Care	(425)	-	-	(425)
Review of Education and Partnerships service	SAV / CHI 007 / 21-22	Children & Culture	Education and Partnerships	(610)	-	-	(610)
Children's Social Care - Changes to Edge of Care Service	SAV / CHI 008 / 21-22	Children & Culture	Children's Social Care	(100)	(100)	(80)	(280)
Substitution of Dedicated Schools Grant (DSG) funding for services currently funded by General Fund	SAV / CHI 009 / 21-22	Children & Culture	Education and Learning	(630)	-	-	(630)
Electoral Services	SAV / GOV 001 / 21-22	Governance	Electoral Services	(80)	-	-	(80)
Communications Service restructure	SAV / GOV 002 / 21-22	Governance	Communications	(54)	-	-	(54)
Review of Monitoring Officer service structure	SAV / GOV 003 / 21-22	Governance	Monitoring Officer	(52)	-	-	(52)
Cancellation of subscriptions to benchmarking services	SAV / GOV 004 / 21-22	Governance	Strategy, Policy and Performance	(22)	-	-	(22)
Tenant Activity Pot (TAP) activities programme	SAV / HAC 001 / 21-22	Health, Adults & Community	Integrated Commissioning Service, Ageing Well Team	(299)	-	-	(299)
Adults Transport savings	SAV / HAC 002 / 21-22	Health, Adults & Community	Integrated Commissioning / Adult Social Care	(100)	(100)	-	(200)
Day Opportunities - day centres redesign	SAV / HAC 003 / 21-22	Health, Adults & Community	Integrated Commissioning Ageing Well	(252)	-	-	(252)
Intergrated Commissioning staffing reductions	SAV / HAC 004 / 21-22	Health, Adults & Community	Integrated Commissioning	(202)	-	-	(202)

## New Savings Proposals 2021-22 to 2023-24

## Appendix 4

### General Fund

Title	Reference	Directorate	Service Area	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
Reduction in Service, Partnership Support and Management – VAWG, Hate Crime and Community Safety Teams	SAV / HAC 005 / 21-22	Health, Adults & Community	Community Safety	(226)	-	-	(226)
Community Safety Response Team (CSRT)	SAV / HAC 006 / 21-22	Health, Adults & Community	Community Safety	(512)	-	-	(512)
Royal London Hospital Violence Reduction Project	SAV / HAC 007 / 21-22	Health, Adults & Community	Community Safety	(102)	-	-	(102)
Substance Misuse Service reductions	SAV / HAC 008 / 21-22	Health, Adults & Community	Community Safety & Substance Misuse	(450)	-	-	(450)
Mainstreaming Communities Driving Change	SAV / HAC 009 / 21-22	Health, Adults & Community	Public Health	(371)	(371)	-	(742)
Adult healthy lives services locality based model	SAV / HAC 010 / 21-22	Health, Adults & Community	Public Health	(70)	(72)	-	(142)
0-5 Specialist Community Public Health Nursing (Health Visiting) – in contract efficiency saving	SAV / HAC 011 / 21-22	Health, Adults & Community	Public Health	(100)	-	-	(100)
Young People's Wellbeing Service – recommissioning savings	SAV / HAC 012 / 21-22	Health, Adults & Community	Public Health	(18)	(52)	-	(70)
Hostels and Substance Misuse	SAV / HAC 013 / 21-22	Health, Adults & Community	Integrated Commissioning	-	-	(100)	(100)
Review of Telecare model	SAV / HAC 014 / 21-22	Health, Adults & Community	Adult Social Care	(71)	(71)	-	(142)
Health E1 Homeless Drug and Alcohol Service (RHDAS)	SAV / HAC 015 / 21-22	Health, Adults & Community	Community Safety & Substance Misuse	(102)	-	-	(102)
New unattended CCTV cameras	SAV / PLA 001 / 21-22	Place	Parking, Mobility & Markets Services	(218)	-	-	(218)
Change of fleet diesel supply	SAV / PLA 002 / 21-22	Place	Public Realm	(20)	-	-	(20)
Environmental Service Team - increased enforcement activity to target fly tipping	SAV / PLA 003 / 21-22	Place	Public Realm	-	(20)	(20)	(40)
Recycling Improvement and Engagement Officer post	SAV / PLA 004 / 21-22	Place	Operational Services, Public Realm	(47)	-	-	(47)
Sustainable Development Team efficiencies	SAV / PLA 005 / 21-22	Place	Housing & Regeneration	(69)	-	-	(69)
New Town Hall revenue savings	SAV / PLA 006 / 21-22	Place	Property & Major Projects	-	-	(3,446)	(3,446)
Removal of two vacant Workshop posts	SAV / PLA 007 / 21-22	Place	Workshop	(94)	-	-	(94)
Green Team deletion of Graduate post	SAV / PLA 008 / 21-22	Place	Public Realm	(35)	-	-	(35)
Transformational review of the Homelessness service	SAV / PLA 009 / 21-22	Place	Housing Options	-	(250)	(1,750)	(2,000)

## New Savings Proposals 2021-22 to 2023-24

## Appendix 4

### General Fund

Title	Reference	Directorate	Service Area	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
Restructure of Directorate Management Systems (DMS) & Technical Support Team (TST)	SAV / PLA 010 / 21-22	Place	Planning & Building Control	(328)	-	-	(328)
Waste Services Reorganisation	SAV / PLA 011 / 21-22	Place	Public Realm	(100)	(100)	-	(200)
Growth service rationalisation and efficiencies	SAV / PLA 012 / 21-22	Place	Growth & Economic Development	(162)	-	-	(162)
Employment & Skills Service transformation	SAV / PLA 013 / 21-22	Place	Growth & Economic Development – Employment & Skills	(257)	-	-	(257)
Performance and Value service transformation	SAV / PLA 014 / 21-22	Place	Growth & Economic Development	(200)	-	-	(200)
Reduction in Facilities Management Team & realignment of Postal Services	SAV / PLA 015 / 21-22	Place	Property & Major Projects	(176)	-	-	(176)
Business Support Phase 2 – Additional efficiencies in Business Support staffing	SAV / RES 001 / 21-22	Resources	Business Support	(324)	-	-	(324)
Reorganisation of Executive Support – Phase 2	SAV / RES 002 / 21-22	Resources	Business Support	(553)	-	-	(553)
Local Presence and Idea Store Asset Strategy	SAV / RES 003 / 21-22	Resources	Customer Services	(600)	-	-	(600)
Finance, Procurement and Audit – process and system improvements	SAV / RES 004 / 21-22	Resources	Finance, Procurement and Audit	(200)	-	-	(200)
IT - cancel memberships of LOTI and Gartner	SAV / RES 005 / 21-22	Resources	IT	(60)	-	-	(60)
Reduction in the level of IT services	SAV / RES 006 / 21-22	Resources	IT	(273)	-	-	(273)
Corporate Programme Management Office (CPMO) Staffing Reduction	SAV / RES 007 / 21-22	Resources	Corporate Programme Management Office	(200)	-	-	(200)
Merging the Revenues & Benefits Services (Phase 1)	SAV / RES 008 / 21-22	Resources	Revenues and Benefits	(120)	-	-	(120)
Merging the Revenues & Benefits Services (Phase 2)	SAV / RES 009 / 21-22	Resources	Revenues and Benefits	(150)	-	-	(150)

## New Savings Proposals 2021-22 to 2023-24

## Appendix 4

### General Fund

Title	Reference	Directorate	Service Area	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
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#### Reprofiling of previously agreed savings

More sustainable planting methods - reprofiling of existing savings Parks Review PLA05/18-19	SAV / PLA 016 / 21-22	Place	Green Team, Public Realm	(20)	20	-	-
Human Resources - reprofile of agreed saving RES001/17-18	SAV / RES 010 / 21-22	Resources	HR and OD	700	-	(700)	-
Income Through Housing Companies - reprofile of agreed saving RES08/18-19	SAV / COP 001 / 21-22	Corporate	Corporate	250	-	(250)	-
THH - Potential support service Savings - reprofile of agreed saving RES09/18-19	SAV / COP 002 / 21-22	Corporate	Corporate	100	-	(100)	-
Fees & Charges - reprofile of agreed saving ALL003/20-21	SAV / COP 003 / 21-22	Corporate	Cross-directorate	235	-	(235)	-

#### Write off unachievable savings

Appropriation of HRA Shops to GF - write off unachievable saving PLA002/19-20	SAV / COP 004 / 21-22	Corporate	Corporate	800	-	-	800
Review of Printing/ Scanning/ Use of Multi-Functional Devices (MFD's) - write off unachievable saving ALL001/17-18	SAV / COP 005 / 21-22	Corporate	Corporate	979	-	-	979
Debt Management & Income Optimisation - write off unachievable saving ALL003/17-18	SAV / COP 006 / 21-22	Corporate	Corporate	1,438	-	-	1,438

(5,975)	(2,051)	(7,181)	(15,207)
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### Housing Revenue Account

Title	Reference	Directorate	Service Area	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
THH Management Fee and HRA Delegated Budgets	SAV / HRA 001 / 21-22	Place	Housing and Regeneration	(1,140)	-	-	(1,140)

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Transformation of Regulatory and Enforcement Functions</b>
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<b>Reference:</b>	SAV / ALL 001 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Cross-Directorate Health, Adults & Community and Place	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Community Safety / Public Realm	<b>Strategic Priority Outcome:</b>	3. People access joined-up services when they need them and feel healthier and more independent
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety Dan Jones, Divisional Director, Public Realm	<b>Lead Member and Portfolio:</b>	Cllr Asma Begum, Deputy Mayor and Cabinet Member for Community Safety, Youth and Equalities

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	3,000	-	(300)	-	(300)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
N/A	70	-	(6)	-	(6)

### Proposal Summary:

#### Transformation of Environment and ASB enforcement functions – consolidation of management, operational and support functions

There are a number of regulatory and enforcement functions relating to the management of the public realm that are carried out across two directorates but which are effectively seeking to achieve the same outcomes – a borough that is clean and green and one in which people feel safe and ASB is tackled.

Within the Public Realm and the Community Safety divisions there are a number of functions that carry out similar roles including:

#### Public Realm

- Enforcement of waste and litter control
- Highways abuse, obstructions and permits
- Market and street trading enforcement
- Graffiti, fly-boarding and fly-posting
- Dog fouling

#### Community Safety

- Anti-social Behaviour case work and tasking
- ASB Enforcement Patrols, including PSPO and Responsible Drinking (THEOs)

Across the two divisions there are approximately 70 staff who carry out what can be described as an enforcement function. It should be noted that many of the roles also carry out community engagement and preventative functions. A rationalisation and consolidation of management and operating functions could deliver savings of £300k.

## SAVINGS 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?	Yes	
Does the change involve direct impact on front line services?	No	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	
Does the change involve a redesign of the roles of staff?	Yes	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	Yes

Additional Information and Comments:
None

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Change of working hours and use of Flexible Retirement schemes</b>		
<b>Reference:</b>	SAV / ALL 002 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Cross-Directorate	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Cross-Directorate	<b>Strategic Priority Outcome:</b>	13. Not aligned with Strategic outcome
<b>Lead Officer and Post:</b>	Amanda Harcus, Divisional Director, Human Resources	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)		(200)	(400)	(200)	(800)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A		TBC	TBC	TBC	TBC

**Proposal Summary:**

The Council will introduce a targeted programme to highlight the Council's policies which offer staff the opportunity to apply to reduce their working week to four days or (where eligible) apply for flexible retirement. This will be an entirely voluntary scheme & highlights policies which already exist but which staff may not be fully aware of. It is estimated that a saving of up to £800k may result from greater uptake of these options in coming years. This will lead to a reduced capacity and must be carefully balanced against workloads, service design & metrics.

The approach needs further work to agree and contain the following:

- Data analysis by Directorate and team on age/service profile and potential savings model in the Directorate and approach agreed as to where to target
- Each Directorate then needs to agree where and how to target a reduction scheme and the saving allocated of the £800k
- Clear criteria to apply and a selection process and approval panels (to manage in event of high volume of applications being submitted)
- The manager will need to be able demonstrate that any residual work left by reduced hours can be absorbed, or that the remaining service is reviewed and restructured to accommodate accepted requests
- Once an application is accepted equivalent budget reduction will be removed by the centre from the associated budget
- Clear communication and staff engagement plan, along with strict window of opportunity to apply and be considered and factored in to approach
- Time required to build and implement scheme
- Corporate co-ordination of all approvals is required to track and monitor progress of combined savings

**Risk and Mitigations:**

1. Lack of analyst skill and capacity in workforce modelling that is initially required to target both schemes means the approach fails
2. Lack of capacity in pension team to provide individual figures to support scheme means quotes not undertaken on time or accurate
3. Ability to develop application process & automate what is possible to administer easily
4. Lack of applications come forward and savings therefore remain unachieved
5. Risk of Age discrimination claims from those eligible to apply for flexible retirement if not communication and approach managed properly
6. Administration required to manage scheme if decided to run corporately
7. The proposal will impact staff reductions, and the scheme will need to be shared with the Trade Unions
8. Knock on impact of reductions lead to wider service reviews and instability

**Resources and Implementation:**

1. Feasibility work needed:
  - a. HR and workforce analyst required full time for up to 8 weeks and then ongoing provision possible through SPP resources
  - b. Finance officer support to verify financial analysis at outset as above and ongoing support required
2. HR and finance oversight of scheme and approval panel established for duration of scheme
3. Communication support required throughout at corporate and directorate level
4. Requires a project/programme lead throughout duration of scheme(s) – should come from current resources
5. Pension staff provision/generation of accurate pension quotes for flexible retirement applicants

## SAVINGS PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

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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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	TBC
Does the change involve a redesign of the roles of staff?	Yes	TBC

Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:



# DRSAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Review of Senior Leadership Team (SLT)</b>		
<b>Reference:</b>	SAV / ALL 003 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Cross-Directorate	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Cross-Directorate	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Will Tuckley, Chief Executive Officer	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact: (£000's)	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
	4,060	(330)	(110)	-	(440)

Staffing Impact (if applicable): FTE or state N/A	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
	26	(3)	-	-	(3)

### Proposal Summary:

The previous organisational review (2016) reduced the number of directorates and roles at a senior level. The Directorate composition was amended, with fewer, wider remits. The structure reflected the direction of travel set out in the target operating model, with some centralisation of core functions and greater clarity around the responsibility of directorates in relation to service delivery, support services and maintaining democracy. Covid-19 has brought financial challenges to the Council and has accelerated much change for the better and we can capitalise on this to improve how we operate and run our Council.

This savings proposal reviews the Senior Leadership Team (SLT) structure and merges Resource and Governance directorates into a single directorate, Resources & Governance. As part of the review, there will be a reduction of Divisional Director roles through opportunity and redesign of functions and merging of service areas. There will be a reduction of Corporate Directors through merger and redistribution of some services.

#### Current Costs:

- CEO/CLT x 6 FTE = £1.24m
- DD's x 20 FTE = £2.82m
- *Total = £4.06m*

#### Future Costs:

- CEO/CLT x 5 FTE = £1.05m
- DD's x 17 FTE = £2.40m
- CFO x 1 FTE = £0.166m
- *Total = £3.62m*

**Savings to be realised = £0.440m**

### Risk and Mitigations:

- Statutory functions need to be appropriately designated
- Spans of control leading to overburden in roles need to be considered
- Maintaining equitable number of reports into senior roles

### Resources and Implementation:

The restructure will be carried out in line with the Council's organisational change policies.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Reduction in 3 FTE.
Does the change involve a redesign of the roles of staff?	Yes	Merging of directorates and services will redesign the roles of staff.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:
The restructure will be carried out in line with the Council's organisational change policies.

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Additional Integrated Early Years' Service Savings - Educational Psychology</b>		
<b>Reference:</b>	SAV / CHI 001 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Education services
<b>Directorate Service:</b>	Integrated Early Years' Service	<b>Strategic Priority Outcome:</b>	2. Children and young people are protected so they can realise their potential
<b>Lead Officer and Post:</b>	Christine McInnes, Divisional Director Education and Partnerships	<b>Lead Member and Portfolio:</b>	Cllr Danny Hassell, Cabinet Member for Children and Schools

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	5,429	(240)	-	-	(240)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	164	N/A	N/A	N/A	N/A

**Proposal Summary:**

The Integrated Early Years' Service currently provides a sum of £240k per annum for the provision of Educational Psychology to deliver targeted support through children's centres.

The intention is to end the General Fund provision of this resource via children's centres. Going forward families in need who access children's centres will be given alternative referral routes to obtain support. We plan to use DSG Early Years funding to provide some funding for a more focussed offer of Educational Psychology consultation to children's centres.

This proposal will not lead to a staffing reduction in children's centres.

- Risk and Mitigations:**
- Removal of targeted support (delivered by Educational Psychology through children's centres) for families
  - The IEYS will no longer support areas such as early language acquisition through children's centres, childcare settings and school EY units.
  - The level of language acquisition birth to five years old could fall leading to lower Early Years Foundation Stage Profile outcomes, and lower education and health outcomes as children enter later key stages.
  - Educational Psychology input will be retained in a consultation role where needed.

**Resources and Implementation:**

*What are the resources needed to build up the proposal?*  
Organisational change team required.

*Is feasibility work required?*  
Yes - specifically an equalities impact analysis for users in relation to language acquisition and also in relation to later mental health.

*Activities required by 2020-21?*  
Organisational process to consult staff. Potential public consultation to any service changes, should this be required.

## SAVINGS 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?	Yes	The reduction of Educational Psychology resource will be mitigated by a different service model in which all Early Years Practitioners are supported to focus upon language acquisition.
Does the change reduce resources available to support vulnerable residents?	Yes	This proposal has the potential to impact vulnerable families.
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	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Cessation of 'Free' Community Events provided for LBTH Arts Parks &amp; Events</b>		
<b>Reference:</b>	SAV / CHI 002 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Cultural and related services
<b>Directorate Service:</b>	Sport Leisure & Culture	<b>Strategic Priority Outcome:</b>	8. People feel they are part of a cohesive and vibrant community
<b>Lead Officer and Post:</b>	Stephen Murray, Head of Arts Parks and Events	<b>Lead Member and Portfolio:</b>	Cllr Sabina Akhtar, Cabinet Member for Culture, Arts and Brexit

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	298	(248)	-	-	(248)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

### Proposal Summary:

The proposal is to:

- Earmark an annual £50k budget to:
  - o Celebrate 50 years of Bangladesh's Independence in 2021/22
  - o Deliver the Mela in 2022/23 and in future years
- Change the way that the Mela is delivered in future
- Stop funding an annual fireworks display

Covid-19 has prevented public events from taking place this year and is also likely to have an impact on events next year, particularly very well attended events such as the Mela (an estimated 45,000 people attended in 2019) and the fireworks display (an estimated 80-90,000 people attended in 2019). Given this situation, and the enormous financial challenge facing the council, it is proposed that the Mela is delivered differently in future and that the fireworks are stopped altogether.

The £50k earmarked budget will help support cultural activities connected to the 50<sup>th</sup> anniversary of Bangladesh in 2021/22. In 2022/23 and beyond, the £50k budget will help support a community driven and resourced Mela.

In 2019 the Mela had a General Fund contribution of £146k, and the Fireworks received a General Fund contribution of £152k. This is not sufficient to fully fund the cost of these events as it only generates a small amount of income. In 2019/20 it was subsidised by other income sources, mainly AEG income. Without this subsidy there would have been a further pressure on the General Fund of £219k.

	£k
<b>Total cost of Mela 2019</b>	<b>310.7</b>
Funded by	
Income generation	42.6
General Fund Budget	146.0
Total funding available	<b>188.6</b>
19/20 Budget Pressure	<b>122.1</b>

<b>Total cost of Fireworks 2019</b>	285.7
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Funded by

Income generation	36.8
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General Fund Budget	152.0
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Total funding available	<b>188.8</b>
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19/20 Budget Pressure	<b>96.9</b>
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The proposals above will ensure that the important 50<sup>th</sup> anniversary is celebrated and that a local Mela can continue to be held, whilst providing savings to the council in a very difficult financial climate.

#### **Risk and Mitigations:**

The major risk is reputational damage to the council.

Mitigation strategies may possibly include a strategy to introduce charges and ticketing at the events. However, given the practical difficulties in doing so, there would be a high risk of this being insufficient to cover the full costs of the events.

Similarly, seeking full sponsorship for the events would be possible but again there would be a high risk of this not covering all the costs of the events.

There is some risk in that as there are already savings generated from earned income in the parks; if these income sources were to fail, then the savings would have to be found elsewhere including staffing which would impact on our ability to generate further income.

#### **Resources and Implementation:**

No resources required.

Once the decision is made, work would commence to form a reference group to look at reimagining the Mela, informing key contractors and stakeholders that the Fireworks would be ceasing, with the savings being realised in 2021/22.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Children's Commissioning – Contracts Review</b>				
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<b>Reference:</b>	SAV / CHI 003 / 21-22	<b>Savings Type:</b>	Reduction in provision		
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Children Social Care		
<b>Directorate Service:</b>	Youth and Commissioning	<b>Strategic Priority Outcome:</b>	12. Not aligned - Statutory function		
<b>Lead Officer and Post:</b>	Anthony Harris, Interim Head of Children's Integrated Commissioning	<b>Lead Member and Portfolio:</b>	Cllr Danny Hassell, Cabinet Member for Children, Schools and Young People		

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	-	(30)	(125)	(300)	(455)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

<b>Proposal Summary:</b>
To outline the potential savings achievable by decommissioning none-essential, non-statutory services across the C&C directorate that sit within the Children's Commissioning Team portfolio. And from re-commissioning opportunities to realise better value.

<b>Revised Provision:</b>
<p><b>Mental Health Family Support Mile End Visiting Room</b> - £39,780 per annum. Need to give six months notice – so earliest termination at 1<sup>st</sup> July 2021 which would give ¾ saving for that financial year.</p> <p><b>Education Farms Partnership:</b> This is not an essential service and ending it would deliver a £14,766 per annum saving.</p> <p>Semi-Independent Accommodation: Work is underway to test the potential for recommissioning Semi-Independent Accommodation in four current contracts ending in November 22/23 through a different service model that would still meet the same levels of need at better value to the Council. The estimate is of a 400k full year saving commencing in Q4 of 22/23.</p>

<b>Risk and Mitigations:</b>
The proposed decommissions are added value services, and whilst the Farms contract is high performing it does not align to stat or essential services.

<b>Resources and Implementation:</b>
N/A



## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	1 service will be decommissioned and therefore will not exist in 2022/23 and the Children's element of the MH Family Support Contact Room will no longer be part of the HAC contract.
<b>Changes to Staffing</b>		
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 will be required?	<b>No</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Children's Social Care management and service review</b>		
<b>Reference:</b>	SAV / CHI 004 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Children Social Care
<b>Directorate Service:</b>	Children's Social Care	<b>Strategic Priority Outcome:</b>	2. Children and young people are protected so they can realise their potential
<b>Lead Officer and Post:</b>	Richard Baldwin; Divisional Director, Children's Social Care	<b>Lead Member and Portfolio:</b>	Cllr Danny Hassell, Cabinet Member for Children and Schools

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	TBC	(275)	-	-	(275)
Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	TBC	(3)	-	-	(3)

Proposal Summary:
<p>The budget for Children's Social Care was rebased for 20/21 with recognition that Tower Hamlets has been a significantly low benchmarked spender on Children's Social Care.</p> <p>The proposals set out below highlight savings options, as well as highlighting the continuous work to reduce costs in CSC, whilst at the same time seeking to maintain statutory services and work to reduce further demand and associated costs.</p> <ol style="list-style-type: none"> <li> <b>1. Management Review</b>                      Review of the supervisory ratios in Children's Social Care has identified the potential to reduce by one Team Manager in the service for Looked After Children – all other supervisory ratios at the top end in order to deliver safe practice. <span style="float: right;">80k</span> </li> <li> <b>2. CSC Transport &amp; Contact Costs</b>                      Review of the use of taxis and approval process <span style="float: right;">50k</span> </li> <li> <b>3. African Families and Muslim Communities Roles</b>                      Review and re-provide – options to look at combination of mainstreaming roles with case-holding Social Workers and specific advice from voluntary and community sector and looking at training through the Social Work Academy <span style="float: right;">120k</span> </li> <li> <b>4. Online Training</b>                      Continue model of online training within the Social Work Academy post-Covid. <span style="float: right;">25k</span> </li> </ol> <p style="text-align: right;"><b>Total = 275k</b></p>

Risk and Mitigations:

Resources and Implementation:

## SAVINGS 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	There will be a reduction in the amount of time each of the specialist workers (African Families worker/Muslim Safeguarding worker) will be dedicated to these roles. This will require a review of the current roles in order to identify the key elements that should be retained and prioritised to minimise impact of the proposed changes.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Some of the placement savings are dependent aligned to dampening demand through the delivery of early intervention.
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	N/A: The savings relate to externally commissioned services.
Does the change involve a redesign of the roles of staff?	No	N/A: The savings relate to externally commissioned services.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Youth Service Review</b>		
<b>Reference:</b>	SAV / CHI 005 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Children Social Care
<b>Directorate Service:</b>	Youth and Commissioning	<b>Strategic Priority Outcome:</b>	2. Children and young people are protected so they can realise their potential
<b>Lead Officer and Post:</b>	Ronke Martins-Taylor, Divisional Director, Youth and Commissioning	<b>Lead Member and Portfolio:</b>	Cllr Asma Begum, Deputy Mayor and Cabinet Member for Community Safety, Youth and Equalities

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	3,296	(100)	-	-	(100)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	TBC	TBC	N/A	N/A	TBC

## Proposal Summary:

This savings proposal introduces an additional MTFS proposal to the Youth Service of £100,000 during 2021/22. Following the 2019 Youth Service Review a restructure of the service is being undertaken and it is intended that the additional MTFS will be delivered as part of that restructure.

Some of the key elements of operational delivery in the restructured Youth Service include:

- Ten proposed youth centre locations covering four quadrants of the borough
- Four detached youth work teams, that will undertake street-based youth work with hard to reach young people, covering the four quadrants
- Specialist Projects that are targeted towards groups of young people
- Youth participation to support the Children in Care Council, the Young Mayor's Team, the Youth Council and Young Carers
- Youth Grants

Additional MTFS of £100k will be realised through the redesign of the Youth Service which will also incorporate the already agreed savings listed below:

Year	Amount	Description
2020/21	£50k	Youth Service restructure (SAV / CHI 004 / 20-21)
2021/22	£450k	Youth Service restructure (SAV / CHI 004 / 20-21)
2021/22	£167k	Creation of 0-25 workforce (SAV / CHI 001 / 20-21)

### Risk and Mitigations:

What will the major risks on the project be?

- Loss of front line services could increase the numbers of young people issues that need support.
- Risk that savings will not be made due to Covid-19 and consequent delays.

What will their impact be on the project and Tower Hamlets Council?

- Numbers of young people in need of in-depth support could increase exponentially.

What are the possible mitigation strategies?

- Ensure that the Youth Service works with other services to deliver an integrated early help offer

Quantify the risk if possible:

- If the risks materialise the costs will increase.

### Resources and Implementation:

What are the resources needed to build up the proposal?

- Significant project management support, functions analysis
- Redundancy and Early Retirement costs to be identified and met separately from corporate budgets
- 

Is feasibility work required? Yes

What needs to happen for implementation?

- Completion of Youth Service mapping and consultation exercise, analysis, and recommendations report to DLT, DLT, MAB and Cabinet. These have been costed to provide accurate savings.

## SAVINGS 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?	Yes	The re-structure proposals will reduce the numbers of staff in the Youth Service. However the new structure seeks to make more effective and targeted use of staff for young people, and the strengthened links with the Youth Justice Service will also assist this process.
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct impact on front line services?	Yes	As stated above, the proposals will reduce the numbers of staff employed within the service, however the move to develop stronger links with the Youth Justice team and community organisations will seek to mitigate this.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	The proposals will mean that the number of Youth Hubs reduce from 18 to 10. However, it is planned that each geographical quadrant in the Borough will retain at least two Hubs.
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Full EIA has been completed as part of the re-structure process. We have also completed the Handling Organisational Change documentation. These will be formally presented to staff and Unions in early February.
Does the change involve a redesign of the roles of staff?	Yes	The re-structure will change the focus of a number of roles. As stated above the full EIA and “Handling Organisational Change “ documentation have been completed which sets out these changes in more detail. These are due to be shared with Unions on 28 <sup>th</sup> January.

Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:
Full EIA has now been completed. Handling organisational change policy has also been completed.

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Efficiencies in Commissioning for Placements</b>		
<b>Reference:</b>	SAV / CHI 006 / 21-22	<b>Savings Type:</b>	Procurement
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Children Social Care
<b>Directorate Service:</b>	Children's Social Care	<b>Strategic Priority Outcome:</b>	2. Children and young people are protected so they can realise their potential
<b>Lead Officer and Post:</b>	Richard Baldwin; Divisional Director, Children's Social Care	<b>Lead Member and Portfolio:</b>	Cllr Danny Hassell, Cabinet Member for Children and Schools

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	17,200	(425)	-	-	(425)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

### Proposal Summary:

A saving of £425k is being proposed from efficiencies in commissioning for placements.

Cost reduction will be collectively achieved by the following:

1. Utilising existing and recent commissioning activity of placements which deliver value for money (VFM) following the completion of a competitive tendering process. Commissioned placements help reduce the need to spot purchase, often at inflated costs. Savings primarily derived from two sources: new Semi-Independent Accommodation framework for care leavers; and new North East London residential framework for children in care.
2. Future commissioning activity will focus on high cost placements, with a view to maximising current contracts, frameworks, and collaborations.
3. Refining practice of providers and frontline CSC teams to support young people to maximise benefits for which they are eligible to receive. In the context of placements, the received benefits will fund rents and service charges.
4. Solidifying and utilising joint funding arrangements with the Clinical Commissioning Group (CCG)

### Risk and Mitigations:

The SIL provider marketplace is unregulated and populated with a high percentage of providers that renege on agreed costs for placements once the placement has been confirmed. In part this risk was mitigated by LBTH commissioning a framework, however some providers have been removed due to not adhering to the contractual arrangements that have a financial impact to the Council.

Initiating mini competitions from established and credible providers on the framework will limit the amount of occasions where LBTH must terminate placements and contracts with providers who do not adhere to the terms and conditions of the framework.

### Resources and Implementation:

No further resource implications, however further commissioning activity will need to be added to the commissioning forward plan, and where required prioritised above other areas that may not provide the same savings.

## SAVINGS 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	Some of the commissioned placements are designed to bring CYP closer to LBTH so that frontline professionals such as Social Workers reduce the time travelling and can better use that time with CYP.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Some of the placement savings are dependent aligned to dampening demand through the delivery of early intervention.
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	N/A: The savings relate to externally commissioned services.
Does the change involve a redesign of the roles of staff?	No	N/A: The savings relate to externally commissioned services.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:



# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Review of Education and Partnerships service</b>		
<b>Reference:</b>	SAV / CHI 007 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Education services
<b>Directorate Service:</b>	Education and Partnerships	<b>Strategic Priority Outcome:</b>	1. People access a range of education, training, and employment opportunities
<b>Lead Officer and Post:</b>	Christine McInnes, Divisional Director, Education and Partnerships	<b>Lead Member and Portfolio:</b>	Cllr Danny Hassell, Cabinet Member for Children and Schools

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	10,537	(610)	-	-	(610)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	TBC	TBC	-	-	TBC

Proposal Summary:
<p>This proposal covers the following areas:</p> <ul style="list-style-type: none"> <li>Tower Hamlets Education Partnership (THEP) - To use an alternative grant (the Education Services Grant, ESG) to fund THEP for one year in the first instance, with the potential to develop plans for future years. Reduction of 50k in this commission agreed with THEP - £207k</li> <li>Attendance and Welfare - To use an alternative grant (ESG) to fund statutory attendance and welfare services, with the potential for a future trading model - £50k</li> <li>Parenting and Family Support Service - Stop the non-statutory Holiday Childcare Scheme - £353k</li> </ul>

Revised Provision:
<ul style="list-style-type: none"> <li>THEP – will continue with some reduction in services to schools</li> <li>Attendance and Welfare – will continue as is with stronger emphasis on trading depending on ESG funding</li> <li>Parenting and Family Support Service – will no longer expand the heavily subsidised Holiday Childcare scheme</li> </ul>

Risk and Mitigations:
<p>Key risks are</p> <ul style="list-style-type: none"> <li>The impact on Early Help Capacity, targeted services, and our capacity to tackle inequalities and promote social inclusion</li> </ul> <p>Mitigations:</p> <ul style="list-style-type: none"> <li>Maintain key Early Help provision targeted on those most in need</li> <li>Increase the amount of income for the Holiday Childcare scheme by charging market rates to those parents able to afford it</li> </ul>

Resources and Implementation:

## SAVINGS 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?	Yes	
Does the change reduce resources available to support vulnerable residents?	Yes	
Does the change involve direct impact on front line services?	Yes	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	Yes	
Does the change alter access to the service?	Yes	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	
Does the change involve a redesign of the roles of staff?	Yes	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Children's Social Care - Changes to Edge of Care Service</b>		
<b>Reference:</b>	SAV / CHI 008 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Children Social Care
<b>Directorate Service:</b>	Children's Social Care	<b>Strategic Priority Outcome:</b>	2. Children and young people are protected so they can realise their potential
<b>Lead Officer and Post:</b>	Richard Baldwin; Divisional Director, Children's Social Care	<b>Lead Member and Portfolio:</b>	Cllr Danny Hassell, Cabinet Member for Children and Schools

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	N/A	100	100	80	280

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	-	-	-	TBC

**Proposal Summary:**

Currently our Edge of Care Service is delivered through two different service models, outlined below.

The Positive Family Programme (PFP) is funded through a 'Payments By Results' arrangement via a consortium that is run by the London Borough of Merton. The current commissioning arrangement does not expire until the 23/24 financial year, but we propose to use this time to develop a model that allows LBTH to bring this element of the team "in-house". The current projections for the usage of this service and potential reduction in the numbers of referrals should enable us to realise 100k saving in 21/22 and then a further £100k in 22/23. The third year of savings proposed in this bid will come through staff and delivery efficiencies associated by the switch to delivering this ourselves, although that is subject to further strategic review and planning.

The in-house Edge of Care Team focuses on preventing young people who are at risk of entering care by working directly with them and their parents to assist them to remain at home. In addition the team also work with some young people who have recently come into care to assist them to return home again within the first six weeks of being in foster care. Research shows that if young people remain in care for longer than 6 weeks the chances of them quickly returning home again diminish significantly.

Currently we use the commissioned element of the service to work with the more complex young people. We will use the period until the end of the current contract to initiate conversations with partners to look at how we can establish our own "in-house" team to work with these more complex cases, and the savings amounts here are subject to these conversations.

**Risk and Mitigations:**

Any changes to the Edge of Care service need to be managed carefully in order to continue to secure good outcomes for young people.

However, by using the time remaining until the end of the current arrangements we should be able to assemble a suitably resourced and effective team to take over from the current arrangements.

**Resources and Implementation:**

There should be minimal resource implications to assist in developing this new part of the service.

## SAVINGS 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?	Not at this stage.	
Does the change involve a redesign of the roles of staff?	Not at this stage.	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Substitution of Dedicated Schools Grant (DSG) funding for services currently funded by General Fund</b>		
<b>Reference:</b>	SAV / CHI 009 / 21-22	<b>Savings Type:</b>	Grant substitution
<b>Directorate:</b>	Children & Culture	<b>Savings Service Area:</b>	Education services
<b>Directorate Service:</b>	Education Services	<b>Strategic Priority Outcome:</b>	1. People access a range of education, training, and employment opportunities
<b>Lead Officer and Post:</b>	Christine McInnes, Divisional Director, Education and Partnerships	<b>Lead Member and Portfolio:</b>	Cllr Danny Hassell, Cabinet Member for Children, Schools and Young People

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	0	(630)	-	-	(630)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

**Proposal Summary:**

The Council currently receives funding within the Dedicated Schools Grant to specifically cover the cost of statutory services provided to all Schools and Academies. Due to the pressures within the Councils high needs block this funding has previously not been directed as a specific budget to central service support but used to support the overspend in high needs.

With the increases in high needs funding received by the Council in 2020-21 and 2021-22 and CIPFA and DfE guidance allowing high needs overspends to be paid off over a number of years the council has the opportunity to now direct this funding to back to cover the cost of its statutory duties as set out in the guidance.

**Risk and Mitigations:**

The major risk is the long-term sustainability of the funding. The CSSB element of the National Funding Formula has decreased the allocations to Tower Hamlets over the last two years and there is a possibility of these decreases continuing in future funding rounds

Mitigation strategies would include maintaining a constant review of all services funded by the DSG looking at future opportunities or savings.

**Resources and Implementation:**

There would be no resource implications.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Electoral Services</b>		
<b>Reference:</b>	SAV / GOV 001 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Governance	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Electoral Services	<b>Strategic Priority Outcome:</b>	12. Not aligned - Statutory function
<b>Lead Officer and Post:</b>	Robert Curtis, Head of Electoral Services	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£'000)	521	(80)	-	-	(80)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	9	(2)	-	-	(2)

**Proposal Summary:**

A review of the service now that the team have moved to more digital ways of working and incorporating new systems to make workloads more effective.

The team consists of nine staff made up of a Head of Service, two Deputy Managers, two Senior Electoral Services Officer and four Electoral Service Officers.

During the past 12 months the team has faced a snap general election immediately after the European Parliamentary polls, continued electoral registration pressure with the introduction of canvass reform in July 2020, the preparations for the postponed GLA, a polling places review and preparations for a Neighbourhood Planning Referendum and Governance Referendum in 2021. These projects have all been, and continue to be, addressed.

It is therefore proposed, with continued digitisation of the service, the implementation of canvass reform and the delivery of the service unaffected, that the staffing structure be reviewed.

Two posts would be deleted in the proposal, one of which is vacant.

**Risk and Mitigations:**

All polls and electoral registration are variable in nature. Some polls are scheduled e.g. the GLA now to be held in 2021 and the local elections to be held in 2022. The risk would be where unscheduled polls suddenly materialise e.g. by elections which would add to the workloads. To mitigate the project team would need to identify where existing resources from within the council could be utilised to undertaken certain roles and assist where necessary.

**Resources and Implementation:**

Discussions have taken place with HR to understand and implement the formal processes required to review, consult and then implement any agreed changes.

## SAVINGS 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	Given the unscheduled nature of some of the unexpected polls this is extremely difficult to quantify but we expect to utilise existing resources from the Council if needed.
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?	Yes	The restructure will be carried out in line with the Council's policies on organisational change. Two posts would be deleted, one of which is vacant.
Does the change involve a redesign of the roles of staff?	Yes	Job descriptions would be updated as required in line with the Council's policies on organisational change.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:
An equalities analysis would be carried out as part of the restructure consultation.



# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Communications Service Restructure</b>		
<b>Reference:</b>	SAV / GOV 002 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Governance	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Communications	<b>Strategic Priority Outcome:</b>	10. The Council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for residents
<b>Lead Officer and Post:</b>	Andreas Christophorou, Divisional Director, Communications	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact: (£000's)	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
	1,471	(54)	-	-	(54)

Staffing Impact (if applicable): FTE or state N/A	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
	27	(1)	-	-	(1)

**Proposal Summary:**

The structure of the Digital Team will be reviewed to better support the Council's digital communications improvements and to create an efficiency of one post.

**Risk and Mitigations:**

The Digital Team is currently working on 75 projects to enable the Council to continue to save money and generate income by moving services online and ensuring the content, design and user experience of our website and connected microsites and apps meet accessibility standards.

By removing this role, the team will have less capacity and therefore it may slow the pace on delivery of these projects, this will be mitigated through careful workload management and prioritisation. However without the restructure, the Council faces losing staff with a high corporate knowledge as they are now out of contract, and the Council will not be able to deliver key projects to move services online (as we have done with waste, housing and pest control), have the improved ability to charge for services and the delivery of the CRM system would also be severely affected. There are other commercial opportunities also being delivered by the Digital Team including a venues website to promote sites, take bookings and payments.

**Resources and Implementation:**

The restructure will be carried out in line with the Council's organisational change policies.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	One post.
Does the change involve a redesign of the roles of staff?	Yes	In the Digital Team.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:
The restructure will be carried out in line with the Council's organisational change policies.

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Review of Monitoring Officer service structure</b>		
<b>Reference:</b>	SAV / GOV 003 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Governance	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Monitoring Officer	<b>Strategic Priority Outcome:</b>	12. Not aligned - Statutory function
<b>Lead Officer and Post:</b>	Asmat Hussain, Corporate Director, Governance	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	330	(52)	-	-	(52)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	2.4	(0.4)	-	-	(0.4)

**Proposal Summary:**

The Monitoring Officer statutory duties are carried out by the Monitoring Officer, supported by deputising officers allocating part-time hours to these duties.

The proposal is to delete 0.4 FTE x Deputy Monitoring Officer post from April 2021, with the Monitoring Officer continuing to be supported by a Deputy Monitoring Officer.

**Risk and Mitigations:**

Risk: Loss of corporate governance memory.

Mitigation: Additional training for the Deputy Monitoring Officer and the three Heads of Service in Legal Services to support Monitoring Officer statutory duties.

**Resources and Implementation:**

The deletion of the post will result in redundancy costs.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	No impact on protected characteristics as identified in the Equalities Act 2010.
Does the change involve a redesign of the roles of staff?	No	No impact on protected characteristics as identified in the Equalities Act 2010.

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

Additional Information and Comments:
Changes will be carried out in line with the Council's policies on organisational change.

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	Cancellation of subscriptions to benchmarking services		
<b>Reference:</b>	SAV / GOV 004 / 21-22	<b>Savings Type:</b>	Procurement
<b>Directorate:</b>	Governance	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Strategy, Policy and Performance	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Sharon Godman - Divisional Director, Strategy, Policy and Performance	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	22	(22)	-	-	(22)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	-	-	-	-	-

**Proposal Summary:**

The Council currently subscribes to APSE and LGIU benchmarking data services at a cost of £22k per annum. The proposal is to realise a full year saving of £22k from cancelling both subscriptions.

**Revised Provision:**

The Council will lose access to both benchmarking data services. The Council also has access to other benchmarking data via London Councils and through public data sources. A review of benchmarking clubs has identified that membership of APSE adds little value due to the changes in membership over time. APSE is now predominantly used by district councils and smaller local authorities outside of London. As such it does not provide the most appropriate comparators. LGIU data has not been used sufficiently to justify ongoing subscription. Officers will draw on public data sources for benchmarking information.

**Risk and Mitigations:**

Reliance on public data sources may limit the variety of data points available. If more in depth benchmarking or additional data is required as part of projects, the resource to source this data from other local authorities via direct approaches will need to be incorporated into project resourcing.

**Resources and Implementation:**

None required. APSE membership has already been cancelled. LGIU membership will need to be cancelled if this saving is approved.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Tenant Activity Pot (TAP) activities programme</b>		
<b>Reference:</b>	SAV / HAC 001 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Integrated Commissioning Service, Ageing Well Team	<b>Strategic Priority Outcome:</b>	8. People feel they are part of a cohesive and vibrant community
<b>Lead Officer and Post:</b>	Rahima Miah, Deputy Director, Integrated Commissioning	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	299	299	-	-	299

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
N/A	N/A	N/A	N/A	N/A	N/A

### Proposal Summary:

In March 2018, Cabinet approved the Ageing Well Commissioning Team's recommendation to move all sheltered services to an IHMS model of provision and for the funds freed through the remodelling of services to be reinvested to fund a range of activities within the sheltered schemes. This Tenant Activity Pot (TAP) reflected the priorities identified in the Ageing Well Strategy and the Mayor's commitment to tackling loneliness and isolation and improving the wellbeing of elderly tenants living in sheltered housing. The agreed fund allocated was £500 per flat per annum for 711 units at an annual cost of £355,500. This figure was based on the assumption that all providers would take part in this initiative. However, three providers chose not to do so, hence the reduction in figure to the current budget of £299,110.

Examples of the kinds of activities funded by TAP are:

- Delivering intergenerational projects by working in partnership with In-common to bring primary school children into a number of sheltered schemes.
- Working in partnership with New City College – hair and beauty students provided pamper session to residents of Lady Micos Alms-house and catering students provided Christmas Lunch
- Connecting residents to animals, nature and each other via Furry Friends a partners hope between Gateway Housing Association and Stepney City Farm.

The TAP programme launched in October 2018. As of March 2020;

	No. of Schemes taking part	No. of Units	Total Fund Paid	Provider Expenditure	Underspend
Expenditure 2018-19 @£500*536 units (6 months)	20	537	£ 131,167	£ 80,136	£ 51,031
Expenditure 2019-20 @ £500*536 units (12 months)	20	537	£ 127,250	£ 140,740	-£ 13,490
<b>Total</b>			<b>£ 258,417</b>	<b>£ 220,876</b>	<b>£ 37,542</b>

- There is ongoing dialogue with two of the three providers who agreed to engage prior to the Lockdown and the proposals assume their engagement.
- 20 schemes totalling 537 flats took part. This is due to the above providers initial non-engagement; participating Providers facing ongoing challenges such as restructures and staffing difficulties; voids in 3 Gateway schemes due to its redevelopment programme.
- £51,031 was underspent at the end of 2018-19, however, Providers had accrued funding for a range of activities into 2019-20.
- A current underspend of £37,542 is primarily due to activities ceasing mid-March due to Lockdown. Committed 2020-21 spend of £4,250 will reduce underspend to £33,291 as the Provider has carried forward an underspend.

- Discussion has occurred with providers who have carried forward an underspend. Where they have already made plans prior to lockdown to spend this money it is recommended that they retain this funding. One Provider, Clarion has not made any plans to spend their carry forward money of approximately £17,500 and we are in discussion with the provider to claw this money back. The £33,291 has therefore not been taken into account for this financial review.
- Based on 537 units, £220,876 expenditure across 18 months which is the duration of the programme from October 2018 to March 2020, average expenditure equates to £274 per flat for this period and £275 per flat per annum.

#### Revised Provision:

This proposal sets out a withdrawal of the TAP fund, linking residents to the Council's other funded activities. Providers stopped all communal activities in March 2020 due to the Coronavirus Pandemic.

There is currently no other funding stream within the council that provides the same level or type of programme of activities specifically for residents in sheltered schemes. However, there are several projects funded through the Council's Local Community Fund, the Council's Loneliness Fund and through Linkage Plus run by organisations such as Age UK East London, Tower Hamlets Friends and Neighbours and St Hilda's Community Centre which also aim to reduce isolation and support older people to engage in activities. These are predominantly community based or provide one to one support. The TAP fund has allowed sheltered residents to tailor activities within their scheme based on their preferences.

Discussion with Providers have agreed areas of activity that they will provide in the absence of the TAP. These will be activities that each scheme will co-ordinate and run, some building on what the TAP has created. These activities will not directly replicate what the TAP currently provides but will mitigate the withdrawal of the TAP funding.

The implications of withdrawing the fund include a potential increase in loneliness and isolation amongst sheltered residents, a potential deterioration in resident's health and wellbeing and potential decrease in resident's sense of community within their scheme. It also will end the partnership work so far undertaken with community- based organisations such as In-Common and East London Business Alliance in developing intergenerational connections.

#### Risk and Mitigations:

Withdrawing the TAP fund could result in a less enhanced service provision in sheltered schemes. This could result in increased resident dissatisfaction and complaints to the Council. This could be mitigated by reducing the fund as opposed to withdrawing it fully. Withdrawing the TAP fund could result in a reduced level of partnership between the Authority and Registered Landlords. This could be mitigated through staff involvement and attendance at the Tower Hamlets Housing Forum. Further mitigation on both options will be through continuing discussions with providers about how they can organise alternative activities.

#### Resources and Implementation:

There are no resources required to implement this proposal.



## SAVINGS 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?	Yes	The implications of withdrawing the fund include a potential increase in loneliness and isolation amongst sheltered residents, a potential deterioration in resident's health and wellbeing and potential decrease in resident's sense of community within their scheme. It also will end the partnership work so far undertaken with community- based organisations such as In-Common and East London Business Alliance in developing intergenerational connections.
Does the change involve direct impact on front line services?	No	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
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 will be required?	<b>Yes</b>

Additional Information and Comments:
None

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Adults Transport Savings</b>		
<b>Reference:</b>	SAV / HAC 002 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Integrated Commissioning / Adult Social Care	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Darren Ingram, Service Manager, Access to Resources	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	2,328	(100)	(100)	-	(200)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

## Proposal Summary:

Adults and Children's passenger transport has been the subject of a strategic review by Grant Thornton with a number of recommendations arising from it around better utilisation of the internal transport fleet, route optimisation and savings achieved through more cost-effective external transport routes delivered via a dynamic purchasing system (DPS). It is not clear what savings have been identified as part of this work and which are apportioned to Health, Adults and Communities. Further work will need to be done to ascertain the corporate savings already identified to ensure there is no double counting.

The three main opportunity areas for savings/income generation are:

### **Re-commissioning external transport routes through the Dynamic Purchasing System**

Following a re-tender of external transport in 2018, which resulted in a greatly reduced number of providers on the framework, costs for external transport increased. Costs for Health, Adults and Communities had increased by approximately £135k since 18/19. A dynamic purchasing system (DPS) has recently been set-up to encourage greater competition and with the intention that the routes would be re-tendered to achieve better value but at this stage there are still only a handful of providers signed up to the DPS. Work is ongoing to increase the numbers but at this stage no routes have been re-commissioned through the DPS. If all routes were re-tendered and close to previous prices were achieved the savings for adults could be in the region of 10% or £80k. (this figure excludes the college routes as the proposal below is to bring them in-house if possible). This amount would likely be reduced due to inflation since those rates were commissioned. For this to be successful the DPS needs to stimulate competition.

### **De-commissioning the two Tower Hamlets College routes and bring them in-house**

The Council spends approximately 200k on external transport taking students to and from Tower Hamlets college. Previously the in-house transport service has been unable to provide transport to this group of service users as the timings clash with the SEND/school transport. It has recently been suggested that as a result of the planned new fleet being purchased which allows for improved route optimisation, these routes could be brought in-house. If possible this would mean that notice could be given to decommission those routes. There may be some increased costs for the in-house service e.g. staffing that could reduce the saving but if the routes could be brought in-house there would be potential savings. Notice on the routes would need to be given and any change would probably need to coincide with the start of a school term if not a school year and this would impact on the saving. The saving has been split the saving across two financial years based on a September 2021 change. An initial amount of £100k has been estimated.

### **Reduction in transport use through a reduction in day service attendance\***

There is work underway to review both externally commissioned and internal day service attendance with a view to reducing it, this work will potentially have an impact on transport spend. Additionally, understanding where the use of the mobility component of the DLA could be used instead of the Council funding transport could generate savings – by removing transport already provided and by avoiding future spend.

For external transport routes any routes no longer needed from the above measures would need to be decommissioned with a saving released. For internal transport routes a reduction in day service attendance would not necessarily release a saving immediately as the internal transport re-charge is effectively a block payment. It could lead to a reduction in the proportion

of the total costs being apportioned to Health, Adults and Communities, however unless those overall costs reduce then they would merely be apportioned to Children & Culture. To understand the potential savings for both external and internal transport that a reduction in day service usage would enable we would need to have information on the expected reduction. Further work is needed with those within Integrated Commissioning and Adult Social Care around this area. A nominal amount of £20k has been added to the amount proposed on the DPS savings above.

\*There is a potential overlap with this saving through the DPS.

**How does this proposal contribute to achieving the strategic priorities of the Council?**

“The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement”

**Does the proposal alter patterns of statutory provision? If so, please describe how the Council will continue to meet its statutory obligations**

No.

**What Service will this saving impact?**

Adult social care.

**Are there any staffing reductions?**

There are no direct staff reductions as a result of the savings ideas. However, a reduction in usage of transport due to a reduction of day service attendance may impact on the staff required within the transport service going forward.

**Detail any required procurement activity.**

De-commissioning of external routes as appropriate. Continued work to attract suppliers to join the DPS.

**Detail any requirements around contract renegotiations**

Discussions with the TSU are needed to ascertain if the college routes could be brought in-house.

**What stakeholder engagement is required? Any statutory consultation required?**

Statutory consultation not required. Consultation with stakeholders would likely be picked up through the day services work, the impact on transport would only arise as a result of that work.

**Risk and Mitigations:**

At this stage the main risks are:

- That the savings identified here are already accounted for in other savings proposals
- That the in-housing of the college routes does not prove to be feasible
- That the re-commissioning of the external routes through the DPS does not achieve the savings identified
- That there is an overlap in the work on re-designing day centres and the increased use of the DPS
- That the potential re-direction in the use of mobility allowance is lower than anticipated

Mitigation:

- Further work to better understand any corporate savings identified for transport
- Market engagement work to ensure increased competition for routes through the DPS
- Further links to the day centre re-modelling work
- Further work to understand the potential re mobility allowance

**Resources and Implementation:**

For in-housing the college routes work will need to take place with the transport service.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Day Opportunities - day centres redesign</b>		
<b>Reference:</b>	SAV / HAC 003 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Integrated Commissioning Ageing Well	<b>Strategic Priority Outcome:</b>	3. People access joined-up services when they need them and feel healthier and more independent
<b>Lead Officer and Post:</b>	Maria Kaustrater, Strategic Commissioning Manager	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	1,018	(252)	-	-	(252)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	24	(24)	-	-	(24)

### Proposal Summary:

Day support can be broadly defined as support and activities outside the home and during the daytime for adults who need care and support under the 2014 Care Act. This proposal is to fundamentally change day support in adult social care and, as part of this, change the configuration of in-house day centres and services. There are currently five in-house day services in Tower Hamlets and a further range of commissioned day service provision. We currently invest £7.1m in day services provision, with £1.9m in in-house provision and the remainder in commissioned services. The five in-house services are:

- Russia Lane, which provides a specialist dementia service and is based in Bethnal Green.
- Riverside Day Service, which provides day services to older people and is based on the Isle of Dogs.
- PD Day Opportunities, aimed at residents of all ages with physical disabilities and is based in Stepney.
- Pritchard's Road, for adults with mental health issues based in Bethnal Green.
- Create, for adults with a learning disability near Whitechapel.

An October 2020 Cabinet report described a new model of day support with the following changes

- 1) To have fewer day centre service buildings overall
- 2) To use day service buildings as community support hubs
- 3) To help people who need adult social care to use a bigger range of daytime activities
- 4) To support people to organise their own support through direct payments

As part of (1), we propose that Riverside Day Service for older people and the Physical Disabilities Day Opportunities Centre do not reopen, fully closing on 31<sup>st</sup> March 2021. This is in place of the proposal to merge Physical Disability Day Opportunities with Riverside Service, which was agreed by Cabinet in early 2020. We propose that Pritchard's Road Day Service for adults with mental health issues does not reopen, fully closing on 31<sup>st</sup> March 2021. This saving proposal will deliver a gross saving of £1.02m through the closure of three centres but a proportion of that saving will need to be reinvested to meet the proposals in (2), (3) and (4). Based on current assumptions the reinvestment required is expected to be £0.452m resulting in a net saving of **£0.568m**. There may be scope to consider a level of capital invested to ensure that the alternative provision for those service users who currently use PD Day Opportunities, Pritchard's Road and Riverside Day service is fit for use. The amount of capital investment will be clearer once the alternative service provision has been identified.

The MTFs already has an approved savings proposal (SAV-HAC002 / 20-21 for £316k) associated with day opportunities provision, so the additional saving to be delivered by this broader proposal is £252k.

Feedback from service users and carers on their experiences of Riverside Day Service, PD Day Opportunities and Pritchard's Road is largely really positive, and it is clear that many people value these services. In addition, a number of service users have strong ties to the service having attended for a long time (e.g. in excess of 10 years). In remodelling the service, we will work with service users and carers to identify potential alternatives; and we will support staff, service users and carers as much as possible through the change.

There are four key motivations for the proposal:

Firstly, our current approach is not fully in line with our strategic aims. These aims can be summarised as follows:

- The role of adult social care is to empower people who need support to be as independent as possible (promoting independence)
- We should be as concerned with people's strengths and the things they can contribute to society as we are with the things they need support with (strengths-based practice).
- Our society should be inclusive of people with support needs - social barriers can disable people (social model of disability)
- When it comes to support, one size does not fit all (personalisation)

Secondly, we are facing significant financial pressures that have been worsened as a result of the Covid-19 pandemic.

Thirdly, the Covid-19 pandemic has changed day support - and how we use buildings overall – since the pandemic began in March 2020. The coming months give us an opportunity to shape a new day support model that is more aligned to our strategic aims and what service users and carers want a day support model to look like in a post-Covid era.

Finally, attendance at day services prior to the pandemic was variable. There are some indications of the underutilisation of some of our in-house and commissioned services, as set out in the table below. Overall, we think this underutilisation is at least partly due to traditional day centre models being an increasingly less attractive option for people coming into adult social care for the first time and in particular, those of working age.

Centre	Capacity per day	Average daily attendance 2019-20	% of capacity	Active registered users Pre-COVID
PD Day Opportunities	15	6.5	41%	17
Riverside Centre	30	11	37%	19
Pritchard's Road	62	8	13%	52
Russia Lane	30	13.6	54.8%	25
Sundial Centre	30	12.8	42.8%	34
Sonali Gardens weekend	12	8.5	70.5%	99
Sonali Gardens weekday	40	31.9	79.8%	
Create	25	22	87%	49

As described in the October 2020 Cabinet report, we are not proposing changes to commissioned day services at this stage. However, we intend to make changes in future in line with the model being proposed here. These changes will be carried out in line with commissioning and procurement timescales.

We are not proposing to close Create day service. The October 2020 Cabinet report describes our intention that Create Day Service for adults with a learning disability reopen when it is assessed safe to do so, but that options for change be included in the planned consultation (e.g. whether we would want a cross-disability day service building that would include but not be limited to adults with a learning disability in future. That could be in the existing building or an alternative building, depending on requirements). Create is already in the process of being remodelled to one which acts more as a hub to support adults with a learning disability into employment, education or training.

We are not proposing to close Russia Lane Day Service for people with dementia and likewise intend to reopen when it is assessed as safe to do so. This is because the service provides specialist support to those with dementia, and we recognise that the needs of service users with advanced dementia are such that it would be difficult to meet these needs via community access alone. In addition, we are proposing that the service become a 'dementia hub', and we will look into whether there is demand for the service to be open later and/or on the weekend as we recognise this may be better aligned to the needs of service users and carers.

The timescales for this proposal are set out below:

Timescale	Action
October 2020	- Cabinet report describing proposed changes - Coproduction report on the future of in-house and commissioned day service provision for older people and people with a physical disability finalised.
November 2020	Public consultation launched 9 November 2020. Comprised of online and postal surveys, virtual and face-to-face meetings and individual phone calls / emails / communication.
January 2021	Public consultation ends 4 January 2021. Analysis of consultation results and evaluation of future options.
February 2021	Final report describing the outcome of the consultation and the final proposals for the future of day support in adult social care for agreement to CLT and Mayor's Advisory Board
March 2021	- Cabinet report describing the outcome of the consultation and the final proposals for the future of day support for agreement 3.3.21 - Formal consultation with staff begins - Reviews of every service user currently registered at the three services start. Reviews and support plans will explore how each individual would like their needs to be met – e.g. through a direct payment or alternative services - Formal closure of Riverside Day Service, PD Day Opportunities and Pritchard's Road day services 31.3.21

This proposal would result in the following staff being at risk of redundancy:

- Riverside has ten established posts: - 1 x Manager, 1 x Assistant Manager, 6 x Day Centre Officers, 1 x General Domestic Support and 1 x 0.75 Kitchen Domestic Support.
- PD Day Opportunities has eight established posts: - 1 x Manager, 1 x Assistant Manager, 4 x Rehabilitation Officers, 1 x Day Care Assistant and 1 x Domestic Assistant. There is also 1 x Sessional Worker (Massage Therapist) who works across three in house services.
- Pritchard's Road has six established staff and one business support role - 1 x Manager, 1 x Assistant Manager, 4 x Day Centre Officers (of which two are vacant), 1 x Business Support Officer.

Throughout the timescales and actions listed above, support will be provided to staff and to service users.

#### Revised Provision:

*Does the saving lead to new models of service delivery?* Yes.

*What are the potential benefits of these models, aside from cost savings (e.g. client resilience, greater diversity of service offer, improved access via different channels:* A more personalised and flexible service that is less building based and more community based, promoting independence and more joined up with other services while also addressing the current overprovision.

*Will the Service continue to support the same client group?* It will still support eligible residents over 65 or those with physical disabilities and those living with dementia.

*Will the Service meet similar needs for other client groups?* As above.

#### Risk and Mitigations:

Risk	Mitigation	Impact on Council
Resistance from service users/carers	Early engagement is key, the coproduction is already engaging with	Potential involvement of media and public protests

#### Resources and Implementation:

Adult social care resources will be needed to:

- Carry out consultation
- Carry out reviews
- Input / produce the final report with recommendations in March 2021

	service users and carers and good communication and more engagement will need to follow	
Resistance from unions	Early engagement and working with unions and where possible addressing any concerns	Delays could impact on realising savings
Political buy in	Early engagement with members and where possible addressing any concerns	Delays could impact on realising savings
The new service model still needs to be developed which makes it difficult to determine exact amount of savings	A speculative minimum approach to the amount of savings to be made for the commissioned services	Impact will be low as savings could potentially be higher once all the above service are absorbed into the new service model

- It is likely that some service users will strongly oppose this proposal. We will explore all options with service users and carers as part of the consultation exercise.
- Trade Union and staff resistance given the backdrop of TOWER rewards implementation
- Some service users have attended day services for a long time (e.g. in excess of 10 years) and are likely to find change challenging.
- There is a risk that the closure of day services results in an increased burden on unpaid carers. Carer needs assessments will be offered to explore and address this This is also a current, 'live' risk given that day services have been closed since the onset of the COVID-19 pandemic, which is being managed through staff support to service users at home and to carers.
- Some building-based provision will be required for those with complex needs. Service users who need building-based provision to meet their eligible needs will be able to access the alternative provision available in the borough
- A lack of appropriate accessible facilities in the wider community means some service users may be unable to use these. A lack of accessible toilets in community venues and in some alternative day provision in the borough has been flagged as a particular issue. Options to see if adaptations are needed to alternative or future provision will be looked into.
- Potential costs associated with TUPE or redundancy of staff in case of closure of in-house provisions for which the Council would have liability.

- Implement the agreed proposal

Integrated commissioning resource will be needed to:

- Support the coproduction work carried out across older people and physical disability in-house and commissioned day services
- Work with adult social care to implement changes where there are implications for commissioned day care
- Input into the final report with recommendations in March 2021

Human resources, finance, communications, SPP and PMO resource will be needed in provided advice and input into this work.



## SAVINGS 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?	Yes	The change will reduce the in-house offer, however alternative provision will be identified in the community or through alternative provision to meet eligible needs for care and support. Due to the nature of the service, this will have a particular impact on older adult social care users and social care users with a disability.
Does the change involve direct impact on front line services?	Yes	The change will impact staff, service users and carers at Riverside Day Service, PD Day Opportunities and Pritchard's Road
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	The change means that people will no longer be able to access Riverside Day Service, PD Day Opportunities and Pritchard's Road. Due to the nature of the service, this will have a particular impact on older adult social care users and social care users with a disability
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Closing a day centre will require implementing the Handling Organisational Change process which could result in up to 24 staff facing the risk of redundancy. It is unlikely that TUPE will apply given that the proposed closures would take place before a revised model for future provision is put into place.
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 will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	Integrated Commissioning staffing reductions		
<b>Reference:</b>	SAV / HAC 004 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Integrated Commissioning	<b>Strategic Priority Outcome:</b>	3. People access joined-up services when they need them and feel healthier and more independent
<b>Lead Officer and Post:</b>	Warwick Tomsett, Joint Director of Integrated Commissioning	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	3,023	(202)	-	-	(202)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE)	TBC	5	-	-	5

### Proposal Summary:

The Council and CCG, through the Tower Hamlets Together partnership have a shared vision, ambition and drive to become one of the best interconnected commissioners of provision for residents in the borough, supporting the delivery of joint planning and joint commissioning in order to ensure the best possible outcomes and maximum value for a collective investment

The design of new integrated care pathways and services requires a greater emphasis on high level strategic planning skills and knowledge and an ability to 'look across' a wider landscape; we need a structure that supports more integrated working and which reflects the need to work across organisational boundaries and commission and transform services that span health and social care. Integrated working adds complexity to the commissioning and contracting functions.

This proposal is to reduce the staffing levels within the integrated commissioning division and to create a more effective structure to ensure continued commissioning activity can take place as well as a focus on transformation in areas of adult social care commissioning.

The service began a restructure during 19/20 and carried out full consultation with staff and unions. The final structure was agreed in February 2020 but implementation has been delayed during Covid19, but will be completed during august 2020. Staff FTE reductions have primarily been met through vacant posts, and 2 requests for voluntary redundancy. The new structure has already produced and in-year (20/21) underspend with a full year savings effect in 21/22.

### Revised Provision:

Although the demand for health and social care is increasing nationally, and will do so in Tower Hamlets as elsewhere, the resources are not increasing. At the same time, the way in which health and social care is commissioned is changing – as set out in the first paper, we need to work across an increasingly complex system with a number of providers at a local and NE London level. If we are to achieve our ambition – and deliver what is expected of us – we need to adapt our ways of working.

The revised structure has created additional capacity to focus on transformation, and has amalgamated previously separate roles that focussed on contract monitoring and commissioning support.

There are a total of 35 posts across the two parts of the service have been impacted by the restructure. Out of these, 20 posts were being deleted; 15 new posts created; 13 posts retained. The FTE reduction in posts is 5.

### Risk and Mitigations:

A risk in the new structure is the reduction of capacity however this is mitigated by the re-allocation of portfolios of work to ensure an appropriate balance is maintained. This has already been put into place.

### Resources and Implementation:

None – already achieved

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	An equalities analysis was undertaken as part of the staff consultation process. No compulsory redundancies were made. There was no impact on the protected characteristics.
Does the change involve a redesign of the roles of staff?	Yes	New staff JD's were created and consulted on which aligned tasks on commissioning and contract monitoring previously held in separate roles.

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

Additional Information and Comments:
Restructure has already been implemented in line with the policies of organisational change.

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Reduction in Service, Partnership Support and Management – VAWG, Hate Crime and Community Safety Teams</b>
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<b>Reference:</b>	SAV / HAC 005 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Cultural and related services
<b>Directorate Service:</b>	Community Safety	<b>Strategic Priority Outcome:</b>	7. People live in safer neighbourhoods and anti-social behaviour is tackled
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety and Substance Misuse	<b>Lead Member and Portfolio:</b>	Cllr Asma Begum, Deputy Mayor and Cabinet Member for Community Safety, Youth and Equalities

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	973	(226)	-	-	(226)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	18	(4)	-	-	(4)

### Proposal Summary:

The proposal is to redesign the existing Community Safety, VAWG and Hate Crime team/s to expand management spans of control, create a more generic team to deliver the full range of services across the current existing different specialist areas. It is proposed the community safety service is redesigned to create management and other staffing efficiencies. None of the posts are front-line.

This will mean stopping some areas of specialist work and a reduction in partnership support for the statutory Community Safety Partnership and all the various meetings and Boards that sit below it. These are back office functions that do not directly impact on front line service delivery but have relevance for the statutory duties to be discharged by the Partnership. Whilst the CSP is a statutory Board there is no statutory requirement for the Council to lead it or provide the current level of resources to support it. The current line management responsibilities will be included within the roles of the remaining management posts to create greater spans of control and less specialisms. This also proposes reductions in VAWG and hate crime function.

### Revised Provision:

This model provides some limited support and specialist capacity to the Council. Expectations of other service areas and partner agencies will need to be managed and priority will be given to maintaining No Place For Hate Programme. Although pressure on the VAWG Service is high, we will continue to prioritise delivery of the Sanctuary Scheme and the MARAC as this provides vital services to high risk victims of Domestic Abuse.

### Risk and Mitigations:

Responsiveness of the service therefore managing expectations of partners, members and senior management.

### Resources and Implementation:

The Managing Organisational Change Procedure will need to be followed. The Head of Service can lead this work but will need HR support.

Planning for the proposed re-structure can commence this year, with savings achieved by end 21/22.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Reduction of two management posts at Grade L (PO6) and two staff posts at Grade I (PO2).
Does the change involve a redesign of the roles of staff?	Yes	All job descriptions of staff within the affected teams will need to be changed. Remaining managers will have enhanced JDs with additional line management responsibilities.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Community Safety Response Team (CSRT)</b>		
<b>Reference:</b>	SAV / HAC 006 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Cultural and related services
<b>Directorate Service:</b>	Community Safety Division	<b>Strategic Priority Outcome:</b>	7. People live in safer neighbourhoods and anti-social behaviour is tackled
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety and Substance Misuse	<b>Lead Member and Portfolio:</b>	Cllr Asma Begum, Deputy Mayor and Cabinet Member for Community Safety, Youth and Equalities

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	512	(512)	-	-	(512)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	11	(11)	-	-	(11)

**Proposal Summary:**

This proposal is for the decommissioning of the Community Safety Response Team. The service provides an on-street youth and young adult outreach service, response to critical incidents and community reassurance activity. The aim of the Service is to divert young people and marginalised young adults away from crime and ASB into positive activities.

Whilst the service has a strong safeguarding element, provision of this type of service model is non statutory. There is an element of duplication of some service provision as the Youth Service is undergoing a redesign and developing a new operating model that will provide on-street youth outreach work. This may be in the form of universal youth provision rather than specialist and targeted.

The CSRT service and staff have recently undergone a reorganisation and a new target operating model was developed over the last 2 years. Due to timing of the new service go live date and the impacts from Covid, this new service has not had the opportunity to demonstrate value for money and impact on outcomes.

This proposal also includes a saving on transport costs of £37,285 as mobile provision for the Community Safety Response Team will not be required.

There will be a reduction of 16 staff (11 FTE). Full consultation and Managing Organisational Change policy will be required to decommission this service.

**Revised Provision:**

The Youth Service are re-designing their operating model during 2020-21 and will be extending it to include detached on-street youth work this will ensure some element of provision for young people who are at risk of getting involved with crime or ASB.

No other borough has a CSRT equivalent, so this was unique to LBTH.

**Risk and Mitigations:**

The new Youth Service and operating model part filling this space on detached on-street youth work. It will not provide critical incident management and community reassurance so these elements will stop.

**Resources and Implementation:**

Timing is reliant on the Youth Service re-structure and new operating model being implemented.

Potential consultation requirements will need resourcing.

## SAVINGS 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?	Yes	There are a disproportionate number of BAME young men in the criminal justice system and caught up in violent offending and drug related crime.
Does the change reduce resources available to support vulnerable residents?	Yes	Young people and young adults who are vulnerable to victimisation, violence and drugs.
Does the change involve direct impact on front line services?	Yes	The CSRT is a front-line service, but it is not statutory.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	There are 18 members of staff (11 FTE) who will be directly impacted.
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:
Full EIA

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Royal London Hospital Violence Reduction Project</b>
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<b>Reference:</b>	SAV / HAC 007 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Cultural and related services
<b>Directorate Service:</b>	Community Safety	<b>Strategic Priority Outcome:</b>	7. People live in safer neighbourhoods and anti-social behaviour is tackled
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety and Substance Misuse	<b>Lead Member and Portfolio:</b>	Cllr Asma Begum, Deputy Mayor and Cabinet Member for Community Safety, Youth and Equalities

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	102	(102)	-	-	(102)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	2	(2)	-	-	(2)

**Proposal Summary:**

This proposes a stop in service provision and the decommissioning of this project. The project was implemented in January 2019. The Royal London Hospital violence reduction project comprises of 2 (FTE), and has a member of Council staff embedded at the hospital. This is a non-statutory service. The project engages with those who attend the hospital as victims of weapon enabled crime. The most common being knife enabled assault. It is delivered to those who do not become inpatients and are discharged back into the community and as such are at a high risk of repeat victimisation.

Stakeholder engagement will be required with the Royal London Hospital.

**Revised Provision:**

There are many good examples across London and locally in LBTH of the Voluntary Community Sector providing support to young adults and young people involved in violence.

The Royal London Hospital project has provided strong engagement with repeat victims of violence and casework however it is difficult to demonstrate preventative outcomes over this period of time. There are VCS organisations providing this service to violence victims who are admitted to the hospital and the Council together with Royal London will have to discuss next steps.

**Risk and Mitigations:**

The direction of travel and unmet need be considered in the development of the new Violence Vulnerability and Exploitation Strategy.

**Resources and Implementation:**

A resource is required to manage the Managing Organisational Change Policy and process and undertake a full EIA.



## SAVINGS 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?	Yes	There are a disproportionate number of BAME young men in the criminal justice system and caught up in violent offending both as victims and perpetrators.
Does the change reduce resources available to support vulnerable residents?	Yes	Safeguarding young people and young adults who are vulnerable to victimisation, violence and getting caught up in criminal lifestyles.
Does the change involve direct impact on front line services?	Yes	The Project provides a service to repeat victims of violence at the Royal London Hospital.
Changes to a Service		
Does the change alter who is eligible for the service?	No	Stop in service.
Does the change alter access to the service?	Yes	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	2 FTE
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Substance Misuse Service reductions</b>		
<b>Reference:</b>	SAV / HAC 008 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Public Health
<b>Directorate Service:</b>	Community Safety & Substance Misuse	<b>Strategic Priority Outcome:</b>	7. People live in safer neighbourhoods and anti-social behaviour is tackled
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety and Substance Misuse	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	7,749	(450)	-	-	(450)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	37	(5)	-	-	(5)

## Proposal Summary:

This is a high level proposal to deliver savings in 2021– 2022. The proposed savings will be achieved through a combination of actions from reorganisation of the service, contract efficiencies, stopping and reductions in service delivery. **All savings will be a saving to the Public Health Grant.** These savings will be achieved through:

1. The Residential Rehabilitation Budget is currently £450,000. Historically the number accessing residential rehabilitation has been quite low although we did see an increase in 2019-20. In the first 4 months of 2020/21, there is a committed spend of £95k, however, this is likely to be lower demand than usual due to the impact of Covid and the start of a new Reset contract. The substance misuse service through this budget line, also funded a Housing Options (HOST) worker for 1 year at a cost of £35,000 per annum. Alternative funding has now been sourced for this post from MHCLG. We propose that we reduce the Residential Rehabilitation Budget by £75,000 and discontinue the funding of the HOST post. This will achieve cashable savings of £110,000 from 2021 – 2022.
2. Stopping the Community Alcohol Project. The substance misuse budget also funds a Licensing Officer post within Environmental Health & Trading Standards. This post is currently funded as part of the approach to ‘environmental’ prevention of alcohol harms and is in line with the ambition outlined in the new Substance Misuse Strategy. The Strategy puts a stronger emphasis on the need to use ‘targeted’ and ‘selective’ prevention. We propose that we discontinue the funding of this post, this will achieve a saving of £45,000 from year 2021-22. This will require a redundancy exercise, consultation with the affected employee and the Head of Service for that area.
3. Substance Misuse Service (DAAT – Drug & Alcohol Action Team & Drug Intervention Programme) Reorganisation – The work of the service has changed significantly over recent years; case management profiles have changed and a new substance misuse strategy has been published. The Mayor’s Office for Policing & Crime (MOPAC) have undertaken a national review of the Drug Intervention Programme and published recommendations. The recent events in the Covid pandemic have highlighted areas of efficiency that could be implemented within frontline services. A service restructure is required to rebalance the workforce in line with the objectives of the Substance Misuse Strategy. The total salary budget for the service is currently £1.6m funded from Public Health Grant and London Crime Prevention Fund (LCPF) Grant. There are 37 full time equivalent staff. Initial thinking would suggest a saving of £135,000 can be achieved through reductions in service user engagement and criminal justice interventions. This would necessitate restructure, a redundancy consultation exercise and deletion of at least 3 full time equivalent posts within the Service area. These savings would not begin to be delivered until 21/22 and a full year saving may not be possible until 22/23.
4. Reset Services (substance misuse outreach, treatment and recovery support) - Contract renegotiations with current providers to achieve savings of £160,000 in year 2021-2022. Contracts have recently been let and any saving would involve a reduction in service provision which would require of service delivery.

**Risk and Mitigations:**Risks

Political risk: Drugs and drug related crime and ASB are a priority for LBTH. The Mayor through his manifesto has committed to spend £8m on drug interventions. Any savings made via the substance misuse budget may be interpreted as a 'disinvestment' in tackling drugs and alcohol issues and associated crime and disorder issues in LBTH. This may be mitigated if substitute spend into public health grant contributes to this priority.

Clinical risk: The budget for residential treatment services has consistently been underspent in recent years. To reflect this, a saving of £170,000 was made in 2019-20 (2019-20); funds from this budget were also used to fund a worker within homelessness. Whilst it is anticipated that the budget following the savings proposed will be sufficient based upon recent activity, this activity has been artificially lowered by the impact of Covid-19 and the commencement of a new Reset contract. This level of reduction in budget may mean that access to residential rehabilitation may have to be limited in the future. Caseloads in the treatment service are currently higher than recommended. Any reduction in resource for these contracts would ultimately result in a treatment service with a capped number of service users. This would have a direct impact on drugs issues across the borough. [Benchmark size of our service – significantly larger?]

Service delivery risk: Any restructure of the DAAT will lead to a reduction in capacity. This will risk reduced retention / engagement of substance misusing offenders in treatment, potentially leading to increases in drug / alcohol related crime and ASB.

It is likely that any savings made via provider contract negotiation will require the providers to deliver a reduction in staffing numbers and reduced service delivery. New contracts have recently been let after a long period of consultation and procurement. Any revision to these contracts would need to be negotiated carefully and will ultimately result in reduced access to treatment or a reduced menu of treatment provision.

Any MOPAC funded projects are agreed in detail and may not be altered without the permission of MOPAC

Impact on project and Tower Hamlets Council

Drugs and alcohol related crime and ASB are of significant concern to Tower Hamlets residents and the effectiveness of drug treatment in preventing crime is well evidenced. There are approximately 3244 Opiate and Crack users in treatment in Tower Hamlets, the highest prevalence rate in London. Average rates of alcohol consumption across Tower Hamlets are relatively low due to a large proportion of the population who do not drink though significant harm is caused and experienced by the proportion of the population who drink dependently. Drug and alcohol misuse are known contributors to crime, anti-social behaviour, increases the risk of domestic violence and adverse childhood experiences.

The funds invested in drug /alcohol treatment are invested to minimise the health, social and financial impacts of continuing substance misuse. Any saving realised through the proposals put forward would need to be subject to consultation with partners and stakeholders and a full equality impact and crime and disorder impact assessment.

The Tower Hamlets Drug and Alcohol Strategy 2020 – 2025 was published last year. Any savings need to be considered in the context of this Strategy as to what services will be reduced or unable to be delivered.

**Resources and Implementation:**Resources need

Support would be needed from both the HR and Finance Business Partners and to redesign the service.

## SAVINGS 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?	Yes	Substance misuse correlates closely with particular demographics and reduced resources is likely to impact upon those groups that do not currently engage well – namely female, LGBT and certain ethnicities. However the majority of savings proposed are relatively low risk.
Does the change reduce resources available to support vulnerable residents?	Yes	Substance misuse correlates closely with particular demographics and reduced resources is likely to impact upon those groups that do not currently engage well – namely female, LGBT and certain ethnicities. However the majority of savings proposed are relatively low risk.
Does the change involve direct impact on front line services?	Yes	Resource reduction across all options will reduce frontline capacity.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	Yes	Proposals one and five could begin to limit eligibility, particularly for residential services and it will be important to ensure that needs are still met.
Does the change alter access to the service?	Yes	Residents will be expected to undertake more community treatment options before residential services are funded and access to residential services may be capped. Community services will also risk being capped to maintain safe clinical caseloads.
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	
Does the change involve a redesign of the roles of staff?	Yes	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Mainstreaming Communities Driving Change</b>		
<b>Reference:</b>	SAV / HAC 009 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Public Health
<b>Directorate Service:</b>	Public Health	<b>Strategic Priority Outcome:</b>	9. The Council is open and transparent putting residents at the heart of everything we do
<b>Lead Officer and Post:</b>	Somen Banerjee, Director of Public Health	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	742	(371)	(371)	-	(742)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

## Proposal Summary:

The Communities Driving Change (CDC) programme is commissioned on a locality level from four voluntary sector organisations or social enterprises to improve health and wellbeing in 12 localities in the borough. Over the past three years it has exemplified coproduction approaches, development of social capital and been genuinely resident driven change.

Participants have reported positive shifts in health and wellbeing based on validated measures from the Tower Hamlets Together I Statement frameworks. The evaluation concludes that the programme has effectively served to build shared understanding of 'place', 'safety' and 'belonging' in residents. Focus group work with residents around the next phase of CDC has identified four themes of focus – practical support, community involvement, information needs and self-development.

While CDC has delivered positive outcomes it is proposed not to recommission the programme when it ends in Oct 2021 and to focus on embedding the Communities Drive Change approach into our mainstream services to ensure the benefits of co-production with residents are delivered and that the Council continues to address the wider social determinants of health. The current contract value is 750k and the four contracts expire in October 2021.

- *Do other Services within the Council provide support for this client group and will these continue?*  
The programme works around expressed needs of people in deprived neighbourhoods around community opportunities, cohesion, security, open space, children and young people, cleanliness and communications and it therefore links into a range of council services. The ambition is to extend this approach to other council programmes to seek to embed coproduction in targeted way to address health inequalities in a long term, scaled up way that is deeply based on a strong evidence based theory of change and a strong evaluation framework
- *Is there precedent for withdrawal of similar services in Tower Hamlets or elsewhere?*  
These programmes have typically funded by time limited grants (external, internal) and this has been a disincentive for communities to engage
- *If so, how has the community adapted over the short and medium term?*  
The time limited nature of grant funding has been problematic in the context of an approach to coproduction that needs time, trust and long term commitment as well as the space to learn and innovate
- *Have we learnt from/ adopted/ adapted best practice from these examples?*  
The best practice and learning is that short term time limited external grant funding had limited long term impact and long term more secure approaches are needed
- *Is there voluntary sector or community capacity available or under development in Tower Hamlets to help former service users adapt?*  
The Voluntary Sector Strategy is being reviewed

**Risk and Mitigations:**

*What will the major risks on the project be?  
Substantial disruption of resident led initiatives that have been developed or are in development with loss of social capital that will be difficult to recover*

*What are the possible mitigation strategies?  
Option 2 – Framing substitutions from General Fund relating to community development as a better model*

*The risks may be reputational as if not framed in the right way the proposal may signal less commitment to coproduction and community development. Decommissioning the service may have significant risks as it would be likely to end resident driven programmes for which there is strong community ownership and penetration within community networks*

*Likely to end resident driven programmes.*

**Resources and Implementation:**

Building the proposal will require time for the review and development of the new model. This could be a partnership between public health and SPP.

There will also need to be procurement resource (procurement, public health)

## SAVINGS 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?	Yes	The programme focusses on the most deprived neighbourhoods in the borough so by definition it will reduce available resources across all protected characteristics – particularly economic deprivation, ethnicity, disabilities, gender  This applies potentially to option one but definitely to option two
Does the change reduce resources available to support vulnerable residents?	Yes	As above
Does the change involve direct impact on front line services?	No	This is a commissioned service
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	Option 2 would end the programme
Does the change alter access to the service?	Yes	In the sense that there may be less or no resource to support resident driven initiatives through the CDC programme
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	The change in staff will relate to the commissioned organisations
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Adult healthy lives services locality based model</b>				
<b>Reference:</b>	SAV / HAC 010 / 21-22	<b>Savings Type:</b>	Service transformation		
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Public Health		
<b>Directorate Service:</b>	Public Health	<b>Strategic Priority Outcome:</b>	3. People access joined-up services when they need them and feel healthier and more independent		
<b>Lead Officer and Post:</b>	Somen Banerjee, Director of Public Health	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing		

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	942	(70)	(72)	-	(142)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

## Proposal Summary:

The overall expenditure relating to vascular disease prevention programmes is 942k – this is in the context of a borough with amongst the highest levels of diabetes and premature mortality from vascular disease in London. This covers expenditure around addressing risk factors for vascular disease: smoking, poor diet, low physical activity and obesity (smoking cessation, healthy check and obesity services).

Adult healthy lifestyles are an area of considerable innovation nationally with the emergence of individualised self-care, digital approaches and social media enabled peer support. At the same time, these approaches will not suit everyone (both in terms of preference but also digital exclusion/poverty).

These services remain important. Whilst segments of the population have resources to support their health and wellbeing (e.g. stop smoking devices, weight management programmes, private gyms) there are others for whom this will be a challenge due to factors such as time, finance and motivation.

It is proposed to review public health provision of these services to ensure that they those benefiting from them are those who need them most (both in terms of risk and barriers to addressing them).

The vision is a coproduced, locality-based model that integrates more effectively with existing local assets and provides a more joined up local offer to residents (particularly those at highest risk of lifestyle risk factors conditions such as heart disease, diabetes, lung cancer, chronic lung conditions, musculoskeletal conditions and common mental health conditions )

This model would strengthen the role of community/primary care based workers (primary care teams, community navigators, social prescribers, care navigators) in promoting physical activity, healthy eating and positive mental health and also align better with a 'Communities Driving Change' approach.

It would also link closely with the healthy lifestyles offer of the information and advice services that is currently being commissioned  
The programme will require developing a deeper insight into healthy lifestyles of those with the greatest vascular risk, new locality models of provision (including digital approaches) and better segmentation to tailor approaches to different population subgroups.

Examples of new approaches would include:

- Digital approaches to stopping smoking
- Digital health checks where this is the right approach for an individual
- Online groups to support weight management
- More resident driven activities involving those groups that are most sedentary (e.g. walking groups, badminton, swimming)
- Better promotion of local assets (through the Information and Advice portal/service)



It is proposed to recommission at a lower overall programme cost of £800k and for the use of the £142k saving to include General Fund programmes that link into this agenda (e.g. walking, cycling and leisure services). This proposal will therefore result in a General Fund saving within Culture & Leisure services (currently being confirmed with the Children & Culture Directorate).

#### Revised Provision:

Service Continuity: Following implementation of the saving, please describe how the Service taking the saving will continue:

- Does the saving lead to new models of service delivery? Yes
- What are the potential benefits of these models, aside from cost savings (e.g. client resilience, greater diversity of service offer, improved access via different channels) – greater diversity of provision based on expressed needs of high need population
- Will the Service continue to support the same client group? – to some extent, although greater targeting may impact on who uses these services
- Will the Service meet similar needs for other client groups? – potentially, through better targeting (e.g. men typically underutilise these services)

#### Risk and Mitigations:

What will the major risks on the project be?

Disruption of existing successful services (smoking cessation and health checks)  
Unclear what the provider market will look like post COVID

What will their impact be on the project and Tower Hamlets Council?

May impact on outcomes initially  
There may be delays if procurement is not successful

What are the possible mitigation strategies?

Supplier engagement  
If unable to complete successful procurement, could negotiate with existing providers at lower cost

Quantify the risk if possible, i.e. if the risk materialises the saving will reduce by £x.  
Risk likely to be short term and minimal

#### Resources and Implementation:

What are the resources needed to build up the proposal?

Existing public health resource

Is feasibility work required?

Yes – will need to do options review

What needs to happen for implementation? Timeline and activities required by month.

Sep 20 – Dec 20 – review of existing models  
(need to develop timelines in light of existing contract breaks etc).

## SAVINGS 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?	Yes	Potentially reduced resource as smoking cessation, poor diet, low physical activity linked to most protected characteristics
Does the change reduce resources available to support vulnerable residents?	Yes	As above
Does the change involve direct impact on front line services?	No	Impacts on frontline commissioned services (but not frontline council services)
Changes to a Service		
Does the change alter who is eligible for the service?	No	Not directly as not planning eligibility change
Does the change alter access to the service?	Yes	The purpose would be to promote access to those who need the services most
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>0-5 Specialist Community Public Health Nursing (Health Visiting) – in contract efficiency saving</b>				
<b>Reference:</b>	SAV / HAC 011 / 21-22	<b>Savings Type:</b>	Procurement		
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Public Health		
<b>Directorate Service:</b>	Public Health	<b>Strategic Priority Outcome:</b>	3. People access joined-up services when they need them and feel healthier and more independent		
<b>Lead Officer and Post:</b>	Somen Banerjee, Director of Public Health	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing		

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	7,050	(100)	-	-	(100)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

**Proposal Summary:**

**0-5 Specialist Community Public Health Nursing** is a universal service supporting the wellbeing of young children and families. Elements of the service are mandated under Public Health Regulations.

The current contract runs for 5 years and it is currently in year 2 of the contracted period.

The contract value is 7.05m (the service includes health visiting and family nurse partnership).

It is proposed to apply a saving of 100k per annum to the service based on feasible 20/21 savings on operational aspects of the service (reduction of premises costs, and other aspects of operational non staff budgets)

In addition, the service will be part of the review of early years and early help services.

**Risk and Mitigations:**

*What will the major risks on the project be? Impact of service delivery – not anticipated*

*What will their impact be on the project and Tower Hamlets Council? Savings not achieved – low risk*

*What are the possible mitigation strategies? Discussion with provider (these are under way)*

*Quantify the risk if possible, i.e. if the risk materialises the saving will reduce by £x. – up to 100k*

**Resources and Implementation:**

*What are the resources needed to build up the proposal?*  
None specifically – existing resources are available.

*Is feasibility work required?*  
Review with provider - not anticipated

*What needs to happen for implementation? Timeline and activities required by month.*  
Discussion with provider to agree the timetable for implementation.

## SAVINGS 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	Efficiency saving
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	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Young People's Wellbeing Service – recommissioning savings</b>		
<b>Reference:</b>	SAV / HAC 012 / 21-22	<b>Savings Type:</b>	Procurement
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Public Health
<b>Directorate Service:</b>	Public Health	<b>Strategic Priority Outcome:</b>	3. People access joined-up services when they need them and feel healthier and more independent
<b>Lead Officer and Post:</b>	Somen Banerjee, Director of Public Health	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	700	(18)	(52)	-	(70)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

## Proposal Summary:

The young people's wellbeing service (Safe East) is a commissioned service that provides integrated support focusing on sexual health and substance misuse in under 18 year olds. The current contract value is £700k per annum and the contract ends in December 2021. The service engages with 3,300 under 18 year olds per annum delivering medical and non medical interventions to address substance misuse or sexual health issues and promote wellbeing.

It is proposed to recommission at £630k per annum, a reduction of 10% in the contract value – this follows on from evaluation of the service in the initial two years of implementation and identification of opportunities to make efficiency savings.

- There are opportunities for aligning commissioning with other strategic development linked to this programme (these may enable efficiencies through better integration)
- Born Well Growing Well (a workstream which is part of Tower Hamlets Together) has a priority focus on coordination of commissioning around adolescent health (e.g. CAMHS – child and adolescent mental health)
  - A pilot of a more holistic model of care for young people (delivery of primary care and other services including Safe East) in the Spotlight Youth Centre

This proposal continues levels of provision to provide integrated services supporting the wellbeing of children and adolescents but at a lower cost. Open access to sexual health services is a mandatory condition of the Public Health Grant and this proposal does not change this access. Stakeholder engagement will be carried out to inform the design of the new commissioning model.

## Revised Provision:

Based on evaluation, wholesale service transformation is not proposed but changes to specification will be made based on evaluation and service consultation and alignment with related commissioning (e.g. CAMHS). The new commissioning is expected to drive further integration including more focus on digital approaches and mental health.

## Risk and Mitigations:

Risk of failure to re-commission the service within a lower cost envelope and extension of contract may make savings less possible.

Mitigation involves market development and insight.

## Resources and Implementation:

No additional resources required – deliverable within existing commissioning resources.

Dec 20 – March 21 – stakeholder engagement, new specification  
March 21 – Dec 21 – procurement process

## SAVINGS 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	These are primarily efficiency savings
Does the change reduce resources available to support vulnerable residents?	Yes	Specific differential impact on protected characteristics is not expected
Does the change involve direct impact on front line services?	Yes	Commissioned service
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	Not council staff
Does the change involve a redesign of the roles of staff?	No	Not council staff

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Hostels and Substance Misuse</b>		
<b>Reference:</b>	SAV / HAC 013 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Integrated Commissioning	<b>Strategic Priority Outcome:</b>	3. People access joined-up services when they need them and feel healthier and more independent
<b>Lead Officer and Post:</b>	Warwick Tomsett, Joint Director Integrated Commissioning	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	4,872	-	-	(100)	(100)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:
<p>The council currently spends £4.872m per annum on accommodation based and floating support services for vulnerable residents who are experiencing, or have experienced, homelessness and rough sleeping. The services currently commissioned include support in seven hostels in the borough, providing a total of 450 bed spaces and a floating support service that engaged with circa 350 people during 2018-19, providing a range of different support types. None of these services are required by statute, although they do support the delivery of a range of statutory duties relating to homelessness as well as potentially reducing demand for adult social care and substance misuse services.</p> <p>An existing MTFs saving for Hackney Road hostel will deliver a reduction in spend of £468k in 2021-22, and a reduction in the floating support service of £250k. The remaining hostels provision will still serve 420 residents, and the floating support service a further 175 residents.</p> <p>In addition, MHCLG will provide funding for four years for 30 residents in the Hackney Road hostel post April 2021, as part of the Council's ongoing support to rough sleepers housed during the first wave of Covid-19.</p> <p>The hostels support people with an increasing level of complex needs including substance misuse and mental health needs, which require further additional support services. The substance misuse services are largely funded through the Public Health Grant, to the value of £6.165m (total PH funding for DAAT £7.1m).</p> <p>Given the financial situation of the Council, consideration needs to be given as to whether further reductions can be made to the hostels provision and the substance misuse support available, at the same time ensuring positive outcomes for residents and service users.</p> <p>A saving in the range of £100k to £500k across both areas of spend is proposed at this point.</p> <p>A benchmarking exercise found that Tower Hamlets has the second highest number of commissioned hostel bed spaces among the six inner London boroughs benchmarked against (Newham, Tower Hamlets, Westminster, Camden, Lambeth and Hackney). Tower Hamlets currently has 450 hostel bed spaces, second only to Westminster which has 652. Neighbouring Hackney has 200 and Newham has 163. Tower Hamlets spends circa 20% of the Public Health Grant on substance misuse services compared to an average of 18% across London.</p>

**Revised Provision:**

Further work will be needed to explore the possible options, taking into account the range of provision available across health and social care. Options to be explored include maximising the use of other support services, seeking external funding from GLA and MHCLG and a reduction in overall provision.

Significant engagement with a range of stakeholders would be required to manage the change successfully and in a way that minimised the impact on service users.

**Risk and Mitigations:**

A key risk relates to the additional demand on homelessness services as a result of the response to Covid-19, and the interdependency with the housing support strategy that is currently being drafted as the Council's longer term support. Consideration will need to be given to how a change or reduction in service provision will impact on this strategy.

Given the complexity of the individuals using the current services, it is not possible to quantify the cost that this proposal will create for adult social care and community safety. However, it is anticipated that there will be some adverse impact.

**Resources and Implementation:**



## SAVINGS 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?	Yes	Reduction of resources such as number of bed spaces would impact on some of the most vulnerable people in the borough. In particular, in relation to age and disability. Many hostel residents are ageing; a number have no potential to recover and move into the private rental or Council housing accommodation. The majority of hostel residents also have a range of disabilities ranging from mental health and cognitive problems to mobility issues and long-term conditions. Hostel residents are of very diverse backgrounds so there also could be an impact on race/ethnic background. Depending on the reduction, it could impact on sex as there is one dedicated hostel for vulnerable women and two others also provide spaces for women in mixed hostels. A reduction in resources could reduce the availability of supported accommodation and support for all those who can move on and live independently.
Does the change reduce resources available to support vulnerable residents?	Yes	See above.
Does the change involve direct impact on front line services?	Yes	Depending on the changes, it could reduce the availability of frontline services by reducing the availability of beds in hostels and medium term supported accommodation for homeless people and also could impact on the number of support staff and funding available.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
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 will be required?	<b>Yes</b>

Additional Information and Comments:
As the proposal does not include many details at this point, a future equality impact assessment would help to determine the impact on equality once more details are available.

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Review Telecare Model</b>		
<b>Reference:</b>	SAV / HAC 014 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Adult Social Care
<b>Directorate Service:</b>	Adult Social Care	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Claudia Brown, Divisional Director, Adult Social Care	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Redesign Service Model	632	(71)	(71)	-	(142)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	15	(2) vacancies	Yes per business case	-	TBC

## Proposal Summary:

This proposal impacts the Telecare service which administers the council's community alarm service within the Borough. The service operates 24/7, 365 days a year, providing a range of front-line support and prevention technology enabled care solutions aimed at supporting vulnerable adults to remain living safely and more independently in their own homes or in other supported living settings. The service works closely with various stakeholders including Children's Social Care, Adult Social Care, The Emergency Services, the NHS, and Housing Providers amongst others. The service currently operates as a no-charge service to the user. It is noted that funding of £362k is provided to the council through the Better Care Fund (BCF) provision of the service to support independent living and prevent hospital admissions.

The current model provides an end to end service from initial referral or enquiry, through to installation and ongoing monitoring and provision of a visiting response. The team also provide an independent contact service for Adult and Children's out of hours calls providing a welfare visits service.

### Key Service Data

No of monitored users	3408
No of calls to the service - 2019	85,097
No. of visits to users - 2019	3,116
No. of installations - 2019	1,041

The key elements of the service can be broken down as follows:

- **Referral Triage**
- **Installation and Maintenance** of equipment (incl. procurement, sourcing and storage)
- **Monitoring/Call handling** – Responding to client calls
- **Response** - Visiting users to provide support

It is proposed to proceed with a review of the current service model alongside a broader review of efficiencies in the service. This will deliver 71k in 2021/22 and a further 71k in the following year – 142k total. The team has identified small scale efficiencies in ways of working which may allow a level of budget reduction without an impact on service. We are also looking at alternative options for call handling in line to achieve the remainder of the savings.

## Redesign of the Current Service Model

This focuses on the redesign of the current service operating model to shape it towards service rationalisation where distinct elements can be moved to alternative specialist service provision to reduce cost, e.g. a specialist call handling service provider. The savings have been modelled on transferring the call handling (Monitoring element), based on assumptions for current costs with savings of £71k realised in year 1, with £71k year 2 following an organisation restructure.

### Revised Provision:

#### Redesign of Current Service Model

- At this time, the service operates as a generic delivery model, reflected within the current budget provision. All elements of service provision are managed through a rota whereby all staff undertake all activities. Call handling, visits and installations are three different elements of the service and currently 13 FTE, work generically on a rota undertaking all aspects, doubling up in out of hours provision.
- This operating model does not enable separation of the current elements of the service to enable redesign or rationalisation to reduce costs. Therefore this includes redesign of the current service model, to shape the service for moving distinct elements to alternative service provision to reduce cost. The savings have been based on the reduction in cost of the Call Handling/Monitoring element if outsourced to a specialist service provider, based on number of clients and current FTE costs. Therefore, an organisation restructure would be required to realise the savings and this has been reflected in the timing of savings release.
- A fully co-ordinated, consistent high quality and innovative service is required. This option requires a technology and systems review to evaluate the marketplace and determine the best technology available to provide the service and business cases to evaluate. The service initiated an Action Plan in November 2019 with workstreams to focus on best practice quality activities in addition to review of technology, system upgrades and the Referral process and following a pause due to Covid-19, this will now be initiated.
- Service elements to be reviewed to optimise automation wherever possible to reduce demand. Discrete parts of the service can then be provided by specialist service provision, so for example, call handling monitoring can be considered for transfer to the council's corporate contact centre for delivery if the savings can compare favourably to external provision and out of hours service can be built into this model. The requirement is to use our systems to provide a seamless service to the client – still enabling flexibility for the visiting response to be provided in-house if necessary.

Service Continuity: Following implementation of the saving, the service will continue to operate with the same outcomes, supporting the same client group, however under a new service delivery model. Depending on the appraised option there will be adjustments required to the organisation design and staffing levels, that will deliver measurable benefits and savings. Stakeholder engagement will be required to ensure effective communication and Consultation process with customers and stakeholders will be required as part of any new approach to service delivery, including service users, Children's Social Care, Adult Social Care, The Emergency Services, the NHS, and Housing Providers amongst others.

The potential benefits of a revised model aside from cost savings are expected to include:

- Increase confidence in the service and ability to remain independent in the home.
- Ability to measure outcomes related to target preventative measures, such as reduction in A&E admissions, hospital beds etc.
- Ability to target key initiatives such as reablement, preventing falls and admissions to hospitals and care homes.
- Opportunity to align to Tower Hamlets customer target operational model to optimise synergies with corporate customer contact standards.
- Provide more choice to customers.
- Improve measurable performance outcomes.

**Risk and Mitigations:**

<b>Risk</b>	<b>Impact</b>	<b>Mitigation Strategy</b>
A shared delivery model with another council, is frustrated by differing requirements and individual objectives and could be abandoned.	Extensive work and resource/stakeholder engagement, legal costs could be incurred alongside the savings target will not be achieved.	Very clear requirements/objectives to be defined at the outset with a readiness for change assessment undertaken for identified parties to enable checkpoint decisions.
Lack of staff engagement, availability alongside business as usual and resistance to change.	The timeline for process reviews/redesign and data collection will be extended and impact project milestones.	Resource effort to be determined at project planning stage to ensure transparency. Internal communications an integral element of the project. Comms strategy and plan with regular staff briefings.
Business and CPMO project resource availability constraints to support the service review required.	Delays to timelines to achieve milestones and level of savings to be realised reduced.	Project resource planning will be developed and agreed through the project governance stage.
Impact of Covid-19 and restrictions on activities requiring completion.	Delays to taking forward project activities and ability to engage with all stakeholders, delaying realisation of savings.	The project will be run within the council's project management governance framework including change control process.

**Resources and Implementation:**

Business Analysis resource working alongside service operations representative lead will be required to develop the proposal and undertake necessary feasibility work. Implementation will require a project manager to undertake governance.

## SAVINGS 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?	Yes	The change may reduce the level of resources required to operate the service, however the outcomes for vulnerable residents should not be impacted. Consideration will specifically be taken to mitigate impact on customers with protected characteristics that use the service including age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity.
Does the change involve direct impact on front line services?	Yes	The change may directly impact front line service provision as the approach to fulfilment is expected to change with the Implementation of a new service delivery model. The impacts of this will be assessed and actions taken to mitigate risks to service delivery and performance. The guiding principle will always be to ensure a seamless service for the customer wherever possible.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	A full EQIA will be undertaken at the commencement of the project and throughout the course to identify impacts to staff groups.
Does the change involve a redesign of the roles of staff?	Yes	Yes – with the introduction of a revised operating model, it is expected that roles and responsibilities may be subject to change.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	Health E1 Homeless Drug and Alcohol Service (RHDAS)		
<b>Reference:</b>	SAV / HAC 015 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Health, Adults & Community	<b>Savings Service Area:</b>	Public Health
<b>Directorate Service:</b>	Community Safety & Substance Misuse	<b>Strategic Priority Outcome:</b>	7. People live in safer neighbourhoods and anti-social behaviour is tackled
<b>Lead Officer and Post:</b>	Ann Corbett, Divisional Director, Community Safety	<b>Lead Member and Portfolio:</b>	Cllr Rachel Blake, Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	122	(102)	-	-	(102)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	-	-	-	-	-

**Proposal Summary:**

The Health E1 primary care contract is delivered by the East London Foundation Trust (ELFT). The Health E1 Homeless Drug and Alcohol Service (RHDAS) contract is managed by the Drug Alcohol Action Team (DAAT). The existing contract was awarded to ELFT on 1st January 2017 and will expire on 31st December 2020. This proposal is to discontinue this service provision on the contract end date subject to a three-month notice period to allow a safe transfer of care. This will realise a saving of £101,667. This saving will be to the Public Health Grant.

RHDAS provides drug and alcohol treatment interventions to Health E1 registered practice population with identified substance misuse needs. The nature of this cohort means many are vulnerable individuals with complex needs and co-morbidities, who are challenging to engage and resistant to access mainstream substance misuse treatment services.

**Revised Provision:**

In the previous twelve-month period, RHDAS delivered their service to 87 service users. Access to treatment for this cohort post contract end will be via the generic treatment pathway. The DAAT has recently applied to PH England for a grant from the Rough Sleeping Drug and Alcohol Treatment grant 2020/21. The grant will fund an enhanced pathway into treatment and recovery for this complex cohort and in part mitigates some of the impact. This would include specific assertive outreach, peer support and care coordination, as well as 'ring fenced' clinical support through Non Medical prescribers and Psychology. Further work will be needed to look for further savings in the spend on substance misuse and identify alternative pathways of support through existing services.

**Risk and Mitigations:**

Transition and continuation of care within the generic Reset Treatment System. The RHDAS cohort are one of the most complex and vulnerable service users cohorts who access substance misuse treatment. They are at high risk of harm including risk of drug/alcohol related death. The transfer of these service users will need to be carefully overseen by the treatment provider ensuring that individuals are safeguarded, transitioned successfully and retained in treatment.

RHDAS Equalities impact  
Women within this cohort have specific needs such as child care and maternity requirements, physical/sexual abuse, prostitution, sexual/mental health and stigmatisation. These could form barriers to women accessing treatment. In order to mitigate against these barriers, the Reset Enhanced Rough Sleeping Pathway, if the bid successful, has a specific women's rough sleeping navigator to ensure the cohort is supported.

**Resources and Implementation:**

## SAVINGS 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?	Yes	Women within this cohort often face multiple disadvantage and have specific needs such as child care and maternity requirements, physical/sexual abuse, prostitution, sexual/mental health and stigmatisation. These could form barriers to women accessing treatment. In order to mitigate against these barriers, the Reset Enhanced Rough Sleeping Pathway, if the bid successful, has a specific women's rough sleeping navigator to ensure there is a gender informed approach, this vulnerable cohort is supported and risks mitigated.
Does the change reduce resources available to support vulnerable residents?	Yes	
Does the change involve direct impact on front line services?	No	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>New unattended CCTV cameras</b>		
<b>Reference:</b>	SAV / PLA 001 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Highways and transport
<b>Directorate Service:</b>	Parking, Mobility & Markets Services	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Michael Darby, Head of Parking & Mobility Services	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	(11,500)	(218)	-	-	(218)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

**Proposal Summary:**

It is proposed to introduce six new unattended CCTV enforcement cameras at various locations around the borough as part of an invest to save scheme. We have already purchase two from last years budget and these will be installed shortly. It is estimated that the remaining four cameras will require c84k capital investment but will generate income of around £218,400 for the issuance of just 70 PCNs per week over the course of a year. It should be noted that this is a conservative estimate.

The introduction of these cameras will also improve road safety by enforcing against illegal turns and other moving traffic offences by motorists, help protect the smooth running of the Bus Lane from Isle of Dogs to Poplar and thus improve compliance by motorists. Some sites are already operational by way of our CCTV car, however having an unattended camera in situ will mean a 24hr operation thus improved compliance through the issuance of CCTV tickets.

It is hoped to procure these cameras through both RFQ (Request for quote) and a contract soon to be procured.

There is no statutory consultation required for the implementation of these cameras and no requirement for any new site to be advertised providing adequate signage is in place.

**Risk and Mitigations:**

*What will the major risks on the project be?*  
Delays with getting the necessary permission to deploy the cameras.

*What will their impact be on the project and Tower Hamlets Council?*  
The saving target will not be realised.

*What are the possible mitigation strategies?*  
Divisional director to ensure there is buy in from Highways department.

*Quantify the risk if possible:*  
if the risk materialises the saving will reduce by £134k.

**Resources and Implementation:**

*What are the resources needed to build up the proposal?*  
Officers within Parking Services need to procure the cameras and ensure that some site surveys are carried out by Siemens Ltd.

*Is feasibility work required?*  
A survey needs to be carried out for each site in order to deploy an unattended camera.

*What needs to happen for implementation? Timeline and activities required by month.*  
Sep, order the cameras and site surveys. Oct/Nov receive cameras and arrange deployment. Nov/Dec. Commence enforcement using the unattended cameras.



## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Change of fleet diesel supply</b>
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<b>Reference:</b>	SAV / PLA 002 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Fleet	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Philip Dodds, Interim Fleet Operations Manager	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	240	(20)	-	-	(20)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

## Proposal Summary:

Currently the waste service refuels their vehicles using a fuelling facility at the Blackwall Transport Complex with diesel fuel being delivered in bulk. All other departments of the Council excluding contract services (who use the contingency tank at Toby Lane) refuel their diesel vehicles using fuel cards. This includes passenger services whom share the site at Blackwall with waste. Currently £240,000 is forecast to be spent on fuel (excluding waste and contract services in 2020/21). The price of using the fuel cards is significantly more than using the tank at Blackwall. The current price of the fuel card is pump price minus VAT, which at present is between 91p and £1 a litre. The current price of diesel in the bulk tank at Blackwall is 79p per litre, up to 21p per litre less. Even assuming a more modest price difference of 11p per litre, and only assuming passenger services is the only department to abandon fuel card usage, approximately £20,000.00 per annum could be saved. There are some logistical challenges to moving all of the Council to fuelling at Blackwall, but moving the second biggest fleet, Passenger services to fuelling at Blackwall would be achievable with a significant saving.

## Risk and Mitigations:

There is a risk that the fuel tank may run out of fuel if there is disruption to deliveries or the fuelling equipment may fail, however there is a contingency fuel tank at Blackwall and another at Toby Lane. Levels in the main tank will not be allowed to drop below a certain level to ensure the best chance of supplies being maintained. Fleet will keep two fuel cards as a contingency.

## Resources and Implementation:

A bulk delivery of fuel needs to be ordered on more regular occasion.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
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 will be required?	<b>No</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Environmental Service Team - increased enforcement activity to target fly tipping</b>
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<b>Reference:</b>	SAV / PLA 003 / 21-22	<b>Savings Type:</b>	Income generation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Choose an item. Environmental and regulatory services
<b>Directorate Service:</b>	Public Realm	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Richard Williams, Head of Operational Services	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	(75)	-	(20)	(20)	(40)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

<b>Proposal Summary:</b>
<p>Recently restructured Street Care and Commercial Waste Enforcement Teams were merged to become the Environmental Services Team at the beginning of January 2020.</p> <p>This proposal focuses on the need for additional enforcement action to target illegal waste disposal, estimated to cost the council approx. £1million per year in disposal and collection charges. Pre-covid 19 this was significant problem with the use of £400 fpn's agreed as an effective way to drive compliance.</p> <p>This proposal relates to increased enforcement activity to help target illegal waste in 2020/21 and additional activity year on year. Given focus on business recovery and growth this proposal reflects additional enforcement income from 2022-23.</p> <p>2020/21 – £75,000                  2021/22 – £75,000                  2022/23 - £95,000 – This equates approx. 238 x £400 FPN's for fly tipping per year, or approximately 20 per month across our team of 16 Environmental Services Officers and team leaders                  2023/24 - £115,000</p> <p>(waiting on note on approx. FPN's each year for context)</p>

<b>Risk and Mitigations:</b>
<ul style="list-style-type: none"> <li>▪ Lower compliance from businesses resulting in higher costs of collecting and disposing of illegal waste</li> <li>▪ Poor local environment</li> <li>▪ Reduced support to investigating complaints due to poor service delivery</li> <li>▪ Inability to task graffiti clearance and implement proposals to generate income from clearing graffiti</li> <li>▪ Inability to meet statutory requirements</li> </ul>

<b>Resources and Implementation:</b>
<p>Approach savings in a phased manner with annual reviews</p>

## SAVINGS 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	Will help with improving service delivery by reducing amount of fly tipping to be cleared
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	Recycling Improvement and Engagement Officer post		
<b>Reference:</b>	SAV / PLA 004 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Planning and development services
<b>Directorate Service:</b>	Operational Services, Public Realm	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Catherine Cooke, Environmental Services Improvement Team Leader	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	47	(47)	-	-	(47)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	5	(1)	-	-	(1)

**Proposal Summary:**

The Recycling Improvement and Engagement Team was set up in 2019/20 to provide dedicated resource to effecting behaviour change amongst residents in Tower Hamlets in order to achieve greater levels of waste minimisation, waste reuse and recycling following the loss of the Veolia recycling engagement team as a result of contract change. Cost centre 53134 has a budget provision of £233,000 for salaries

The team currently consists of five posts:

- 1 x Team Leader @ PO3
- 1 x Community Engagement Co-ordinator @ PO2
- 3 x Engagement Officers @ PO1

On creation of the team, recruitment of temporary staff was undertaken due to the pending Operational Services restructure. These posts may have been filled through this restructure via assimilation or through competitive recruitment to staff within Operational Services.

The conclusion of the Operational Services restructure has resulted in only one post being filled via assimilation, the post of Community Engagement Co-ordinator. Four posts remain either filled by agency staff or are vacant.

Recruitment processes have already commenced for the Team Leader post and for the three Engagement Officers posts. It is recommended to progress the recruitment of the Team Leader as anticipated. In addition, it is recommended to progress the recruitment to two Engagement Officer posts and offer one Engagement Officer post (at PO1 grade) as an ongoing saving.

The proposal will deliver a saving on salaries of £46,700 and a staffing reduction of one FTE employee.

**Risk and Mitigations:**

The risks associated with this saving proposal are:

- Reduction in capacity to roll out the flats recycling package (which is part of the Estates Recycling Improvement Project)

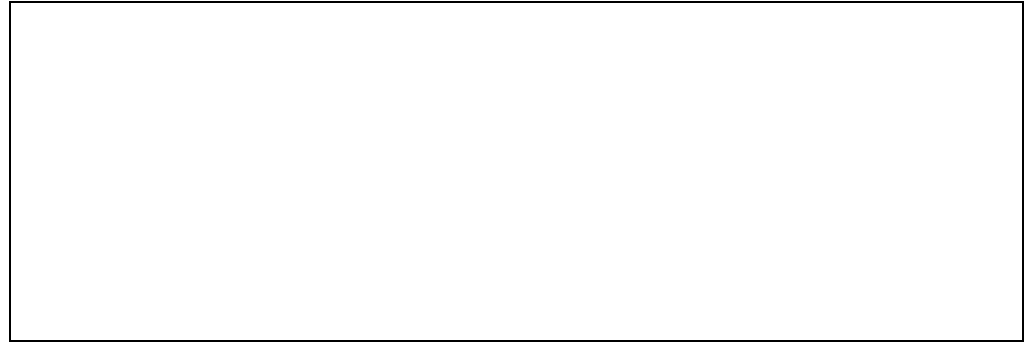
**Resources and Implementation:**

There are no resources needed to implement this proposal and no feasibility work is required. The post is currently vacant and the number of appointees from the recruitment process can be reduced by one to leave the post vacant to deliver the saving.

- Reduction in capacity to deliver behavioural change activities linked to the achievement of aspirations and objectives in the council's Waste Strategy and Reduction and Recycling Plan
- Reduction in capacity to deliver range of service improvement design
- Reduction in capacity to effect behaviour change to deliver an improvement in the council's recycling rate.

Possible mitigation strategies

- Other officers within the Environmental Services Teams are drawn in to provide capacity and support for the delivery of the overall behaviour change programme and service improvement design



## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	The post is vacant and so there is no direct impact on any of the protected characteristics identified in the Equalities Act
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:



# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Sustainable Development Team efficiencies</b>		
<b>Reference:</b>	SAV / PLA 005 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Housing (General Fund)
<b>Directorate Service:</b>	Housing & Regeneration	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Abdul Khan, Service Manager, Sustainability & Private Sector Housing	<b>Lead Member and Portfolio:</b>	Cllr Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	770	(69)	-	-	(69)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	12	(1)	-	-	(1)

## Proposal Summary:

There is a current vacancy in the Sustainable Development Team with a funding available £45,760 for the vacant post. This post can be deleted without having any impact on delivery of services as the work can be shared amongst the remaining staff.

The Sustainable Development Team also have a budget of £40,528 for supplies and services which is primarily used for the funding of studies and development of evidence base. Through the carbon fund, the team generate some income which can now fund these studies and evidence base; therefore it is possible to propose a saving of £25,000 without having any impact on the delivery of services, providing a total saving of £70,760.

The DFG team consists of three staff; 1 x SO2 and 2 x PO3. They manage £2m worth of grants per year. They undertake the survey work, grant eligibility assessments, tenders, engaging with contractors and payment of grants. There is still a need for strengthening this team which was transferred as a result of the SPP restructure. One post within the DFG team needs to be regraded to take on a principal role as supervision needs to be strengthened given amount of grant that is handled. The regrading would be 1 x PO3 to PO4 = £3,901.

This report is proposing a **total savings of £68,859.**

## Risk and Mitigations:

*What will the major risks on the project be?*  
No risk

*What will their impact be on the project and Tower Hamlets Council?*  
No Impact

*What are the possible mitigation strategies?*  
*Quantify the risk if possible, i.e. if the risk materialises the saving will reduce by £x.*  
No risk

## Resources and Implementation:

*What are the resources needed to build up the proposal?*  
No resources required

*Is feasibility work required?*  
No

*What needs to happen for implementation? Timeline and activities required by month.*  
Implementation can go ahead

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	It's a current vacant post
Does the change involve a redesign of the roles of staff?	Yes	Some staff taking on additional duties

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>New Town Hall revenue savings</b>		
<b>Reference:</b>	SAV / PLA 006 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Property & Major Projects	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Yasmin Ali, Project Director, Town Hall	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	TBC	-	-	(3,446)	(3,446)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

## Proposal Summary:

The council's move to the new town hall at Whitechapel in 2022 will generate substantial revenue savings from 2022/23 onwards. The completion of the project will be Spring 2022 when we will start a phased occupation of the site.

Currently, we envisage to move ground floor services into the new town hall first, which will release savings of £225,480 from the closure of Albert Jacob House. The remaining building closures will not release savings until 2023/24.

The full year savings will be realised by 2023/24 when the lease of Mulberry Place expires saving the council £3,445,588 a year. This includes **estimated** running costs of the new Town Hall of £1,620,000.

Saving area	£
Mulberry Place – Rental pa	4,000,000
Mulberry Place running costs (including Compass House) (13,828.8m2)	829,728
Albert Jacob House running costs (3,758 m2) – <i>Expected to be delivered in 2022</i>	225,480
John Onslow House running costs (3,931 m2)	235,860
<b>Total</b>	<b>5,291,068</b>
An estimated reduction needs to be applied for the projected running costs for new Town Hall (27,000 m2)	<b>(1,620,000)</b>
<b>Overall saving for all three buildings</b>	<b>3,671,068</b>
<b>Savings for 2022/23</b>	<b>225,480</b>
<b>Savings for 2023/24</b>	<b>3,445,588</b>

All running costs based on £60 per square metre benchmarking that was referenced in the Cabinet June 2017 report.

**Risk and Mitigations:**

The risk to the savings in 2022/23 is that the project is not delivered on time and therefore we are not able to close Albert Jacob House first as planned in 2022.

We are working directly with Bouygues UK our appointed building contractor and our employers agent, T&T, to mitigate all risks within the project and keep to the project programme.

If there is slippage to the programme, the savings will be delivered in 2023.

**Resources and Implementation:**

There are no further resources required for the implementation of these savings as they will be worked on by the Town Hall project team.

## SAVINGS 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	
<b>Changes to Eligibility</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	
<b>Summary:</b>		
To be completed at the end of completing the Screening Tool.		
Based on the Screening Tool, will a full EA will be required?	<b>No</b>	
<b>Additional Information and Comments:</b>		

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	Removal of two vacant Workshop posts		
<b>Reference:</b>	SAV / PLA 007 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Workshop	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Philip Dodds, Interim Fleet Operations Manager	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	316	(94)	-	-	(94)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	2	(2)	-	-	(2)

## Proposal Summary:

Within the workshop salaries budget there is funding which has not been used during the last few years as the right person has not been attracted to the role and the role has been covered by other posts within the Fleet and Workshop functions. Going forwards with the changes to the Council's fleet and by making the workshop work more efficiently, these post could be deleted resulting in saving of £93,510 per annum

Post	Vacant Post Description	Budget
C020300266	Vehicle Technician	£39,100.00
C020300305	Workshop Team Manager	£54,410.00
	<b>£93,510.00</b>	

The forecast for the workshop for 20/21 has been adjusted to show the post as not being covered.

The roles being offered as a saving will have no impact on service delivery, as the workshop services are currently delivered without the team manager post, and reduced workloads will allow reduction of 1 vehicle technician post.

## Risk and Mitigations:

There are no immediate risks as the restructuring of work means that the workshop can function with a minimum of four skilled technicians, there will be four still in place after this change. However, if the workload in the workshop was to significantly rise, the number of technicians in the workshop would need to be reviewed.

## Resources and Implementation:

No additional resources are required as the work of the workshop team manager post is currently covered by the Fleet Manager.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	There are currently six full time skilled technicians working in the workshop, two of the six are agency members of staff as described above. With the work in the workshop being restructured there is only a need for three to four technicians moving forward.
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Green Team deletion of Graduate post</b>		
<b>Reference:</b>	SAV / PLA 008 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Cultural and related services
<b>Directorate Service:</b>	Green Team	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Michael Hime, Green Team Manager	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	35	(35)	-	-	(35)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	1	(1)	-	-	(1)

### Proposal Summary:

It is proposed to remove funding for a graduate post which has not been used during the last two years as we have had difficulty attracting the right person into that role. There is an option that this post could be deleted resulting in an additional saving of £34,900per annum

This funding was utilised for an apprentice fitter for some time however since the Fitter role has been vacant since the retirement of the post holder the Green Team have opted to contract out repairs to machinery. This post has since remained vacant as the Green Team have been unable to offer a role within their department suitable for a graduate

### Risk and Mitigations:

There are no risks that need to be mitigated by this proposal as the post has not been filled for some time.

### Resources and Implementation:

No additional resources are required to implement this saving.



## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Transformational review of the Homelessness service</b>		
<b>Reference:</b>	SAV / PLA 009 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Housing (General Fund)
<b>Directorate Service:</b>	Housing options	<b>Strategic Priority Outcome:</b>	6. People live in good quality and affordable homes and neighbourhoods
<b>Lead Officer and Post:</b>	Karen Swift, Divisional Director, Housing & Regeneration	<b>Lead Member and Portfolio:</b>	Cllr Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	34,537	-	(250)	(1,750)	(2,000)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	-	-	-	-

**Proposal Summary:**

The Homelessness Reduction Act (HRA) 2018 places a statutory duty on the Council to prevent homelessness (the Prevention Duty) and to give relief to those already homeless (the Relief Duty). The council has more to do in order to increase its performance in preventing homelessness not only for the benefit of those affected by to reduce the use of expensive temporary accommodation. Since April 2018 the number of people requiring temporary accommodation has increased 28%(14% for families). While the council has invested in property acquisitions and a buy-back programme, this is a short-term mitigation and is unsustainable as a long-term solution

- Future central government funding (Flexible Homelessness Support Grant) is uncertain and the fact the council can only claim back Housing Benefit through the subsidy scheme at 90% of 2011 LHA rates, means the amount received in subsidy is lower than that paid in benefits. Taking the subsidy position into account, the homelessness service is overspending its budgets by c£2m. It would be overspending more if the budget was not being topped up by income from rents from buybacks and MHCLG grant.

It is proposed to transform the council's homelessness services to encourage earlier intervention coupled with greater use of the private rented sector to find alternative homes for singles and families where it will help them to avoid being made homeless. Alongside this the service will increase income collection rates and reduce the use of costly temporary accommodation. It is anticipated that a savings target in the vicinity of £2m with temporary invest to save costs (project team) in proportion to savings delivered would be realistic over the three-year period. Increased prevention will not occur without investment in staffing capacity and preventative tools. This proposal would require significant 'invest to save' funding to enable the transformation necessary to reduce the structural overspend. Not transforming the service will be a lost opportunity to embed a preventative service approach to homelessness in line with our statutory HRA responsibilities as well as to realise the resulting savings from a reduction in TA. Ongoing poor prevention outcomes could affect the Council's future central government funding for homelessness since this is predicated on good prevention outcomes. In our meetings with MHCLG, our prevention rates are repeatedly pointed out.

**Risk and Mitigations:**

Funding is available for the investment required to develop and implement the T.A. reduction strategy

The Council is able to secure the required amounts of PRS within the market

There is a political will to enable the Housing Options service to make necessary policy changes to increase homeless prevention and decrease the use of temporary accommodation.

T.A. numbers do not continue to increase exponentially as this would reduce the saving available

**Resources and Implementation:**

A time limited project is required to deliver service transformation over three years, requiring additional investment in fixed term staff. Funding needs to be secured for this team, with the flexible homelessness support grant reserve balance being proposed.

The Housing Options service will need to work closely with procurement and also Capital Letters to secure the requisite levels of accommodation and are dependent on resources being made available

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Restructure of Directorate Management Systems (DMS) &amp; Technical Support Team (TST)</b>		
<b>Reference:</b>	SAV / PLA 010 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Planning and development services
<b>Directorate Service:</b>	Planning & Building Control	<b>Strategic Priority Outcome:</b>	6. People live in good quality and affordable homes and neighbourhoods
<b>Lead Officer and Post:</b>	Jennifer Peters, Divisional Director, Planning and Building Control	<b>Lead Member and Portfolio:</b>	Cllr Eve McQuillan & Cllr Mufeedah Bustin, Cabinet Member for Planning and Social Inclusion

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	TBC	(328)	-	-	(328)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	TBC	(1)	-	-	(1)

## Proposal Summary:

The Directorate Management Systems (DMS) & Technical Support Team (TST) process business planning and building control activity and guiding applications through our processes, for example administering operational functions when readying homes and other properties to be occupied such as Local Land Charge (LLC) searches and Street Naming & Numbering (SN&N).

In reviewing DMS there is an opportunity to introduce closer working with TST as they have closely related aspects of process.

Further opportunities have also emerged from improvements made through investment in digitising key processes in the wider P&BC Division over the last 18 months. For example, the processing of a planning application is now fully digital. No paper files are used, or paper printed off. Less administration and speedier processes.

The restructure proposal presents a new service which retains its statutory functions and offers the support needed to the whole Division, establishing new working structures that should also enable the Division to accommodate and compete for business internally and externally in the future. It begins to set in place structures that should enable us to adapt quickly, retain and accelerate performance in an environment where new national systems for planning and building control are being devised.

The proposal would result in x1 net FTE reduction. However, a total of 23 posts will be deleted with 25 posts needing a new job description so the proposal is a substantial recasting of two service areas.

## Revised Provision:

The new **Divisional Support Service** will remain integrated with the Planning & Building Control division as its services are vital to underpin the wider divisional offer but the roles of most of the staff will have changed and expanded with many consequently having new responsibilities. The service will continue to offer the same functions to its users which range from residents to the professional planning and building control and construction industry.

- The proposal will also establish a new *Commercial & Digital Innovation Unit* building on the existing staff expertise in this area to work with ICT and other services to co-ordinate and deliver work across the division and with partners such as the GLA and other Councils to test and potentially introduce Artificial Intelligence (AI) robotics to the assessment of very straightforward planning and other processes. This Unit would also offer some capacity to lead the set up and delivery of processes to commercialise our offer.

### Risk and Mitigations:

#### Key Risks:

- Co-vid and the income base for funding

It is currently difficult to establish a pattern which can help with projecting the financial impact, if at all, of co-vid on the various income streams that underpin this proposal (from planning, building control, local land charges and street naming and numbering). This proposal places some further pressure, considered manageable in a business as usual environment, on these income streams. Any specific amount of shortfall is unknown at this time and may not transpire. It is not considered likely that the overall project would not then be deliverable but clearly with significant calls on income at this time it is a potential risk.

#### Mitigation

Close financial management at service, divisional and corporate level will continue to monitor carefully these income sources and track service income. Planning, SN&N and LLC are currently monopoly service providers, but BC is operating in a trading environment and so its income is open to competition and more risky. An increase in economic health and construction activity though will most likely feed through to all of these income streams quickly and with multiple income streams it will enable some adjustment to be made between them. If overall income levels are significantly threatened a suite of measures would be proportionately adopted from spending and recruitment freezes to further staff reductions.

### Resources and Implementation:

Implementation would be led from within the service. No resources are needed to build up the proposal, however the process will rely on strong support at key times in the process from Human Resources. No feasibility work is needed and the proposal could be delivered following the corporate consultation document requirements by the end of March 2021 in line with adoption for 2021-22.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Reduction of 1 FTE
Does the change involve a redesign of the roles of staff?	Yes	The proposal involves a restructure some posts will be deleted, and other job roles redesigned.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Waste Services Reorganisation</b>		
<b>Reference:</b>	SAV / PLA 011 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Environmental and regulatory services
<b>Directorate Service:</b>	Public Realm – Waste Services	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Dan Jones – Divisional Director Public Realm	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings
Budget (£000)	2,000	(100)	(100)		(200)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	Approx. 40	TBC (part year)	TBC (full year)		TBC

### Proposal Summary:

Following the insourcing of the Waste Service from Veolia in March 2019 it is proposed to reorganise the management and staff structure of the Waste and Environment service teams to create a more efficient and effective service. This will be achieved by merging the previous in-client management function and local environment management teams with supervisory and management functions of the waste operations teams to create a single Waste and Environment Management function. The proposal will deliver circa £200k of savings dependant on the level of staffing reductions.

### Risk and Mitigations:

The major risks will be:

- Initial reduction in ability of LBTH to react to environmental and waste related issues as the new structure beds in.
- Reduction in responsiveness to Cllr and Mayoral enquiries due to changes in structure and responsibilities
- Reduction in environmental standards, waste collection service

#### Mitigation:

The reorganisation will not commence until 2021/22, at which time it is expected that the waste collection and street cleansing services will be fully integrated into the council and performing at a higher standard, therefore reducing the likelihood and impact of any drop in supervisory and environmental management action.

A properly resourced and planned restructure, engaging with staff and unions early to manage the process and any redundancies.

Clear vision and communication plan with staff, elected members and residents and businesses.

### Resources and Implementation:

The leadership and management of the restructure will be managed by Public Realm staff. Support will be required from HR, Finance and Comms.

## SAVINGS PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

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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	Change to the way the waste services are managed – no change to actual front line services.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	NO	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Normal restructuring/change management process will be followed
Does the change involve a redesign of the roles of staff?	Yes	Normal change management processes will be followed

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

Additional Information and Comments:



# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Growth service rationalisation and efficiencies</b>		
<b>Reference:</b>	SAV / PLA 012 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Planning and development services
<b>Directorate Service:</b>	Growth and Economic Development	<b>Strategic Priority Outcome:</b>	4. Inequality is reduced and people feel that they fairly share the benefits from growth
<b>Lead Officer and Post:</b>	Vicky Clark, Divisional Director, Growth and Economic Development	<b>Lead Member and Portfolio:</b>	Cllr Motin Uz-Zaman, Cabinet Member for Work and Economic Growth

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	847	(162)	-	-	(162)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	17	(5)	-	-	(5)

## Proposal Summary:

Staff savings: PO6, PO4, 2 x PO2, PO1 - total saving £275k - £162k General Fund, £113k s106 funded posts.

This proposal rationalises the Growth Service, reshaping it to respond to new challenges and opportunities created by the COVID 19 crisis, and the renewed emphasis on community wealth building in the Work and Economic Growth Portfolio. It refocuses the work of the High Streets and Town Centres team specifically on Town Centre management in support of retail revival and new ways of trading and merges the Enterprise and New Business Growth teams into a single team focused on supporting economic survival and growth, adapting to the challenges of distancing and the opportunities created by the rapid adoption of remote working technology.

The proposal responds to the need for savings across the Council but also supports Strategic Priority Outcome 4: Inequality is reduced and people feel that they fairly share the benefits from growth. The COVID 19 crisis has increased the economic vulnerability of our least skilled and prosperous residents and threatened the viability of our more marginal businesses. At the same time it has created increased demand for some products and services, and accelerated changes in business practice and the demand for and use of business space.

Current structures were designed with reference to the pre-COVID economy:

Enterprise support focused on micro-SME formation

Business growth was founded on the creation and management of new commercial space.

High street and town centre initiatives were seeking ways to drive new traffic to our more neglected/ failing neighbourhood centres

The revised structure refocuses town centre work on active management to restore trading confidence and capacity in our key centres and directs other resource toward practical support and strategic interventions which will encourage individual TH businesses and the wider local economy to “pivot”, with a focus on inclusive practices such as local recruitment and procurement. Micro SME start up support will be retained, acknowledging that some newly-redundant residents may choose a self-employment route.

The crisis has also highlighted the important contribution that businesses of all sizes make to our community, and the newly created role of “Business Friendly Tower Hamlets Officer” aims to build on that recognition, consolidate improvements in relationships and drive future collaboration.

The new delivery model entails streamlined management arrangements, more focused use of resources, greater collaboration with internal colleagues (developing partnerships formed in response to the crisis), increased digitalisation of services and more emphasis on commissioning. This means that fewer staff are required to deliver provision and it is proposed to delete a total of five posts.

In order that the redesigned service can continue to deliver meaningful support to businesses it will draw on earmarked S106 reserves to supplement resources and capacity. A revised, streamlined process for accessing these funds is required to enable timely response on COVID related business needs as they arise (e.g. supporting a particular neighbourhood or sector to respond to and recover from localised lockdowns).

It is important to note that not all of these posts are currently GF funded, with a proportion of costs met through High Street improvement capital funds and others by Section 106 earmarked for Enterprise support. This notwithstanding these proposals will reduce GED's call on GF, and free up more discretionary funds for the delivery of projects and support to local businesses.

The Growth team does not have any statutory functions and no statutory consultation is required. The redesign has been informed by the increased level of dialogue with local businesses and traders which has taken place during the current crisis.

#### **Risk and Mitigations:**

##### **Risks:**

- Service restructure required and procedure means savings cannot be realised quickly.
- Potential reputational damage to the council in being seen to reduce services at a crucial time.
- Staff redundancies

##### **Mitigations:**

Work with HR colleagues to facilitate an honest and efficient process – there is positive precedent from a previous service restructure  
Reputational risk will be mitigated by demonstrating the relevance and value of the new service offer

#### **Resources and Implementation:**

- Management and HR time.
- Timeline to be developed.

## SAVINGS 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	Changes will focus support on our SME community, particularly the parts of that community most impacted by the COVID 19 crisis. Many of these smaller businesses will be led by women or people from BAME backgrounds, as distinct from the boroughs' larger firms.
Does the change reduce resources available to support vulnerable residents?	No	See above
Does the change involve direct impact on front line services?	No	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	The change may influence the focus of investment in our high streets and town centres
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	This change involves a reduction of five team members  The team includes a high proportion of staff with protected characteristics so there is likely to be some impact
Does the change involve a redesign of the roles of staff?	Yes	A number of the remaining roles will be redesigned although neither working patterns and locations or grades are expected to change significantly

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Employment &amp; Skills Service transformation</b>		
<b>Reference:</b>	SAV / PLA 013 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Growth & Economic Development – Employment & Skills	<b>Strategic Priority Outcome:</b>	1. People access a range of education, training, and employment opportunities
<b>Lead Officer and Post:</b>	Aelswith Frayne, Head of Employment & Skills	<b>Lead Member and Portfolio:</b>	Cllr Motin Uz-Zaman, Cabinet Member for Work and Economic Growth

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	2,353	(257)	-	-	(257)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	56	(12.6)	-	-	(12.6)

## Proposal Summary:

The Employment and Skills Service includes WorkPath, Supported Employment and the (statutory) Careers Young WorkPath services. The proposal is to create a General Fund (GF) saving by:

- Reducing delivery in areas that show the least return on investment – Employer Engagement volume recruitment
- Redesign delivery where outcomes are very positive but level of spend is unsustainable – Supported Employment Programmes (paid work experience and training)
- Redesign other areas where we perform best to further increase levels of personal development and resilience amongst clients – Information, Advice and Guidance (IAG) service, and ESOL, Sector ESOL and Functional Skills delivery.
- Maximising delivery of statutory responsibilities by reorganising the Careers Young WorkPath structure and maximising income from bought in schools careers provision.

The service will:

- Continue to prioritise those with a range of barriers, offering targeted support
- Concentrate only on key sectors with a proven and enduring demand for staff, and where Local Authority-led programmes can add value: Construction, health and social care
- Expand delivery through remote working to reach a wider audience and ensure continued support despite distancing and potential second wave lockdown
- Utilise external recruitment and job brokerage routes where partners are more agile
- Increase Digital access to maximise impact of the above:
  - o Rollout of broadband and devices to priority neighbourhoods and households, supported by partners (EECF, Letta Trust, Poplar Harca)
  - o Deliver tablet/device lending scheme
- Apprenticeships:
  - o Maximise use of levy transfer to partners to support the VCS and businesses seeking to maximise productivity by driving up skills
  - o Deliver more pre-entry courses to maximise access
  - o Lobby for increased flexibility on levy spending

The proposed saving relates specifically to GF and an assumption that MPG will no longer be available to fund delivery of current Supported Employment programmes. The proposals will require draw down of S106 and the maximisation of external income to deliver the redesigned Supported Employment offer. S106 funds are available and funding proposals will be submitted.

The proposals are motivated by the need to work smarter in order to deliver to a wider audience and with diminishing resources. Proposals have also been influenced by the exponential increase in remote working and online learning forced by the C-19 lockdown. Rather than seeing this as a negative the service hopes to harness the crisis as a catalyst for positive change. This will entail some investment in key areas such as digital access and inclusion, web development and corralling of online resources, but work is already underway with partners to deliver this as cost effectively as possible, and the assumption is that any investment will be funded from S106 relevant to the delivery of and access to training and skills.

The overall strategic priority of “enabling people to access a range of education, training and employment opportunities” will remain, but the emphasis will shift from directly delivered job outcomes to the delivery of personal progression and resilience outcomes. Having said that, an on-going analysis is indicating that IAG and CYWP functions currently deliver the majority of existing outcomes for Employment & Skills and this delivery will continue alongside a greater focus on referral and joint working with JCP, VCS and private recruitment agencies to deliver volume outcomes for the borough. Outcome projections are being developed based on emerging labour market data and will be included in proposals as they develop.

Proposed staffing reductions: 12.6 FTEs.

Some procurement/investment may be required:

- Partnership contribution to digital access project led by EECF – pilot phase contribution £20k
- Tablet/device lending project in partnership with Idea Stores and Adult Learning - £50k-£100k depending on scope. ESF funds being sought to reduce pressure on S106
- Particular resources for web development and online careers and mentoring support, but the majority of resources will be harnessed from partners already engaged. Partners include UEL, QMU, Bright Network. Additional cost not yet known.
- Sector specific training – cost will be minimised as efforts focus on supporting access to existing training.

Any procurement will be funded from S106 or external funds and subject to approval. A revised, streamlined process for drawing down earmarked S106 in support of project activity will be essential to support an appropriate and timely response to residents’ employment and skills needs as they emerge and evolve throughout the COVID crisis.

HR guidance will be followed in implementing a review of the service and the proposed job losses. All stakeholder engagements/consultations with staff and unions will be undertaken in consultation with and under the guidance of HR Business Partner.

#### Risk and Mitigations:

Risks:

- Service restructure required and procedure means savings cannot be realised quickly.
- Potential reputational damage to the council in being seen to reduce services at a crucial time.
- Staff redundancies

Mitigations are highlighted in the narrative above in terms of embracing remote working and blended learning to maximise the reach of services; harnessing partner resources; focusing on areas of delivery with highest returns. In addition, we are proposing to co-locate from June the JCP 18-25 Hub with WorkPath to ensure we best support this particularly vulnerable group in the wake of C19.

#### Resources and Implementation:

- Management and HR time.
- Timeline to be developed.

## SAVINGS 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	No. The changes are meant to ensure that this risk is minimised. Resources will continue to be directed to support those furthest from the labour market and this is the area of delivery that already demonstrates the best outcomes. Additional areas of work with strategic partners will seek to support social mobility by expanding careers support and access to work experience and internships.
Does the change reduce resources available to support vulnerable residents?	Yes	The changes are meant to ensure that this risk is minimised. Resources will continue to be directed to support those furthest from the labour market and this is the area of delivery that already demonstrates the best outcomes. Additional areas of work with strategic partners will seek to support social mobility by expanding careers support and access to work experience and internships.
Does the change involve direct impact on front line services?	Yes	Yes, the changes impact the delivery of direct job brokerage services for job ready clients, but evidence indicates this is not the most effective use of resources to support residents most in need and can be better undertaken by strategic partners such as JCP, VCS and private recruitment agencies.
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	No, over 80% of clients come through the IAG service which delivers holistic interventions to address multiple barriers to work and build resilience. This service will remain fully in place whilst other measures are developed to better support and refer those more job ready.
Does the change alter access to the service?	Yes	The plans seek to increase access to the service by making better use of modern and smarter ways of working.
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Yes, the changes will involve what is currently estimated to be a reduction of 12.6 FTEs. Two of these posts are currently vacant due to resignations and deliberate recruitment drag, and a further one is vacant due to a secondment until November 2020. Any secondees, and staff on sick or maternity leave will be fully engaged in consultations.
Does the change involve a redesign of the roles of staff?	Yes	Yes, it involves a redesign of some roles within the Supported Employment Team - 9 FTEs. The biggest change will be moving away from delivery of paid work experience placements to a model that focuses purely upon career guidance, training, internships, apprenticeships, job outcomes and progression. Concentrating only on key sectors with a proven and enduring demand for staff, and where LA-led programmes can add value: Construction, health and social care.

Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Performance and Value service transformation</b>		
<b>Reference:</b>	SAV / PLA 014 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Planning and development services
<b>Directorate Service:</b>	Growth and Economic Development	<b>Strategic Priority Outcome:</b>	1. People access a range of education, training, and employment opportunities
<b>Lead Officer and Post:</b>	Vicky Clark, Divisional Director, Growth and Economic Development	<b>Lead Member and Portfolio:</b>	Cllr Motin Uz-Zaman, Cabinet Member for Work and Economic Growth

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	378	(200)	-	-	(200)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	6	(3)	-	-	(3)

**Revised Provision:**

Staff savings: LP07, 2xPO4

The main function of the Performance and Value arm of Growth and Economic Development has been to ensure our internal and external reporting obligations are being met, relating to Employment, Enterprise and Business support. There has been a shift in how large-scale, externally funded employment programmes are delivered, moving away from Borough level brokerages to borough partnership commissioning meaning there is a minimised requirement in supplying managed data externally. Internally our Strategy, Policy and Performance (SPP) colleagues have taken up several elements that had previously been deemed functions of the Performance and Value team creating duplication. The introduction of newer technology has also meant previously more resource intensive aspects have been reduced.

Performance and Value currently consists of;

- Performance and Value Manger – LP07
- Economic Benefits Manager – P04 (Vacant)
- Economic Benefits Officer – P01
- Service Tracking and Monitoring Manager – P05
- Service Tracking and Monitoring Officer – S02
- Partnership Coordinator – P04

It is proposed that the Performance and Value Manager, Economic Benefits Manager and Partnerships Coordinator roles be deleted for the reasons outlined above and have outlived their original purpose.

Service Tracking and Monitoring team to remain in a supportive role for Employment and Skills Service responding to data requests from SPP and support with the implementation of the new service CRM system, roles to be reassessed 2021/22 once CRM capabilities have been realised.

Economics Benefit Officer role to remain but JD and grade to be reassessed to reflect outward facing elements of the role, representing the council in relation to inception meetings and periodic performance meetings with developers and contractors relating to Section 106 obligations. This role may potentially sit better within the Growth Service.

### Risk and Mitigations:

#### Risks:

- Service restructure required and procedure means savings cannot be realised quickly.
- Potential reputational damage to the council in being seen to reduce services at a crucial time.
- Staff redundancies

#### Mitigations:

- Work with HR colleagues to facilitate an honest and efficient process – there is positive precedent from a previous service restructure
- Reputational risk will be mitigated by demonstrating the relevance and value of the new service offer

### Resources and Implementation:

- Management and HR time.
- Timeline to be developed.



## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	3x FTE, one of which has been vacant since June.
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Reduction in Facilities Management Team &amp; Realignment of Postal Services</b>		
<b>Reference:</b>	SAV / PLA 015 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Property and Major Projects	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Sam Brown, Head of Facilities Management	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	176	(176)	-	-	(176)
Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	4	(4)	-	-	(4)

**Proposal Summary:**

The revenue code for Facilities Management (28000) is required to fund staff salaries and other costs associated with the delivery of the service i.e. training expenses, transport & vehicle costs, parking permits, software, consultancy, uniforms.

The Facilities Management & Post & Logistics staffing structure has been reviewed and we are providing an annual saving of £176,000. This has been achieved by deleting 4 FTE posts on the structure that were vacant. We have achieved this by re-aligning the staff establishment map and deleting vacant posts that were no longer required in the structure.

**Risk and Mitigations:**

What will the major risks on the project be?

- No Major risks

What will their impact be on the project and Tower Hamlets Council?

- There will be no impact on Tower hamlets Council as this was part of an establishment map re-alignment of staff.

What are the possible mitigation strategies?

- Not Required.

Quantify the risk if possible, i.e. if the risk materialises the saving will reduce by £x.

- Not Required as no risk identified.

**Resources and Implementation:**

What are the resources needed to build up the proposal?

- No Resources Required
- 

Is feasibility work required?

- No not required.

What needs to happen for implementation?

- Timeline and activities required by month.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	N/A – posts proposed for deletion are currently vacant
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>More sustainable planting methods - reprofiling of existing savings Parks Review</b>
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<b>Reference:</b>	SAV / PLA 016 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Cultural and related services
<b>Directorate Service:</b>	Green Team	<b>Strategic Priority Outcome:</b>	5. People live in a borough that is clean and green
<b>Lead Officer and Post:</b>	Michael Hime, Green Team Manager	<b>Lead Member and Portfolio:</b>	Cllr Dan Tomlinson & Cllr Asma Islam, Cabinet Member for Environment and Public Realm

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	20	(20)	20	-	-

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

### Proposal Summary:

As part of the park review the Green Team have moved some plant beds to more sustainable methods of planting that also meet the aims of the council's local biodiversity action plan. This change not only has a benefit to the sustainability of the borough's parks but also achieves a saving.

This proposal is part of an existing 300k saving for parks scheduled for delivery in 2022/23. However, the delivery of this part of the saving could be delivered early

### Risk and Mitigations:

Some loss of amenity value in parks. This can be mitigated by an increase in sustainable planting mitigating the need for seasonal bedding thus enhancing the sustainability of Tower Hamlets parks

### Resources and Implementation:

No Additional resources are required to implement this saving.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Business Support Phase 2 – Additional efficiencies in Business Support staffing</b>		
<b>Reference:</b>	SAV / RES 001 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Business Support	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Steven Tinkler, Interim Head of Business Support	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	1,665	(324)	-	-	(324)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	46.4	(8)	-	-	(8)

**Proposal Summary:**

The objective of the Business Support review was to deliver ongoing responsive, consistent and professional support services, to be delivered in two distinct phases. Phase 1 which saw the creation and centralisation of defined in scope services involving circa 275 FTE has been delivered. Phase 2 however now concentrates on considering:

- The impacts of previous ‘in-flight’ business support reviews e.g. customer access, centralisation of assessments and income generation;
- The impact of changes in operational service areas due to service transformation / restructuring and the investment in new technology / system changes e.g. Mosaic; and
- Any new in-scope areas that were deemed out of scope of Phase 1.

It is considered that activities completed in the areas above will result in a slight reduction in business support requirements without there being any adverse impacts on service delivery or the ability of the Council to meet its statutory obligations. Further it is proposed to engage the Corporate PMO to assist with the completion of detailed process mapping to assess how recent investments in technology support the ability to modify/automate existing working practices and introduce immediate service efficiencies, further supporting the proposal for a small reduction in business support resources anticipated to be circa 8 FTE.

**Revised Provision:**

Following implementation of this savings proposal, it is not considered that there will be any detriment to the level of business support provided.

This proposal seeks to modernise and automate current more traditional and manual business support, whilst seeking to remove duplication of efforts and streamline activity to be consistent with the centralised business support model delivered by Phase 1 of the Business Support review. To this end, business support provision for determined Phase 2 service areas will be supported by the centralised Transactions Team as an example, which performs activities including raising sales invoices to other organisations, paying of invoices, internal recharges, petty cash, banking and purchase card management. Thereby removing all duplicated tasks performed in individual service areas.

It is considered that this proposal will deliver the following benefits:

- Cost reductions by the removal of duplicated efforts;
- Modernised business administrative support using automated solutions;
- Efficient processed mapped end-to-end procedures, removing inefficient hand-offs;
- Delivery of services consistent with the centralised business support model;
- Taking advantage of business process improvements available following the recent implementation of Mosaic and the ability to develop a roadmap of future improvements as the use of Mosaic enhanced.

**Risk and Mitigations:**

Failure to receive appropriate buy-in and engagement from key stakeholders and Senior Management. This will however be mitigated by proactive engagement with key stakeholders at all stages throughout the project.

Failure to agree service transformation priorities with the service. Mitigated through key stakeholder engagement.

**Resources and Implementation:**

Children's Social Care Senior Management  
Corporate Programme Management Office  
Business Support Relationship Manager  
Head of Business Support

**SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	The proposal includes a reduction on current resources within the current Business Support resources.
Does the change involve a redesign of the roles of staff?	Yes	This proposal will review current role tasks and activities which may be subject to redesign / automation in line with the Business Support service offer.

**Summary:**

To be completed at the end of completing the Screening Tool.

Based on the Screening Tool, will a full EA will be required?

**Yes**

**Additional Information and Comments:**

Equalities impacts would be considered in line with the Council's policies on organisational change.

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Reorganisation of Executive Support – Phase 2</b>		
<b>Reference:</b>	SAV / RES 002 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Business Support	<b>Strategic Priority Outcome:</b>	13. Not aligned with Strategic outcome
<b>Lead Officer and Post:</b>	Steven Tinkler, Interim Head of Business Support	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	1,957	(553)	-	-	(553)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	37.2	(11)	-	-	(11)

## Proposal Summary:

### Background

Phase 1 of the Executive Support element of the wider Reorganisation of Administrative and Executive Support Services review has been implemented which provides support on the following basis:

- a) Dedicated support to the Corporate Leadership Team Board meetings and forward planning and the overseeing of the Adult Safeguarding Board;
- b) Forward planning for the Mayor's Advisory Board, Cabinet and Statutory Committee's;
- c) Dedicated Senior Executive Support for the Chief Executive and Corporate Directors;
- d) Executive Support to Divisional Directors on a ratio of 1 Executive Support Officer shared by two Divisional Directors. This is however currently except for: DD Children's Social Care; DD Adult Social Care and DD Public Realm who continue to receive dedicated 1:1 support;
- e) The structure further includes 3 Executive Support Officers that provide flexible support, Council-wide to cover annual leave, sickness and workload peaks / pressure as they arise; and
- f) Senior Management Support Officer support on a ratio of 1 x SMSO supporting 3 Service Managers. This resource pool includes 3 SMSO resources dedicated within Governance to support Monitoring Officer duties and legal report clearance.

### Proposal

In view of the changing financial landscape of the Council due to Covid-19 impacts, this proposal seeks to further reduce Executive Support provided and ensure consistency across senior management tiers. It is also important to recognise that since lockdown, operational support requirements have evolved with more business operations and meetings being held virtually, utilising new technology such as Microsoft Teams. It is anticipated that these practices will further evolve going forwards as technology becomes embedded, more officers Migrate to Office 365 resulting in less physical support.

In order to achieve this, some underlying principles need to be agreed, these are recommended to be:

1. Removal of all Flexible Executive Support Officer resource (currently 3 x FTE) from the structure. This specific resource identified previously to cover sickness / annual leave and potential service peaks, has a full cost of circa £135k.
2. All DD's to share Executive Support Resources on at least a ratio of 1 ESO to 2 DD's;
3. No executive support to be provided to any officer below Divisional Director management tier.



This will ensure that Executive Support is provided consistently and within the new financial landscape.

It is further envisaged that the retained Executive Support resources would be deployed as necessary to cover annual leave and short periods of sickness, negating the need therefore for three permanent flexible resources being included within the structure. It is however recognised that this is not appropriate for instances of maternity and long-term sickness, which would need to be covered by temporary resources and considered on a case by case basis.

The proposal will continue to deliver the standard service offering implemented as part of Phase 1 to CLT and DD's. The proposal will however require Service Managers to embrace the enabled manager concept and to be self-sufficient when it comes to email and diary management.

The proposal will result in staffing reductions, anticipated as being:

- 1 x Executive Support Team Leader;
- 5 x Executive Support Officer;
- 5 x Senior Management Support Officer.

There are however circa 4 vacancies at ESO level, which could be held to mitigate redundancy for these roles.

#### **Risk and Mitigations:**

Risk 1 – Culture of the organisation is unwilling to accept a further reduction in Executive Support resource and service provision, particularly at management tiers below Divisional Director. Mitigation for this will be the full buy-in and support provided by CLT and clear communications of this.

Risk 2 – Concept of Enabled Manager is not accepted by the Council. Mitigated by clear communication from CLT.

Risk 3 – Trade Unions reject proposal on the basis that it is a further review of Executive Support.

Overriding mitigation is a clear Executive Support Service offering, endorsed by CLT and communicated across the senior management tiers.

#### **Resources and Implementation:**

Implementation would be scheduled for 1<sup>st</sup> April 2021.

## SAVINGS PROPOSAL – BUDGET EQUALITY ANALYSIS SCREENING TOOL

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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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	Yes	However, this impacts officers internal to the Council only.
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	The vast majority of staff impacted by this proposal are female and therefore a full EA will be required.
Does the change involve a redesign of the roles of staff?	Yes	This will be carried out in line with the Council's policies for organisational change.

Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Local Presence and Idea Store Asset Strategy</b>				
<b>Reference:</b>	SAV / RES 003 / 21-22	<b>Savings Type:</b>	Service transformation		
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Cultural and related services		
<b>Directorate Service:</b>	Customer Services	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement		
<b>Lead Officer and Post:</b>	Teresa Heaney, Interim Divisional Director Customer Programme	<b>Lead Member and Portfolio:</b>	Cllr Sabina Akhtar, Cabinet Member for Culture, Arts and Brexit		

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	8,200	(600)	-	-	(600)
<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	169	Circa (35) for overall existing £1m saving and new £0.6m saving	-	-	(35)

## Proposal Summary:

The concept of local presence has to date enabled us to maintain an appropriate level of local delivery whilst shifting much of the demand for services away from face to face and towards telephony or on-line delivery. We recognise that face to face support is valued by some of our residents and that some face to face support will continue to be needed for the foreseeable future, in order to support those unable to access services on-line due to economic, physical, learning or language barriers. To maintain a face to face presence at the local level, our approach has been to shift delivery of this towards the Idea Stores. The proposal set out below takes the need for some face to face delivery into account. We also recognise that the current service design, where the highest level of face to face support is only available at Rushmead, has proven unpopular with residents, and a more borough-wide approach is required.

However, we face significant financial challenges going forward. The Council already has a £1m target from two previous savings proposals associated with local presence in the MTFs. The details from the two previous savings proposals are as follows:

MTFS Savings 2020-22				20/21	21/22
Reference	Approved	Title	Original Scope of previous savings pro-formas	Savings target £'000	Savings target £'000
SAV/ RES 10 / 18-19	2018-19	Additional Local Presence Efficiencies	Further local presence and customer access improvements - (1) continue to develop/drive/encourage take up of digital services to further reduce demand for phone and face-to-face contact, thus enabling further staffing reductions (2) investigate options for including Clean & Green call handling within new refuse & recycling contract (3) consider moving to digital-only access for appropriate service areas	300	-
SAV / ALL 001 / 19-20	2019-20	Phase 2 Local Presence - putting Digital First	The increased use of digital services will be targeted to reduce staffing and transaction costs further whilst making services easier to access for residents. Digital services across the council will be designed to achieve specific cost reductions and these will be allocated on a service by service basis as the baseline costs are confirmed.	-	700

			This second phase of the Local Presence Review will ensure we don't duplicate services, we make the most efficient use of resources and that the way we deliver services keeps pace with what our residents want. This review will consider options to rationalise staff, buildings and services in each of the localities.		
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Some of the assumptions that underpin these two savings lines have not materialised and there is some double counting with other savings. There is however, a 'digital dividend' that should be taken out of Idea stores in line with these savings. The uptake by residents of the self-service machines, the introduction of online registration for courses and other changes mean that the current levels of staffing (high in comparison to other boroughs) can be reduced. The approximate size of this saving if applied across all sites would be c£650k. However, our proposal is that we only apply it to the four largest sites and take a saving of c£500k (12 FTE posts). This would of course leave us with £500k still to achieve and the requirement to help LBTH achieve further savings.

Our proposal is to save circa £1.1m from the Idea Stores budget which includes a new saving of c£600k.

A range of options for future delivery of library provision in the borough were put forward to the Council's Cabinet on 28 October, which included:

- Keep services unchanged putting increased pressure on other services to deliver savings (Not Recommended)
- Deliver savings by closing Cubitt Town Library, significantly reducing hours at Bethnal Green Library and Idea Store Watney Market, and making changes to Sunday opening hours and evening staffing levels at our four main sites
- Deliver a similar saving by closing Cubitt Town and Bethnal Green Libraries and Idea Store Watney Market but keeping service levels at our four main sites unchanged.

Any significant change to the library service is subject to public consultation and we commenced this on 30<sup>th</sup> November 2020 and it will run until 29<sup>th</sup> January 2021. **It should be noted that any change and resultant saving will not be finalised until a decision is taken by Cabinet following consideration of the results of that public consultation.**

We believe the proposal will maintain a robust and modern service that will meet the needs of residents into the future. It has allowed us to develop a medium term plan whereby over the next five years planned capital investment would result in us having:

- Four well-placed Idea Stores situated at Chrisp Street, Bow, a new site on the Isle of Dogs with a flag-ship store split across the current Idea Store Whitechapel and New Town Hall acting as a cultural hub for the borough.
- All four sites will have seen significant redevelopment including space designs which will support people to stay socially distant if required (current issues with Bow will be redesigned out).
- The digital offer which grew exponentially under Covid-19 will have continued to develop (this could include a click and collect and book drop at other sites across the borough)
- Bethnal Green Library and Idea Store Watney Market will be run as satellite sites for Idea Store Bow and Idea Store Whitechapel respectively with a reduced service on offer.

#### Revised Provision:

We have identified three sites that we propose to reduce hours (and close one of the library provisions) as part of the public consultation and we will consider how we might mitigate the impact of this and other ways of achieving the same outcome. An equalities impact assessment has been produced and will be revised following the results of the public consultation.

#### Risk and Mitigations:

Closing a library provision, even when one bolsters it with better delivery elsewhere, is never popular with local communities and there is a risk that these proposals will face opposition from local residents. However, we believe part of this can be mitigated by consulting well, explaining the need to make savings to residents and giving them a genuine say in how those savings are made. It is vital therefore that any public consultation is well produced and handled, with sufficient consideration given to the results.

#### Resources and Implementation:

Support from SPP and Comms to build a robust public consultation documentation  
 Support from HR  
 0.5 FTE Project Management for 8 months  
 Potentially help from procurement and IT should the open plus model prove to be wanted

Achieving the full saving in 2021-22 involves a tight timescale of public consultation and implementation and any delays will reduce the amount that can be delivered in the first year.

Staff consultation will also be necessary, and this will need to run partly concurrently with the public consultation in order to meet the timescales. Staff have seen a lot of change and this is likely to reduce morale. This can be mitigated partly by good (honest and early) communication and by ensuring the consultation concludes in a timely manner.

There is a risk that communities will want community run libraries, but that not enough volunteers will come forwards. We can mitigate against the impact of this by addressing what we would do in this case in the consultation and consultation response documentation.

October	Cabinet consideration of saving proposals. Further governance and internal discussion refinement of ideas and development of consultation documentation
Late Nov	Public consultation starts (9 weeks due to Christmas period)
Late Jan	Public consultation closes
February	Analysis of results and proposal development.
February	Staff consultation starts
March	Governance and decision final savings amount confirmed
March	Staff consultation closes
May	Changes implemented

## SAVINGS 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	As good geographical coverage will remain, and our service delivery model is inclusive we do not believe this to be the case. The proposal to move away from a model that sees Rushmead as the only place that the digitally excluded can go if they need 'do for' support rather the more general support to use the equipment and navigate the on-line world offered out our Digital Hubs and towards a model where an appointment with the team that do this can be booked (in advance) and any of our Idea Stores is, we think, a positive move.
Does the change reduce resources available to support vulnerable residents?	No	It reduces the number of sites that the services are available at but not the type of services and resource available. The staff reductions would allow us to maintain a good number of staff in each or our sites. In terms of the staff reduction associated with the 'digital dividend, we are removing them after the digital change has impacted and not before.
Does the change involve direct impact on front line services?	Yes	The IS are a frontline service. If the public consultation results in us having some community run services this may result in some services not being available at those sites (as we cannot reasonably expect volunteers to be able to advise on other council services etc)
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	A reasonable geographical coverage will remain.
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	The digital dividend involves a minimum reduction of 12.5 staff and the proposals for the 3 sites a reduction of between 22 and 30 members of staff.
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Finance, Procurement and Audit – Process and System Improvements</b>		
<b>Reference:</b>	SAV / RES 004 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Finance, Procurement and Audit	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Kevin Bartle, Interim Corporate Director Resources	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	7,700	(200)	-	-	(200)
Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	150	(8)	-	-	(8)

## Proposal Summary:

Review of the 2019 restructure of Finance, Procurement and Audit, following the identification of further process and system improvements which support more efficient and sustainable work across the division.

The proposed process and system changes will link in with achieving the previously agreed savings of £100k for 2022-23, as well as producing these proposed extra efficiencies of £200k.

This saving proposal will contribute to the Council's strategic priority of continuously seeking innovation and striving for excellence to embed a culture of sustainable improvement.

The saving would include staffing reductions and consultation would be carried out in line with the Council's policies on organisational change.

Pending restructure consultation, the indicative changes are:

Grades D – F = Two posts proposed to be deleted, both are vacant.  
 Grades G & H = One post proposed to be deleted, vacant.  
 Grades I – L = Five posts proposed to be deleted, one filled post and four vacant.

## Risk and Mitigations:

The savings would entail efficiencies from process and system improvements so is not expected to increase risks for the Council. It would support the Council's enabled manager model, increasing the ability for more self-help by managers and focusing finance, procurement and audit more on strategic support for service directorates.

## Resources and Implementation:

In order to achieve full-year savings in 2021-22, the proposed changes and restructure would need to be carried out during 2020-21 to be implemented by April 2021. This will require support from Human Resources and Information Technology colleagues, but it is expected that this can be carried out within existing resources.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	Proposed changes to the structure and resulting consultation would be carried out in line with the Council's policies on organisational change. Initial proposals, pending restructure consultation, indicate a reduction of eight posts of which one is filled and seven are vacant.
Does the change involve a redesign of the roles of staff?	Yes	There could be minor changes to the distribution of work amongst staff, but would only impact a small number of staff in the overall Finance, Procurement and Audit division. Some job descriptions may need to be updated and these changes would follow through the job description evaluation process.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:
An equalities analysis would be carried out as part of the restructure consultation.



# SAVINGS PROPOSAL

<b>Proposal Title:</b>	IT - cancel memberships of LOTI and Gartner		
<b>Reference:</b>	SAV / RES 005 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	IT	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Adrian Gorst, Divisional Director, IT	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	3,638	(60)	-	-	(60)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

**Proposal Summary:**

The IT service benefits from memberships which provide independent advice, information, challenge and collaboration opportunities, however with the IT transformation drawing to an end and sufficient obvious targets for digital transformation there is an opportunity to discontinue the membership of the London Office of Technology and Innovation and Gartner, resulting in a saving of £60,000.

**Risk and Mitigations:**

Risk of isolation from current and developing thought across London local authorities and more widely leading to falling behind our peers. Mitigated by engagement with lower and no cost memberships of Socitm and the London CDIO council and greater engagement with vendors like Microsoft.

Risk of lowered ambition as not exposed to forward thinking organisations and approaches.

Risk of loss of financial and service opportunities provided by digital transformation in leading authorities.

**Resources and Implementation:**

No resources required for implementation.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

Additional Information and Comments:

## SAVINGS PROPOSAL

<b>Proposal Title:</b>	Reduction in the level of IT support services		
<b>Reference:</b>	SAV / RES 006 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	IT	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Adrian Gorst, Divisional Director, IT	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	3,638	(273)	-	-	(273)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	N/A	N/A	N/A	N/A	N/A

Proposal Summary:
<p>The IT Service is currently retendering its outsourced services and planning to reorganise internal functions to deliver the same services at a lower cost, with a MTFs committed saving of £550,000 in 2021-22. This proposal considers reducing the range and level of IT services to deliver additional savings of around £273,000 in 2021-22, representing 7.5% of the current budget.</p> <p>The savings are predicated on a robust application of the target operating model principles including standardisation with the IT service supporting fewer solutions to similar problems and a rigorous approach to self-service. Examples include reducing the standard offer to one lightweight laptop and one standard desktop, requiring all service requests and lower impact incidents to be logged online, all "how-to" questions to be addressed by in-product help, online help and mutual assistance before seeking IT support. We will remove VIP support and reduce service desk support from 24/7/365 to 8am to 6pm Monday to Friday. All training will be online and largely by video rather than live events. Phone use will be rationalised with most colleagues having Teams plus a landline or mobile phone but not both. All Microsoft products will be set to automatically patch rather than being manually tested first. Application upgrades will be moved into service hours to reduce overtime. Hardware support services limited to Mulberry Place/New Town Hall. Only Microsoft Office applications will be available through personal devices, with staff needing access to online business applications having to use their corporate laptops. With applications and their support being the largest cost, we will evaluate and reduce the range of applications in use.</p> <p>The IT service will provide a basic operational service with users expected to be resourceful and self-sufficient and accept the service is less convenient than it was to protect the IT functions that contribute to digital transformation that delivers additional savings and keeps the council cyber-secure.</p> <p>All services will be impacted by this saving, particularly as many are predicated their savings on enhanced IT services, and the need to accelerate the cultural shift from asking for help to following online 'how to' guides.</p> <p>Where possible the savings will be driven from reducing the specification of the tendered services, the release of agency staff, and the deletion of vacant posts, to avoid redundancy and associated costs, however the reorganisation is likely to lead to the loss of some posts and staff, although this can only be determined as the reorganisation progresses.</p> <p>The retendering of the outsourced services is already underway.</p>

### Risk and Mitigations:

Risk that savings can't be delivered within the operational service reductions described and the transformational aspects of IT need to be cut, which will limit the council's ability to change.

Risk that colleagues do not become self-sufficient and place demands on the reduced service that can't be met and lead to service degradation in other areas with staff unable to work

Reputational damage for IT and central services if colleagues don't recognise the imperative to reduce costs and focus on transformational services.

Mitigation is through communication and extensive culture change based on a recognition that change is necessary.

### Resources and Implementation:

This represents a variation to the retendering and reorganisation already underway so no additional resources required if the council picks up the culture and behavioural change aspects centrally.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Dramatic increase in online access and self-help
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Corporate Programme Management Office (CPMO) staffing reduction</b>		
<b>Reference:</b>	SAV / RES 007 / 21-22	<b>Savings Type:</b>	Reduction in provision
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Corporate Project Management Office (CPMO)	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Anthony Walters, Interim Head of CPMO	<b>Lead Member and Portfolio:</b>	Mayor John Biggs, Executive Mayor

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	1,994	(200)	-	-	(200)
Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	24	(4)	-	-	(4)

**Proposal Summary:**  
 CPMO is currently funded partly from reserves with a total staffing budget of £1.994m. The proposal reduces the overall cost of the corporate PMO by £530k, of which £330k reduces the need to draw on non-recurrent reserves and provides a further General Fund saving of £200k. This will retain a significant resource, albeit reduced, for the management of corporate change projects.

A reduction of 4 FTE posts will mean that there is less capacity to manage change projects across the Council. This will be managed by ensuring that there is a clear and robustly applied method for the prioritisation of corporate projects, with oversight from CLT through existing governance structures that are in place to manage the Smarter Together transformation programmes.

A recent restructuring of the Council's change programmes has resulted in a reduction in the number of programmes from 4 to 3. This means we need one fewer Programme Manager post.

The rest of the team will be downsized to deliver the required saving, reducing by a further 3 posts.

In addition, the saving includes the removal of the agency budget held by the team to enable purchase of additional resources dependent on the demands of projects. This will mean that all projects will need to be delivered within the resources available in the permanent team - or alternatively, resources identified from elsewhere.

**Risk and Mitigations:**

There is a risk that reduction in capacity in the CPMO could compromise our ability to deliver corporate transformation at pace.

To mitigate this risk, CLT will need to prioritise the delivery of a core portfolio of transformation projects based on its agreed prioritisation criteria and within the reduced resource envelope. Additional projects that need to be delivered will have to be resourced separately through alternative funding streams on the basis of agreed business cases.

**Resources and Implementation:**

The proposal can be delivered with no additional resources.

3 of the 4 posts proposed for deletion are vacant, a formal organisational change process may be needed for the remaining 1 post.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	4 posts will be deleted, 3 of which are currently vacant and 1 is occupied.  3 of the posts are at senior grades (PO6- LPO8); 1 is at scale 4.
Does the change involve a redesign of the roles of staff?	No	

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Merging the Revenues &amp; Benefits Services (Phase 1)</b>		
<b>Reference:</b>	SAV / RES 008 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Revenues and Benefits	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Roger Jones, Head of Revenues Service	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	6,744	(120)	-	-	(120)
Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	176	(1)	-	-	(1)

**Proposal Summary:**

The Council currently has two independent services responsible the collection of income and management of income systems and the other the award of benefits, council tax reductions and other financial assessments.

In 2018, the income centralisation programme transferred the responsibility for the collection of all income streams to Revenue Services. This now includes Council tax, Business Rates, Sundry Debts (including Adult Social Care, Commercial Rent and Trade Refuse), Parking Income, Overpaid Benefits, together with income management systems. They are also responsible for all bulk printing requirements.

The Benefits Service is currently going through a restructure and is also partway through the centralisation of assessments programme which includes Adult Social Care Financial Assessments, Children’s Services Financial Assessments, Client Financial Affairs and the Blue Badge Assessments Team.

The proposal is to now merge these two service areas into one “Income and Assessments Service” effectively reducing the Heads of Service down to one single post responsible for both areas.

**Risk and Mitigations:**

There will be loss of experience at a very high level in one area, which can be mitigated by ensuring the restructure includes ensuring the correct roles are in place to support the new role.

**Resources and Implementation:**

The restructure will be carried out in line with the Council’s organisational change policy and within existing resources.



## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	The reduction of one Service Head post.
Does the change involve a redesign of the roles of staff?	Yes	Two Service Head roles are being merged into one single role.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>Merging the Revenues &amp; Benefits Services (Phase 2)</b>		
<b>Reference:</b>	SAV / RES 009 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Resources	<b>Savings Service Area:</b>	Central services
<b>Directorate Service:</b>	Revenues & Benefits	<b>Strategic Priority Outcome:</b>	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
<b>Lead Officer and Post:</b>	Roger Jones, Head of Revenue Services	<b>Lead Member and Portfolio:</b>	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector

Financial Impact:	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	6,744	(150)	-	-	(150)

Staffing Impact (if applicable):	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	176	(4)	-	-	(4)

**Proposal Summary:**

The Council currently has two independent services responsible for the collection of income and management of income systems and the other the award of benefits, council tax reductions and other financial assessments.

Phase 1 of the restructure is to merge the two service heads, and phase 2 will look at the management structure of the combined services with a view to reducing the number of managers to officer ratio.

**Risk and Mitigations:**

There will be loss of experience at management level which can be mitigated by ensuring the restructure includes ensuring the correct roles are in place to support managers and implement new ways of working to take advantage of new technology and communication techniques.

**Resources and Implementation:**

The restructure will be carried out in line with the Council's organisational change policy and within existing resources.

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	Yes	A reduction in the number of managers.
Does the change involve a redesign of the roles of staff?	Yes	Yes, implementing new techniques to manage staff and taking advantage of new technology.

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Summary:	
To be completed at the end of completing the Screening Tool.	
Based on the Screening Tool, will a full EA will be required?	<b>Yes</b>

Additional Information and Comments:

# HRA SAVINGS PROPOSAL

<b>Proposal Title:</b>	<b>THH Management Fee and HRA Delegated Budgets</b>		
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<b>Reference:</b>	SAV / HRA 001 / 21-22	<b>Savings Type:</b>	Service transformation
<b>Directorate:</b>	Place	<b>Savings Service Area:</b>	Housing Revenue Account (HRA)
<b>Directorate Service:</b>	Housing and Regeneration (HRA)	<b>Strategic Priority Outcome:</b>	6. People live in good quality and affordable homes and neighbourhoods
<b>Lead Officer and Post:</b>	Karen Swift, Divisional Director of Housing & Regeneration	<b>Lead Member and Portfolio:</b>	Cllr Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing

<b>Financial Impact:</b>	Current Budget 2020-21	Savings/Income 2021-22	Savings/Income 2022-23	Savings/Income 2023-24	Total Savings/Income
Budget (£000)	Delegated Budget 62,129 Management Fee 32,145	(1,140)	-	-	(1,140)

<b>Staffing Impact (if applicable):</b>	Current 2020-21	FTE Reductions 2021-22	FTE Reductions 2022-23	FTE Reductions 2023-24	Total FTE Reductions
Employees (FTE) or state N/A	-	-	-	-	-

## Proposal Summary:

At its meeting on 26th July 2016, the Mayor in Cabinet agreed a HRA medium-term savings target of £6m. THH has a savings target of £1m from LBTH for 2021-22. This is the final year of this savings target. Savings of £5m have already been delivered in previous years, from both the management fee and delegated budgets. THH ran a star chamber process and savings were identified within both the management fee and delegated budgets. Details of the savings are outlined below:

### Management Fee

Staffing savings have been identified in three areas:

- The Communications team review

Following an external review of the Communications function a new streamlined structure has been proposed that puts greater emphasis on digital communications and internal communications. These proposals were endorsed by EMT; the staff affected are currently being consulted on the proposals. A saving of £50k is anticipated from the implementation of the new structure.

- Leasehold Services

A saving of £100k has been identified by Leasehold services as a result of holding vacant posts, 1 RTB Fraud Officer and 1 Consultation Officer with an additional reduction on agency costs.

- Agency cover for the Director of Finance role

When the interim Director of Finance was appointed an agency staff budget was established to ensure that the full costs of the assignment could be met as the pension on cost was reduced. Following the appointment of the DoF on a permanent basis there is no requirement for the agency budget. This generates a saving of £20k.

### Non-Staff Savings:

A thorough review was undertaken on all cost centres to identify budgets that had not been utilised in previous years and for which no plans are in place for future expenditure. The table below summarises the savings by CIPFA headings.

CIPFA	SAVINGS (Non Pay)
Employees	-45,793
Supplies & Services	-249,515
Property Related	-5,892
Transport Related	-20,600
Third Party Payments	-8,099
Total	-329,899

**Employee Cost:**

The £45k savings relate to training, of which £40k was a one-off bid for the current year.

**Supplies and Services:**

The main areas of savings are in consultancy budgets. £131k, Computing costs, £50k, general supplies & services, £36k and stationery £32k.

There is a £30k reduction from leaving the MET SLA, however this budget has been used to fund business rates in Estate Services. Across the organisation, further savings were identified on Staff Transport costs, Property and Third Party Payments.

Delegated Budgets

Leasehold service charge income that is generated by increased diligence on ensuring that service charges are recoverable from leaseholders and from the modest redirection of repairs expenditure to communal works. This is prudently estimated at £500k.

Additional income will be generated estimated at £140k from major works charges to leaseholders. This is based on current levels of performance so isn't dependant on any other actions and so doesn't represent a risk.

**Risk and Mitigations:**

None

**Resources and Implementation:**

The delivery of savings will be contained within existing resources

## SAVINGS 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	
<b>Changes to a Service</b>		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
<b>Changes to Staffing</b>		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

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

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.



**Projected Movement in Reserves  
and Capital Conditional Resources April 2020 to March 2023**

**Appendix 6**

<b>Reserves Summary</b>	<b>Draft 31/03/2019*</b>	<b>Draft 31/03/2020*</b>	<b>Projected 31/03/2021</b>	<b>Projected 31/03/2022</b>	<b>Projected 31/03/2023</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>General Fund Reserve</b>	<b>26.8</b>	<b>20.4</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
<b>Earmarked Reserves</b>					
<b>Earmarked Reserves with restrictions</b>					
Insurance	17.7	8.7	8.3	7.9	7.5
New Civic Centre	17.2	17.0	0.0	0.0	0.0
Parking Control	3.3	3.3	3.3	2.2	1.1
Collection Fund Smoothing Reserve ***	6.5	6.5	34.9	0.0	0.0
Free School Meals Reserve	4.0	2.0	6.0	4.0	2.0
Public Health Reserve	1.7	1.0	1.0	1.0	1.0
Revenue Grants Unused	9.5	8.5	7.2	5.9	4.6
COVID-19 Emergency Grant	0.0	10.3	7.5	0.0	0.0
Community Infrastructure Levy revenue reserve	0.0	7.8	7.8	0.0	0.0
<b>Earmarked Reserves with restrictions - subtotal</b>	<b>59.9</b>	<b>65.1</b>	<b>76.0</b>	<b>21.0</b>	<b>16.2</b>
<b>Earmarked Reserves without restrictions</b>					
Risk Reserve	4.5	4.5	3.6	3.6	3.6
Transformation Reserve	9.2	5.3	2.7	1.3	0.0
ICT Reserve	16.1	14.5	7.5	3.7	0.0
Mayor's Tackling Poverty Reserve	3.4	3.4	1.3	0.0	0.0
Mayor's Priority Investment Reserve	4.6	5.4	4.2	3.0	2.0
New Homes Bonus	28.9	30.6	36.4	42.8	34.6
Services Reserve	1.9	3.2	3.0	3.0	3.0
<b>Earmarked Reserves without restrictions - subtotal</b>	<b>68.6</b>	<b>66.9</b>	<b>58.7</b>	<b>57.4</b>	<b>43.2</b>
<b>Total Earmarked Reserves</b>	<b>128.5</b>	<b>132.0</b>	<b>134.7</b>	<b>78.4</b>	<b>59.4</b>
<b>Capital Reserves</b>					
Capital Receipts	190.7	133.0	100.2	43.1	18.6
Community Infrastructure Levy	59.7	64.7	64.7	43.8	27.9
Capital Grants and Contributions	82.6	63.1	63.1	63.1	63.1
Major Repairs Reserve **	0.0	0.0	0.0	0.0	0.0
<b>Total Capital Reserves</b>	<b>333.0</b>	<b>260.8</b>	<b>228.0</b>	<b>150.0</b>	<b>109.6</b>
<b>Other Reserves</b>					
Housing Revenue Account ****	<b>44.6</b>	<b>43.8</b>	<b>46.0</b>	<b>48.5</b>	<b>51.0</b>
Housing Revenue Account Earmarked Reserve	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>4.5</b>	<b>0.0</b>
Dedicated Schools Grant (DSG)	<b>(4.6)</b>	<b>(11.1)</b>	<b>(11.2)</b>	<b>(7.2)</b>	<b>(3.2)</b>
Schools	<b>28.2</b>	<b>26.8</b>	<b>24.8</b>	<b>19.8</b>	<b>14.8</b>
<b>Reserves Total</b>	<b>565.5</b>	<b>492.8</b>	<b>462.5</b>	<b>321.2</b>	<b>254.8</b>

<b>Capital Conditional Resources</b>	<b>Draft 31/03/2019*</b>	<b>Draft 31/03/2020*</b>	<b>Projected 31/03/2021</b>	<b>Projected 31/03/2022</b>	<b>Projected 31/03/2023</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Section 106</b>	<b>101.1</b>	<b>112.9</b>	<b>105.2</b>	<b>83.3</b>	<b>88.8</b>

**Notes:**

\* The figures as at 31/03/2019 and 31/03/2020 are draft, due to the ongoing audit of the 2018-19 and 2019-20 financial statements.

\*\* The Major Repairs Reserve receives contributions from the HRA for the financing of the housing capital programme within each year.

\*\*\* The Collection Fund Smoothing Reserve is restricted in its use as it is solely intended to deal with surpluses and deficits that arise on an annual basis in the collection fund. The reserve figure above excludes the Local Council Tax Support Grant (£4.0m) and the Lower Tier Services Grant (£1.4m) which are expected to be received and utilised in 2021-22.

\*\*\*\* The HRA reserve movements for future years are based on the budgeted projections in the HRA Business Plan.

Any change to the General Fund forecast overspend in 2020-21 would need to be funded through the use of reserves and therefore impact the reserves figures above.

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**Housing Revenue Account Budget Summary**  
**Medium Term Financial Strategy 2020-21 to 2024-25**

**Appendix 7**

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Original Budget	Forecast	Draft Budget	Draft Budget	Draft Budget	Draft Budget
	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>						
Dwelling rents	(65,497)	(65,497)	(66,990)	(72,009)	(74,840)	(77,452)
Non-dwelling rents	(4,311)	(4,311)	(4,412)	(4,523)	(4,613)	(4,705)
Heating and other tenant charges	(7,306)	(7,847)	(8,208)	(8,651)	(8,824)	(9,001)
Leaseholder charges for services and facilities	(16,562)	(17,044)	(17,300)	(17,663)	(18,378)	(19,120)
Contributions towards expenditure	(115)	(115)	(116)	(118)	(120)	(123)
<b>GROSS INCOME</b>	<b>(93,792)</b>	<b>(94,814)</b>	<b>(97,026)</b>	<b>(102,964)</b>	<b>(106,775)</b>	<b>(110,401)</b>
<b>EXPENDITURE</b>						
Repairs & Maintenance	16,738	16,544	16,412	17,792	18,214	18,629
Tower Hamlets Homes management fee	32,415	32,415	32,615	33,355	34,024	34,707
Supervision & Management	8,647	8,647	9,630	9,311	9,499	9,691
Special Services	6,631	6,181	5,882	6,180	6,425	6,655
Rents rates & taxes	5,475	5,475	5,475	5,852	5,969	6,088
Increased/(Decrease) provision for bad debts	600	1,600	609	598	601	622
Depreciation - HRA dwellings	17,068	17,068	17,317	17,617	17,712	17,696
Depreciation - Non Dwellings	1,036	1,036	1,062	1,088	1,116	1,143
Debt Management Costs	431	431	440	442	442	442
<b>GROSS EXPENDITURE</b>	<b>89,041</b>	<b>89,397</b>	<b>89,442</b>	<b>92,236</b>	<b>94,001</b>	<b>95,674</b>
<b>NET COST OF HRA SERVICES</b>	<b>(4,751)</b>	<b>(5,417)</b>	<b>(7,584)</b>	<b>(10,728)</b>	<b>(12,774)</b>	<b>(14,727)</b>
Interest on Debt (Item 8 debit)	4,568	2,395	3,497	4,724	5,024	5,011
Interest on Investments (Item 8 credit)	(322)	(574)	(446)	(268)	(227)	(137)
<b>NET (INC) / EXP BEFORE APPROPRIATIONS</b>	<b>(505)</b>	<b>(3,596)</b>	<b>(4,533)</b>	<b>(6,272)</b>	<b>(7,977)</b>	<b>(9,853)</b>
Set Aside for Debt Repayment (VRP)	2,109	1,376	2,061	3,736	4,345	4,258
Revenue Contribution to Capital (RCCO)	-	-	-	-	17,589	30,669
Allocation to / (from) other reserves	-	-	-	-	-	-
<b>NET HRA (SURPLUS) / DEFICIT</b>	<b>1,604</b>	<b>(2,220)</b>	<b>(2,472)</b>	<b>(2,536)</b>	<b>13,957</b>	<b>25,074</b>
<b>General Balances</b>						
Opening balance	(43,810)	(43,810)	(46,030)	(48,503)	(51,039)	(37,082)
(Surplus)/ Deficit on HRA	1,604	(2,220)	(2,472)	(2,536)	13,957	25,074
<b>CLOSING BALANCE</b>	<b>(42,206)</b>	<b>(46,030)</b>	<b>(48,503)</b>	<b>(51,039)</b>	<b>(37,082)</b>	<b>(12,008)</b>
<b>Other Reserve Brought Forward</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>4,500</b>	<b>-</b>	<b>-</b>
Appropriation from HRA	-	-	-	-	-	-
Release of Reserve	-	-	(4,500)	(4,500)	-	-
<b>Other Reserve Brought Forward</b>	<b>9,000</b>	<b>9,000</b>	<b>4,500</b>	<b>-</b>	<b>-</b>	<b>-</b>

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Summary: General Fund						
	2020-21 Forecast Outturn £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	3 Yr Budget 2021-24 £m	Total Forecast and 3 Yr Budget £m
Approved Programme	86.115	152.065	93.282	45.178	290.526	376.641
Approved Programme Rolling	11.398	16.000	15.900	15.850	47.750	59.148
LIF Rolling Programme	0.387	5.873	9.624	6.560	22.057	22.444
Invest to Save	21.455	24.301	8.884	0.000	33.185	54.640
Completed (retentions)	0.035	0.952	1.001	0.000	1.953	1.988
<b>Total</b>	<b>119.390</b>	<b>199.192</b>	<b>128.691</b>	<b>67.588</b>	<b>395.471</b>	<b>514.861</b>

Total Funding 2020-21 to 2023-24							
Grants £m	S106 £m	CIL £m	Capital Receipts £m	RTB Receipts £m	Prudential Borrowing £m	Revenue £m	Total Funding £m
72.631	80.580	45.543	12.456	20.000	137.971	7.460	376.641
18.554	0.000	0.000	7.894	0.000	32.700	0.000	59.148
0.000	0.000	22.444	0.000	0.000	0.000	0.000	22.444
0.000	3.782	0.000	16.232	10.376	24.250	0.000	54.640
1.633	0.009	0.000	0.343	0.000	0.000	0.003	1.988
<b>92.818</b>	<b>84.371</b>	<b>67.987</b>	<b>36.925</b>	<b>30.376</b>	<b>194.921</b>	<b>7.463</b>	<b>514.861</b>

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Approved Programme 2020-21 to 2023-24

Appendix 8B

Approved Programme		Forecast	Budget	Budget	Budget	3 Yr Budget	Total Forecast
		Outturn					and 3 Yr
Programme	Project Name	20-21 £m	21-22 £m	22-23 £m	23-24 £m	21-22 to 23- 24 £m	20-21 to 23-24 £m
Education Programme	Basic Needs, Expansion and Special Needs	10.284	27.487	52.700	38.500	118.687	128.971
Provision for 2 year olds	Provision for 2 Year Olds	0.130	0.149	0.149	0.000	0.298	0.428
Parks	Parks	3.015	4.014	4.822	0.000	8.836	11.851
Culture and Leisure	Culture and Leisure	1.773	0.102	0.000	0.000	0.102	1.875
Public Health	Public Health	6.312	13.161	2.894	0.000	16.054	22.366
Adult Social Care	Adult Social Care	0.153	1.920	0.100	0.000	2.020	2.173
Adult Social Care	Community Safety	0.226	2.924	0.250	0.000	3.174	3.400
TfL Schemes	TfL Schemes	0.930	0.000	0.000	0.000	0.000	0.930
Transport S106 Funded Schemes	Transport S106 Funded Schemes	0.796	8.293	0.000	0.000	8.293	9.089
Public Realm Improvements (including Liveable Streets)	Public Realm Improvements (including Liveable Streets)	10.807	12.987	0.000	0.000	12.987	23.794
High streets, Bridges and S106 Schemes	High streets, Bridges and S106 Schemes	3.109	6.995	4.415	2.786	14.196	17.305
The New Town Hall	The New Town Hall	34.413	51.702	5.462	0.000	57.164	91.577
Contingency	Additional Contingency for approved schemes	0.000	0.000	8.400	0.000	8.400	8.400
Registered Provider Grant Scheme (from 1-4-1)	Total RP Grant Scheme	0.000	10.171	5.937	3.892	20.000	20.000
Asset Maximisation	Asset Maximisation	1.278	2.807	0.318	0.000	3.125	4.403
Section 55 Programme - Transport and Improvements	Section 55 Programme - Transport and Improvements	0.000	0.440	0.000	0.000	0.440	0.440
South Dock Bridge	South Dock Bridge	1.500	5.971	6.990	0.000	12.961	14.461
Carbon Offsetting	Carbon Offsetting	0.525	2.190	0.845	0.000	3.035	3.560
Community Hubs	Community Hubs	1.075	0.419	0.000	0.000	0.419	1.494
Smarter Working	ICT End User Computing (EUC) Transformation	1.108	0.334	0.000	0.000	0.334	1.442
Smarter Working	Mosaic Improvements	0.985	0.000	0.000	0.000	0.000	0.985
Smarter Working	Agresso	0.677	0.000	0.000	0.000	0.000	0.677
Smarter Working	IT Transformation and CRM	7.020	0.000	0.000	0.000	0.000	7.020
<b>Approved Programme Total</b>		<b>86.115</b>	<b>152.065</b>	<b>93.282</b>	<b>45.178</b>	<b>290.526</b>	<b>376.641</b>

Total Funding 2020-21 to 2023-24							
Grants £m	S106 £m	CIL £m	Capital Receipts £m	RTB Receipts £m	Prudential Borrowing £m	Revenue £m	Total Funding £m
64.225	20.839	4.456	0.000	0.000	39.451	0.000	128.971
0.000	0.000	0.000	0.428	0.000	0.000	0.000	0.428
0.000	11.851	0.000	0.000	0.000	0.000	0.000	11.851
0.000	1.875	0.000	0.000	0.000	0.000	0.000	1.875
0.000	10.304	12.062	0.000	0.000	0.000	0.000	22.366
0.173	0.000	2.000	0.000	0.000	0.000	0.000	2.173
0.000	0.000	3.400	0.000	0.000	0.000	0.000	3.400
0.861	0.069	0.000	0.000	0.000	0.000	0.000	0.930
0.000	9.089	0.000	0.000	0.000	0.000	0.000	9.089
0.316	5.713	12.388	5.377	0.000	0.000	0.000	23.794
0.056	16.222	1.027	0.000	0.000	0.000	0.000	17.305
0.000	0.000	1.457	0.000	0.000	90.120	0.000	91.577
0.000	0.000	0.000	0.000	0.000	8.400	0.000	8.400
0.000	0.000	0.000	0.000	20.000	0.000	0.000	20.000
0.000	0.356	0.500	3.547	0.000	0.000	0.000	4.403
0.000	0.000	0.000	0.000	0.000	0.000	0.440	0.440
7.000	0.000	7.461	0.000	0.000	0.000	0.000	14.461
0.000	3.560	0.000	0.000	0.000	0.000	0.000	3.560
0.000	0.702	0.792	0.000	0.000	0.000	0.000	1.494
0.000	0.000	0.000	1.442	0.000	0.000	0.000	1.442
0.000	0.000	0.000	0.985	0.000	0.000	0.000	0.985
0.000	0.000	0.000	0.677	0.000	0.000	0.000	0.677
0.000	0.000	0.000	0.000	0.000	0.000	7.020	7.020
<b>72.631</b>	<b>80.580</b>	<b>45.543</b>	<b>12.456</b>	<b>20.000</b>	<b>137.971</b>	<b>7.460</b>	<b>376.641</b>

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Annual Rolling Programme 2020-21 to 2023-24

Appendix 8C

Annual Rolling Programme (including LIF)	Forecast Outturn	Budget	Budget	Budget	3 Yr Budget	Total Forecast and 3 Yr Budget
Programme / Scheme	20-21 £m	21-22 £m	22-23 £m	23-24 £m	21-22 to 23-24 £m	20-21 to 23-24 £m
Conditions and Improvement Budget	3.155	3.000	2.800	3.000	<b>8.800</b>	<b>11.954</b>
Adult Social Care (DFG)	0.000	0.300	0.300	0.300	<b>0.900</b>	<b>0.900</b>
Capital Footway and Carriage Programme	5.000	5.000	5.000	5.000	<b>15.000</b>	<b>20.000</b>
Street Lighting Maintenance Prog Public Realm	0.400	0.400	0.400	0.400	<b>1.200</b>	<b>1.600</b>
Improvement Grants - Private Sector	0.050	0.100	0.100	0.050	<b>0.250</b>	<b>0.300</b>
Disabled Facilities Grants	0.600	1.700	1.800	1.600	<b>5.100</b>	<b>5.700</b>
Investment Works LBTH Assets	2.194	2.000	2.000	2.000	<b>6.000</b>	<b>8.194</b>
IT assets	0.000	3.500	3.500	3.500	<b>10.500</b>	<b>10.500</b>
Local Infrastructure Fund Rolling Programme	0.387	5.873	9.624	6.560	22.057	22.444
<b>Programme Total</b>	<b>11.785</b>	<b>21.873</b>	<b>25.524</b>	<b>22.410</b>	<b>69.807</b>	<b>81.592</b>

Total Funding 2020-21 to 2023-24							
Grants £m	S106 £m	CIL £m	Capital Receipts £m	RTB Receipts £m	Prudential Borrowing £m	Revenue £m	Total Funding £m
11.954	0.000	0.000	0.000	0.000	0.000	0.000	<b>11.954</b>
0.900	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.900</b>
0.000	0.000	0.000	5.000	0.000	15.000	0.000	<b>20.000</b>
0.000	0.000	0.000	0.400	0.000	1.200	0.000	<b>1.600</b>
0.000	0.000	0.000	0.300	0.000	0.000	0.000	<b>0.300</b>
5.700	0.000	0.000	0.000	0.000	0.000	0.000	<b>5.700</b>
0.000	0.000	0.000	2.194	0.000	6.000	0.000	<b>8.194</b>
0.000	0.000	0.000	0.000	0.000	10.500	0.000	<b>10.500</b>
0.000	0.000	22.444	0.000	0.000	0.000	0.000	22.444
<b>18.554</b>	<b>0.000</b>	<b>22.444</b>	<b>7.894</b>	<b>0.000</b>	<b>32.700</b>	<b>0.000</b>	<b>81.592</b>

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Invest to Save Programme 2020-21 to 2023-24

Appendix 8D

Invest to Save Programme	Forecast Outturn	Budget	Budget	Budget	3 Yr Budget	Total Forecast and 3 Yr Budget
Programme / Scheme	20-21 £m	21-22 £m	22-23 £m	23-24 £m	21-22 to 23- 24 £m	20-21 to 23- 24 £m
Streetlighting Replacement	4.242	7.996	3.194	0.000	11.190	<b>15.432</b>
Remote Monitoring of Street Lighting	0.000	0.400	0.400	0.000	0.800	<b>0.800</b>
Conversion of council buildings to TA	2.213	2.375	0.000	0.000	2.375	<b>4.588</b>
Purchase of properties for use as TA	15.000	10.000	5.000	0.000	15.000	<b>30.000</b>
*Modular homes potential loan to Place Ltd	0.000	3.530	0.290	0.000	3.820	<b>3.820</b>
<b>Invest to Save Total</b>	<b>21.455</b>	<b>24.301</b>	<b>8.884</b>	<b>0.000</b>	<b>33.185</b>	<b>54.640</b>

Total Funding 2020-21 to 2023-24							
Grants £m	S106 £m	CIL £m	Capital Receipts £m	RTB Receipts £m	Prudential Borrowing £m	Revenue £m	Total Funding £m
0.000	0.000	0.000	15.432	0.000	0.000	0.000	<b>15.432</b>
0.000	0.000	0.000	0.800	0.000	0.000	0.000	<b>0.800</b>
0.000	0.000	0.000	0.000	1.376	3.212	0.000	<b>4.588</b>
0.000	3.782	0.000	0.000	9.000	17.218	0.000	<b>30.000</b>
0.000	0.000	0.000	0.000	0.000	3.820	0.000	<b>3.820</b>
<b>0.000</b>	<b>3.782</b>	<b>0.000</b>	<b>16.232</b>	<b>10.376</b>	<b>24.250</b>	<b>0.000</b>	<b>54.640</b>

\* This is an indicative budget which will be confirmed upon review and approval of the final business case

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Approved Capital Programme - HRA Summary 2020-21 to 2023-24

Appendix 8E

Summary: HRA						
	2020-21 Forecast Outturn £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	3 Yr Budget 2021-24 £m	Total Forecast and 3 Yr Budget £m
<b>THH Annual Rolling Programme</b>	24.512	23.334	23.706	0.000	<b>47.040</b>	<b>71.552</b>
<b>THH Projects</b>	2.717	0.326	0.000	0.000	<b>0.326</b>	<b>3.043</b>
<b>Subtotal</b>	<b>27.229</b>	<b>23.660</b>	<b>23.706</b>	<b>0.000</b>	<b>47.366</b>	<b>74.596</b>

Total Funding 2020-21 to 2023-24							
Leaseholder Contributions £m	Grants £m	S106 £m	Capital Receipts £m	RTB Receipts £m	Prudential Borrowing £m	Major Repairs Reserve £m	Total Funding £m
15.000	0.000	0.000	0.000	0.000	0.000	56.552	<b>71.552</b>
0.000	0.000	0.000	3.043	0.000	0.000	0.000	<b>3.043</b>
<b>15.000</b>	<b>0.000</b>	<b>0.000</b>	<b>3.043</b>	<b>0.000</b>	<b>0.000</b>	<b>56.552</b>	<b>74.596</b>

<b>First 1,000 council homes</b>	49.452	127.529	55.788	0.000	<b>183.317</b>	<b>232.768</b>
<b>Completed/Retentions</b>	0.720	0.412	0.000	0.000	<b>0.412</b>	<b>1.132</b>
<b>Subtotal</b>	<b>50.172</b>	<b>127.941</b>	<b>55.788</b>	<b>0.000</b>	<b>183.729</b>	<b>233.901</b>

0.000	8.269	5.191	0.000	65.466	151.653	2.190	<b>232.768</b>
0.000	0.000	0.000	0.000	0.720	0.001	0.412	<b>1.132</b>
<b>0.000</b>	<b>8.269</b>	<b>5.191</b>	<b>0.000</b>	<b>66.185</b>	<b>151.654</b>	<b>2.602</b>	<b>233.901</b>

<b>Total</b>	<b>77.401</b>	<b>151.601</b>	<b>79.494</b>	<b>0.000</b>	<b>231.095</b>	<b>308.496</b>
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<b>15.000</b>	<b>8.269</b>	<b>5.191</b>	<b>3.043</b>	<b>66.185</b>	<b>151.654</b>	<b>59.154</b>	<b>308.496</b>
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## Capital Potential Assets For Disposal

Site	Estimated Value (as at October 2020) £m
<b>General Fund assets</b>	
<b>2020-21</b>	
12 White Church Lane	0.085
52-62 St Pauls Way	0.203
Ailsa Wharf	22.000
<b>Sub-total</b>	<b>22.288</b>
<b>2021-22 – 2023-24</b>	
34 Mount Terrace	0.620
635 Commercial Road	0.600
John Scurr Community Centre	0.600
Car Pound, 585-593 Commercial Road	21.800
John Onslow House	10.900
Albert Jacob House	7.800
Workpath	5.000
Back Church Lane	1.500
<b>Sub-total</b>	<b>48.820</b>
<b>TOTAL</b>	<b>71.108</b>
<b>General Fund assets (Education)</b>	
Guardian Angels	TBC
Shapla	TBC
Cherry Trees	TBC

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# Budget Consultation 2020

On behalf of London Borough of Tower Hamlets

December 2020



Prepared by

**SMSR**  
**RESEARCH**

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## 1.0 Headline Findings

### 1.1 Headline findings

Overall, residents, businesses, and community groups across Tower Hamlets value Public Health Services the most (41%), followed closely by Community Safety (38%). This is understandable, given the event of the recent Covid-19 pandemic and subsequent issues triggered by the outbreak. More than a third value Children's Services and Education (34%) and Services for the Elderly and Vulnerable Adults (33%) the most. Culture, libraries, and Parks (22%) and Highways and Transport Services (14%) were deemed to be the least valuable services in the borough at this time.

Businesses in the borough placed similar levels of importance on Public Health (38%) but, perhaps instinctively, placed more value on Economic Growth and Job Creation (39%), however, considered Community Safety to be most valuable (41%).

When considering business priorities, Economic Growth and Job Creation (38%) and Community Safety were ranked slightly higher than Public Health (36%), reinforcing initial trends found amongst this cohort.

When contemplating the areas in which additional savings could be made, half (50%) said they would prefer the Council to reduce spending on temporary agency staff. Almost half (45%) felt there are opportunities to reduce costs by delivering more services using digital technology and two-fifths (40%) thought the Council could generate more commercial income and maximise use of its assets (although it was highlighted in the options this may be problematic in the current circumstances). Just a tenth (10%) felt that savings could be made by reducing spending on frontline services.

A slim majority (52%) believed that the impact of further savings would make the Council more efficient, although more than three-quarters (78%) predicted that fewer services would be available and nearly three-fifths (58%) expected service quality to be reduced as a result.

More than half (54%) felt that, in order to mitigate the impact of savings the Council is required to make by the Government, it should investigate better use of assets and other ways to generate income – an action highlighted as preferable earlier in the survey. More than two-fifths (45%) said it is important to work closely with organisations in the voluntary and community sector and partner organisations such as the NHS to deliver more joined up services and share services with neighbouring boroughs to make council services more efficient through greater use of digital technology (44%). Less than a fifth (18%) deemed it important to outsource services to the private sector.

Respondents were more inclined to support a proposal to increase council tax with 47% approving of the action and 43% in opposition – a tenth (10%) said they did not know. Furthermore – of those who did support an increase in council tax, a quarter (26%) revealed they would support a rise of up to 2%, more than a tenth (12%) said they would support an increase between 2% and 3%. Less than a tenth (4%) stated they would support an increase in council tax between 3% and 4% or above 4% (5% of respondents).

Overall, the majority (56%) said, if permitted, they would support an adult social care precept in order to support adult social care. A quarter (28%) opposed this proposal with 16% of respondents stating they did not know.

Almost three quarters (74%) agreed that the council should expand its approach to income generation such as using its unique assets for events and filming, as well as through fees and charges. Less than a fifth (14%) did not support this policy and a tenth did know (11%).

## 2.0 Introduction

### 2.1 Background

Tower Hamlets Council has worked hard to make £200m in savings since 2010, its budget has been cut by the Government and squeezed by additional demand. The additional pressures that have now been experienced because of the pandemic means the Council will now have to save a further £30m by 2024.

The required savings are subject to significant 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.

The Council has made a number of tough choices to minimise the impact on those services residents have said that they rely on the most. The Council has reduced its own running costs, been more efficient in how services are delivered, and reduced its workforce by a third since 2010.

The Council has to make the most of the money it has, as well as continuing to look at innovative ways to generate income and have asked residents, businesses, and community groups to get involved in the conversation and provide their opinions.

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

### 2.2 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%.

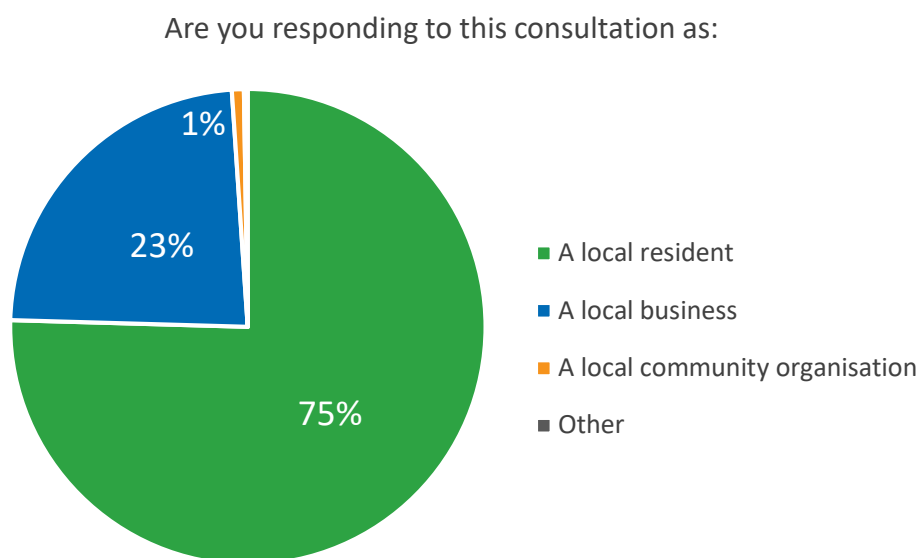
Trends identified in the reporting are statistically significant at a 95% confidence level. This means that there is only 5% probability that the difference has occurred by chance (a commonly accepted level of probability), rather than being a 'real' difference. Unless otherwise stated, statistically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

### 3.0 Sample / Methodology

An interviewer led, CATI telephone questionnaire was designed by SMSR in conjunction with staff from Tower Hamlets Council. The survey script mirrored the online consultation on the Let's Talk Tower Hamlets consultation hub.

Interviews were conducted using random quota sampling to maximise representation across the borough. Sample data was drawn from several, GDPR compliant sources to extend the scope of potential participants as much as possible. 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 ward 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 1,955 residents, businesses and community groups took part in the consultation, overall. A representative sample of 1,138 residents were interviewed by SMSR Ltd using Computer Aided Telephone Interviewing (CATI) methodology. A further sample of 468 businesses were interviewed by SMSR Ltd, using the same methodology. In addition, a total of 349 residents, businesses and community groups responded to an online consultation, hosted on the council's website. Overall, three-quarters responded as a local resident (75%), just under a quarter responded as a business (23%) and 1% via a local community organisation. All responses have been combined in this report.

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 (1,475). Please note that not all residents provided demographic information.

Gender	Number	Percentage of sample
Male	721	49%
Female	716	49%
Prefer to self-identify	1	0%
Prefer not to say	37	3%

Age	Number	Percentage of sample
0-15	1	0%
16-24	126	9%
25-34	354	24%
35-44	376	25%
45-54	227	15%
55-64	173	12%
65-74	124	8%
75+	68	5%
Prefer not to say	40	2%

Ethnicity	Number	Percentage of sample
White	781	53%
BAME	641	43%
Prefer not to say	53	4%

Ward	Number	Percentage of sample
Bethnal Green	105	9%
Blackwall & Cubitt Town	66	6%
Bow East	88	8%
Bow West	82	7%
Bromley North	74	7%
Bromley South	39	3%
Canary Wharf	16	1%
Island Gardens	27	2%
Lansbury	47	4%
Limehouse	29	3%
Mile End	95	8%
Poplar	56	5%
Shadwell	63	6%
Spitalfields & Banglatown	77	7%
St Dunstan's	40	4%
St Katharine's & Wapping	36	3%
St Peter's	31	3%
Stepney Green	49	4%
Weavers	50	4%
Whitechapel	67	6%

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



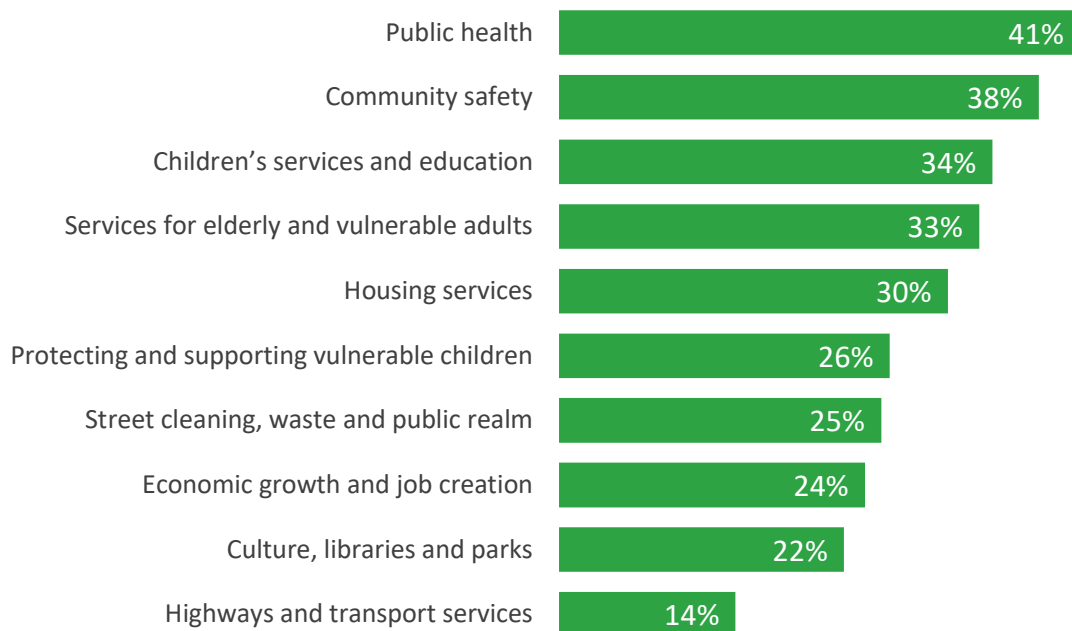
## Businesses

Business size	Number	Percentage of sample
Micro (1-10 employees)	248	54%
Small (11-49 employees)	184	40%
Medium (50-249 employees)	21	5%
Large (250+ employees)	3	1%

Ward	Number	Percentage of sample
Bethnal Green	36	8%
Blackwall & Cubitt Town	9	2%
Bow East	11	2%
Bow West	14	3%
Bromley North	54	12%
Bromley South	15	3%
Canary Wharf	24	5%
Island Gardens	4	1%
Lansbury	6	1%
Limehouse	6	1%
Mile End	46	10%
Poplar	16	3%
Shadwell	35	7%
Spitalfields & Banglatown	32	7%
St Dunstan's	6	1%
St Katharine's & Wapping	3	1%
St Peter's	9	2%
Stepney Green	10	2%
Weavers	46	10%
Whitechapel	85	18%
Not known	1	0%

## 4.0 Findings

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



Respondents were asked to choose which council services they valued the most from a list. Perhaps, unsurprisingly, given the current Covid-19 Pandemic, Public Health services were valued the most by more than two-fifths (41%) of residents. This service was closely followed by Community Safety (38%) with a third of residents stating they value Children's Services and Education (34%) and Services for Elderly and Vulnerable Adults (33%) the most. Respondents valued these more pertinent services amidst the current circumstances over Culture, Libraries and Parks and Highways and Transport services, both which less than a quarter found valuable (22% and 14% respectively).

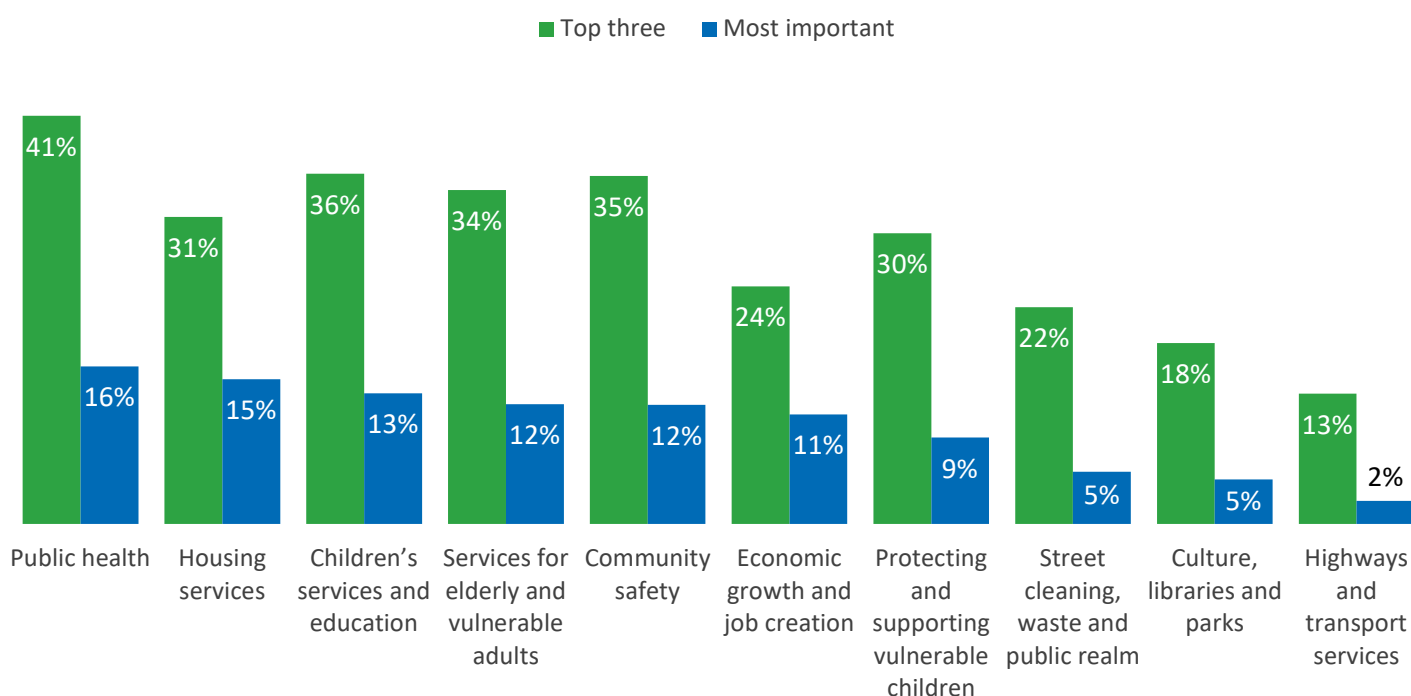
Public Health and Community Safety were found to be universally, very valuable across demographic subgroups, however, females tended to place more value upon children's services compared to males (37% vs 31%) together with services for the elderly (37% female vs 29% male). The value of Services for the Elderly generally increased with age with more than half (58%) of respondents aged 65+ stating this service was most valuable whereas children's services tended to be more valuable to younger residents, particularly those aged 25 to 44.

BAME respondents also felt Children's Services were more valuable compared to White participants (37% vs 32%) with this cohort also placing more value on Housing Services (36% BAME vs 26% White) and Economic Growth (28% BAME vs 20% White).

Nearly three-fifths of respondents in Stepney Green (58%) and St Peter’s (58%) considered Public Health to be most valuable compared to a third in Bow West (34%) and Island Gardens (35%).

When considering the most valuable services to those who responded as a local resident, Public Health was considered to be the most valuable service, with nearly half of this opinion (47%). This was followed by Children’s Services (42%) and Services for the Elderly (38%). Those responding as a business placed most value on community safety (41%) and Economic Growth (39%) – slightly higher than Public Health (38%).

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



Participants were asked to contemplate, with limited resources available, which council services should be prioritised. Respondents were asked to rank the options including the service they believed was most important to prioritise. The chart above shows respondents’ top three priorities together with the service ranked most important.

As with the previous question, Public Health (41%) was considered to be most important to prioritise alongside Children’s Services (36%), Community Safety (35%), Services for the Elderly (35%). Although Housing Services was deemed a ‘mid-table’ priority amongst respondents top three choices, this service was seen to be the second most important priority, behind Public Health when reviewing respondents’ most important choice.

Furthermore, similar patterns were found between value and priorities when exploring age and gender subgroups. Public Health services were prioritised universally amongst demographic groups whereas females tended to be more inclined to prioritise Children's Services compared to males (37% vs 31%) and Services for the Elderly (39% vs 33%). Males tended to prioritise Economic Growth more prominently than females (29% vs 19%).

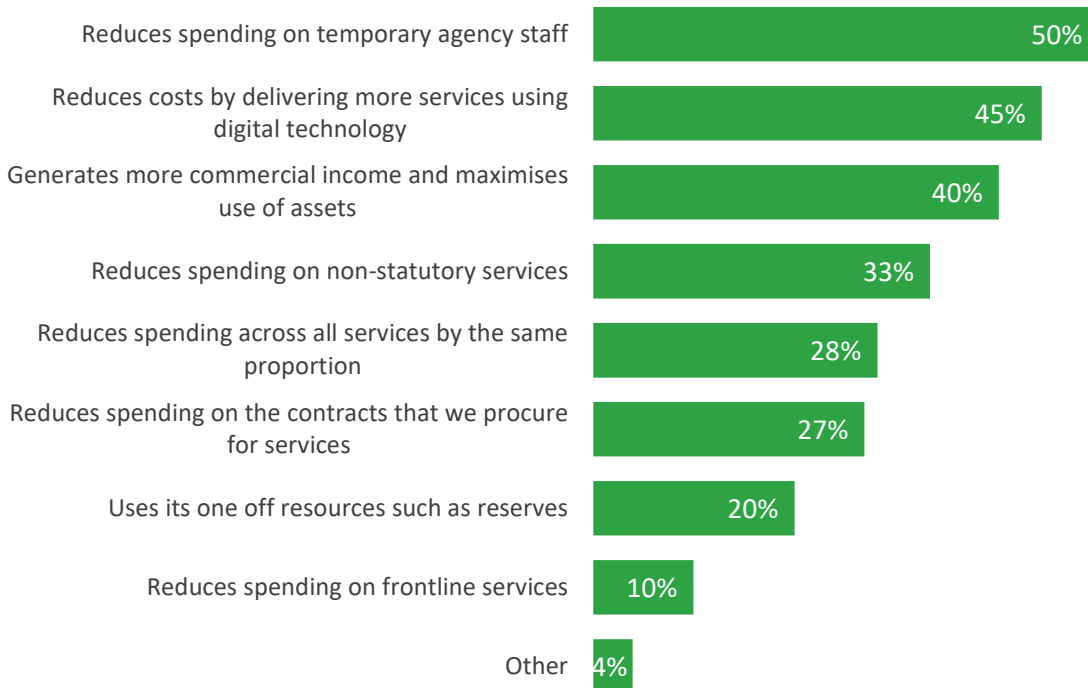
Similar trends were also found throughout age categories with older people more likely to prioritise Services for the Elderly with quarter of those under 25 (24%) considering this service a priority compared to three-fifths of those over 65 (58%). Prioritisation of Children's Services revealed a reverse in this trend with younger respondents more likely to emphasise this service as a priority (41% under 24 vs 33% 65+).

BAME respondents were more likely to prioritise Housing Services compared to White respondents (38% vs 26%) and also saw Economic Growth as a more critical priority (27% BAME vs 22% White).

Around three-fifths of respondents in Island Gardens (61%), Stepney Green (58%) and Limehouse (57%) felt that Public Health was a priority compared to just a third in Bow West (34%). More than half in Bromley North and Bromley South (both 54%) felt that Housing Services should be prioritised compared to less than a fifth of those in Island Gardens (19%), Lansbury (17%) and Limehouse (14%). Residents of Bow west were most likely to prioritise Children's Services (50%) with St Dunstan's and Poplar more focussed on Services for the Elderly (48% and 46% respectively).

Nearly half of residents (47%) felt that Public Health should be prioritised compared to 36% of businesses. Residents also believed Children's Services (41%) and Services for the Elderly (38%) were also important priorities. Although Public Health was still a top three priority amongst businesses, Economic Growth (38%) and Community Safety (38%) were slightly higher concerns.

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

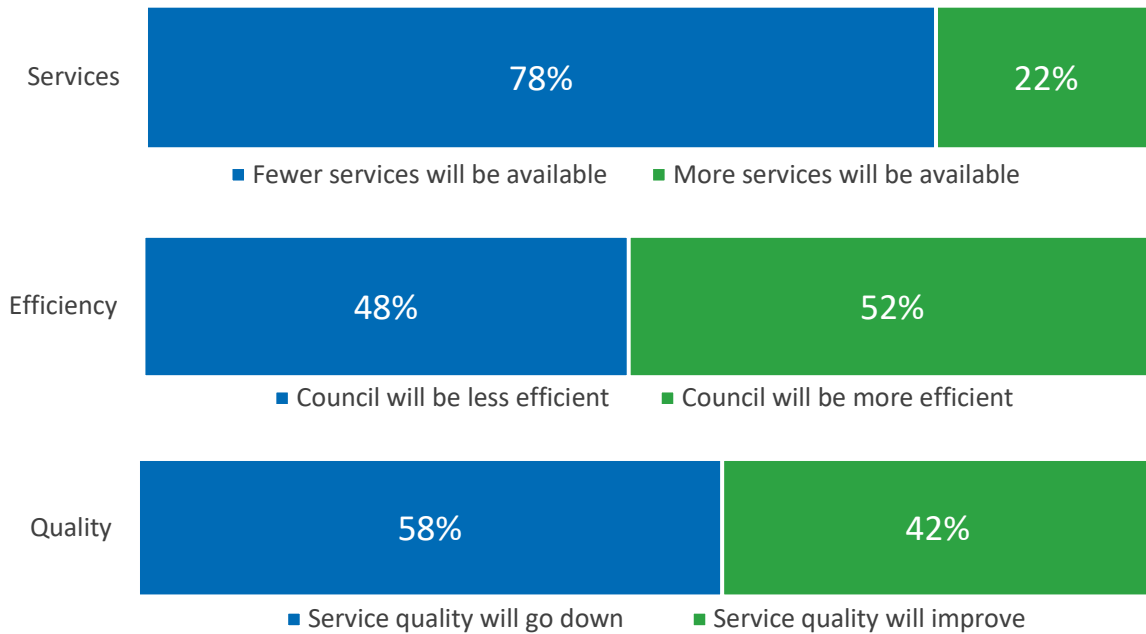


As core government funding continues to fall and the Council have to make further savings, respondents were asked where they would prefer Tower Hamlets Council to make additional savings. Exactly half of respondents felt that additional savings could be made by reducing spending on agency staff. More than two-fifths (45%) thought that savings could be made by delivering services using digital technology – an action no doubt accelerated by the current pandemic – and two-fifths (40%) would prefer the Council to generate income and maximise the use of its assets (albeit a difficult task under current conditions). Only a tenth (10%) said they would prefer the Council to reduce spending on frontline services.

Perhaps naturally, respondents aged under 45 were more likely to view the use of digital technology as a driver of additional savings with more than half of those aged under 24 (52%) and 25-34 (54%) advocating this action compared to less than a third of those aged 65+ (31%).

Both residents and businesses in Tower Hamlets agreed that savings should be made by reducing spending on temporary agency staff (54% and 47% respectively). More than two-fifths of residents stated they would prefer to reduce costs by generating more commercial income (43%) or delivering services digitally (41%). Businesses were more inclined to favour a reduction in procurement (32%) compared to residents (22%). Both cohorts were least likely to prefer to reduce spending on frontline services.

What do you think the impact of further savings on the borough will mean?

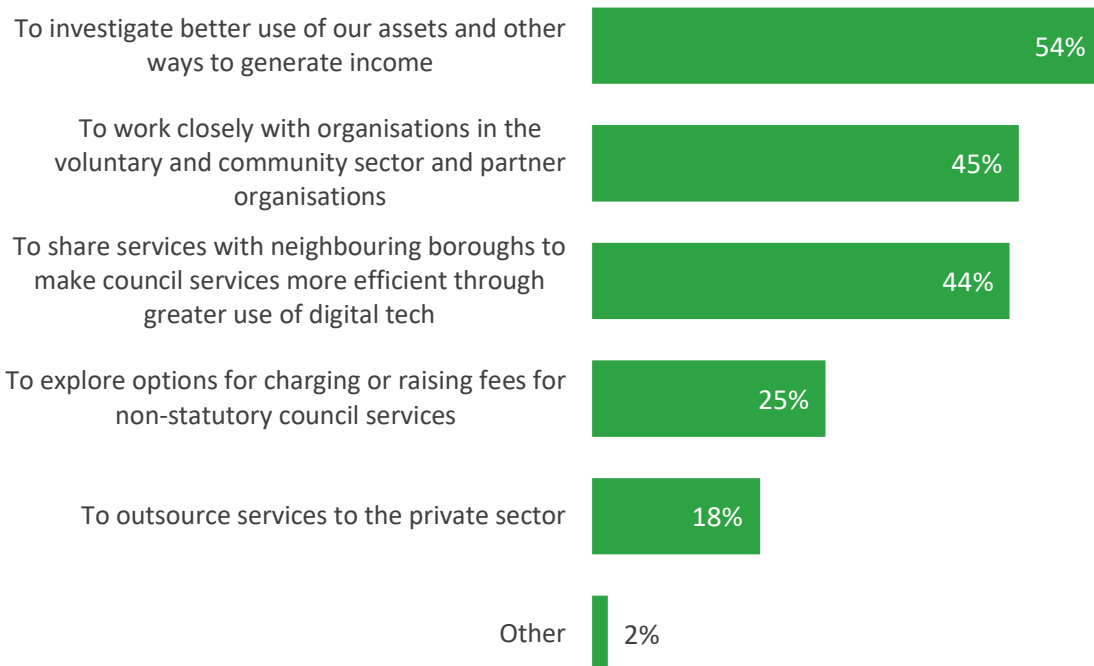


Respondents were asked to contemplate the impact of further savings on the borough, specifically in relation to service availability, council efficiency and service quality. More than three quarters believed that fewer services will be available in the borough as a result of further savings whereas a more even divide was observed for council efficiency - just over half stating they thought the council would become more efficient as a result of savings. Nearly three-fifths (58%) felt the quality of services would be reduced as a result of savings made. So, although a very slim majority expected the council to be more efficient as a result of savings made, many felt that services could be adversely impacted at the same time.

Around 9 in every 10 respondents in Island Gardens felt that fewer services would be available compared to just over half in Bow East (56%). More than three-fifths of residents in Limehouse (71%) and Spitalfields and Banglatown (68%) believed savings would make the council more efficient with the same percentage of the opinion the Council would be less efficient in Stepney Green (61%) and Weavers (61%). Respondents in Stepney Green also were most likely to predict the quality of services would be reduced (78%) compared to 28% in Blackwall and Cubitt Town (28%).

Residents (77%) were slightly more inclined to believe that fewer services would be available due to savings, compared to businesses in the borough (71%).

We are exploring a range of solutions to minimise impact of the savings the council is required to make. If we had to pursue just two options below, which are most important to you?



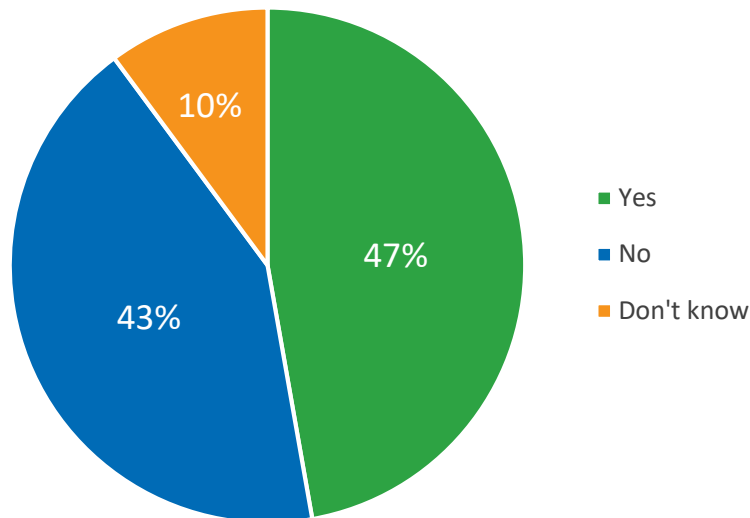
Tower Hamlets Council is exploring a range of options to minimise the impact of the savings the council is required to make. Respondents were asked to choose two options which they thought were most important for the council to pursue.

More than half (54%) identified better use of assets and other ways to generate income as the most important action to minimise the impact of savings. More than two-fifths felt that working more closely with organisations to provide joined up services (45%) and a shared service approach with neighbouring boroughs (44%) were most important in mitigating the impact of savings the council is required to make. Less than a fifth (18%) thought outsourcing services to the private sector was important in combatting the impact in increased savings.

More than two-thirds of residents and businesses in Blackwall and Cubitt Town (71%), Lansbury (70%) and Bow West (70%) felt the council should investigate better use of assets to minimise the impact of savings whereas just a quarter in St Peter's (25%) felt this was the most important action. More than half of those in St Katherine's and Wapping (56%), Island Gardens (52%), Limehouse (51%) and Lansbury (51%) believed that working closely with other organisations would reduce impact, compared to 27% based in Weavers.

Both residents (57%) and businesses (51%) thought that better use of Council assets and other ways to generate income was the most important action in the list of options with over half supporting this solution.

Would you be prepared to support a proposal to increase council tax?



In light of rising costs and demand for services, respondents were asked if they would be prepared to support a proposal to increase council tax, in order to protect services. Respondents were marginally more inclined to support a proposal to increase council tax – 47% yes compared to 43% no. A tenth said they did not know.

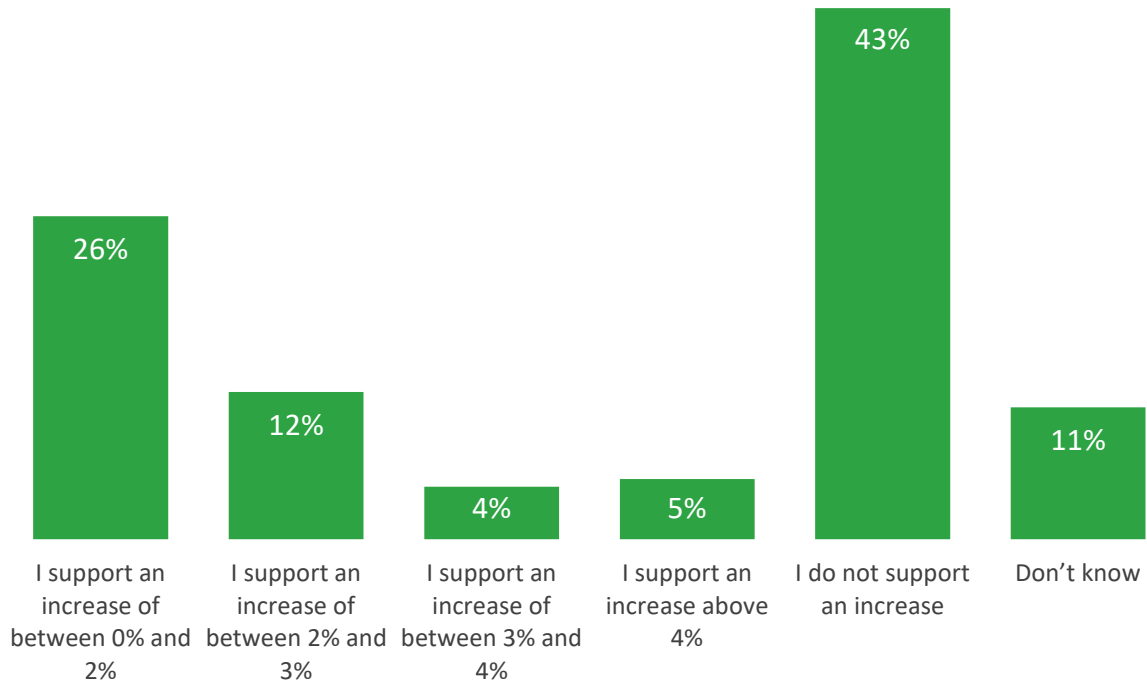
Those aged between 25 and 44 were more likely to support the proposal with half of 25-34-year olds (50%) and 35-44-year olds (50%) advocating a rise in council tax compared to two-fifths of those aged under 24 (41%) and over 65 (42%). Furthermore, white respondents (53%) were found to be more inclined to support an increase than BAME respondents (42%).

Residents and businesses in Stepney Green (64%) and Weavers (64%) were most agreeable to an increase in council tax whereas less than a third in Bow West (31%), Bromley North (30%), Lansbury (30%) and Island Gardens (29%) supported this action.

Residents were found to be more supportive towards a proposal to raise council tax compared to businesses (45% vs 39%).



Which of the following council tax increases you would support most:

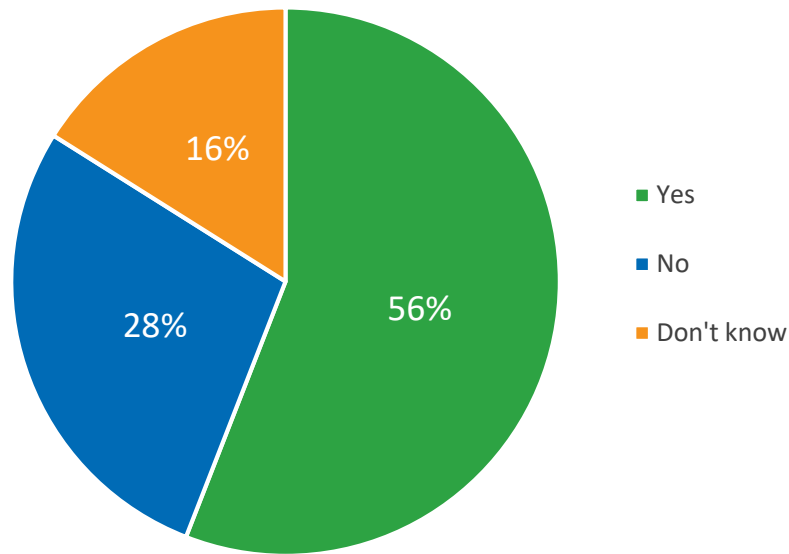


Respondents were then asked to indicate the level of council tax increase they would support most. Consistent with the previous question which asked respondents if they would advocate any increase at all in council tax, 43% repeated they would not. The highest percentage of respondents who would support a rise in council tax, a quarter (26%), said they would favour an increase of between 0% and 2%. Just over a tenth (12%) said they would support an increase of between 2% and 3% with fewer supporting an increase of between 3% and 4% (4%) and an increase above 4% (5%). A tenth said they did not know (11%).

There was little difference when examining trends between age and gender in relation to support for an increase, however, White respondents were more inclined support each increment of increase compared with BAME respondents – 15% White vs 10% BAME for an increase between 2% and 3%, 6% White vs 3% BAME for an increase between 3% and 4% and above 4%).

Respondents in Weavers (51%) were most supportive of the smallest increase (0-2%) with just 13% of those in Bow West (13%) and Island Gardens prepared to agree to this action. Those in Bethnal Green (8%) were most sympathetic to the largest increase of more than 4% with no respondents in Weavers, Spitalfields and Banglatown, Whitechapel, Bromley South, Canary Wharf, and Island Gardens supportive of this increase.

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



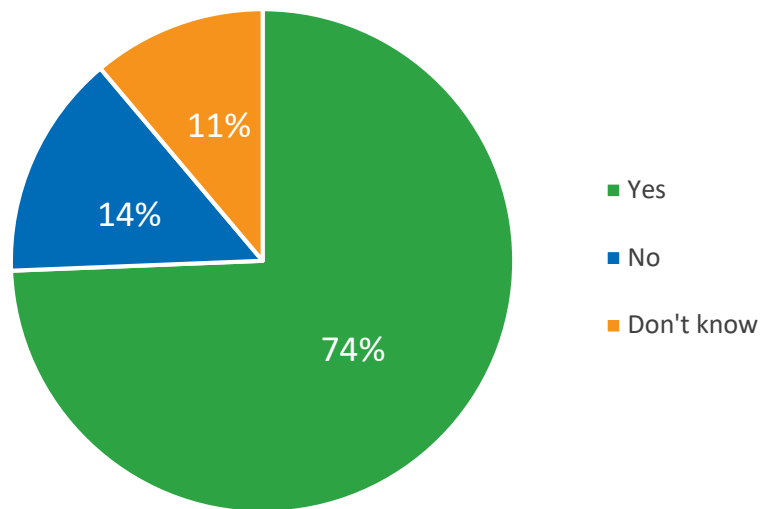
Based on an estimate that additional cost pressures to Tower Hamlets Council for adult social care services in 2021/22 will be £3.5m, respondents were asked, if permitted would they support an adult social care precept to support adult social care services.

Overall, the majority (56%) said they would support an adult social care precept to support adult social care services. Over a quarter (28%) said they would not support this proposal and 16% said they did not know.

Female respondents (58%) tended to be more supportive of the measure compared to males (55%) and three-fifths (60%) of White residents agreed with this action compared to just over half of BAME respondents (53%).

Respondents in Poplar (85%) and Spitalfields and Banglatown (69%) were most supportive of an adult social care precept compared to a third in Limehouse (37%) and St Peter's (33%). Trends were generally consistent between residents and businesses in the borough.

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?



One of the ways Tower Hamlets Council already generates income is by hiring out unique council-owned assets such as parks for events and filming, and the use of venues for ceremonies and sporting activities. Its fees and charges are also compared against other councils, and the council is exploring more innovative ways to raise income. Respondents were asked if they support the council expanding this approach to income generation so they can continue to protect frontline services and limit the impact of government cuts.

Nearly three quarters (74%) agreed the council should expand on this approach to income generation. Less than a fifth (14%) felt they could not support this action and a tenth did not know (11%).

Those aged 55-64 (78%) were most inclined to support this proposal, an increase of nearly 10% when compared to young people, under 25 (69%). White respondents (77%) were more supportive of expanding this approach compared to BAME residents (72%).

More than 8 in every 10 respondents located in Spitalfields and Banglatown, St Dunstan's, Stepney Green and Poplar believed the council should expand this approach to income generation with Bromley North (56%) and Bow East (54%) less supportive. Furthermore, trends were generally consistent between residents and businesses in the borough.

## 5.0 Appendices

### 5.1 Questionnaire

# Tower Hamlets Council

## Budget Consultation 2020

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### Introduction

Good morning / afternoon / evening. My name is ..... and I am calling / speaking to you on behalf of Tower Hamlets Council from SMSR Ltd, an independent research company.

We are speaking to residents in the borough to get their views on the Council's budget for next year.

Do you have a few minutes to get your thoughts on this today and help shape the budget in your local area?

In compliance with GDPR you are able to withdraw your consent at any point during or after the interview and we can provide contact details for both Tower Hamlets Council and SMSR at any point if you so wish. 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.

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.

If respondent wishes 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.

Q1 Are you responding to this consultation as:

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

Please specify other:

## INTERVIEWER PREAMBLE

This year Tower hamlets Council is spending £1.2 billion gross expenditure (£354.5 million net expenditure budget) on public services to support people and improve lives. Over half of its net budget is spent on supporting children and vulnerable adults.

Covid-19 has of course had a huge impact on the Council's services and finances and the budget was set in this context. The Council have worked hard to make £200m in savings since 2010, as their budget has been cut by the Government and they have been squeezed by additional demand.

The additional pressures that have now been experienced because of the pandemic means the Council will now have to save a further £30m by 2024.

The required savings are subject to significant 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 demand from vulnerable residents and a rising population, the Council are proud to have continued to invest in frontline services and have the seventh lowest council tax in London.

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

The Council has to make the most of the money they 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 the Council shape the future for all.

You may have received a budget booklet from the Council, which you can refer to during this consultation, if you wish

Q2 In your opinion, which council service(s) do you value the most?

(select up to three)

- 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?

(select up to three)

- 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?

- 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

Q4 As core government funding continues to fall, the Council have to save a further £30m by 2024.

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

(select up to three)

- reduces spending across all services by the same proportion .....  1
- reduces spending on frontline services.....  2
- reduces spending on temporary agency staff .....  3
- reduces spending on the contracts that we procure for services .....  4
- reduces spending on non-statutory services (services the council is not legally required to provide).....  5
- reduces costs by delivering more services using digital technology .....  6
- generates more commercial income and maximises use of assets (currently reduced due to impact of Covid-19) .....  7
- uses its one off resources such as reserves .....  8
- Other .....  9

Please specify other:

What do you think the impact of further savings on the borough will mean?

Q5 **Services.** Do you think the impact of further savings on the borough will mean:

- Fewer services will be available .....  1
- More services will be available.....  2

Q6 **Efficiency.** Do you think the impact of further savings on the borough will mean:

- Council will be less efficient .....  1
- Council will be more efficient.....  2

Q7 **Quality.** Do you think the impact of further savings on the borough will mean:

- Service quality will go down .....  1
- Service quality will improve .....  2



Q8 We are exploring a range of solutions to minimise the impact of the savings the council is required to make.

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

(select up to two)

- 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 investigate better use of our assets and other ways to generate income .....  4
- to explore options for charging or raising fees for non-statutory council services (services we are not legally required to provide) .....  5
- Other (please specify) .....  6

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 for 2021-22. Even with an increase in council tax, savings will still be needed to balance our budget.

In 2020/21, Tower Hamlets Council increased council tax by 1.99% and charged an adult social care precept of 2% so overall an increase of 3.99% 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 19p extra per week.

Q9 Would you be prepared to support a proposal to increase council tax?

- Yes .....  1
- No .....  2
- Don't know .....  3

Q10 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:

- 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

Q11 The government has allowed councils in the last four 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 2021/22 will be £3.5m.

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

Q12 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

Q13 How old are you?

- 0-15.....  01
- 16-24.....  02
- 25-34.....  03
- 35-44.....  04
- 45-54.....  05
- 55-64.....  06
- 65-74.....  07
- 75-84.....  08
- 85+.....  09
- Prefer not to say .....  10

Q14 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.....  1
- No .....  2
- Prefer not to say .....  3

Q15 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 not to say .....  6
- Prefer to self-describe (please specify):.....  7

Please specify other:

Q16 Which best describes your gender?

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

Please specify:

Q17 Is your gender identity the same as the sex you were assigned to at birth?

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

Q18 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:

Q19 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 speify:

Q20 Are you legally married or in a civil partnership?

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

Q21 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

Q22 Are you currently pregnant or did you give birth in the last twelve months?

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

Q23 How would you describe your ethnic group?

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

Q24 What is your religion or belief system?

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

Please specify other:

Q25 Do you have caring or parenting responsibilities? (for example, childcare or dependent adults)

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

Pcode Please may I take your postcode?

Q26 Tower Hamlets residents' e-newsletter contains the latest news, events, competitions and special offers from across Tower Hamlets. Would you like to sign up to our residents newsletter?

- Yes .....  1
- No .....  2

Q26 Thank you. Please can I take your name and email address?

Name	
Email	



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

Thank you for completing this questionnaire.

**READ OUT:**

If respondent wishes 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.

Social & Market Strategic Research  
Wellington House  
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Kingston-Upon-Hull  
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(01482) 211200

**SMSR**  
RESEARCH

<b>Audit Committee 28 January 2021</b>  <b>and</b>  <b>Council 4 March 2021</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Kevin Bartle, Interim Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report for 2021-22</b>	

<b>Lead Member</b>	<b>Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector</b>
<b>Originating Officer(s)</b>	Hitesh Jolapara, Interim Divisional Director of Finance, Procurement and Audit
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	November 2020
<b>Reason for Key Decision</b>	This report is a statutory requirement and forms part of the 2021-22 budget approval by Council.
<b>Strategic Plan Priority / Outcome</b>	1. People are aspirational, independent and have equal access to opportunities;  2. A borough that our residents are proud of and love to live in;  3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.

### Executive Summary

- 1) This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the MHCLG Guidance on Treasury Management.
- 2) The Council is required by legislation and guidance to produce three strategy statements in relation to its treasury management arrangements. The three statements are:
  - a) Treasury Management Strategy Statement which sets out the Council's strategy for the management of the Council's treasury investments and debt portfolio, including potential new borrowing, for the financial year and

establishes the parameters (prudential and treasury indicators) within which officers under delegated authority may undertake such activities.

- b)** Investment Strategy which sets out the Council's service and commercial investments, its policies for managing existing investments and the governance/decision-making arrangements for new investments.
  - c)** Capital Strategy Report which sets out an overview of how the Council's capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy Report incorporates the Minimum Revenue Provision (MRP) Policy Statement.
- 3)** This report also covers the requirements of the 2017 Prudential Code, including setting of Prudential Indicators for 2021-22, which ensure that the Council's capital investment decisions remain affordable, sustainable and prudent. The Prudential Code also requires the production and approval of an annual Capital Strategy.
  - 4)** The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA TM Code) which requires the Authority to approve a treasury management strategy statement before the start of each financial year.
  - 5)** The Ministry of Housing, Communities and Local Government (MHCLG) issued revised Guidance on Local Authority Investments in February 2018 that requires the Authority to approve an investment strategy before the start of each financial year.
  - 6)** Clear delegated responsibility for overseeing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions is required. For this Council the delegated body is the Audit Committee. Officers will report details of the Council's treasury management activity to the Audit Committee through presentation of a mid-year and outturn report.
  - 7)** The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be arranged as required for members of the Audit Committee who are charged with reviewing and monitoring the Council's treasury management policies. The training of treasury management officers is also periodically reviewed and enhanced as appropriate.

## **Recommendations:**

It is recommended to Council to:

- 1) Approve and adopt the following policy and strategies:
  - 1.1) The Treasury Management Strategy Statement contained in Appendix A;
  - 1.2) The Investment Strategy Report contained in Appendix B;
  - 1.3) The Capital Strategy Report, which includes the Minimum Revenue Provision (MRP) Policy Statement, contained in Appendix C;
  - 1.4) The Prudential and Treasury Management indicators contained in Appendix D; and
  - 1.5) The Treasury Management Policy Statement as set out in Appendix E.

## **1 REASONS FOR THE DECISIONS**

- 1.1 The Council has adopted the relevant CIPFA Treasury Management and Prudential Codes and has regard to the MHCLG Investment Guidance (which came into force on 1<sup>st</sup> April 2018), as required to comply with the Local Government Act 2003. The guidance prescribes the production of three strategy documents, to be approved by the Council before the start of the financial year to which they relate.
- 1.2 The Prudential Code for Capital Finance in Local Authorities (2017) produced by CIPFA guides the Council in the production of a framework designed to ensure that the Council's capital expenditure and financing plans are prudent, sustainable and affordable.
- 1.3 The Treasury Management in the Public Services: Code of Practice (2017) produced by CIPFA guides the Council in setting a risk management framework for the management of its surplus cash and new and existing borrowing.
- 1.4 The MHCLG Investment Guidance guides the Council in setting a decision-making, governance and risk management policy for its service and commercial investments.
- 1.5 The three strategy documents that the Council should produce are:
  - Treasury Management Strategy, including prudential indicators
  - Investment Strategy
  - Capital Strategy

## **2 ALTERNATIVE OPTIONS**

- 2.1 The Council is bound by legislation to have regard to the CIPFA Codes and MHCLG Investment Guidance. If the Council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that the Council's capital investment plans are affordable, sustainable and prudent, and its treasury management activity is managed within an adequate risk control framework.

### **3 DETAILS OF THE REPORT**

#### **Background to Treasury Management**

- 3.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, with adequate liquidity primarily, before considering investment return. A portion of the investment balance is invested on a long-term basis to preserve purchasing power and generate higher returns to support the revenue budget.
- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.
- 3.3 CIPFA defines treasury management as:  
*"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
- 3.4 The Treasury Management Strategy Statement report forms part of an annual cycle of Committee and Council reports. The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.
- I. **A treasury management strategy statement** (Appendix A)
  - II. **A mid-year treasury management report** – This will update members on year to date performance against the prudential and treasury indicators, amending indicators as necessary, and whether any policies require revision.

III. **A treasury outturn report** – This provides details of annual actual performance against the prudential and treasury indicators.

3.5 The Council uses Arlingclose Limited as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and officers will ensure that undue reliance is not placed upon the external service providers.

3.6 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

3.7 **The 2020-21 Strategy and Current Investment Position and Performance**

The Strategy for 2020-21 was approved by Full Council on 19<sup>th</sup> February 2020 and the Audit Committee received a Treasury Management mid-year review on 12<sup>th</sup> November 2020 which stated that:

- a) The investment income budget for 2020-21 was £2.3m and is broadly on target.
- b) From a benchmarking exercise, a total return of 0.1% was achieved for the reporting period, which was 0.01% below the average for similar Local Authorities return and 0.45% higher than the average return for all Local Authorities; and
- c) The Prudential Indicators and Treasury Management indicators have been fully complied with.

**Treasury Management Strategy**

3.8 The Treasury Management Strategy Statement contained in Appendix A sets out the Council's proposed borrowing strategy, in the context of the U.K.'s economic outlook, credit outlook and interest rate forecast as well as the local context of the requirement to borrow. Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.9 The Council is undertaking a review of its borrowing strategy as set out in the TMSS, following the Capital Programme Review and the revised strategy will be reported to the Audit Committee.

3.10 The Authority had previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of

issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. On 25 November 2020, the government responded to the PWLB consultation by cutting the rate for all new Standard Rate loans from 1.80% to 1% (100 bps). PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

- 3.11 Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.12 Any decisions will be reported to the appropriate decision making body at the next available opportunity. Please note that the borrowing of monies purely to lend on and make a return is unlawful and the Council will not engage in such activity.
- 3.13 Where spend is financed through the creation of debt, the Council is required to pay off an element of the accumulated capital spend each year. The payment is made through a revenue charge (the minimum revenue provision - MRP) made against the Council's expenditure, although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). The MRP policy is set out in the capital strategy which is contained in Appendix C.
- 3.14 The Council has chosen to adopt a Voluntary Revenue Provision (VRP) to be charged to the HRA. This is in line with risks under consideration, the impact, and potential impact, on the Council's overall fiscal sustainability.
- 3.15 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 3.16 The investment strategy has been developed using the principle that the Council will also achieve optimum return on its investments commensurate with proper levels of security and liquidity. The Council's strategy is that given the risk and very low returns from short-term unsecured bank investments, the Authority will explore new opportunities for further diversification into more secure and/or higher yielding asset classes during 2021-22. The majority of



the Authority's surplus cash remains invested in short-term unsecured bank deposits, money market funds and local authority deposits.

- 3.17 The proposed structure for selecting counterparties is set out in the TMSS. This methodology has been proposed by Arlingclose Limited and after review, is being proposed to the Council for adoption. The Council has not listed all of the counterparties that meet these criteria in an appendix, as these counterparties will naturally change over time. The Council, in conjunction with its treasury management advisor, Arlingclose, will use Fitch, Moodys and Standard and Poor's ratings to derive its credit criteria. The Council's treasury advisor alerts officers to changes in ratings of all agencies.
- 3.18 The Corporate Director Resources, has delegated responsibility to add or withdraw institutions from the counterparty list when circumstances change, either as advised by Arlingclose Limited (the Council's advisors) or from another reliable market source.

#### **Investment Strategy Report 2021-22**

- 3.19 The Investment Strategy Report is contained in Appendix B. This strategy meets the requirement of the Guidance issued by Government in January 2018 and sets out the Council's Strategy in relation to supporting local public services by lending to or buying shares in other organisations and earning investment income other than investment returns in cash balance (commercial investments).

#### **Capital Strategy Report for 2021-22**

- 3.20 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 3.21 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are, therefore, subject to both a national regulatory framework and to local policy framework, summarised in this report.

- 3.22 The Capital Strategy Report is contained in Appendix C. The report sets out how the Capital Financing Requirement (CFR) for both the General Fund (GF) and the Housing Revenue Account (HRA) will change through to 2023-24, along with the Authorised Limit and the Operational Limit of borrowing and Prudential Indicators (PIs). Any shortfall of resources results in a borrowing need.

### **Other Treasury Management Issues**

- 3.23 In order to meet statutory requirements, clear delegated responsibility for overseeing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions rests with the Audit Committee. Officers will report details of the Council's treasury management activity to the Audit Committee through presentation of a mid-year and outturn report. The responsibilities and delegated decision-making path are set out in Appendices F and G.
- 3.24 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny, for whom training will be arranged as required. The training needs of treasury management officers are periodically reviewed and form part of the annual learning and development plan for individual officers.

## **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 Capital investment will contribute to achievement of the corporate objectives, including all those relating to equalities. Establishing the statutory policy statements required facilitates the capital investments and ensures that it is prudent.

## **5 OTHER STATUTORY IMPLICATIONS**

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

- Risk Management,
  - Crime Reduction,
  - Safeguarding.
  - Data Protection / Privacy Impact Assessment.
- b. **Best Value Implications:** The Treasury Management Strategy, Investment Strategy, Capital Strategy and the arrangements put in place to monitor them should ensure that the Council optimises the use of its monetary resources within the constraints placed on the Council by statute, appropriate management of risk and operational requirements. Assessment of value for money is achieved through monitoring against benchmarks and operating within budget.
- c. **Risk Management:** There is inevitably a degree of risk inherent in all treasury activity. The Investment Strategy identifies the risk associated with different classes of investment instruments and sets the parameters within which treasury activities can be undertaken and controls and processes appropriate for that risk. Treasury operations are undertaken by nominated officers within the parameters prescribed by the Treasury Management Policy Statement as approved by the Council. The Council is ultimately responsible for risk management in relation to its treasury activities. However, in determining the risk and appropriate controls to put in place, the Council has obtained independent advice from Arlingclose who specialise in Local Authority treasury issues.

## **6 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 This report contains the three strategy statements in relation to the Council's treasury management arrangements. As this report is totally financial in nature the comments of the Chief Finance Officer have been incorporated throughout this report.

## **7 COMMENTS OF LEGAL SERVICES**

- 7.1 The Local Government Act 2003 ('the 2003 Act') provides a framework for the capital finance of local authorities. It provides a power to borrow and imposes a duty on local authorities to determine an affordable borrowing limit. It provides a power to invest. Fundamental to the operation of the scheme is an understanding that authorities will have regard to proper accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in carrying out capital finance functions.
- 7.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ('the 2003 Regulations') require the Council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and

Cross-Sectoral Guidance Notes” (“the Treasury Management Code”) in carrying out capital finance functions under the 2003 Act. If after having regard to the Treasury Management Code the Council wished not to follow it, there would need to be some good reason for such deviation.

- 7.3 It is a key principle of the Treasury Management Code that an authority should put in place “comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities”. Treasury management activities cover the management of the Council’s investments and cash flows, its banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks. It is consistent with the key principles expressed in the Treasury Management Code for the Council to adopt the strategies and policies proposed in the report.
- 7.4 The report proposes that the treasury management strategy will incorporate prudential indicators. The 2003 Regulations also requires the Council to have regard to the CIPFA publication “Prudential Code for Capital Finance in Local Authorities” (“the Prudential Code”) when carrying out its duty under the Act to determine an affordable borrowing limit. The Prudential Code specifies a minimum level of prudential indicators required to ensure affordability, sustainability and prudence. The report properly brings forward these matters for determination by the Council. If after having regard to the Prudential Code the Council wished not to follow it, there would need to be some good reason for such deviation.
- 7.5 The Local Government Act 2000 and regulations made under the Act provide that adoption of a plan or strategy for control of a local authority’s borrowing, investments or capital expenditure, or for determining the authority’s minimum revenue provision, is a matter that should not be the sole responsibility of the authority’s executive and, accordingly, it is appropriate for the Cabinet to agree these matters and for them to then be considered by Council.
- 7.6 The report sets out the recommendations of the Corporate Director Resources in relation to the Council’s minimum revenue provision, treasury management strategy and its annual investment strategy. The Corporate Director Resources has responsibility for overseeing the proper administration of the Council’s financial affairs, as required by section 151 of the Local Government Act 1972 and is the appropriate officer to advise in relation to these matters.
- 7.7 When considering its approach to the treasury management matters set out in the report, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don’t (the public sector equality duty).

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

Appendix A - Treasury Management Strategy Statement

Appendix B - Investment Strategy Report

Appendix C - Capital Strategy Report

Appendix D - Prudential and Treasury Indicators

Appendix E - Treasury Management Policy Statement

Appendix F - Treasury Management Scheme of Delegation

Appendix G - Treasury Management Reporting Arrangement

Appendix H - Glossary

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

- None

### **Officer contact details for documents:**

Allister Bannin, Head of Strategic and Corporate Finance, 020 7364 3930

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**1. Introduction**

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk is therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management in the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Strategy Report included with this TMSS report.
- 1.4 This TMSS forms part of the authority's overall budget strategy and financial management framework.

**2 External Context**

**Economic background:** The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines as well as the new trading arrangements with the European Union (EU) will remain major influences on the Authority's treasury management strategy for 2021-22.

- 2.1 The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but with no mention of the potential future use of negative interest rates. According to the latest forecasts, the Bank expects the UK economy to shrink by 2% in Q4 2020 before growing by 7.25% in 2021.
- 2.2 UK Consumer Price Inflation (CPI) for November 2020 was 0.3% down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to

75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market.

- 2.3 GDP rebounded by 16.0% in the Q3 2020 having fallen by 18.8% in Q2; the annual rate rose to -8.6% from -20.8%. All sectors grew quarter-on-quarter, especially in construction. Monthly GDP estimates have shown the economic recovery slowing down and remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023, but this did not include the impact of the new lockdown.
- 2.4 The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.
- 2.5 Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organisation.
- 2.6 **Credit outlook:** Credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainty around COVID-19 related loan defaults led to banks making huge provisions (billions) for potential losses in the first half of 2020, thereby drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. Bank profitability is therefore likely to be significantly lower than in previous years.
- 2.7 Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk. The credit ratings for many UK institutions were downgraded following downgrades to the sovereign rating.
- 2.8 **Interest rate forecast:** The Authority's treasury management advisor Arlingclose is forecasting that Bank Base Rate will remain at 0.10% until at least the end of 2024. The risks to this forecast are deemed weighted to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out.



2.9 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20 year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

2.10 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A1.

### 3 Local Context

For the purpose of setting the Council's budget and MTFs, it has been assumed that new treasury investments in 2021-22 will be made at an average rate range of 0.01% - 0.20%, and that new long-term loans will be borrowed at an average rate of 2%.

As at 31st December 2020, the Authority held £72.289m of borrowing and £234m of treasury investments. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

**Table 1: Balance Sheet Summary**

Line	£m	2019-20 Actual £m	2020-21 Estimate £m	2021-22 Forecast £m	2022-23 Forecast £m	2023-24 Forecast £m
1	General Fund CFR	303.597	338.423	401.563	433.151	451.718
2	HRA CFR	108.394	138.286	220.555	249.871	244.375
3	<b>Total CFR (Line 1+2)</b>	<b>411.991</b>	<b>476.709</b>	<b>622.118</b>	<b>683.022</b>	<b>696.093</b>
4	Less: Other debt liabilities *	(58.651)	(55.838)	(52.469)	(48.593)	(44.067)
5	<b>Borrowing CFR (Line 3-4)</b>	<b>353.340</b>	<b>420.871</b>	<b>569.649</b>	<b>634.429</b>	<b>652.026</b>
6	Less: External Borrowing **	(72.289)	(71.534)	(69.872)	(68.709)	(68.709)
7	<b>Internal Borrowing / (Over Borrowing) (Line 5-6)</b>	<b>281.051</b>	<b>349.337</b>	<b>499.777</b>	<b>565.720</b>	<b>583.317</b>
8	Less: Usable reserves	(492.800)	(458.200)	(334.700)	(268.000)	(268.000)
9	Less: Working capital	(46.001)	(91.400)	(71.400)	(71.400)	(71.400)
10	<b>(Investments)/New Borrowing (Line 7-8-9)</b>	<b>(257.750)</b>	<b>(200.263)</b>	<b>93.677</b>	<b>226.320</b>	<b>243.917</b>
11	<b>Net Investments (Line 10-6)</b>	<b>(185.461)</b>	<b>(128.729)</b>	<b>163.549</b>	<b>295.029</b>	<b>312.626</b>

\* leases and PFI liabilities that form part of the Authority's total debt

\*\* shows only loans to which the Authority is committed

3.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Actual internal borrowing at 31 March 2020 was £281m and forecast internal borrowing at 31 March 2021 is £349m.

3.2 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2020-21.

3.3 The table below shows the Council's existing investment and debt portfolio at 31 December 2020.

### Existing Investment & Debt Portfolio Position

£m	31.12.2020 Actual Portfolio £m	31.12.2020 Average Rate %
External Borrowings:		
• Public Works Loans Board	54.8	2.72
• Other Loans	17.5	4.34
<b>Total External Borrowings</b>	<b>72.3</b>	<b>3.12</b>
Other Long-Term Liabilities:		
• Private Finance Initiative	31.5	
• Leases	27.2	
<b>Total Other Long-Term Liabilities</b>	<b>58.7</b>	
<b>Total Gross External Debt</b>	<b>117.3</b>	
Treasury Investments:		
• Banks & Building Societies (unsecured)	15.0	0.15
• Government (including local authorities)	107.0	0.36
• Money Market Funds	36.0	0.01
• Cash-Plus Funds	20.0	0.20
• Strategic Pooled Funds	56.0	2.50
<b>Total Treasury Investments</b>	<b>234.0</b>	<b>1.01</b>
<b>Net Debt</b>	<b>116.7</b>	

#### 4 **Borrowing Strategy**

- 4.1 The Authority currently holds £72.289m of loans, as part of its strategy for funding previous years' capital programmes. The Authority may borrow to pre-fund future years' requirements by borrowing in advance of need, providing this does not exceed the authorised limit for borrowing of £652m (2023-24).
- 4.2 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £75m at each year-end. This amount includes the Council's strategic investment portfolio of £55m, which is not planned to be liquidated over this period, and a liquidity balance of £20m, to maintain sufficient liquidity.

**Table 2: Liability benchmark**

	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
Borrowing CFR	353.340	420.871	569.649	634.429	652.026
Less: Usable reserves	(492.800)	(458.200)	(334.700)	(268.000)	(268.000)
Less: Working capital	(46.001)	(91.400)	(71.400)	(71.400)	(71.400)
Plus: Minimum investments (Strategic Pooled Funds)	75.000	75.000	75.000	75.000	75.000
<b>Liability benchmark</b>	<b>(110.461)</b>	<b>(53.729)</b>	<b>238.549</b>	<b>370.029</b>	<b>387.626</b>

The liability benchmark suggests the Council will require a minimum level of borrowing in 2021-22 of £239m, to maintain the minimum investment level of £75m at year end. The actual level of borrowing at year end depends on whether the Council's spending plans proceed as planned and on the actual timing of borrowing.

- 4.3 **Objectives:** The Authority's main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

4.4 **Strategy:** The Authority's other objective when borrowing is to achieve a low but certain cost of finance whilst retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.05% - 0.20%) and long-term fixed rate loans where the future cost is known but higher (PWLB certainty rates currently range from 0.67% to 1.71%). There are several factors that the Council needs to consider when setting its borrowing strategy.

4.5 As shown in the table below, the Council is planning to significantly increase its capital expenditure over the next 3 years; the provisional capital programme is £627m over the next 3 financial years (2021-22 to 2023-24). This plan is for the programme to be partly funded by borrowing of £150m in the General Fund for 2021-22 to 2023-24 and £120m in the HRA for the same period. The plan is for the rest of the programme to be funded by other sources including payments from developers (CIL and Section 106), capital receipts and revenue contributions (the HRA). However, in previous years, the capital programme has had major slippage, including the current year.

**Table demonstrating Capital Expenditure**

<b>Capital Expenditure</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>Actual £m</b>	<b>Estimate £m</b>	<b>Forecast £m</b>	<b>Forecast £m</b>	<b>Forecast £m</b>
Non-HRA	<b>128.144</b>	<b>119.390</b>	<b>199.192</b>	<b>128.691</b>	<b>67.588</b>
HRA	<b>57.121</b>	<b>77.401</b>	<b>151.601</b>	<b>79.494</b>	<b>-</b>
<b>Total</b>	<b>185.265</b>	<b>196.791</b>	<b>350.793</b>	<b>208.185</b>	<b>67.588</b>

4.6 The above increasing capital programme is taking place at a time when interest rates are historically low and indeed the Bank of England interest rate may well be cut further to zero or negative; rates have been at historical lows for almost a decade. Interest rates reached a peak of 13.875% in the 1990s, then fell to 6% in 2000, and ranged between 6% - 3.75% from 2000 – 2007, before being cut to 0.5% in 2009. Rates have fallen from 0.75% to 0.10% since then.

4.7 The Authority had previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of

funding in line with the CIPFA Code. On 25 November 2020, the government responded to the PWLB consultation by cutting the rate for all new Standard Rate loans from 1.80% to 1% (100 bps). PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

4.8 Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.9 The Authority may additionally borrow short-term loans to cover unplanned cash flow shortages. The Council is developing its borrowing strategy. Rates are currently low and the Council wants to be prepared for the point at which rates move unfavourably.

4.10 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB Lending Facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the London Borough of Tower Hamlets Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

4.11 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

4.12 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

- 4.13 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 4.14 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

## 5 **Investment Strategy**

- 5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £180 million and £340 million.
- 5.2 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 5.3 **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 5.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to explore opportunities to further diversify into more secure and/or higher yielding asset classes during 2021-22. Most of the Authority's surplus cash remains invested in short-term unsecured bank deposits, money market funds and local authority deposits.

5.5 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.6 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in Table 3 below, subject to the limits shown.

**Table 3: Recommended investment counterparties and limits**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities ( <i>subject to checks on their balance sheet position depending on duration</i> )	25 years	£30m	Unlimited
Secured investments *	25 years	£30m	Unlimited
Banks (unsecured) *	13 months	£15m	Unlimited
Building societies (unsecured) *	13 months	£15m	£30m
Registered providers (unsecured) *	5 years	£15m	£75m
Money market funds *	n/a	£30m	Unlimited
Strategic pooled funds*	n/a	£30m	£150m
Real estate investment trusts	n/a	£30m	£75m
Other investments *	5 years	£15m	£30m

*This table must be read in conjunction with the notes below*

*\*There are currently no plans to invest further in strategic pooled funds*

**Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is not lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. This is monitored on a regular basis in liaison with our Advisors.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality following an external credit assessment.

- 5.7 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 5.8 **Secured Investments:** These are investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 5.9 **Banks and Building Societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.10 **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 5.11 **Money Market Funds (MMFs): Pooled funds that offer same-day or short notice liquidity and very low or no price volatility** by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will exercise due care by diversifying its liquid investments various providers, to ensure access to cash at all time. It is worth noting that in the event rates become negative during this current pandemic and with the Brexit outcome, MMFs will become Variable Net Asset Values and / or accumulating funds.



- 5.12 **Strategic Pooled Funds:** Bond, equity and property funds that offer enhanced returns over the longer-term but are more volatile in the short-term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. As these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 5.13 **Real Estate Investment Trusts (REITS):** Shares in companies that invest mainly in real estate and pay most of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.
- 5.14 **Other Investments:** This category covers treasury investments not listed above, for example, unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- 5.15 **Operational Bank Accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services to any UK bank with credit ratings not lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2m if it falls below the minimum bank credit rating referred to in 5.6. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 5.16 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit-rating downgraded so that it fails to meet the approved investment criteria:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.17 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") which may make it fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is

announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**5.18 Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**5.19 Investment limits:** In order that no more than approximately 25% of available reserves for credit losses will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £30 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

**5.20** Limits are also placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Table demonstrating Additional Investment limits**

	<b>Cash Limit</b>
Any group of pooled funds under the same management	£75m per manager
Negotiable instruments held in a broker’s nominee account	£75m per broker
Foreign countries	£30m per country

5.21 **Liquidity management:** The Authority uses a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

## 6 Treasury Management Indicators

6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators:

6.2 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target	Minimum
Portfolio average credit rating	A	A-

6.3 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£20m

6.4 **Interest rate exposures:** This indicator is set to control the Authority’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£2m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£2m

- 6.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.
- 6.6 **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and above	100%	0%

- 6.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.
- 6.8 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021-22	2022-23	2023-24
Limit on principal invested beyond year end	£150m	£125m	£100m

## 7 **Related Matters**

- 7.1 The CIPFA Code requires the Authority to include the following in its treasury management strategy.
- 7.2 **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty

over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

- 7.3 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 7.6 **Housing Revenue Account:** On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to two pools. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.
- 7.7 **Markets in Financial Instruments Directive (MiFID):** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

## **8 Financial Implications**

- 8.1 The budget for investment income in 2021-22 is £1.6m, based on prudent assumptions made for the returns on the Council's various treasury investments including the pooled

fund portfolio and term deposits and cash rates. The budget for debt interest payable in 2021-22 is £2.359m which includes growth of £0.109m being agreed as part of the Council's 2021-24 Medium Term Financial Strategy. If actual levels of investments and borrowing, or actual interest rates, differ from that forecast, performance against budget will be correspondingly different.

## 9 Other Options Considered

9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## **Appendix A1 – Arlingclose Economic & Interest Rate Forecast December 2021**

### **Underlying assumptions:**

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit, whatever the outcome of current negotiations, will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically - generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the development of vaccines or if the UK leaves the EU without a deal.

### **Forecast:**

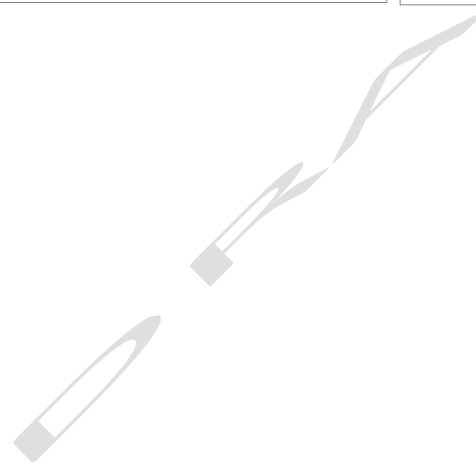
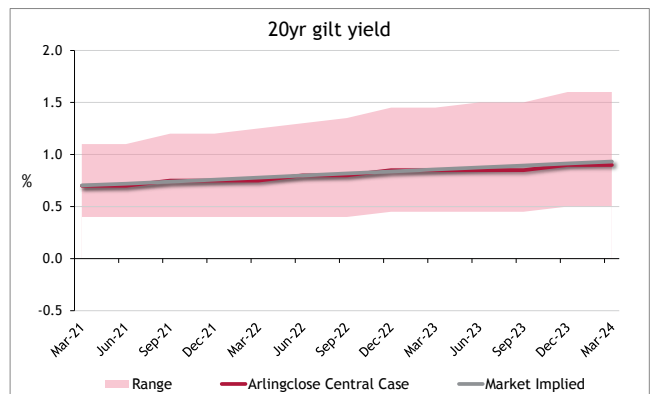
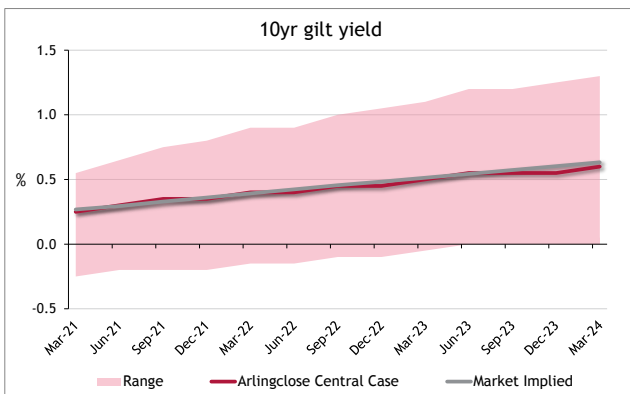
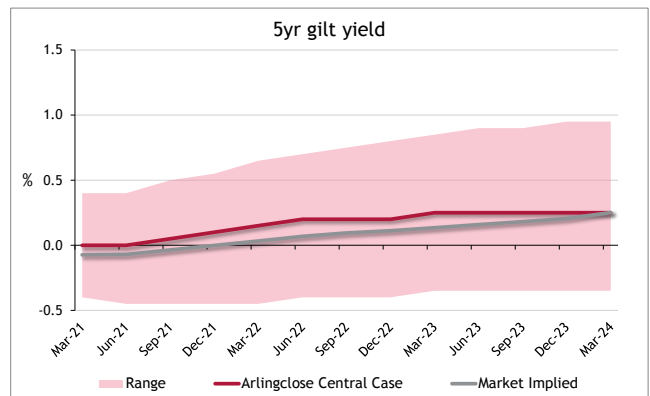
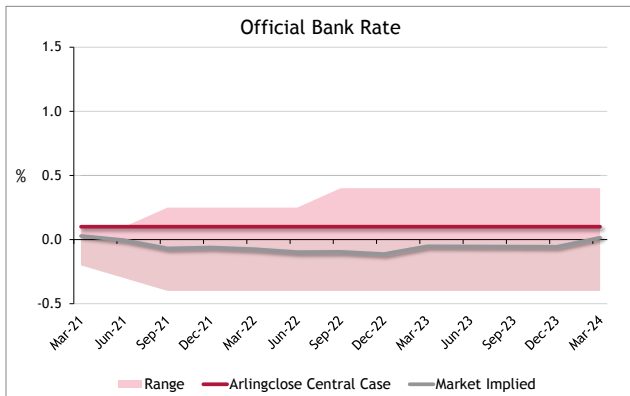
- Arlingclose expects Bank Rate to remain at the current 0.10% level.

- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain in the near term, and indeed appear heightened in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period comes ends.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>3-month money market r.</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>1yr money market rate</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
<b>5yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<b>10yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
<b>20yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>50yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

**PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%**  
**PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%**  
**PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%**





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**1. Introduction**

- 1.1 The Authority invests its money for two broad purposes:
- it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments), and
  - to support local public services by lending to or buying shares in other organisations (service investments).
- 1.2 This investment strategy meets the requirements of the statutory guidance issued by the government in January 2018.

**2. Treasury Management Investments**

- 2.1 The Authority typically receives its income in cash (e.g. from taxes, grants and fees & charges) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £200m and £100m during the 2021-22 financial year.
- 2.2 These investments support the objectives of the Authority through effective treasury management activities to manage financial risk and protect the real terms value of the Council's cash assets.

**3. Service Investments: Loans**

- 3.1 The Council may lend money to its subsidiaries and associates, local charities and its employees to support local public services and stimulate local economic growth, in line with the latest CIPFA and MHCLG regulations and guidance.
- 3.2 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

### Table demonstrating loans for service purposes

Category of borrower	Actuals at 31.03.2020			2021-22
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved Limit £m
Subsidiaries & associates	-	-	-	50.0
Local charities	1.3	-	1.3	2.0
Employees	0.5	-	0.5	0.7
<b>TOTAL</b>	<b>1.8</b>	<b>-</b>	<b>1.8</b>	<b>52.7</b>

3.3 There are no loan agreements with subsidiaries and associates. Loans to local charities relate to Oxford House and Davenant Centre. Employee loans relate to car loans, bicycle loans and train season tickets.

3.4 The Authority assesses the risk of loss before entering and whilst holding service loans. Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. The Council is expecting full repayment on the loans to charities and employees.

#### **4. Service Investments: Shares**

4.1 The Council invests in the shares of its subsidiaries to support the provision of housing in the local community, local public services and stimulate local economic growth. The Council has nominal value shares in several companies; Capital Letters, PLACE Ltd, Tower Hamlets Local Education Partnership Ltd, Mulberry Housing, Seahorse Homes Ltd and Tower Hamlets Homes. The Council is an 'A' shareholder in Capital Letters, along with 12 other London Boroughs. The Council is one of 5 London Boroughs with shareholdings in PLACE Ltd.

- 4.2 One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

**Table demonstrating shares held for service purposes**

Category of company	Actuals at 31.03.2020			2021-22
	Amounts invested £m	Gains or losses £m	Value in accounts £m	Approved Limit £m
Subsidiaries	-	-	-	6.0
Suppliers	-	-	-	-
<b>TOTAL</b>	-	-	-	<b>6.0</b>

- 4.3 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares. The investments in Seahorse Homes Ltd will be turned into property-backed assets that have a long-term track record of value appreciation, although there may be short-term value falls. Legal and independent advice was obtained before the company was created.
- 4.4 **Liquidity:** Proposed investments and loans are longer term in nature. These investments will, therefore, not be used for short-term cash flow purposes. The maximum value of the investments is less than 20% of the Council's current investment portfolio.
- 4.5 **Non-specified Investments:** Shares are the only non-treasury investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

**5. Loan Commitments and Financial Guarantees**

- 5.1 Loan commitments and financial guarantees are not strictly counted as investments since no money has exchanged hands yet, however these carry similar risks to the Authority and are included here for completeness.

5.2 Between 1998 and 2010, the Council has historically provided financial guarantees on properties transferred to social landlords. No liabilities have been payable on these guarantees.

## 6. Capacity, Skills and Culture

6.1 A training plan is being produced for the training of elected members and Council officers attend regular training during the year.

6.2 To ensure corporate governance, the Audit Committee is presented with mid-year and outturn reports to enable the review of treasury management activities.

## 7. Investment Indicators

7.1 The Council has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

7.2 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees that the Authority has issued over third party loans.

**Table demonstrating total investment exposure**

Total investment exposure	31.03.2020 Actual £m	31.03.2021 Forecast £m	31.03.2022 Forecast £m
Treasury management investments	257.8	200.0	137.5
Service investments: Loans	1.5	2.0	2.0
Service investments: Shares	-	-	-
<b>TOTAL INVESTMENTS</b>	<b>259.3</b>	<b>202.0</b>	<b>139.5</b>
Commitments to lend	-	-	-
Guarantees issued on loans	-	-	-
<b>TOTAL EXPOSURE</b>	<b>259.3</b>	<b>202.0</b>	<b>139.5</b>

- 7.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate individual assets with individual liabilities, this guidance is difficult to comply with. Some investments could be described as being funded by borrowing with the remainder of the Authority's investments being funded by usable reserves and income received in advance of expenditure.
- 7.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year in which they are incurred.

**Table demonstrating investment rate of return (net of all costs)**

<b>Investments net rate of return</b>	<b>2019-20 Actual</b>	<b>2020-21 Forecast</b>	<b>2021-22 Forecast</b>
Treasury management investments	1.40%	1.00%	1.16%
Service investments: Loans	-	-	-
Service investments: Shares	-	-	-
Commercial investments: Property	-	-	-
<b>ALL INVESTMENTS</b>	<b>1.40%</b>	<b>1.00%</b>	<b>1.16%</b>

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**1. Introduction**

- 1.1 This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of some of these technical areas.
- 1.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.
- 1.3 Financing capital expenditure is where the Authority spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.
- 1.4 In 2021-22, the Authority is planning capital expenditure of £351m as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure in £millions*

<b>Capital Expenditure</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
Non-HRA	<b>128.144</b>	<b>119.390</b>	199.192	<b>128.691</b>	<b>67.588</b>
HRA	<b>57.121</b>	<b>77.401</b>	151.601	<b>79.494</b>	-
<b>Total</b>	<b>185.265</b>	<b>196.791</b>	<b>350.793</b>	<b>208.185</b>	<b>67.588</b>

The main General Fund capital projects include work on the new Town Hall, work on Liveable Streets, Carriageway, footway and street lighting improvements.

- 1.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.
- 1.6 **Governance:** Following an officer process, taking account of service priorities, recommendations are made to the Mayor's Advisory Board. The final capital programme is then presented to Cabinet in January and to Council in February/March each year.
- 1.7 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £millions*

	<b>2019-20 Actual</b>	<b>2020-21 Estimate</b>	<b>2021-22 Budget</b>	<b>2022-23 Budget</b>	<b>2023-24 Budget</b>
External sources	54.257	52.671	109.497	81.722	29.746
Own resources	63.511	67.526	82.444	49.235	3.942
Debt	67.497	76.594	158.853	77.228	33.900
<b>TOTAL</b>	<b>185.265</b>	<b>196.791</b>	<b>350.793</b>	<b>208.186</b>	<b>67.588</b>

- 1.8 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

*Table 3: Replacement of debt finance in £millions*

	<b>2019-20 Actual</b>	<b>2020-21 Estimate</b>	<b>2021-22 Budget</b>	<b>2022-23 Budget</b>	<b>2023-24 Budget</b>
Planned MRP payments	11.000	11.875	13.444	16.324	20.830

- 1.9 When the Council funds capital expenditure by borrowing it must put aside enough money from its revenue budget each year to repay that borrowing in later years. The amount charged to the revenue budget for the repayment of borrowing is known as Minimum Revenue Provision (MRP),

although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

- 1.10 The broad aim of the MHCLG Guidance is to ensure that capital expenditure funded by borrowing is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

### **Minimum Revenue Provision (MRP) Policy Statement**

- 1.11 The Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods. This statement is consistent with that approved by the Council for 2019-20:

1.11.1 For supported capital expenditure MRP will be determined in accordance with the former regulations that applied on 31<sup>st</sup> March 2008, incorporating an "Adjustment A" of £17.5m. (*MHCLG Guidance Option 1 – the Regulatory Method*)

1.11.2 For unsupported capital expenditure MRP will be charged over the expected useful life of the relevant asset in equal instalments, starting in the year after that in which the asset becomes operational. There are two areas where asset lives are bound by regulation. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. (*MHCLG Guidance Option 3 – the Asset Life Method*)

1.11.3 For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability (*per MHCLG Guidance*).

1.11.4 For loans to third parties that are required to be capitalised and are to be repaid in annual or more frequent instalments of principal, the Council will not make MRP but will instead apply the capital receipts arising from the principal repayments to finance this expenditure. In years where there is no principal repayment MRP will be charged

based on the estimated life of the relevant asset. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred is fully financed.

1.11.5 Under the MHCLG Guidance MRP is not required to be charged in respect of assets held within the Housing Revenue Account (HRA). Following removal of the HRA debt cap by central government the Council has determined to make a Voluntary Revenue Provision (VRP) on new HRA debt funded capital expenditure. VRP is charged over the expected useful life of the relevant assets in equal instalments, starting in the year after that in which the assets become operational.

1.12 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP capital receipts used to replace debt. The CFR is expected to increase by £145m during 2021-22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions*

	<b>2019-20 Actual</b>	<b>2020-21 Estimate</b>	<b>2021-22 Budget</b>	<b>2022-23 Budget</b>	<b>2023-24 Budget</b>
General Fund services	303.597	338.423	401.563	433.151	451.718
Council housing (HRA)	108.394	138.286	220.555	249.871	244.375
<b>TOTAL CFR</b>	<b>411.991</b>	<b>476.709</b>	<b>622.118</b>	<b>683.022</b>	<b>696.093</b>

1.13 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021-22. Repayments of capital grants, loans and investments also generate capital receipts. The Council is only anticipating to receive HRA capital right to buy receipts from 2021 onwards as shown in the table below:

Table 5: Capital receipts receivable in £ millions

	<b>2019-20 Actual</b>	<b>2020-21 Estimate</b>	<b>2021-22 Budget</b>	<b>2022-23 Budget</b>	<b>2023-24 Budget</b>
Asset sales	45.024	6.000	6.000	6.000	6.000
Loans repaid	-	-	-	-	-
<b>TOTAL</b>	<b>45.024</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>

## **2 Treasury Management**

- 2.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 2.2 As at 31 December 2020, the Authority had £72m of borrowings at an average interest rate of 3.12% and £234m of treasury investments at an average rate of 1.01%.
- 2.3 **Borrowing strategy:** The Authority's main objectives when borrowing, are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.065% - 0.20%) and long-term fixed rate loans where the future cost is known but higher (PWLB certainty rates currently range from 0.67% to 1.71%). There are several factors that the Council needs to consider when setting its borrowing strategy.
- 2.4 The Council is significantly increasing its capital expenditure over the next 3 years; the provisional capital programme is £627m over the next 3 financial years. This programme is partly funded by borrowing of £150m in the General Fund for 2021-24 and £120m in the HRA for the same period. The rest of the programme is being funded by other sources including payments from developers (CIL and Section 106), capital receipts and revenue contributions

(the HRA). However, in previous years the capital programme has had major slippage, including in the currently year.

- 2.5 The above increasing capital programme is taking place at a time when interest rates are historically low and indeed the Bank of England may well cut the interest rate further to zero or negative; rates have been at historical lows for almost a decade. Interest rates reached a peak of 13.875% in the 1990s, then fell to 6% in 2000, and ranged between 6% - 3.75% from 2000 – 2007, before being cut to 0.5% in 2009. Rates have fallen further to 0.1% since then.
- 2.6 It is proposed that the Council reviews both expenditure plans and the risks associated with interest rates over the next 3 months on an ongoing basis and develops a detailed strategy with regards to long-term borrowing. This will involve the use of “trigger points” i.e. specific rates at which the Corporate Director Resources will actively consider taking out external debt in order to reduce the risk of a sharp, sudden and unexpected increase in rates.
- 2.7 Projected levels of the Authority’s total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the capital financing requirement. As the Council is undertaking a review, for the purposes of these figures it is assumed that no further external debt is taken out.

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £millions*

	<b>2019-20 Actual</b>	<b>2020-21 Estimate</b>	<b>2021-22 Budget</b>	<b>2022-23 Budget</b>	<b>2023-24 Budget</b>
Debt (incl. PFI & leases)	195.634	201.153	277.825	190.654	142.150
Capital Financing Requirement	411.991	476.709	622.118	683.022	696.093

- 2.8 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. Table 6 above demonstrates that the Authority expects to comply with this in the medium term.
- 2.9 **Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower

“operational boundary” is also set as a warning level should debt approach the limit.

*Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	<b>2020-21 Limit</b>	<b>2021-22 Limit</b>	<b>2022-23 Limit</b>	<b>2023-24 Limit</b>
Authorised limit – borrowing	450.871	599.649	664.429	682.026
Authorised limit – PFI and leases	55.838	52.469	48.593	44.067
<b>Authorised limit – total external debt</b>	<b>506.709</b>	<b>652.118</b>	<b>713.022</b>	<b>726.093</b>
Operational boundary – borrowing	420.871	569.649	634.429	652.026
Operational boundary – PFI and leases	55.838	52.469	48.593	44.067
<b>Operational boundary – total external debt</b>	<b>476.709</b>	<b>622.118</b>	<b>683.022</b>	<b>696.093</b>

2.10 **Treasury Investment Strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

2.11 The Authority’s policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

2.12 **Risk Management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

2.13 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director Resources and staff, who must act in line with the treasury management strategy approved by Council. The Audit Committee is presented with mid-year and outturn reports on treasury management activities. The Audit Committee is responsible for scrutinising treasury management decisions.

### **3 Investments for Service Purposes**

3.1 The Authority makes investments to assist local public services, including making loans to its subsidiaries & associates, local charities and its employees to support local public services and to stimulate economic growth. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to protect the real term value of the Council's financial assets.

3.2 Total investment for service purposes are currently valued at £1.80m with the largest being loans to Oxford House and the Davenant Centre.

3.3 **Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Corporate Director Resources and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

### **4 Liabilities**

4.1 In addition to debt of £201m detailed above, the Authority is committed to making future payments to cover its pension fund deficit (valued at £424m). The Authority is also at risk of having to pay for any defaults on loans by housing associations in connection with residential properties transferred to them by the Council, and the pension liabilities of Tower Hamlets Homes should the ALMO not be able to meet its pension obligations. As at 31 March 2020, the Tower Hamlets Homes pension fund had an IAS19 surplus of £5.2m. The Council has not put aside any money for these potential liabilities.



4.2 **Governance:** Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Corporate Director Resources.

**5 Revenue Budget Implications**

5.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

*Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2019-20 Actual</b>	<b>2020-21 Estimate</b>	<b>2021-22 Budget</b>	<b>2022-23 Budget</b>	<b>2023-24 Budget</b>
Financing costs (£m)	8.7	17.1	19.7	26.8	32.1
Proportion of net revenue stream	2.06%	3.82%	4.30%	6.02%	7.04%

5.2 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Corporate Director Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable because a detailed independent assessment has been made of the costs of borrowing in future years.

**6 Knowledge and Skills**

6.1 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Interim Corporate Director Resources is a qualified accountant with over 30 years' experience and the Council pays for junior staff to study towards relevant professional qualifications including CIPFA.

6.2 Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management

advisers and Savills as property consultants. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

DRAFT

**PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS FOR 2021-22**

Prudential Indicators	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Original Estimate	Revised Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
<b>Capital Expenditure</b>						
General Fund	128.144	180.420	119.390	199.192	128.691	67.588
HRA	57.121	138.761	77.401	151.601	79.494	-
<b>TOTAL</b>	<b>185.265</b>	<b>319.181</b>	<b>196.791</b>	<b>350.793</b>	<b>208.185</b>	<b>67.588</b>
<b>Ratio of Financing Costs to Net Revenue Stream</b>						
General Fund	0.61%	2.83%	3.55%	4.48%	6.45%	7.75%
HRA	7.58%	4.87%	4.82%	3.60%	4.59%	4.71%
	£m	£m	£m	£m	£m	£m
<b>Gross Debt and Capital Financing Requirement</b>						
Gross Debt	195.634	126.691	201.153	277.825	190.654	142.150
Capital Financing Requirement	411.991	580.174	476.709	622.118	683.022	696.093
Over/(Under) Borrowing	(216.357)	(453.483)	(275.556)	(344.293)	(492.368)	(553.943)
<b>Capital Financing Requirement as at 31 March</b>						
General Fund	303.597	388.083	338.423	401.563	433.151	451.718
HRA	108.394	192.091	138.286	220.555	249.871	244.375
<b>TOTAL</b>	<b>411.991</b>	<b>580.174</b>	<b>476.709</b>	<b>622.118</b>	<b>683.022</b>	<b>696.093</b>

Treasury Management Indicators	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Original Estimate	Revised Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
<b>Authorised Limit for External Debt -</b>						
Borrowing & Other long-term liabilities	411.991	580.174	476.709	622.118	683.022	696.093
Headroom	30.000	30.000	30.000	30.000	30.000	30.000
<b>TOTAL</b>	<b>441.991</b>	<b>610.174</b>	<b>506.709</b>	<b>652.118</b>	<b>713.022</b>	<b>726.093</b>
<b>Operational Boundary for External Debt -</b>						
Borrowing	353.340	524.336	420.871	569.649	634.429	652.026
Other long-term liabilities (PFI & Fin Leases)	58.651	55.838	55.838	52.469	48.593	44.067
<b>TOTAL</b>	<b>411.991</b>	<b>580.174</b>	<b>476.709</b>	<b>622.118</b>	<b>683.022</b>	<b>696.093</b>
<b>Gross Borrowing</b>	<b>72.289</b>	<b>71.534</b>	<b>71.534</b>	<b>69.872</b>	<b>68.709</b>	<b>68.709</b>
<b>Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	<b>£150m</b>	<b>£150m</b>	<b>£150m</b>	<b>£150m</b>	<b>£125m</b>	<b>£100m</b>

Maturity structure of new fixed rate borrowing during 2020-21	Upper Limit	Lower Limit
under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and within 50 years	100%	0%

## Treasury Management Policy Statement

The London Borough of Tower Hamlets defines the policies and objectives of its treasury management activities as follows: -

1. This organisation defines its treasury management activities as:  
“The management of the Council’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

### Policy on use of an External Treasury Advisor

The Council shall employ an external treasury advisor to provide treasury management advice and cash management support services. However, the Council shall control the credit criteria and the associated counter-party list for investments.

The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## Treasury Management Scheme of Delegation

### 1. Council / Cabinet

- receiving reports from the Audit Committee on treasury management policies, practices and activities
- approval of annual Treasury Management and Investment Strategy
- approval of annual Capital Strategy

### 2. Cabinet / Section 151 Officer

- approval of/amendments to the organisation's adopted clauses and Treasury Management Policy Statement
- budget consideration and approval
- approval of the division of responsibilities
- approving the selection of external service providers and agreeing terms of appointment

### 3. Audit Committee

- reviewing the treasury management policies, practices and activities and making recommendations to the responsible body
- receiving the mid-year and annual outturn reports
- receiving and reviewing regular monitoring reports and acting on recommendations

**Treasury Management Reporting Arrangement**

Area of Responsibility	Council/Committee/ Officer	Frequency
Treasury Management Strategy Statement / Annual Investment Strategy / Minimum Revenue Provision Policy / Capital Strategy Report	Council	Annually before the start of the financial year to which policies relate
Mid-Year Treasury Management Report	Audit Committee or Council	Annually during the financial year to which the report relates
Updates or revisions to the Treasury Management Strategy Statement / Annual Investment Strategy / Minimum Revenue Provision Policy / Capital Strategy Report	Audit Committee or Council	As necessary
Annual Treasury Outturn Report	Audit Committee or Council	Annually after the year end to which the report relates
Treasury Management Practices	Corporate Director, Resources	Annually
Scrutiny of Treasury Management Strategy Statement / Annual Investment Strategy / Capital Strategy	Overview and Scrutiny Committee (if called in) / Audit Committee	Annually before the start of the financial year to which the report relates
Scrutiny of Treasury Management Performance	Audit Committee	Quarterly

**GLOSSARY**

Asset Life	How long an asset, e.g. a Council building is likely to last.
Borrowing Portfolio	A list of loans held by the Council.
Borrowing Requirements	The principal amount the Council requires to borrow to finance capital expenditure and loan redemptions.
Capitalisation direction or regulations	Approval from central government to fund certain specified types of revenue expenditure from capital resources.
CIPFA Code of Practice on Treasury Management	A professional code of Practice which regulates treasury management activities.
Capital Financing Requirement (CFR)	Capital Financing Requirement- a measure of the Council's underlying need to borrow to fund capital expenditure.
Certificates of Deposits	A certificate of deposit (CD) is similar to a fixed deposit with a bank but is more liquid as it can be sold to another counterparty should the need arise.
Commercial paper	Commercial paper is a discounted security issued by large corporations to obtain funds to meet short-term debt obligations.
Counterparties	Organisations or Institutions the Council lends money to e.g. Banks; Local Authorities and MMF.
Corporate bonds	A corporate bond is a bond issued by a corporation to raise debt funding.
Covered bonds	A covered bond is a corporate bond with one important enhancement: recourse to a pool of assets that secures or "covers" the bond if the originator (usually a financial institution) becomes insolvent. These assets act as additional credit cover.
Consumer Prices Index & Retail Prices Index (CPI & RPI)	The main inflation rate used in the UK is the CPI. The Chancellor of the Exchequer bases the UK inflation target for the Bank of England on the CPI. The CPI inflation target is set at 2%. The CPI differs from the RPI in that CPI excludes housing costs.
Credit Default Swap (CDS)	A derivative providing protection against counterparty



	default.
Credit Arrangements	Methods of Financing such as finance leasing
Credit Ratings	A scoring system issued by credit rating agencies such as Fitch, Moody's and Standard & Poors to indicate the financial strength of a counterparty.
Creditworthiness	The strength of a counterparty with regard to its chances of becoming insolvent and therefore defaulting.
Debt Management Office (DMO)	The DMO is an agency of the HM Treasury which is responsible for carrying out the Government's Debt Management Policy.
Debt Rescheduling	The refinancing of loans at different terms and rates to the original loan.
Depreciation Method	The spread of the cost of an asset over its useful life.
Gilts	Gilt-edged securities are bonds issued by the UK government to raise funding from investors to meet the fiscal deficit.
Interest Rate exposure	A measure of the impact movements in interest rates will have on the Council's debt cost and investment income budgets.
Impaired investment	An investment that has had a reduction in value to reflect changes that could impact significantly on the benefits expected from it.
LIBID	The London Interbank Bid Rate – it is the interest rate at which major banks in London are willing to borrow (bid for) funds from each other.
Money Market Fund (MMF)	A 'pool' of investments managed by a fund manager that invests in highly liquid short-term financial instruments. The Council can invest in these funds to maintain liquidity and gain the creditworthiness benefits of the diversified structure.
Monetary Policy Committee (MPC)	Committee designated by the Bank of England whose main role is to set monetary policy.
Minimum Revenue Provision (MRP)	This is the amount which must be set aside from the revenue budget each year to cover future repayment of the CFR.
Premium	Cost of early repayment of loan to PWLB to compensate for any losses that they may incur
Prudential Indicators	Set of rules providing local authorities borrowing for funding capital projects under a professional code of practice

	developed by CIPFA and providing measures of affordability and prudence reflecting the Council's Capital Expenditure, Debt and Treasury Management.
PWLB	Public Works Loan Board, a statutory body whose function is to lend money to Local Authorities (LAs) and other prescribed bodies.
Treasury bills (or T-bills)	Treasury bills (or T-bills) are short-term debt securities issued by the UK government to manage its cash position.
Unrated institution	An institution that does not possess a credit rating from one of the main credit rating agencies.
Unsupported Borrowing	Borrowing where costs are wholly financed by the Council.

# OSC Budget Scrutiny

February 2021

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## Foreword

The past year has been an unprecedented tragedy. For councils like Tower Hamlets to respond to the COVID-19 pandemic and continue to keep services running as appropriate is testament to the continued resilience of local government and local communities after a decade of reduction in government grants.

The Committee recognises that in this context, setting a local budget has been extremely difficult. Uncertainty of what will unfold in the next 12 months has carried over into the government's planning and response, which has tested local authorities.

We commend the Mayor, his Cabinet and officers for the work which has gone into achieving a balanced budget and the placing of the council in a relatively firm financial position.

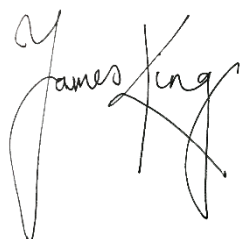
I thank my scrutiny colleagues for their participation and efforts in their review of the Budget, and thank Mayor John Biggs, and Cllrs Candida Ronald, Danny Hassell and Rachel Blake for engaging with scrutiny in attending the January budget scrutiny session, and for being generally helpful and open providing information and answering questions, often in detail.

The Committee have reflected on the budget making process, the overall outlook and direction the budget takes and how individual proposals shape that.

This year the Committee has particularly felt that the proposals are fiscally conservative – to the point where savings (and reduction of services) have to be made in order to maintain levels of reserves during this dire period.

The Committee feels that using reserves now is as prudent during the COVID-19 pandemic as it will be in the long term aftermath of the pandemic.

The Committee has also tried to interrogate how proposals might affect a recovery from COVID-19 in the future. The council needs to demonstrate how its budget and strategic direction is geared towards the pandemic and its effects.

A handwritten signature in black ink, appearing to read 'James King'. The signature is stylized with a large initial 'J' and 'K'.

Councillor James King

Overview & Scrutiny Committee Chair

## Summary Recommendations

### Funding and Reserves

**Recommendation 1** - Establish a funding approach that includes a refreshed Reserves' Policy – so that it doesn't operate in isolation, and is integrated; attach confidence levels/levels of assurance against items and aspects projected to happen, and reflect on past projections to learn from those things we have previously predicted/assumed that have not eventuated.

**Recommendation 1A:** Revisit the estimates of the New Homes Bonus.

**Recommendation 1B:** Scrutiny to review the council's approach to commercialisation and income generation.

### Fees and Charges

**Recommendation 2** - Review approach to comparing increases (i.e. percentage vs absolute - £/p); establish a method to understand impact on affected residents and communities for this annual process BEFORE making decisions, or even proposing changes.

### COVID-19 impacts

**Recommendation 3** - Looking beyond the council's response, and into recovery – ensuring infrastructure, services and staff are planning to support communities and residents in dealing with the expected economic shock which will last for months/years.

**Recommendation 3A:** Provide further poverty relief by making up to £100k available (one-off for 2021-22) to foodbanks who are under financial pressures in meeting community needs; and expand the Resident Support Grant to £150k (one-off for 2021-22) for vulnerable people to access – funded from additional £7million New Homes Bonus which is earmarked for reserves.

**Recommendation 3B:** Given the continuing pandemic conditions, scrutiny would like to see evidence that decisions made last year to reduce funding services and be more self-sustaining under normal circumstances, are now no longer viable, and needs reviewing including mitigation approaches.

### Budget information

**Recommendation 4:** Include more detail on assumptions, actuals (past quarters'/years' budget headline numbers) and risks (HRA project breakdown and consultants' reports, including Savills reports, and reviews) to provide better context for budget proposals; this includes service/function budgets (i.e. more resolution than directorate) so that multiple impacts within portfolios can be better viewed and cumulative impacts to resident and communities can be evaluated.

**Recommendation 4A:** Progress the minimal, essential elements of budget setting now, but delay major decisions until more information is available to better understand impacts and respond in the summer.

### **Council Tax Support**

**Recommendation 5:** Improve Council Tax Support offer for self-employed residents

### **Risk Management**

**Recommendation 6 -** Scrutiny should be sighted on the risk management approach that is to be tabled (Treasury Management Strategy) at Audit Committee – the TMS is fundamental to the annual budget approach and setting the MTFS.

### **Social Care Grant**

**Recommendation 7 -** Use the Social Care Grant to delay the implementation of key savings proposals.

### **Savings**

**Recommendation 8:** The Committee asks that Cabinet consider the recommendations arising from a scrutiny challenge session on a Revised Approach for IDEA Stores and Library Service held on 28 January.

### **Recommendations raised in previous years (still applicable):**

- Start the Budget setting process earlier.
- That the Annual Budget and MTFS reflects the council's priorities, specifically matching spend, funding and savings to Strategic Plan and Borough Plan priorities and outcomes – including assessment of beneficial and adverse impacts at the proposal stage.

# 1. Recommendations

## Funding and Reserves

**Recommendation 1:** Establish a funding approach that includes a refreshed Reserves' Policy – so that it doesn't operate in isolation, and is integrated; attach confidence levels/levels of assurance against items and aspects projected to happen, and reflect on past projections to learn from those things we have previously predicted/assumed that have not eventuated.

- 1.1. The Committee queried cutting services (£13.5m savings proposals for 2021-22) to allow for topping up of reserves (e.g. £7m New Homes Bonus) when the Committee considers that reserves are sufficient.
- 1.2. Further, the Committee suggested that such a situation arises from an under-estimation of projected income, which has happened in previous years, which then needs to be offset by increased savings (reduction in services). The problem highlighted is that actual income increased, negating the need for savings/service cuts – but these have then been already made, perhaps with long-term impact (given increasing service demand in some areas).
- 1.3. Of particular concern to the Committee for any changes to services and support proposed (saving proposals) is the ability of the following services to continue to meet existing demand, and be flexible to rise to meet increasing demand in the short to medium term:
  - Support for Learning Service - decision/details pending
  - Libraries - £600k
  - Drug and Alcohol Treatment Services - £552k
  - Children with Special Education Needs & Disabilities (SEND) – decision/details pending
- 1.4. In order to increase confidence, a fundamental review of the performance of projections/modelling of income must occur.
- 1.5. The Committee considered that the funding approach isn't integrated: there is not a clear relationship between the reserves policy and new and additional government grants over years.
- 1.6. The establishment, monitoring and review of the levels of reserves and balances are an important element of the council's financial management approach. While reserves are an important mechanism for setting aside sums for future use, they are also an opportunity to mitigate against unexpected or unprecedented events. The Committee feels that the current Reserves Policy makes no explicit provision for emergencies or unexpected events, not even in a strategic context.
- 1.7. The Committee considered that given the Reserves Policy is reviewed annually, it could be made clearer that reserves' balances (general fund, HRA, earmarked) could be listed along with targets or projections for the



MTFS period. Some local authorities go further, providing a breakdown of key line items (e.g. earmarked, capital reserve items) with purpose and projected timings for use.

**Recommendation 1A:** Revisit the estimates of the New Homes Bonus

- 1.8. The Committee notes the government's intention to replace the New Homes Bonus (NHB) grant scheme with one that rewards those local authorities that facilitate the development of new housing.
- 1.9. However, members have consistently questioned the original estimate of income from over the next three years - £10m in 2021/22, £3.8m in 2022/23 and nil in 2023/24. The sum actually provided by the government for NHB in 2021/22 stands at £17m.
- 1.10. While it is acknowledged that this total was only announced at the beginning of December, this £7m additional funding simply being applied to top-up existing reserves. Additionally, this under-estimate of NHB funding for next year hasn't led to any revision to the estimates for 2022/23 and 2023/24. In the Committee's view these very conservative estimates are one of the main drivers of the projected deficits in those years and the assumed need for further savings and increased fees and charges.
- 1.11. It is recommended that the Cabinet Member for Resources and the Voluntary Sector and Divisional Director of Finance urgently revisit these estimates. The council should explore whether those other London Boroughs that are significant beneficiaries of NHB are also assuming they will receive a fifth of the 2021/22 funding in 2022/23 and nothing at all in 2023/24, and report back on this to the Mayor and Cabinet.
- 1.12. We also urge the Mayor and Lead Member to reflect upon the appropriateness of the proposal to simply place this in reserves instead of using it to ease the financial burden on residents struggling financially during the economic crisis brought on by the pandemic.

**Recommendation 1B:** Scrutiny to review the council's approach to commercialisation and income generation.

- 1.13. In further discussions, the Committee reflected that more could be done in income generation, and that the Budget paper does identify this opportunity: 'Income generation opportunities including through a more commercial approach'. Scrutiny has not yet seen the detail of this commercial approach.

## Fees and Charges

**Recommendation 2:** Review approach to comparing increases (i.e. percentage vs absolute - £/p); establish a method to understand impact on affected residents and communities for this annual process BEFORE making decisions, or even proposing changes.

- 1.14. The Committee considered that increases for resident parking permits (up to 135% increase) and market traders (up to 263% increase) are significant and inconsistent – with little empirical justification for the specific increases proposed.
- 1.15. The Committee noted that proposed increases to fees and charges are predicated on the level of inflation (CPI as a key factor), then service demand, projected cost of services, benchmarking with other local authorities and impact of economic factors, including COVID-19, on the council's residents. However, the Committee suggested there needs to be much greater clarity for justifying increases above CPI.
- 1.16. The Cabinet Member for Resources and the Voluntary Sector reflected that evaluation of fees and charges based on percentage increases alone does not provide a well-rounded view. The Committee agrees, and challenges the Cabinet Member and her services to develop a better method in determining increases in the first instance, and then presenting them clearly in a public report so that residents and communities can understand the logic in proposed specific increases. Where the justification is to balance fees and charges income against the costs of providing a service, e.g. street markets, then more information needs to be supplied as to the actual income and costs of each service so that the increase in charges can be more easily understood.
- 1.17. The Committee continues to be concerned about our understanding of impacts on individuals (particularly those with protected characteristics) and communities, and doesn't feel that sufficient impact assessment is being done to enable evidence-based decision-making.
- 1.18. As the Committee has said previously, there are several models that can be used to quantify and measure impact. The Centre for Public Scrutiny recommends the 'Nesta' model for instance.
- 1.19. In further discussions, the Committee continues to be concerned about raising fees and charges, and proposing savings, in such unprecedented times for communities. Putting impact measurement systems in place will allow the council to demonstrate value and justify its decisions to the public.

## COVID-19 recovery

**Recommendation 3:** Looking beyond the council's response, and into recovery – ensuring infrastructure, services and staff are planning to support communities and residents in dealing with the expected economic shock which will last for months/years.

- 1.20. The Budget paper recognises the COVID-19 dimension to the council's activities in 2020 and the cost of our COVID-19 response – referencing some items such as the rise in cost to Local Council Tax Reduction Scheme of £5m, and how the pandemic has impacted the business rates income – a £10.2m deficit.

- 1.21. The Committee considered that a further view is needed, for medium term impacts on residents and communities as they manage economic shock which are still unfolding – and services and infrastructure need to be planning for the next economic shock, particularly once furloughs and payment holidays end.

**Recommendation 3A:** Provide further poverty relief by making up to £100k available (one-off for 2021-22) to foodbanks who are under financial pressures in meeting community needs; and expand the Resident Support Grant to £150k (one-off for 2021-22) for vulnerable people to access – funded from additional £7m New Homes Bonus which is earmarked for reserves.

- 1.22. Further, the Committee considers that given the continued and, in many cases, amplified tragedies in Tower Hamlets, there is responsibility for the council to respond accordingly and provide poverty relief in recognition and response to current hardship.
- 1.23. The Committee suggests £100k is made available to foodbanks in recognition that they are under financial pressure to continue to provide support to those in need of food; and an expanded sum of £150k is available for the Resident Support payments programme again recognising that there are people in dire need of support – and that both should be funded from the £7m New Homes Bonus proposed to be put into reserves.

**Recommendation 3B:** Given the continuing pandemic conditions, scrutiny would like to see evidence that decisions made last year to reduce funding services and be more self-sustaining under normal circumstances, are now no longer viable, and need reviewing including mitigation approaches.

- 1.24. The Committee discussed whether the council understands the impacts of previous reductions to services in the context of new proposed changes and COVID-19, and how the resilience of communities is now reduced. For example, last year's decision that the Community Learning Service should operate more sustainably, is now not possible in pandemic conditions.
- 1.25. The Committee reflected that unmet savings from previous years continue to impact the current budget, and along with the pandemic severely impacting communities, there needs to be more focus and recognition of these aspects to the council's approach.

## Budget information

**Recommendation 4:** Include more detail on assumptions, actuals (past quarters'/years' budget headline numbers) and risks (HRA project breakdown and consultants' reports and reviews) to provide better context for budget proposals; this includes service/function budgets (i.e. more resolution than directorate) so that multiple impacts within portfolios can be better viewed and cumulative impacts to resident and communities can be evaluated.

- 1.26. The budget presented to Cabinet on 6 January was without HRA, capital programme details and assets proposals. In future years, the budget papers

should be presented to the Committee as a complete draft budget prior to the scrutiny meeting so that the budget proposals can be holistically scrutinised.

- 1.27. No actual historical information has been provided for comparison purposes (as even 2020/21 is based on that year's budget). When asked why, the response was that the departmental structure had changed making year on year comparison difficult. But this ignores three points:
1. Income can still be compared with previous years - it is only the departmental cost structure that changed
  2. Costs can be broken down in other ways e.g. total staff costs, total utilities, etc, to allow year on year comparison in other ways
  3. It should be possible to isolate those functions which moved departments in both actuals and budget to allow comparisons at a more detailed level and not all departments changed structure
- 1.28. We should have at least the last two years of actual income and costs 2019/20 and 2018/19 as a comparison (as 2020/21 will be such a strange year it might make sense to only include the original budget for this year).
- 1.29. In further discussions by the Committee, it is felt that more information is needed regarding a budget breakdown of HRA projects – with clarity sought about the phase 2 infill – there is substantial risk identified in Cabinet's September 2020 Capital Programme report.
- 1.30. Also, Savills reports are mentioned throughout but their findings are not presented regarding the 1k new homes. For transparency it is important to understand which projects are delivered by which housing companies. Finally, regarding asset transfer, there is a need to understand what risk there is for specific projects and what this means for different vehicles, and the impact on 30 year plan.

**Recommendation 4A:** Progress the minimal, essential elements of budget setting now, but delay major decisions until more information is available to better understand impacts and respond in the summer.

- 1.31. The Committee reflected that even at the national level there are difficulties in setting a budget during such a volatile environment impacted by the pandemic, with the Chancellor delaying the Spending Review until the summer. At this point we will be better placed to understand budget allocation for local government.

## Council Tax Reduction scheme

**Recommendation 5:** Improve Council Tax Support offer for self-employed residents

- 1.32. The Committee discussed with the Cabinet Member for Resources and the Voluntary Sector at the outset of the pandemic about the impact of the

lockdown on their income after the Chancellor had announced a £500m Council Tax Hardship Fund in his March Budget. Members noted that the government had suspended its use of the Minimum Income Floor (MIF) to determine entitlement to Universal Credit. It was understood that self-employed residents would be similarly helped through the council's own Council Tax Reduction Scheme.

- 1.33. However, claimants have been required to apply under the Section 13A relief from Council Tax provisions, which require a very strict and intrusive assessment of their expenditure as well as their income.
- 1.34. The Committee considered that the extra £4.2m provided was insufficient to cover the extra costs incurred by the Council Tax Support (CTS) scheme given an estimated extra 3000 claimants; and that there is insufficient financial support for self-employed residents at this time of financial crisis.
- 1.35. The Committee suggests that the council needs to have a better understanding of the number of self-employed CTS claimants who have benefitted from becoming entitled to CTS or via the section 13A relief route, and what last year's £4.2m Hardship Fund was used for.

## Risk Management

**Recommendation 6:** Scrutiny should be sighted on the risk management approach that is to be tabled (Treasury Management Strategy) at Audit Committee – the TMS is fundamental to the annual budget approach and setting the MTFS.

- 1.36. The global economy has shifted significantly in 2020 and it would be expected that changes continue to unfold in 2021 and beyond. Therefore, details around borrowing and investment performance for 2020 and projections into next year are of particular interest.
- 1.37. The Committee reflected that in order to scrutinise the council's complete financial position, review of the proposed Treasury Management Strategy is essential.
- 1.38. Further, the Committee requested further details around the HRA and capital programme and noted that the changes between the 23 September, 6 January and 27 January Cabinet meetings needed further consideration. There was concern expressed at the lack of the detail within the proposals regarding the council's housing vehicles, specifically in respect of risk modelling. A further report on the progress of the vehicles and their impact should be submitted to the Committee.

## Social Care Grant

**Recommendation 7:** Use the Social Care Grant to delay the implementation of key savings proposals

- 1.39. The sum of £2.9m provided as Social Care Grant over and above the £9m originally expected – making a total of £12.3m in 2021. The Committee

agrees that this sum will not fill the deficit in Adults Services budgets caused by demographic pressures and cannot therefore be a substitute for utilising the maximum 3% Adult Social Care Precept recommended by the Chancellor.

- 1.40. However, the Committee could not clearly reference £2.9m in 2022/23 and 2023/24. This needs to be included to more accurately represents funding in the MTFs. Like the New Homes Bonus Grant, the Committee considers this is overly-conservative, given past experience with the SCG and the Better Care Fund, and more accurately presenting income/funding.
- 1.41. The Committee asks the Cabinet to use part of this additional sum to delay the implementation of any changes to those services (i.e. new savings proposals for 2021-22) with impacts on service users, particularly vulnerable people.
- 1.42. The Committee suggests a delay should apply to the following proposals:
  - Early Years' Service
  - Education and Partnerships Service
  - Day Opportunities
  - Substance Misuse services
- 1.43. A moratorium or delay would better allow council to understand impacts on residents, and allow time for a redesign of services to meet needs and provide best support to those who need it most.
- 1.44. On 8 February 2021, the Health and Adult Scrutiny Sub-Committee raised questions regarding Grant Thornton's recommendation around 2021/2022 budget savings proposals and at the time of this report the Committee were awaiting an update. The Committee noted that in future, the schedule for budget scrutiny should take into consideration the timing of sub-committee meetings, so that recommendations can align with the Committee's budget recommendations.

## Savings

**Recommendation 8:** The Committee asks that Cabinet consider the recommendations arising from a scrutiny challenge session on Revised Approach for IDEA Stores and Library Service held on 28 January

- 1.45. The Committee questioned whether the time is right for such a substantial change to library services, as was proposed in the public consultation ending 29 January.
- 1.46. The Committee has already drafted recommendations as a result of the scrutiny challenge session held on 28 January.

## Other recommendations – raised in previous years:

### A. Start the Budget setting process earlier

- 1.47. The Committee believes that the public consultation process should begin earlier to allow for a longer lead time to consider and reflect consultation feedback from local residents, members, partners and businesses.

### B. That the Annual Budget and MTFS reflects the council's priorities, specifically matching spend, funding and savings to Strategic Plan and Borough Plan priorities and outcomes – including assessment of beneficial and adverse impacts at the proposal stage

- 1.48. The Committee's responsibility in scrutinising the budget includes questioning how the proposed spending plans fit with the council's overall aims, objectives and priorities. Current budget proposals do not go beyond referring to the Strategic Plan in the introduction, and do not link the budget approach (for all elements such as funding, reserves, savings) for 2021-22 to the delivery of LBTH priorities and outcomes.



## 2. Approach to Budget Scrutiny

- 2.1. Budget scrutiny is aligned to the council's annual budget process, which starts with challenging how the budget has been constructed (i.e. during budget setting) before it is agreed.
- 2.2. The Overview and Scrutiny Committee undertakes quarterly monitoring of the budget and engages regularly with the Cabinet Member for Resources and the Voluntary Sector as a key component of its work programme.
- 2.3. The Scrutiny Lead for Resources engages the Resources Directorate to understand and query the budget setting processes and relevant budget policies.
- 2.4. In setting the budget for the upcoming 2021-22 financial year, the Committee was asked to provide their budget scrutiny report earlier than usual: before Cabinet's consideration of the final draft budget on 27 January, and submission to Full Council on 24 February.
- 2.5. Recommendations in this report are based on the Committee's discussions at the Budget Scrutiny meeting held on 11 January, where Scrutiny Members reviewed proposed Fees and Charges for 2021-22, the 2021-22 Budget position (particularly funding, savings and reserves) and the longer term MTFs over the next three years.

### Pre-decision Scrutiny Questions – Cabinet 6 January and 27 January 2021

- 2.6. The Committee looks at decisions before they are made by Cabinet. This is an important opportunity to challenge assumptions, consider what risks might arise from decisions, and influence decisions. Scrutiny members bring a different perspective to the decision-making process than that provided by Cabinet members or officers, which can help decisions to be more robust.
- 2.7. Ahead of the draft budget considered by Cabinet on 6 January and the revised Budget papers on 27 January, the Committee tabled a number of pre-decision scrutiny questions. These and their answers can be found at Appendix 1.

### OSC Budget Briefing

- 2.8. On 7 January 2021, the Committee received a briefing from the Cabinet Member for Resources and the Voluntary Sector, Cllr Ronald and officers on business rates, COVID-funding and gaps, and Council Tax support.



- 2.9. The Committee heard how the Business Rates Retention Scheme works, and the impact of a reset on the baseline funding level, tariff to be paid back to the government, and the Council's budget.
- 2.10. The Committee was also briefed on how business rates are calculated and the challenges and variation in this funding stream which makes budget forecasting difficult. The impact of the pandemic on collection rates and net collectable debit was also highlighted.
- 2.11. Lastly, the Committee heard about the Council Tax Reduction Scheme and about the overall costs of the scheme, over MTF5 years, and the mechanisms for determining eligibility for residents.

### OSC Budget Scrutiny Sessions

- 2.12. On 11 January 2021, the Committee held its budget scrutiny session with time spent discussing:
  - Fees and Charges proposed for 2021-22
  - Budget proposals, including the MTF5
  - Focus on two areas given their impact on the budget: Health, Adults and Community; and Children and Culture
- 2.13. Further details of these discussions and key issues can be found in the minutes of the meeting on the council website [here](#).
- 2.14. On 1 February, the Overview and Scrutiny Committee held a follow-up budget scrutiny session to review Cabinet's 27 January amendments to the council's 2021-22 Budget Report and Medium Term Financial Strategy 2021-24, with a particular focus on the capital programme and new section on Housing Revenue Account.
- 2.15. Further details of these discussions and key issues can be found in the minutes of the meeting on the council website [here](#).

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