

**LONDON BOROUGH OF TOWER HAMLETS**  
**RECORD OF THE DECISIONS OF THE CABINET**

**HELD AT 5.31 P.M. ON WEDNESDAY, 9 JANUARY 2019**

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,  
LONDON, E14 2BG**

**Members Present:**

Mayor John Biggs	
Councillor Sirajul Islam	(Statutory Deputy Mayor and Cabinet Member for Housing)
Councillor Rachel Blake	(Deputy Mayor and Cabinet Member for Regeneration and Air Quality)
Councillor Asma Begum	(Deputy Mayor and Cabinet Member for Community Safety and Equalities)
Councillor Amina Ali	(Cabinet Member for Culture, Arts and Brexit)
Councillor David Edgar	(Cabinet Member for Environment)
Councillor Danny Hassell	(Cabinet Member for Children, Schools and Young People)
Councillor Denise Jones	(Cabinet Member for Adults, Health and Wellbeing)
Councillor Candida Ronald	(Cabinet Member for Resources and the Voluntary Sector)
Councillor Motin Uz-Zaman	(Cabinet Member for Work and Economic Growth)

**Other Councillors Present:**

Councillor Peter Golds	
Councillor Abdal Ullah	
Councillor Andrew Wood	(Leader of the Conservative Group)

**Officers Present:**

Richard Baldwin	(Divisional Director, Children's Social Care)
Janet Fasan	(Divisional Director, Legal)
Asmat Hussain	(Corporate Director, Governance and Monitoring Officer)
Tom McCourt	(Strategic Director)
Neville Murton	(Acting Corporate Director, Resources)
Denise Radley	(Corporate Director, Health, Adults & Community)
Ann Sutcliffe	(Acting Corporate Director, Place)
Will Tuckley	(Chief Executive)
Stephen Bramah	(Deputy Head of the Mayor's office)
Richard Chilcott	(Acting Divisional Director, Property and Major Programmes)
David Courcoux	(Head of the Mayor's Office)
Sharon Godman	(Divisional Director, Strategy, Policy and Performance)
Steve Hill	(Head of Benefits Services, Resources)
Adam Boey	(Senior Strategy & Policy Manager - Corporate)
Lee Fearon	(Benefits Policy and Procedures Manager)

Matthew Mannion (Committee Services Manager, Democratic Services, Governance)

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of:

- Asmat Hussain (Corporate Director, Governance) for whom Janet Fasan (Divisional Director, Legal Services) was deputising.
- Debbie Jones (Corporate Director, Children's Services) for whom Richard Baldwin (Divisional Director, Children's Social Care) was deputising.

**2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**

There were no Declarations of Disclosable Pecuniary Interests.

**3. UNRESTRICTED MINUTES**

**DECISION**

1. That the unrestricted minutes of the Cabinet meeting held on Wednesday 19 December 2019 be approved and signed by the Chair as a correct record of proceedings.

**4. ANNOUNCEMENTS (IF ANY) FROM THE MAYOR**

See the minutes.

**5. OVERVIEW & SCRUTINY COMMITTEE**

**5.1 Chair's Advice of Key Issues or Questions**

There were no Pre-Decision Scrutiny Questions but the Chair of the Overview and Scrutiny Committee set out the Committee's plans to scrutinise the Council's draft budget proposals at their upcoming meeting.

**5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee**

Nil items.

**6. UNRESTRICTED REPORTS FOR CONSIDERATION**

**6.1 Mayor's Foreword to the Council's Budget Report**

**DECISION**

1. To note the report.

## 6.2 The Council's 2019-20 Budget Report and MTFS 2019-22

### DECISION

1. To propose a draft General Fund Revenue Funding Requirement of £342.560m subject to any changes arising from the Final Local Government Finance Settlement.
2. To propose a Band D Council Tax of £1,019.67 for 2019-20 to be referred to Full Council for consideration.
3. To confirm the Council's decision to participate in the 75% London Business rates pilot for 2019-20 and note the deadline of the 10<sup>th</sup> January 2019 for authorities wishing not to participate.
4. To agree the draft 2019-20 Housing Revenue Budget as set out in Appendix 8A to the report.
5. To agree the draft 2019-20 Management Fee payable to Tower Hamlets Homes (THH) of £31.105m as set out in Table 6 of the report.
6. To note that, under section 23 of the Welfare Reform and Work Act 2016 the authority must implement a rent reduction of 1% for four years, starting in April 2016, and consequently to agree an average weekly rent reduction of 1% to take effect from the first rent week of April 2019. This equates to an average weekly rent reduction of £1.08.
7. To agree that the average weekly tenanted service charge will be increased by 3.4% from the first rent week in April 2019. This equates to an average weekly increase in tenanted service charge of approximately £0.28.
8. To note the following matters:

#### **General Fund revenue Budget for 2019-20 and Medium Term Financial Strategy 2019-20 to 2021-22**

The initial budget proposals and Council Tax for 2019-20 together with the Medium Term Financial Strategy set out in Appendix 1A to the report.

#### **Budget Consultation**

The outcome of consultation with business ratepayers, residents and other stakeholders as set out in Section 3.13 of the report and Appendix 10 to the report.

#### **Funding**

The funding available for 2019-20 and the indications and forecasts for future years as set out in Section 3.4 of the report.

**Growth and Inflation**

The risks identified from the potential growth and inflation commitments arising in 2019-20 and future years as set out in Section 3.5 of the report and Appendix 3 to the report.

**Savings**

New proposed saving items to be delivered in 2019-22 as set out in Section 3.6 of the report and Appendix 4 to the report.

**Financial Risks: Reserves and Contingencies**

The strategic budget risks and opportunities as set out in Section 3.7 of the report and the assessment of risk as detailed in Appendix 6 to the report.

**Reserves and Balances**

The reserves policy and proposed approach to the strategic use of reserves as set out in Section 3.8 of the report and the projected movement in Reserves as detailed Appendix 5 and 7 to the report.

**Schools Funding**

The position for schools' funding including the Dedicated Schools Grant as set out in Section 3.9 of the report.

**Housing Revenue Account**

The position of the Housing Revenue Account; proposals for Rent and Tenanted Service Charge Setting 2019-20 and Equalities impact assessment set out in Section 3.10 of the report and Appendix 8 to the report.

**Capital Programme**

The Capital Programme to 2018-29; including proposed revisions to the current programme as set out in Section 3.11 of the report and detailed in Appendix 9 to the report.

9. To note the Equalities Impact Assessment / specific equalities considerations as set out in Section 4 of the report.

**Action by:****ACTING CORPORATE DIRECTOR, RESOURCES (N. MURTON)**

(Interim Divisional Director, Finance, Procurement and Audit (D. Lawrenson))

**Reasons for the decision**

The Council is under an obligation to set a balanced and sustainable budget and to set the Council Tax Levels for the financial year 2019-20 by 11<sup>th</sup> March 2019 at the latest. 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.

The announcements that have been made about Government funding for the Council in the Chancellor's Budget and the Provisional Local Government Finance Settlement require a robust and timely response to enable a balanced budget to be set.

The Council is in the final year of the 4 year 'guaranteed settlement' from the government. 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.

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 the Council Tax and retained business rates these elements become fundamental elements of its approach and strategies.

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.

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 seeks the adoption of the necessary capital estimates for various schemes in order that they can be progressed.

### **Alternative options**

The Council is required to respond to the budget reductions in Government funding of local authorities and 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, during a continued period of budget reductions.

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.

### 6.3 Calculation of Council Tax Base 2019/20

#### DECISION

1. To approve, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, that the amount calculated by the London Borough of Tower Hamlets as its Council Tax Base for the year 2019/20 shall be 98,396.

#### Action by:

**ACTING CORPORATE DIRECTOR, RESOURCES (N. MURTON)**

#### Reasons for the decision

The scheme for calculation of council tax established under the Local Government Finance Act 1992 requires local authorities to agree their Council Tax Base and to notify it to the preceptors (the Greater London Authority (GLA)) by 31st January 2019.

If the tax base is not agreed and notified to the Preceptor by 31st January 2019, this may prejudice the calculation of Council Tax for 2019/20.

#### Alternative options

The recommendations contained within this report are made in line with the statutory requirements outlined in sections 1.1 and 1.2 of this report; therefore the Council is not presented with alternative options in setting its Council Tax Base.

### 6.4 Report of the Overview and Scrutiny Committee: Local Council Tax Reduction Scheme scrutiny challenge report

#### DECISION

1. To note the report as agreed by Overview and Scrutiny Committee in October 2018 (Appendix one to the report).
2. To note officers' response to Overview and Scrutiny Committee's findings together with the proposed action plan for implementation (Appendix two and appendix three to the report).
3. To note the recommendations arising from the LCTRS scrutiny challenge session and agree recommendations 1,2,3,4,5 and 7.
4. To not agree recommendation 6 arising from the LCTRS challenge session.

#### Action by:

**ACTING CORPORATE DIRECTOR, RESOURCES (N. MURTON)**

(Head of Benefit Services (S. Hill)

(Benefits and Policy Procedures Manager (L. Fearon)

**Reasons for the decision**

The council should consider changes to its Local Council Tax Reduction Scheme on an annual basis and agree whether changes should be made by 11th March prior to the financial year that the changes are to be introduced. The council may decide not to make any changes to its scheme. The changes apply to working age households only as pensioners are protected.

**Alternative options**

The Council can consider making any changes to its LCTRS annually from the start of the next financial year. Changes cannot be made in year.

Changes can only be made in relation to working age households as pensioners are protected. Any changes must be subject to a meaningful full public consultation as required by the Local Government Finance Act 1992 which stipulates that changes can only be enacted from the start of the subsequent financial year.

The council may decide not to make any changes to the scheme.

**6.5 Local Council Tax Reduction Scheme 2019-2020**

The recommendations were amended and then agreed.

**DECISION**

1. To note the feedback from the consultation on the Local Council Tax Reduction Scheme.
2. To note the options to revise the current scheme.
3. To agree the amended Local Council Tax Reduction Scheme be recommended to Council for consideration subject to the following change:
  - a. That Recommendation 5 set out in the proposed report to Council is not taken forward. (5. To agree to use the same child allowances in the local Council Tax Reduction scheme assessments as those used in Child Tax Credit, Housing Benefit and the Local Council Tax Reduction assessments for pensioners and to apply this in respect of third or successive children born after April 2019).

**Action by:**

**ACTING CORPORATE DIRECTOR, RESOURCES (N. MURTON)**

(Head of Benefit Services (S. Hill))

(Benefits Policy and Procedures Manager (L. Fearon))

**Reasons for the decision**

Each year the Council needs to consider whether to make changes to its local Council Tax Reduction scheme (LCTRS).

The national scheme, Council Tax Benefit, was abolished with effect from 1st April 2013. A national scheme for pensioners identical to Council Tax Benefit has remained in place since 2013 and Local Authorities assumed responsibility for the design and administration of a local replacement scheme for working age residents.

Under Council Tax Benefit all awards were fully funded by central Government via an annual subsidy grant predicated on the total amount of benefit awarded. However, subsidy for LCTRS awards has been frozen at the amount awarded for 2012/13 less 10% since April 2013, representing a national reduction of funding to Local Authorities of £500m. The funding provided by Central government is now included within the Revenue Support Grant and such the amount in respect of CTR cannot be separately identified.

The Council continued to operate a LCTRS for working age residents which was broadly based on Council Tax Benefit from April 2013 to March 2017. Although this protected residents, the reduction in Government Subsidy meant there was a cost to the Council estimated at between £2m and £4m per annum.

Due to increasing financial pressures and the need to respond to the introduction of Universal Credit, the Council decided to change its LCTRS with effect from 1st April 2017.

In changing the scheme in 2017, the Council ensured that residents on the lowest incomes retained 100% rebate of their Council Tax liability. Tower Hamlets remains one of only a handful of London councils who have retained this provision within their LCTRS since April 2013 and in doing so the Council has and continues to offer one of the most generous schemes in London.

The cost of the council's Local Council Tax Reduction scheme for 2017/18 was £24.7m; the current cost estimate for the scheme for the current financial year 2018/19 is £25.1m.

**Alternative options**

The Council can consider making any changes to its LCTRS annually from the start of the next financial year. Changes cannot be made in year.

Changes can only be made in relation to working age households as pensioners are protected. Any changes must be subject to a meaningful full public consultation as required by the Local Government Finance Act 1992 which stipulates that changes can only be enacted from the start of the subsequent financial year.

The council can decide not to make any changes to the current scheme.

**6.6 Mulberry Place, 5 Clove Crescent, London E14 2BG - New Lease**

The exempt appendix was noted.

The exemption from the Call-In process was noted.

**DECISION**

1. To agree that the Council surrenders the existing lease of Mulberry Place and simultaneously enters into a new lease, on the terms set out in the report.
2. To agree that the final negotiations for the surrender and re-grant are delegated to the Acting Corporate Director Place working in liaison with the Corporate Director Governance to complete the required transactions by 31<sup>st</sup> January 2019.
3. To agree to consider the information in Appendix 1 as exempt in accordance with section 12A of the 1972 Act, (3) Information relating to the financial or business affairs of any particular person (including the authority handling the information).

**Action by:****ACTING CORPORATE DIRECTOR, PLACE (A. SUTCLIFFE)**

(Acting Divisional Director, Property and Major Programmes (R. Chilcott))

**Reasons for the decision**

The grant of a new lease to March 2023 will provide the Council with certainty on being able to remain in occupation of the current Town Hall until the new replacement project is completed and ready for occupation.

The terms proposed for the new lease relating to the increase in rent payable from July 2020 exceed the level of delegated authority provided to officers and so requires the authorisation of the Mayor in Cabinet.

**Alternative options**

Alternative options were considered as set out in the body of the report. These include pursuing the potential lease renewal through the Courts in accordance with legislation or vacating Mulberry Place by the end of June 2020 and relocating staff and service delivery to a number of other locations within the Borough until the new Town Hall project is completed.

Those alternative options would expose the Council to considerable risk and expenditure which officers do not recommend being pursued as alternative solutions to meet the need to provide office accommodation for the Council to enable the continued delivery of key services to residents and the public from 2020.

**7. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT**

Nil items.

**8. EXCLUSION OF THE PRESS AND PUBLIC**

Nil items.

**9. EXEMPT / CONFIDENTIAL MINUTES**

Nil items.

**10. OVERVIEW & SCRUTINY COMMITTEE**

**10.1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business**

Nil items.

**10.2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee**

Nil items.

**11. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT**

Nil items.

The meeting ended at 6.19 p.m.

Mayor John Biggs