

Meeting of the

TOWER HAMLETS COUNCIL

Wednesday, 20 February 2019 at 7.00 p.m.

A G E N D A

VENUE

**Council Chamber, 1st Floor,
Town Hall, Mulberry Place,
5 Clove Crescent,
London E14 2BG**

Democratic Services Contact:

Matthew Mannion, Committee Services Manager, Democratic Services
Tel: 020 7364 4651, E-mail: matthew.mannion@towerhamlets.gov.uk

Directorate of Governance

Democratic Services
Tower Hamlets Town Hall
Mulberry Place
5 Clove Crescent
London E14 2BG

Tel **020 7364 4651**

www.towerhamlets.gov.uk

**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 **THE COUNCIL CHAMBER, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT, LONDON, E14 2BG** at 7.00 p.m. on **WEDNESDAY, 20 FEBRUARY 2019**

Will Tuckley
Chief Executive

Public Information

Attendance at meetings.

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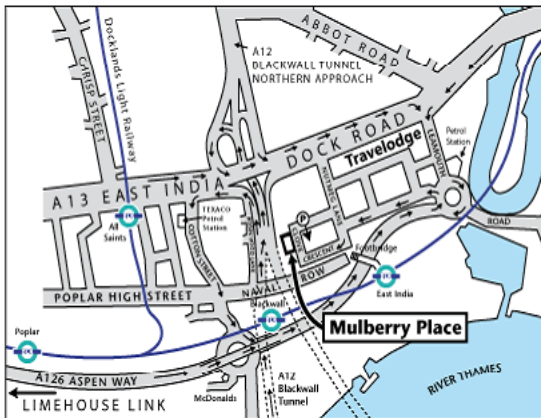
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LONDON BOROUGH OF TOWER HAMLETS

COUNCIL

WEDNESDAY, 20 FEBRUARY 2019

7.00 p.m.

**PAGE
NUMBER**

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

**2. DECLARATIONS OF DISCLOSABLE PECUNIARY
INTERESTS**

7 - 10

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Monitoring Officer.

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

4. TO RECEIVE PETITIONS

11 - 12

The Council Procedure Rules provide for a maximum of four petitions to be discussed at a Budget Meeting of the Council.

The attached report presents the received petition to be discussed. Should any further petitions have been received they would have been listed to be noted but not discussed. No further petitions were received.

5. BUDGET AND COUNCIL TAX 2019/20

13 - 334

To consider the proposals of the Mayor and Executive for the Council's Budget and Council Tax 2019/20. Please note that this report includes the General Fund Revenue and Capital Budget and Medium Term Financial Plan 2019/20 – 2021/22, the Housing Revenue Account and the Treasury Management Strategy Statement.

**6. REVIEW OF PROPORTIONALITY AND ALLOCATION OF
PLACES ON COMMITTEES AND PANELS OF THE
COUNCIL**

335 - 340

To consider a report setting out the proportionality of seats on the Council's Committees following the by-elections held on Thursday 7 February 2019.

DECLARATIONS OF INTERESTS - NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

Interests and Disclosable Pecuniary Interests (DPIs)

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

Effect of a Disclosable Pecuniary Interest on participation at meetings

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Monitoring Officer following consideration by the Dispensations Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Monitoring Officer of the interest for inclusion in the Register.

Further advice

For further advice please contact:-


Asmat Hussain, Corporate Director, Governance and Monitoring Officer. Tel 020 7364 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	<p>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.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>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—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
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	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(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.</p>

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<p>Non-Executive Report of the:</p> <p>Council</p> <p>20 February 2019</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Asmat Hussain, Corporate Director, Governance</p>	<p>Classification: Unrestricted</p>
<p>Petitions to Council</p>	

<p>Originating Officer(s)</p>	<p>Matthew Mannion, Committee Services Manager, Democratic Services.</p>
<p>Wards affected</p>	<p>All wards</p>

SUMMARY

1. This report sets out details of the valid petitions submitted for presentation at the Council meeting on Wednesday 20 February 2019. The text of the petition received for presentation to this meeting is set out in the attached report.
2. The Council's Constitution provides for up to four petitions to be heard at each Council meeting. These are taken in order of receipt, except that petitions for debate (those in excess of 2,000 signatures) will take precedence. Should more than four petitions be received, all remaining petitions will be listed to be formally noted by Council.
3. For Petitions listed as for debate:
 - a. Petitioners may address the meeting for no more than 3 minutes.
 - b. Members may then question the petitioners for a further 4 minutes.
 - c. The petition will then be debated by Councillors for a maximum of 15 minutes. All speeches are limited to a maximum of 3 minutes. During his or her speech, any Councillor may move a motion for the Council's consideration relevant to matters in the petition (this does not require the suspension of the Council Procedure Rules).
 - d. The speaker will invite the Mayor or (at the Mayor's discretion) the relevant Lead Member or Committee Chair to respond to the petition for up to 3 minutes.
 - e. Following the petition debate, any motions moved will be put to the vote in the order they were tabled.

- f. If no motion is agreed, the petition will stand referred to the relevant Corporate Director for a written response within 28 days of the meeting.
- 4. For Petitions listed as to be heard:
 - a. Petitioners may address the meeting for no more than 3 minutes.
 - b. Members may then question the petitioners for a further 4 minutes.
 - c. Finally, the speaker will invite the Mayor or (at the Mayor's discretion) the relevant Lead Member or Committee Chair to respond to the petition for up to 2 minutes. The petition will then be referred to the relevant Corporate Director for attention who will provide a written response within 28 days of the date of the meeting.
- 5. Members, other than a Cabinet Member or Committee Chair responding at the end of the item, should confine their contributions to questions and not make statements or attempt to debate.
- 6. For Petitions listed as to be noted, petitioners may not address the meeting. The Speaker will state where they will go for a full response.
- 7. Responses to all petitions will be sent to the lead petitioner and displayed on the Council's website.

PETITIONS FOR DEBATE

No petitions for debate had been received by the petitions deadline.


PETITIONS TO BE HEARD

4.1 Petition calling on the Council to Keep the Community Language Service publicly funded for a multilingual and multicultural Tower Hamlets (from Apsana Begum and others).

We the undersigned petition the Council to amend the budget and not to reduce funding to the Community Language Service (CLS) in the financial year 2019/2020 and call on the Mayor and Tower Hamlets Council to embark on a full consultation, with financial modelling and risk to see how we can preserve this much valued and historic service, that has contributed so much to community cohesion.

PETITIONS TO BE NOTED

None.

<p>Non-Executive Report of the:</p> <p>COUNCIL</p> <p>20 February 2019</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Neville Murton, Acting Corporate Director, Resources</p>	<p>Classification: Unrestricted</p>
<p>Budget and Council Tax 2019-20 – Report of the Cabinet Meeting, 30 January 2019 and Budget Proposals of the Mayor and Executive</p>	

Originating Officer(s)	Damon Lawrenson, Interim Divisional Director, Finance, Procurement and Audit
Wards affected	All Wards

1. SUMMARY

- 1.1 This report sets out the proposals of the Mayor and Executive for the council's Budget and Council Tax 2019-20, as agreed at the Cabinet Meeting on 30th January 2019.

2. RECOMMENDATIONS

- 2.1 In accordance with the decisions of the Mayor in Cabinet as set out at section 5 below, Full Council is **recommended**:-

General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2019-22

- (a) To note the feedback from the budget consultation as detailed in section 3.13, appendix 10 of the budget report and published on the council's website.
- (b) To agree a General Fund Revenue Budget of £342.560m and a Council Tax (Band D) of £1,019.67 for 2019-20 as set out in the motion attached at Annex 1 to this report. This incorporates a 2.4% general increase on the previous year and a 1% increase in respect of the Adult Social Care 'Precept'.
- (c) To note that the Council will receive an additional £105k in 2018-19 and 2019-20 from Central Government, which will be set aside in an earmarked reserve, to manage costs associated with Brexit.
- (d) To note the Business Rates income is net of the RSG element for 2019-20, and adjusts for tariff and payment due to London councils.

- (e) To note the Projected Movement in Reserves April 2018 to March 2022 has been updated for known increases and planned budget requirement.
- (f) To agree a Capital programme and Medium Term Financial Plan as set out in the motion attached at Annex 1 to this report.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019-20

- (g) To adopt (as also set out in the motion at Annex A):
- The high level overview of Capital Strategy Report set out in section 2 at annex A attached to this report;
 - The Treasury Management Strategy Statement set out in sections 5 - 7 at annex A attached to this report, which officers involved in treasury management, must then follow;
 - The new Investment Strategy set out in section 8 at annex A attached to this report, the Council has committed up to £54.6m of service investments to Seahorse Homes Ltd and Mulberry Housing Society;

Section 25, Local Government Act 2003

- (h) To note that in line with the requirements of the Local Government Act 2003, the Corporate Director of Resources is of the view that:
- a) The General Fund balances of £29m and the level of reserves are adequate to meet the council's financial needs for 2019-20, and that in light of the economic risks that the council faces, they should not fall below a minimum level of £20m; and
 - b) The General Fund estimates are sufficiently robust to set a balanced budget for 2019-20. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2018-19 budget with the projected spend identified in monitoring reports. The overall level of the corporate contingency has been set at £3.1m, which is adequate to cover any potential costs arising from unforeseen events or cost pressures.

Local Council Tax Reduction Scheme (LCTRS)

- (i) To note that Full Council at its meeting of 23rd January 2019 approved a revised Local Council Tax Reduction Scheme for 2019-20 with the following changes:
- to limit the maximum disabled non-dependant deduction to £4 per week.
 - to adjust the minimum level of income for self-employed under 25's to reflect age rules.

- to enhance the support available to increase earnings and income for self-employed claimants.
- to increase backdating provision for the scheme from 4 weeks to 52 weeks.

3. CABINET MEETING, 30th JANUARY 2019

- 3.1 The Cabinet received the report of the Corporate Director Resources on the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2019-22.
- 3.2 In considering the information in the reports, the Mayor and Cabinet took into account the comments of the Overview and Scrutiny Committee (OSC) on the Mayor's initial budget proposals for 2019-20 (which had been published in the 9th January Cabinet agenda), from the OSC meeting held on 14th January 2019.
- 3.3 The Mayor and Cabinet also took into account feedback from the budget consultation process and events.
- 3.4 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 settlement announcement.

4. LEGAL COMMENTS

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

5. DOCUMENTS ATTACHED

- 5.1 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 Voluntary Sector

Annex 2: Report of the Acting Corporate Director Resources: General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2019-2022

Annex 3: Appendices 1 - 10 to the above report:-

- Appendix 1A Summary of the Medium Term Financial Strategy

- Appendix 1B Detailed analysis of the Medium Term Financial Strategy by Service Area
- Appendix 2 Tower Hamlets Core Spending Power
- Appendix 3 New growth proposals 2019- 2022
- Appendix 4 New Savings proposals 2019- 2022
- Appendix 5 Reserves Policy
- Appendix 6 Risk Evaluation
- Appendix 7 Projected Movement in Reserves
- Appendix 8A Draft Housing Revenue Account Medium Term Financial Strategy 2019-2024
- Appendix 8B Rent Report Equalities Impact Assessment
- Appendix 9A Summary of Proposed Capital Programme 2018-2029
- Appendix 9B Current Capital programme 2018-2029
- Appendix 9C Increases to Existing Schemes & New Schemes 2019-2029
- Appendix 9D Proposed New Schemes 2018-2029
- Appendix 10 Budget Consultation Feedback

Annex 4: Report of the Acting Corporate Director Resources to the Audit Committee 31st January 2019: Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019-20 (Report presented to Full Council includes subsequent minor amendments made by officers).

LOCAL GOVERNMENT ACT 1972 – SECTION 100D (AS AMENDED)

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of “background paper”	Tick if copy supplied	If not supplied, name and telephone number of holder
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No unpublished background papers were relied upon to a material extent in the preparation of this report.

BUDGET COUNCIL

20th February 2019

COUNCIL TAX REQUIREMENT 2019-20

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

I propose the following motion in relation to Agenda item 5: "Report of the Mayor in Cabinet on 30th January 2019:-

That Council: -

General Fund Revenue Budget and Council Tax Requirement 2019-20

1. Agree a General Fund revenue budget of £342.560m and a total Council Tax Requirement for Tower Hamlets in 2019-20 of £100.331m as set out in the table below.

Service	Total	Savings		Growth		Adjustments		Total
	2018-19 £'000	Approved £'000	New £'000	Approved £'000	New £'000	Approved £'000	New £'000	2019-20 £'000
Health, Adults & Community	105,862	(2,275)	(100)	2,939	121	(2,045)	-	104,503
Public Health	35,049	(411)	-	(730)	216	-	-	34,124
Children's Services	101,122	(3,036)	(481)	(414)	5,978	(4,391)	-	98,779
Place	70,086	(1,706)	(1,040)	709	3,379	(557)	-	70,872
Governance	14,227	-	(50)	-	300	-	-	14,477
Resources	16,052	(4,247)	-	-	-	(200)	-	11,605
Net Service Costs	342,399	(11,674)	(1,671)	2,504	9,994	(7,193)	-	334,360
Other Net Costs								
Capital Charges	5,339	-	-	-	1,500	-	-	6,839
Levies	1,862	-	-	-	-	-	-	1,862
Pensions	12,790	-	-	-	-	-	-	12,790
Corporate Contingency	3,150	-	-	-	-	-	-	3,150
Other Corporate Costs	(24,826)	(1,500)	-	(195)	39	(474)	-	(26,955)
Total Other Net Costs	(1,685)	(1,500)	-	(195)	1,539	(474)	-	(2,314)
Inflation	3,015	-	-	6,500	1,000	-	-	10,515
Total Financing Requirement	343,730	(13,174)	(1,671)	8,809	12,533	(7,667)	-	342,560
Funding								
Revenue Support Grant	(43,795)	-	-	-	10,514	-	-	(33,281)
Retained Business Rates	(137,295)	101,821	-	-	(104,081)	-	-	(139,555)
Business Rates (London Pilot)	(8,000)	-	-	-	4,000	-	-	(4,000)
Council Tax	(93,777)	-	(6,554)	-	-	-	-	(100,331)
Collection Fund Surplus	-	-	-	-	-	-	-	-
- Council Tax	(1,500)	-	-	-	1,500	-	-	-
- Retained Business Rates	11,357	-	-	-	(11,357)	-	-	-
Core Grants								
- Public Health Grant	(35,049)	-	-	730	195	-	-	(34,124)
- NHB	(3,923)	(5,000)	-	5,741	-	-	-	(3,182)
- Strategic School Improvement Fund	(200)	-	-	-	-	-	-	(200)
- Improved Better Care Fund	(7,711)	-	(5,066)	-	-	-	-	(12,777)
- Additional Improved Better Care Fund Grant (New)	(4,196)	-	-	-	-	2,122	-	(2,074)
- Adult Social Care Support Grant	(916)	-	-	-	(3,084)	-	-	(4,000)
- Local Lead Flood	(34)	(2)	-	-	-	-	-	(36)
- Levy Returned	(1,684)	-	-	-	1,684	-	-	-
Reserves								
- Earmarked (Corporate)	(13,121)	-	-	-	-	5,545	-	(7,576)
- General Fund (Smoothing)	-	-	(1,000)	-	-	-	-	(1,000)
Total Financing	(339,843)	96,819	(12,620)	6,471	(100,630)	7,667	-	(342,137)

2. Agree a Council Tax for Tower Hamlets in 2019-20 of £1,019.67 at Band D resulting in a Council Tax for all other band taxpayers, before any discounts, and excluding the GLA precept, as set out in the table below:-

This incorporates a 2.4% general increase on the previous year and a 1% increase in respect of the Adult Social Care 'Precept' announced by the government in the 2017 budget.

BAND	PROPERTY VALUE		RATIO TO BAND D	LBTH COUNCIL TAX FOR EACH BAND £
	FROM £	TO £		
A	0	40,000	6/9	679.78
B	40,001	52,000	7/9	793.08
C	52,001	68,000	8/9	906.37
D	68,001	88,000	9/9	1,019.67
E	88,001	120,000	11/9	1,246.26
F	120,001	160,000	13/9	1,472.86
G	160,001	320,000	15/9	1,699.45
H	320,001	and over	18/9	2,039.34

3. Agree that for the London Borough of Tower Hamlets in 2019-20:-
- (a) The Council Tax for Band D taxpayers, before any discounts, and including the GLA precept, shall be **£1,340.18** as shown below: -.

£
(Band D, No Discounts)

LBTH	1,019.67
GLA	320.51
<hr/>	
Total	1,340.18
<hr/>	

- (b) The Council Tax for taxpayers in all other bands, before any discounts, and including the GLA precept, shall be as detailed in the table below: -

BAND	PROPERTY VALUE		RATIO TO BAND D	LBTH £	GLA £	TOTAL £
	FROM £	TO £				
A	0	40,000	6/9	679.78	213.67	893.45
B	40,001	52,000	7/9	793.08	249.29	1,042.37
C	52,001	68,000	8/9	906.37	284.90	1,191.27
D	68,001	88,000	9/9	1,019.67	320.51	1,340.18
E	88,001	120,000	11/9	1,246.26	391.73	1,637.99
F	120,001	160,000	13/9	1,472.86	462.96	1,935.82
G	160,001	320,000	15/9	1,699.45	534.18	2,233.63
H	320,001	and over	18/9	2,039.34	641.02	2,680.36

- 4 Approve the statutory calculations of this Authority's Council Tax Requirement in 2019-20, detailed in **Appendix A** to this motion, undertaken by the Corporate Director Resources (Chief Financial Officer) in accordance with the requirements of Sections 31 to 36 of the Local Government Finance Act 1992.

- 5 Approve the Treasury Management Strategy Statement, the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement as presented to Audit Committee on 31 January 2019.
- 6 Approve the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2019-2022 as amended following final settlement announcement as agreed by the Mayor in Cabinet on 30 January as set out in the attached report of the Mayor in Cabinet and summarised in the tables below.

Summary of Medium Term Financial Plan 2018-2022

	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000
Net Service Costs	345,913	343,730	342,560	331,154
Growth				
- Previously Approved by Full Council	(1,416)	(5,358)	38	(5,445)
- New	6,796	11,533	(4,354)	6,353
Savings				
- Previously Approved by Full Council	(13,560)	(13,174)	(9,030)	-
- Written off- Previously Approved by Full Council	1,256	-	-	-
- New	(1,758)	(1,671)	(5,560)	(8,159)
Inflation	6,500	7,500	7,500	6,500
Total Funding Requirement	343,730	342,560	331,154	330,403
Revenue Support Grant	(43,795)	(33,281)	(30,498)	(27,953)
Retained Business Rates	(137,295)	(139,555)	(139,555)	(139,555)
Business Rates (London Pilot)	(8,000)	(4,000)	-	-
Council Tax	(93,777)	(100,331)	(105,821)	(111,612)
Collection Fund Surplus				
- Council Tax	(1,500)	-	-	-
- Retained Business Rates	11,357	-	-	-
Core Grants	(53,712)	(56,393)	(50,283)	(50,283)
Earmarked Reserves	(13,121)	(8,576)	(6,445)	(1,000)
Total Funding	(339,843)	(342,137)	(332,603)	(330,403)
Budget Gap (excludes use of Reserves)	3,887	423	(1,449)	-
Budgeted GF Reserve Contribution/ Drawdown (+/-)	(3,887)	(423)	1,449	-
UNFUNDED GAP	-	-	-	-
	31/03/2019	31/03/2020	31/03/2021	31/03/2022
Balance on General Fund Reserves (£000s)	29,371	28,948	30,397	30,397

Detailed Analysis of the Medium Term Financial Plan by Service Area 2018-19 to 2021-22

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Service	Total	Savings		Growth		Adjustments		Total	Savings		Growth		Adjustments		Total	Savings		Growth		Adjustments		Total
	2018-19	Approved	New	Approved	New	Approved	New	2019-20	Approved	New	Approved	New	Approved	New	2020-21	Approved	New	Approved	New	Approved	New	2021-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health, Adults & Community	105,862	(2,275)	(100)	2,939	121	(2,045)	-	104,503	(1,000)	(190)	3,499	-	(2,071)	-	104,741	-	(1,700)	-	4,375	(477)	-	106,940
Public Health	35,049	(411)	-	(730)	216	-	-	34,124	-	-	-	-	-	-	34,124	-	-	-	-	-	-	34,124
Children's Services	101,122	(3,036)	(481)	(414)	5,978	(4,391)	-	98,779	(650)	(1,150)	-	(2,032)	(120)	-	94,827	-	(300)	-	1,604	(2,231)	-	93,900
Place	70,086	(1,706)	(1,040)	709	3,379	(557)	-	70,872	(580)	(2,500)	744	(2,322)	(1,715)	-	64,499	-	(329)	-	374	(2,522)	-	62,021
Governance	14,227	-	(50)	-	300	-	-	14,477	-	-	-	-	-	-	14,477	-	-	-	-	(100)	-	14,377
Resources	16,052	(4,247)	-	-	-	(200)	-	11,605	(1,900)	(220)	-	-	(300)	-	9,185	-	(200)	-	-	(115)	-	8,870
Net Service Costs	342,399	(11,674)	(1,671)	2,504	9,994	(7,193)	-	334,360	(4,130)	(4,060)	4,243	(4,354)	(4,205)	-	321,853	-	(2,529)	-	6,353	(5,445)	-	320,232
Other Net Costs																						
Capital Charges	5,339	-	-	-	1,500	-	-	6,839	-	-	-	-	-	-	6,839	-	-	-	-	-	-	6,839
Levies	1,862	-	-	-	-	-	-	1,862	-	-	-	-	-	-	1,862	-	-	-	-	-	-	1,862
Pensions	12,790	-	-	-	-	-	-	12,790	-	-	-	-	-	-	12,790	-	-	-	-	-	-	12,790
Corporate Contingency	3,150	-	-	-	-	-	-	3,150	-	-	-	-	-	-	3,150	-	-	-	-	-	-	3,150
Other Corporate Costs	(24,826)	(1,500)	-	(195)	39	(474)	-	(26,955)	(4,900)	(1,500)	-	-	-	-	(33,355)	-	(5,630)	-	-	-	-	(38,985)
Total Other Net Costs	(1,685)	(1,500)	-	(195)	1,539	(474)	-	(2,314)	(4,900)	(1,500)	-	-	-	-	(8,714)	-	(5,630)	-	-	-	-	(14,344)
Inflation	3,015	-	-	6,500	1,000	-	-	10,515	-	-	6,500	1,000	-	-	18,015	-	-	-	6,500	-	-	24,515
Total Financing Requirement	343,730	(13,174)	(1,671)	8,809	12,533	(7,667)	-	342,560	(9,030)	(5,560)	10,743	(3,354)	(4,205)	-	331,154	-	(8,159)	-	12,853	(5,445)	-	330,403
Funding																						
Revenue Support Grant	(43,795)	-	-	-	10,514	-	-	(33,281)	-	2,783	-	-	-	-	(30,498)	-	2,545	-	-	-	-	(27,953)
Retained Business Rates	(137,295)	101,821	-	-	(104,081)	-	-	(139,555)	-	-	-	-	-	-	(139,555)	-	-	-	-	-	-	(139,555)
Business Rates (London Pilot)	(8,000)	-	-	-	4,000	-	-	(4,000)	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-
Council Tax	(93,777)	-	(6,554)	-	-	-	-	(100,331)	-	(5,490)	-	-	-	-	(105,821)	-	(5,791)	-	-	-	-	(111,612)
Collection Fund Surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Council Tax	(1,500)	-	-	-	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Retained Business Rates	11,357	-	-	-	(11,357)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Core Grants																						
- Public Health Grant	(35,049)	-	-	730	195	-	-	(34,124)	-	-	-	-	-	-	(34,124)	-	-	-	-	-	-	(34,124)
- NHB	(3,923)	(5,000)	-	5,741	-	-	-	(3,182)	-	-	-	-	-	-	(3,182)	-	-	-	-	-	-	(3,182)
- Strategic School Improvement Fund	(200)	-	-	-	-	-	-	(200)	-	-	-	-	-	-	(200)	-	-	-	-	-	-	(200)
- Improved Better Care Fund	(7,711)	-	(5,066)	-	-	-	-	(12,777)	-	-	-	-	-	-	(12,777)	-	-	-	-	-	-	(12,777)
- Additional Improved Better Care Fund Grant (New)	(4,196)	-	-	-	-	2,122	-	(2,074)	-	-	-	-	2,074	-	-	-	-	-	-	-	-	-
- Adult Social Care Support Grant	(916)	-	-	-	(3,084)	-	-	(4,000)	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-
- Local Lead Flood	(34)	(2)	-	-	-	-	-	(36)	-	36	-	-	-	-	-	-	-	-	-	-	-	-
- Levy Returned	(1,684)	-	-	-	1,684	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves																						
- Earmarked (Corporate)	(13,121)	-	-	-	-	5,545	-	(7,576)	-	-	-	-	2,131	-	(5,445)	-	-	-	-	5,445	0	(0)
- General Fund (Smoothing)	-	-	(1,000)	-	-	-	-	(1,000)	-	-	-	-	-	-	(1,000)	-	-	-	-	-	-	(1,000)
Total Financing	(339,843)	96,819	(12,620)	6,471	(100,630)	7,667	-	(342,137)	-	(2,671)	-	8,000	4,205	-	(332,603)	-	(3,245)	-	-	5,445	0	(330,403)

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 20th FEBRUARY 2019
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

SETTING THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA

1. That the revenue estimates for 2019-20 be approved.

2. That it be noted that, at its meeting on 9th January 2019, Cabinet calculated 98,396 as its Council Tax base for the year 2019-20 [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 2019-20 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) £1,242,828,355 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) £1,142,496,906 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) £100,331,449 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) £1,019.67 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]

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 20th FEBRUARY 2019
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

(e)	VALUATION BAND	LBTH £
	A	679.78
	B	793.08
	C	906.37
	D	1,019.67
	E	1,246.26
	F	1,472.86
	G	1,699.45
	H	2,039.34

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.

4. That it be noted that for the year 2019-20 the Greater London Authority 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:-


VALUATION BAND	GLA £
A	213.67
B	249.29
C	284.90
D	320.51
E	391.73
F	462.96
G	534.18
H	641.02

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 20th FEBRUARY 2019
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

5. That, having calculated the aggregate in each case of the amounts at 3(d) and 4 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 2019-20 for each of the categories of dwellings shown below:-

VALUATION BAND	TOTAL COUNCIL TAX £
A	893.45
B	1,042.37
C	1,191.27
D	1,340.18
E	1,637.99
F	1,935.82
G	2,233.63
H	2,680.36

6. 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 2019-20 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 2019-20 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.

<p style="text-align: center;">Cabinet</p> <p style="text-align: center;">30th January 2019</p>	
<p>Report of: Neville Murton, Acting Corporate Director of Resources</p>	<p>Classification: Unrestricted</p>
<p>The Council's 2019-20 Budget Report and Medium Term Financial Strategy 2019-22</p>	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources and Voluntary Sector
Originating Officer(s)	Damon Lawrenson, Interim Divisional Director, Finance, Procurement & Audit
Wards affected	All wards
Key Decision?	Yes
Forward Plan Notice Published	11th December 2018
Reason for Key Decision	To set the Council's Budget for 2019-20 and MTFS 2019-22
Strategic Plan Priority / Outcome	<p>1. People are aspirational, independent and have equal access to opportunities;</p> <p>2. A borough that our residents are proud of and love to live in;</p> <p>3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.</p>

Executive Summary

In February 2018 the Council agreed a 3 year budget and Medium Term Financial Strategy (MTFS) for the period 2018-21, including new savings of £10.788m that would need to be delivered to achieve a balanced budget over that period.

As part of the Council's annual budget cycle, cabinet considered an draft budget report on the 9th January that updated the assumptions for the years 2019-21 and incorporated a new financial year, 2021-22, to maintain the Council's three year MTFS.

This report presents the final budget proposals that will be recommended for Full Council approval on the 20th February. The assumptions set out in last year's MTFS for 2019-20 have been reviewed and updated to allow Members to agree a balanced budget and Council Tax requirement for that year.

2019-20 is the final year of the government's four year guaranteed funding settlement and also the second year of the London-wide business rates retention pilot scheme. The Council's decision to participate in the pilot will have an impact on the resources the Council receives from Revenue Support Grant and Business Rates and the implications of this is incorporated into this budget proposal.

In addition, new demographic and inflationary budget pressures have also been identified and the action that is needed to meet these additional commitments over the existing MTFS assumptions is built into the budget proposal.

The impact on the Council's MTFS of the Chancellor's Budget announcement of the 29th October 2018 and the 2019-20 Provisional Local Government Finance Settlement which followed on the 13th December 2018 are also incorporated.

A summary of the projected General Fund budget for each of the three years 2019-22 is shown in Appendix 1A with a more detailed service analysis in Appendix 1B.

The report also includes revised assessments of the Dedicated Schools Grant (DSG); Housing Revenue Account (HRA) and a 10 year Capital Programme.

The report also includes the outcome of the 2019-20 budget consultation that ended on the 10th December 2018.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree a General Fund Revenue Budget of £342.560m subject to any changes arising from the Final Local Government Finance Settlement.
2. Agree the Council Tax (Band D) at £1,019.67 for 2019-20 to be referred to Full Council for consideration.
3. 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 settlement announcement in February.
4. Approve the revised Capital Programme for the period to 2028-29; as detailed in Appendix 9A-D and adopt the associated capital estimates
5. Approve the draft 2019-20 Housing Revenue Budget as set out in Appendix 8A.
6. Approve the draft 2019-20 Management Fee payable to Tower Hamlets Homes (THH) of £31.105m as set out in Table 6.
7. Note that under the Management Agreement between the Council and THH, THH manages delegated income and expenditure budgets on behalf

of the Council. In 2019-20, THH will manage delegated income budgets totaling £86.875m and delegated expenditure budgets of £27.719m.

8. Consider and comment on the following matters:

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

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

Note the decision made by the Mayor in Cabinet to participate in the London Wide 75% Business Rates Retention pilot scheme.

Note the decision of the Mayor in Cabinet in January 2018 to increase the Council Tax empty homes premium from 50% to 100%, which comes into effect from the 1st April 2019. This follows the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which allows Councils to increase the current maximum empty homes premium set at 50%, to 100% from 1st April 2019.

Budget Consultation

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

Funding

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

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 and Appendix 3.

Savings

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

Financial Risks: Reserves and Contingencies

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

Reserves and Balances

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

Schools Funding

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

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 and Appendix 8

Capital Programme

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

9. To note the Equalities Impact Assessment / 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 2019-20 by 11th 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.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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.
- 1.6 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.

2. ALTERNATIVE OPTIONS

- 2.1 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.
- 2.2 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 In February 2018 the Council agreed a balanced budget for 2018-19 and a Medium Term Financial Plan (MTFP) to 2020-21 identifying additional savings of £10.788m to be delivered over the medium term period and a requirement to use £6.1m of general fund reserves. This was done in the context of some certainty over government grant funding levels afforded by signing up to the four year guaranteed funding settlement covering 2016-20.
- 3.1.2 Following this and as we enter into the final year of the 4 year funding deal, there have been a number of changes including the Chancellor's budget and provisional settlement announcement, the agreement by the government for the continuation of the London-wide business rates retention scheme, the addition of a further year to maintain a three year MTFS and revised assessments of growth, inflation and corresponding action that is required to maintain a balanced budget.
- 3.1.3 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.
- 3.1.4 The main body of the report is in twelve sections:
- Strategic Approach (Section 3.2)
 - Medium Term Financial Strategy & Proposed Budget (Section 3.3)
 - Financial Resources (Section 3.4)

- Budget Pressures and Growth Allocations (Section 3.5)
- Savings Proposals (Section 3.6)
- Risks and Opportunities (Section 3.7)
- Reserves (Section 3.8)
- Schools' Funding (Section 3.9)
- Housing Revenue Account (Section 3.10)
- Capital (Section 3.11)
- Treasury Management Strategy (Section 3.12)
- Budget Consultation (Section 3.13)

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

3.1.6 In developing these proposals the Council has taken account of the government's measure of 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.

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

- The impact of changing the New Homes Bonus methodology;
- Council Tax Requirement (base and levels of growth)
- The additional announcement of one off funding for Adult winter pressures and to support pressures in adults and children social care;
- And revised assumptions on the level of assumed Council Tax increases for inflationary purposes.

3.2 STRATEGIC APPROACH

3.2.1 The Council continues to implement an Outcomes Based Budgeting approach to delivering its MTFs for the period 2019 to 2022. This approach puts the Council's Strategic Priorities and outcomes for its residents at the heart of financial planning and decision making and aims to directly link how resources are allocated through budgeting mapped to the strategic priorities of the Council.

3.2.2 An outcomes based approach considers the efficiency and effectiveness of the Council's services by evaluating comparable information such as financial benchmarking and outcome performance measures. This information provides the starting point for critically reviewing the Council's relative performance and provides the basis and evidence for its budget decisions.

Strategic Plan 2018-21

3.2.3 In July 2018 Cabinet agreed a three year Strategic Plan focusing on improving outcomes for local people and delivering sustainable improvements in the way the Council operates. The Strategic Plan is being designed to

reflect and deliver the Mayor's manifesto. The Plan is refreshed annually to ensure it is aligned with emerging priorities for the organisation and borough. As part of the annual review Cabinet agreed to endorse the proposals for an improved outcome based performance framework from 2019-20 onwards and the interim measures in the 2018-19 plan.

- 3.2.4 In line with this approach the revised priorities and outcomes are set out in the table below:

Table 1 – Strategic Priority Outcomes

Priority 1: People are aspirational, independent and have equal access to opportunities	
Outcomes we want to achieve	People access a range of education, training, and employment opportunities.
	Children and young people are protected so they get the best start in life and can realise their potential.
	People access joined-up services when they need them and feel healthier and more independent.
	Inequality is reduced and people feel that they fairly share the benefits from growth.
Priority 2: A borough that our residents are proud of and love to live in	
Outcomes we want to achieve	People live in a borough that is clean and green.
	People live in good quality affordable homes and well-designed neighbourhoods.
	People feel safer in their neighbourhoods and anti-social behaviour is tackled.
	People feel they are part of a cohesive and vibrant community.
Priority 3: A dynamic, outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough	
Outcomes we want to achieve	People say we are open and transparent putting residents at the heart of everything we do.
	People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents.
	People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement.

3.2.5 The Council's approach to delivering services going forward are underpinned by the following transformation principles;

- Achieve the best outcomes for our residents by integrating services across the council and partners to make the most of the money we have.
- Become a modern council with new ways of working and an agile workforce that is supported by the necessary infrastructure now and at our new home in Whitechapel.
- Use technology and information to provide better services and empower our citizens so they take a more active role in their area and co-design services.
- Reduce future demand on the council through measures including better forecasting of need, supporting independent living and providing early intervention to prevent problems escalating in later life.
- Harness economic growth that benefits our residents by making it simple for businesses to set up and invest in our borough.

3.2.6 The Council's approach to strategic and financial planning has been informed by an understanding of the opportunities and potential in the borough. This includes:

- Ongoing economic growth and a rising employment rate;
- A vibrant population with a high proportion of young people;
- An active voluntary and community sector; and
- A partnership committed to collaborative working around priority outcomes.

3.2.7 It also recognises that there are longer term challenges emerging which include:

- Growth and development impacting on local infrastructure and services;
- Lower employment levels, particularly for women and some ethnic minorities;
- Significant child poverty and the impact of welfare benefit reductions;
- Local people priced out by spiralling housing prices, and the danger of a polarised community;
- Low levels of health and life expectancy; and
- The need to be vigilant and tackle the potential for radicalisation and extremism.

3.3 MEDIUM TERM FINANCIAL STRATEGY & PROPOSED BUDGET

3.3.1 The revised Medium Term Financial Strategy is set out at Appendix 1a, and the detail by service area at 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 £342.560m for 2019-20; a Council Tax at Band D of £1,019.67 and a net transfer to reserves of £1.0m over the MTFS period to 2019–22.

Provisional Settlement 2019-20

- 3.3.2 Nationally, the provisional settlement confirms that Core Spending Power for Local government is forecast to increase from £45.1 billion in 2018-19 to £46.4 billion in 2019-20, a cash-increase of 2.8% and a real-terms increase in resources available to local authorities.
- 3.3.3 The settlement includes £650m for adults and children's social care in 2019-20. Of this, £240m will go towards easing winter pressures, with the flexibility to use the remaining £410m for either adult or children's services and, where necessary, to relieve demands on the NHS. This is in addition to the £240m announced in October to address winter pressures this year. This will mean an additional £4m for Tower Hamlets in 2019-20 as detailed in table 3 under section 3.4.26. As in previous years' the Council will identify appropriate interventions in consultation with the Clinical Commissioning Group (CCG) and other partners to ensure that the outcomes for service users are maximised consistent with any conditions associated with these resources.
- 3.3.4 In addition, the Budget pledged an extra £84m over the next five years to expand Children's Social Care programmes to support more Council's with high or rising numbers of children in care. This builds on the good work through the Troubled Families programme to improve all services for families with complex problems. There is very little detail currently available on how this will be allocated and whether Tower Hamlets will receive a share. Thus, no assumptions are currently built into the budget proposals in this report.
- 3.3.5 The Budget also provided a boost for high streets via a £1.5bn package of support; including a business rates discount worth almost £900m and a £675m Future High Streets Fund to help them adapt and thrive in changing times. A prospectus is due to be published sometime in 2019 to confirm proposals and allocations or bidding arrangements. Therefore no specific assumptions are currently built into the MTFS.

Wider Local Government Funding Issues

- 3.3.6 In addition to the Core Spending Power amounts, the following information was also published as part of the Provisional Settlement information.

Fair Funding Review

- 3.3.7 Fair Funding is due to be implemented in 2020-21. The government has published a further technical paper on the "Review of local authorities' relative needs and resources", which consults on the assessment of relative needs, relative resources and transitional arrangements.
- 3.3.8 The consultation outlines further:
- Proposals to simplify the assessment of local authorities' relative needs by introducing a simple Foundation Formula, alongside several 'service-specific' formulas. This includes a focus on the structure of the needs assessment, the weighting between services, weighting of cost

drivers, Area Cost Adjustments and future proofing the needs assessment;

- The type of adjustment that will be made to an authority's relative needs assessment to take account of the relative resources available to them to fund local services, such as council tax; and
- A set of principles that will be used to design transitional arrangements and examines how the baseline for the purposes of transition should be established.

3.3.9 This consultation will last for 10 weeks from 13 December 2018 to 21 February 2019. The outcomes of the Fair Funding review will have an impact on the Council's MTFS and this will need to be monitored and MTFS assumptions updated accordingly.

3.4 FINANCIAL RESOURCES

Council Tax

3.4.1 At its meeting on 9th January 2019, the Mayor in Cabinet agreed the Council's 2019-20 Tax Base at 98,396; Band D equivalent properties and this has been used in the MTFS projections.

3.4.2 Council Tax income is a key source of funding for Council Services. The amount generated through Council Tax is principally determined by the Council Tax Base (the number of properties adjusted for exemptions and discounts) and the rate of charge per property.

3.4.3 The borough has seen a year on year increase in the number of new homes over the last few years and this continues to be a key priority area for growth for both central government and the Council. Previous trends coupled with current projections for growth means that the Council Tax Base is expected to grow in line with the forecast made previously for 2019-20.

3.4.4 The Council can, subject to legislative constraints, increase its Council tax rate through two mechanisms; the Adult Social Care precept and general inflationary increases. Each 1% increase in the Council Tax rate generates around £970k per annum, which equates to approximately 19 pence per week for the average Band D property. In the provisional settlement, the Chancellor announced that in line with inflation, the referendum limit will remain at the 2018-19 level of up to 3%.

3.4.5 In 2016-17 and for the remainder of the Spending Review period, the government introduced an Adult Social Care (ASC) precept to allow local authorities to raise additional Council tax to help in addressing the growing adult social care funding crisis. In 2017-18 the precept was limited to a maximum of 3% in any one year and to a maximum of 6% over the three year period 2017-20.

- 3.4.6 In respect of the ASC precept, in February 2017 the Council agreed to implement increases of 3%, 2%, and 1% respectively for the years 2017-18, 2018-19 and 2019-20.
- 3.4.7 Council Tax rises not associated with the ASC precept are governed by referendum principles that limit the level of increases. For this Council the amount that the Council Tax can be increased without undertaking a referendum has been set such that a 3% or higher increase would trigger a referendum. This limit reflects the government's broad view of inflation and an assumed rise of 2.99% which is also now reflected in their calculation of Core Spending Power (CSP).
- 3.4.8 The outcome from the Council's consultation exercises with residents has also demonstrated support for Council Tax rises where they support the continuation of key services. Around half of respondents support a 3% increase in Council Tax and residents were significantly more likely to support the proposal (58%) compared to businesses (23%).
- 3.4.9 Currently Tower Hamlets has one of the lowest Council Tax rates across the 33 London Boroughs. It is likely that even after implementing the proposed increase for the ASC precept this year, the Council would continue to have one of the lowest Council Tax rates in London.
- 3.4.10 A general inflationary increase of 2.4% is proposed over the MTFP. This equates to 46 pence per week for the average Band D property. Taking all of these factors into account it is proposed to increase the Council Tax by 3.4% in 2019-20. This equates to an increase of 65 pence per week (1% ASC and 2.4% Inflation).
- 3.4.11 Taking into account the forecast growth in tax base and decisions around rate increases referred to above, the Council's share of Council Tax income in 2019-20 is estimated to be £100.332m and this has been built into the proposed Budget for 2019-20.
- 3.4.12 In addition to this, the Mayor of London has proposed to increase the Greater London Authority (GLA) element of Council Tax Band D by 9%. This equates to an additional increase of 50 pence per week on the average Band D property. Income generated from this increase is passed through to the GLA.
- 3.4.13 The overall proposed increase to the average Band D property will be £1.15 pence per week.

Local Council Tax Reduction Scheme

- 3.4.14 There is a statutory requirement to approve the Local Council Tax Reduction Scheme (LCTRS) by Full Council before the 31st January each year if changes are being proposed. A revised LCTRS for 2019-20 will be approved by Full Council at its meeting on the 23rd January 2019. The cost of LCTRS is approximately £25m and this is built into our Council Tax assumptions.

3.4.15 The changes proposed include:

- to limit the maximum disabled non-dependant deduction to £4 per week.
- to adjust the minimum level of income for self-employed under 25's to reflect age rules.
- to enhance the support available to increase earnings and income for self-employed claimants.
- to increase backdating provision for the scheme from 4 weeks to 52 weeks.

Settlement Funding Assessment

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

3.4.17 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).

3.4.18 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.

Table 2 – Settlement Funding Assessment 2018 - 2020

	2018-19	2019-20	Change
Headline Settlement Funding Assessment	151.071	143.015	-5.3%
Adjusted Settlement Funding Assessment for pilots	151.071	143.015	-5.3%
<i>Of which:</i>			
Revenue Support Grant	0.000	0.000	
Baseline Funding Level	151.071	143.015	

Revenue Support Grant (RSG)

The core RSG allocations for 2019-20 previously announced in the 2016-17 settlement remain unchanged and a sum of £33.281m is included in the budget proposal.

Business Rates Retention Scheme

- 3.4.19 In 2018-19, the Council participated in the 100% London-wide Business Rates Pilot and gained a one off sum of £10.4m reflecting its share of the growth in business rates income. For 2019-20, the Secretary of State confirmed a 75% Business Rates Pilot for London in the provisional settlement. The Council is estimated to receive a further one off sum of £4m in 2019-20 for its share of the growth. This is in addition to the sum of £139.555m built into the budget for the Council's share of core Business Rates income.
- 3.4.20 At its meeting on the 9th January, the Mayor in Cabinet agreed to formally confirm its participation in the scheme.

Business Rates Retention: Inflation

- 3.4.21 It was government's original intention to change the basis of determining the annual increase to the business rates multiplier in 2020-21. This would have seen the CPI inflation figure used instead of RPI. In the 2017 Autumn Budget, the Chancellor announced that this change would be brought forward to 2018-19. For 2019-20 (as in 2018-19), in order that this change remained revenue neutral for local government, there has been an offsetting increase to S31 grant payments. This is through the additional line on the Core Spending Power figures "Compensation for the under indexation of business rates", which also includes funding for previous years' caps on the RPI increases.

Business Rates Levy Account 2018-19

- 3.4.22 An additional £180m was announced by the Secretary of State. This has been provisionally allocated via the 2013-14 Settlement Funding Amount allocations. It has been funded from the surplus on the Business Rates Retention levy/safety net account.

MHCLG have confirmed that Tower Hamlets will receive £1.684m in 2018-19 only. This amount will be set aside in its general reserves and used to support the budget gap in the MTFP in 2019-20.

Consultation paper

- 3.4.23 The government has published the consultation paper "Sharing risk and reward, managing volatility and setting up the reformed system", a technical consultation which seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system.
- 3.4.24 The consultation outlines further proposals to:
- Update the balance of risk and reward to better reflect the wider context for local authorities in 2020. It suggests a future approach to the resetting of the business rates tax base that would smooth potential

‘cliff edges’ in income, proposes reforms to the levy that would allow more authorities to keep more of their business rates growth, and reaffirms the Government’s commitment to a safety net to protect authorities from sudden reductions in income;

- Mitigate volatility in income and simplify the system; and
- Set up the new business rates retention system in April 2020 – specifically, inviting views from local authorities on the operational steps that may be necessary to set accurate Business Rates Baselines.

3.4.25 This consultation will last for 10 weeks from 13 December 2018 to 21 February 2019.

Core Grant

3.4.26 In addition to Revenue Support Grant (RSG), the Council receives a number of other grants to support specific service priorities. These are summarised in the table below and further details on how they have been treated in the MTFS are provided in the sections that follow:

Table 3 – Summary Core Grants 2019-22

Core Grants	2019-20 £m	2020-21 £m	2021-22 £m
New Home Bonus	19.202	16.521	16.521
Improved Better Care Fund	14.851	12.777	12.777
Public Health Grant	34.124	34.124	34.124
Strategic School Improvement	0.200	0.200	0.200
Local Lead Flood Grant	0.036	0	0
Winter Pressures Grant	1.465	0	0
Social Care Support Grant	2.535	0	0
Total Core Grants	72.413	63.622	63.622
NHB allocated for Capital Investment	(16.020)	(13.339)	(13.339)
Total Core Grants (Revenue)	56.393	50.283	50.283

New Homes Bonus

3.4.27 The New Homes Bonus (NHB) scheme was introduced in 2011-12 as a means to help tackle the national housing shortage. The scheme was

designed to reward those authorities who increased their housing stock either through new build or by bringing empty properties back into use.

3.4.28 Tower Hamlets is a high growth area, and has attracted the highest level of NHB in the country. The technical consultation on the 2019-20 Local Government Finance Settlement published in September 2018, suggested there would be an increase to the deadweight for the 2019-20 “in-year” allocations. However, through an additional £18m added to the funding of the scheme, no increase to the deadweight has been necessary.

3.4.29 The Council had already started to reduce its reliance on NHB as a funding source in support of its revenue budget from 2016-17 instead choosing to provide for increasing capital investment on affordable housing and infrastructure in line with its strategic priority of better quality homes for all. Of the £19.2m NHB the Council expects to receive in 2019-20 only £3.1m will be used support the revenue budget and the balance will be used for capital investments in housing and infrastructure.

Improved Better Care Fund

3.4.30 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.

3.4.31 In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities deal with the growing health and social care pressures during the period 2017-20. This funding takes into account local authorities' ability to raise resources locally through the Adult Social Care precept.

3.4.32 The funding amounts are in line with those previously announced and assumed in the MTFS. The Council budget for 2019-20 includes a sum of £14.851m from IBCF.

Public Health Grant

3.4.33 The Public Health Grant allocation for 2019-20 has not been confirmed as this funding source does not form part of the government's four year guarantee. The MTFS continues to assume the levels announced for 2019-20 as set out in the 2016-17 final settlement and an amount of £34.124m is included in the budget for 2019-20.

3.4.34 The provision for free school meals to all primary aged children over and above the current government policy of funding for Key Stage 1 pupils will continue to be partly supported from the public health grant. The total cost to the Council is estimated to be approximately £3.300m per annum and £1.000m has been included in the MTFS to be funded from the Public Health grant with the balance to be funded from an earmarked reserve in line with the Council's strategic priorities to support our young people.

Strategic School Improvement Fund

- 3.4.35 In November 2016, the government announced a £50m fund for local authorities to “continue to monitor and commission school improvement for low-performing maintained schools”. This is allocated to local authorities on the basis of the number of maintained schools, an area cost adjustment and top-up to ensure each local authority receives a minimum. The Council has successfully secured £0.285m for 2018-19 and assumes a prudent sum of £0.200m in the MTFS for 2019-20 onwards.
- 3.4.36 This replaced the former Education Services Grant which previously secured the authority £3.8m in 2016-17 and £2.7m in 2017-18 and therefore is not additional funding. This change represented a further reduction in government grant funding.

Winter Pressures Grant

- 3.4.37 In the Chancellor’s Budget, £240m of additional funding was announced for Council’s to spend on adult social care services to alleviate winter pressures on the NHS. This Winter Pressures Grant funding will be allocated in 2019-20 using the existing Adult Social Care Relative Needs Formula. The authority is expected to receive a one off sum of £1.465m in 2019-20. This funding is ring-fenced and will be pooled into the Better Care Fund. As in the previous year the Corporate Director for Health, Adults and Communities will identify appropriate interventions in consultation with the Clinical Commissioning Group (CCG) and other relevant partners.

Social Care Support Grant

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

3.5 BUDGET PRESSURES, GROWTH AND INFLATION

Budget pressures

- 3.5.1 A key part of the annual budget setting process is the review of growth pressures across the Medium Term Financial Planning period arising from demographic changes, new requirements or responsibilities or inflationary pressures.
- 3.5.2 In February 2017 and 2018, the Council approved amounts for unavoidable growth over the period 2019-21. Following a review as part of updating the MTFS for the period 2019-22, some additional growth pressures arising from demographic changes, new requirements or responsibilities have been

identified. These items are set out in Appendix 3 and have been built into the budget proposal presented in this report.

Inflation

- 3.5.3 In addition to the budget pressures identified above (para 3.5.1) a further financial risk facing the Council is the impact of inflation.
- 3.5.4 The Government's target projection for inflation which is reflected in the MTFS is 2.4% (CPI) throughout the MTFS period. Most of the Council's contracts for goods and services which span more than one year contain inflation clauses and although service directorates have been successful in negotiating annual increases which are below inflation this will be a difficult position to maintain.
- 3.5.5 The Council remains part of the National Joint Council for Local Government Services for negotiating pay award arrangements. The MTFS anticipates that staffing costs will increase by at least 2% in each year of the three year plan. Provision has also been made for the payment of the London Living Wage to Council staff.
- 3.5.6 In addition to the pay award, the Council is required to implement the new pay spine changes by 1st April 2019. Tower Hamlets uses the national pay spine as agreed at a London level without any local variations; this move across to the new spinal column points is mandatory, and will form part of the contractual terms and conditions.
- 3.5.7 The estimated impact of inflation is also set out in Appendix 3.

3.6 SAVINGS PROPOSALS

- 3.6.1 The Council continues to implement an Outcomes Based Budgeting approach to delivering its MTFS for the period 2019-22. In 2018-19 the Council approved appropriate savings covering the whole of the period of the MTFS which ensured that a balanced budget for 2019-20 and 2020-21 was already in place. Detailed consultation and impact assessments will continue to be undertaken as the proposals agreed previously are taken through to implementation.
- 3.6.2 There have been a number of changes made to the 2019-21 budget assumptions, largely as a result of needing to revisit assumptions around demographic growth and inflation. The Council will be able to meet the estimated gap through the additional savings and income generation proposals identified.
- 3.6.3 For 2021-22, a number of high level saving areas have also been identified that will be developed over the next 9 –12 months; the detailed proposals for implementation will be developed through a combination of consultation and review. The high level summary of the proposed saving areas are detailed in Appendix 4.

Prior year savings written off - £0.6m

- 3.6.4 The following previously agreed savings totalling £0.600m are no longer deliverable and it is proposed in this budget that these are now written off;
- Regional Adoption Agency (£0.250m) – In December 2016, Cabinet agreed for the authority to join a London Regional Adoption Agency and hoped the new arrangement will lead to efficiencies and better support for adoption services. It has now been confirmed that the savings expected to be generated through the arrangement is unlikely therefore the savings will need to be written off.
 - CCTV (£0.200m) – This was a speculative saving agreed by Council in February 2016 based on potential income earning opportunities from fibre optics. The latest consultant's report identified that potential income of £0.200m could be achieved in the future, however the current market shows that generating a constant income stream is unlikely.
 - Animal Warden Service (£0.160m) - A saving was agreed by Council in February 2016 for an alternative service delivery model for the animal warden service. This saving has been found not deliverable as a result funding for the service will continue.

Income generation through fees and charges

- 3.6.5 The current MTFP assumes that additional £519k of general fund income will be generated through the Fees and Charges changes proposed for 2019-20.
- 3.6.6 A separate report outlining the proposed changes to fees and charges for 2019-20 is elsewhere on the agenda.

3.7 RISKS AND OPPORTUNITIES

- 3.7.1 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.
- 3.7.2 There are a number of significant risks that could affect either the level of service demand (and therefore service delivery costs) or its main sources of funding. In addition there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services going forward.
- 3.7.3 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

Regulatory Risk

- Business Rates – Impact of abolition of the ‘staircase tax’

General Economic Factors

- **Impact of decision to leave European Union (Brexit)** - London Boroughs are still determining the impact of leaving the EU under a range of scenarios. Some of the key points to consider whether financial provision is required are,
 - 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 that must be considered.
 - 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.
- The Council is currently exploring risks and opportunities around three possible scenarios for Brexit. These include No Deal, an EU – UK Free Trade Agreement and staying in the single market. The Council will work out the appropriate interventions when the exact outcome of Brexit is known.
- **Fair Funding Review** - The government has committed to reforming the way local authorities are funded. Its Fair Funding Review aims to introduce a new funding formula from April 2020.
- 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.

Other risks

- Economic growth slows down or disappears
- A general reduction in debt recovery levels
- Further reductions in Third Party Funding
- Further reductions in grant income
- Reductions in the level of income generated through fees and charges
- Increase in fraud

Increases in Service Demand

- 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 (and homelessness in particular)
- General demographic trends (including impact of an 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 be monitored during the year

Mulberry Place lease surrender and renewal

- At its meeting on the 9th January, the Mayor in Cabinet approved a recommendation 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.
- 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 31st January 2019.
- The impact of this arrangement will be considered as part of the MTFS budget planning process for 2020-21. An annual cost of £1.2m is anticipated from June 2020.

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.

3.7.4 In addition to the above there is a risk that the combined impact of some of these factors will adversely impact on service standards and performance.

- 3.7.5 An assessment of the possible impact of these risks and opportunities is shown in the risk analysis in Appendix 6. This will form the basis of an on-going review of Reserves and Contingencies. This illustrates that there are a range of risk outcomes at medium and high level ranging from £22m to £41m. The Chief Financial Officer will consider and report on this specifically in the February Council report when preparing his assessment of the adequacy and robustness of the budget estimates, reserves and contingencies (Section 25 report).

3.8 RESERVES

- 3.8.1 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.
- 3.8.2 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.
- 3.8.3 There are two main types of reserves:
- Earmarked Reserves – which are held for identified purposes and are used to maintain a resource in order to provide for expenditure in a future year(s); and
 - General Reserves – these are held for 'unforeseen' events
- 3.8.4 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.
- 3.8.5 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. A Reserves Policy is included in Appendix 5.
- 3.8.6 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 Council Tax. Capital reserves play a similar role in funding the Council's capital investment strategy.
- 3.8.7 The Council also relies on interest earned through holding reserves to support its general spending plans.
- 3.8.8 Reserves are one-off money and therefore the Council generally aims 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 Council Tax against the importance of interest earning and long term future planning.

3.8.9 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. 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.

3.8.10 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.

3.8.11 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 SCHOOLS' FUNDING

3.9.1 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 these settings to pay them direct, leaving a net or LA allocation.

3.9.2 The methodology for allocating the DSG to local authorities changed significantly in 2018-19, with a new national funding formula introduced for each of the schools, central school services, and high needs blocks. The early years block was funded by a new national formula from 2017-18.

3.9.3 The revenue funding for schools will continue to be made by via 4 blocks – Schools, Central, High Needs and Early Years. As in 2018-19 the allocations are to be calculated on the basis of the national school funding formula reforms but will be aggregated and allocated to each Local Authority. This arrangement is confirmed for 2019-20 and 2020-21, which means the primary legislation needed to fund schools directly will not be put before parliament for another year or two.

- 3.9.4 In July 2018, the ESFA issued the operational guidance on schools funding for 2019-20. At the same time, the ESFA published provisional allocations for 2019-20 for the Schools Block, Central Services Block and the High Needs Block. In December 2018 the Early Years Block arrangements for 2019-20 would remain the same as 2018-19.
- 3.9.5 In July 2018, DfE announced the provisional operating arrangements for the DSG for 2019-20. This includes providing an illustration of the impact of the changes on the amount of DSG that individual authorities would receive for three of the four DSG sub-blocks. There is no updated information currently for the Early Years Block. The final allocations are based on the data for the October 2018 census and have been included in Table 4 below.
- 3.9.6 Growth for 2019-20 will be distributed on the basis of a new methodology. The technical basis is that the DfE will count growing pupil numbers in Middle Super Output Areas between October 2017 and October 2018 and it will ignore reductions. If this approach had been used to calculate growth for 2018-19, Tower Hamlets like other London LA's would see a reduction in its growth fund, from £2.460m to £1.656m. The final allocations have been included in Table 4 below.
- 3.9.7 There are a number of continuing pressures, specifically in relation to the High Needs Block which is managed by the Council for those pupils with needs that cannot be fully met from schools' individual budgets. The Government has extended the scope of the High Needs funding to cover educational costs of children and young people up to the age of 25. This expansion of the age range, coupled by an increase in the number of children who are applying for Education, Health and Care plans places significant pressure on both the retained budget and schools' own budgets.
- 3.9.8 Last year the government announced a two year formula, the Dedicated Schools Grant will be allocated in four blocks (schools, high needs, early years and central schools services). Each will be calculated on the basis of a different formula. Within the Schools and High Need Blocks, the Government will provide for at least a 0.5% per pupil increase in 2018-19 and 2019-20 through the national funding formula. Schools can also, through the Schools Forum, agree to de-delegate some of their Schools Block resources for certain specific services such as to fund release time for trade union duties and allow the Local Authority to fund them centrally on behalf of all schools, also contributions to support the Former Education Services Grant (ESG) General Duties which were removed by the government in 2017, the Council is obliged to carry out a number of statutory duties, for example in relation to financial regulation, asset management and the provision of information to government departments and agencies.
- 3.9.9 A new 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; funding for

ongoing central functions e.g. admissions; and funding for historic commitments e.g. items previously agreed locally such as combined budgets.

- 3.9.10 The table below sets out the estimated DSG deployment over the funding blocks for 2019-20;

Table 4 – Schools Budget

Schools Forum Summary		2019-20
		£m
1.0 Schools Block		270,620
1.1 De-delegated items (Schools Block)		3,226
1.2 High Needs Block		50,531
1.3 Early Years Block		29,471
1.4 Central Schools Service Block		4,811
Total Schools Budget	Expenditure 2019-20	358,659
Schools Forum Summary		2019-20
		£m
1.7.1 DSG		(279,130)
1.7.3 EFA Grants Post 16		(13,200)
1.7.5 Academy Recoupment		(61,700)
1.7.5 EFA Recoupment High Needs		(4,629)
Total funding	Income 2019-20	(358,659)

- 3.9.11 In addition the Council receives, and passports fully to schools, funding for the pupil premium (£18.3m) and 6th form funding (£13.2m). Final allocations for the pupil premium will be confirmed in July 2019 and 6th form funding in March 2019.

- 3.9.12 Schools Forum will be asked to agree the total schools budget of £359m for 2019-20 at their meeting in January 2019; £345m of which will be funded through the Dedicated Schools Grant from the DfE with the remainder being funded through EFA grants.

Additional funding for high needs

- 3.9.13 Education Secretary Damian Hinds has announced an additional £250m of funding for high needs, across the two financial years 2018 to 2019, and 2019 to 2020. The additional DSG amount allocated to Tower Hamlets is £724k in 2018-19 and a further £724k in 2019-20. This allocation has been included in Table 4 above.

Additional funding for SEN

- 3.9.14 A further £100m top-up to the Special Provision Capital fund for Local Authorities will help create more specialist places in mainstream schools, colleges and special schools. The original special provision capital allocation

in May 2018 for Tower hamlets was £4.367m (2018-2021) this will increase by a further £825k.

3.10 HOUSING REVENUE ACCOUNT (HRA)

- 3.10.1 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.
- 3.10.2 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.
- 3.10.3 Under HRA self-financing, local authorities were able to decide on the level of rent increase that was implemented each year, and although they were expected to have regard to government guidance on the matter, this was not compulsory. Previously, government guidance had suggested increases of 1% above the Consumer Price Index measure of inflation. However, with the publication of the Welfare Reform and Work Act, the discretion that local authorities previously had in this matter was removed for four years, starting in 2016-17.

1% Rent Reduction for Four Years

- 3.10.4 On 31st October 2018, the Mayor in Cabinet noted that the 1% annual rent reduction which came into effect in 2016-17 continues for four years until 2019-20.

Increase in Tenanted Service Charges 2019-20

- 3.10.5 At its meeting on the 9th January, the Mayor in Cabinet agreed an increase in tenant service charges of 3.4% per week from April 2019. This equates to an average of £0.28 per week. This is reflected in the 2019-20 budget in Appendix 8A.
- 3.10.6 The current year’s budget for tenanted service charges is £4.818m. 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 2019-20 budget is estimated at £4.887m.

Savings

- 3.10.7 At its meeting on 26th July 2016, the Mayor in Cabinet agreed a HRA medium- term savings target of £6m. In 2019-20 savings of £1.030m have been made across the delegated budgets. However, as well as these savings there are also elements of time-limited growth requested within the 2019-20 management fee – these are outlined in the report.

Repairs and Maintenance

- 3.10.8 The 2019-20 repairs and maintenance budget has been reduced by £500k as there is currently extra capacity within this budget to meet forecast need. Essentially the repairs savings are taking out elements of historically underspent budgets. These mainly arise from a combination of communal, voids and decoration budgets together with the inflation increases agreed as part of the Mears contract extension.

Energy

- 3.10.9 The 2019-20 energy budget has been reduced by £400k as, despite current forecasts that 2019-20 energy contract prices will increase, there is currently extra capacity within this budget to meet projected demand.

Interest Income

- 3.10.10 Work on budget setting has identified an area of income that is currently not budgeted for, that is the interest that is charged to leaseholders; principally this is due to interest arising from income recovery action through the courts by way of county court judgements. It is considered that £130k is a prudent provision to make for this interest.

Growth

- 3.10.11 The Community Development Programme has been successful in combatting Anti-Social Behaviour and a targeted increase in provision in proposed over a three year period as detailed in the table below:

Table 5 – Summary of Community Development Programme growth

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
TOTAL	500,000	575,000	575,000	1,650,000

Management Fee

- 3.10.12 In February 2018, The Mayor in Cabinet approved the 2018-19 Management Fee payable to THH for services provided to the Council. At £30.979m, the Management Fee represents the largest single expenditure element of the HRA budget.

- 3.10.13 The table below shows the calculation of the proposed 2019-20 Management Fee payable to THH.

Table 6 – Calculation of 2019-20 Management Fee

Description	Total £m
Management Fee 2018-19	30.979
add: 2018-19 Pay award (TBC)	0.380
less: 'One-Off' Growth - Fire and Other Safety	(0.050)
less: 'One-Off' Growth - Other	(0.504)
Base Management Fee 2018-19	30.805
Growth: extend Fire Safety teams for two years	300
Management Fee 2019-20	31.105

- 3.10.14 At this stage, the proposed 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 approximately £400,000 if a pay award of 2% is agreed. These costs are built into the HRA MTFP but will only be released to THH once the pay award is formally agreed.
- 3.10.15 As in previous years, there is scope to adjust the management fee outlined in Table 6 above during the 2019-20 financial year if any significant issues are identified. Any amendments will be approved via a specific report to the Mayor in Cabinet.

One-off Growth Items

- 3.10.16 The 2019-20 management fee incorporates growth of £300,000 a year for the next two years. This relates to extending the fire safety team for two years to enable visits to be undertaken to all residents in order to minimise the risk from fire. It should be noted that there have been other benefits from the fire safety team's visits including the identification of Houses of Multiple Occupation (HMOs) and illegal subletting.

Risks

- 3.10.17 Increasing costs associated with staffing and accommodation continues to be a risk and will be monitored and reported in the year.

Medium Term Financial Plan

- 3.10.18 Appendix 8 shows the HRA Medium Term Financial Plan (MTFP) for the period 2019-20 to 2023-24.

Overall position on the HRA

- 3.10.19 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.
- 3.10.20 The latest HRA MTFP is shown at Appendix 8A. The revised MTFP shows that, on current projections, the HRA reserve will reduce over the next few years, but will remain above the assumed minimum balance of £15m.

Capital Programme and Stock Needs

- 3.10.21 The current stock condition survey provides an updated view of the needs of the Authority's current stock over the next 30 years, plus additional sums of £50m for fire safety works, £20m for energy efficiency and £30m for environmental works. On current projections the capital programme outlined is fully funded over the 30 year period, although it is essential that before future capital estimates are formally adopted, schemes are assessed in light of their affordability within the HRA.

New Housing Supply

- 3.10.22 In relation to new housing supply, recent financial modelling has been undertaken which indicates that – on current assumptions – it would be possible for the HRA to finance all current and planned new housing supply schemes now that the HRA debt cap has been abolished. It should be noted that this does not include the acquisition of properties that are being acquired for use as temporary accommodation as these are being purchased by and held within the General Fund, nor does it include the purchase of s106 properties proposed to be held by the Community Benefit Society (CBS).
- 3.10.23 It should also be noted that current modelling assumptions are that no HRA debt is repaid during the 30 year period, and that an assessment needs to be made about whether this is the approach that the Council wishes to take in relation to HRA debt.

Update on Government Policies Affecting the HRA

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

Removal of HRA debt cap

- 3.10.25 The government announced in October 2018 that the HRA debt cap would be scrapped and this took effect from 29th October 2018. Removing the HRA debt cap means that instead of having a limit to the amount of debt that the HRA can undertake, HRA borrowing will in future – along with

General Fund borrowing - be subject to the Prudential Code meaning that borrowing must be affordable, prudent and sustainable.

- 3.10.26 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 on a scheme, the Chief Financial Officer considers that the charging of Minimum Revenue Provision (MRP) should 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.

Social Rent policy post 2019-20

- 3.10.27 On 13th September 2018 the government published a consultation 'Rents for social housing from 2020-21' in which the government set out its proposals in relation to social rent policy from 2020-21.
- 3.10.28 In the consultation the government is proposing 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
- 3.10.29 If the government's proposals are implemented then this would mean that in future local authorities would no longer have any discretion over their rent policy and would have to adhere to the Regulator's rent standard.
- 3.10.30 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.
- 3.10.31 With the introduction of HRA Self-Financing in April 2012, in return for being responsible for all items of expenditure 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 crucial in terms of running the HRA as a 'business'.
- 3.10.32 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;
 - is now proposing that the Regulator's rent standard will apply to local authorities (as well as RPs) so that annual rent increases will be set out by the Regulator.

- 3.10.33 Until the government publishes its final proposals the impact on the HRA cannot be definitively quantified, however, 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 assumes CPI of 2% throughout the 30 year period.
- 3.10.34 The government published its housing Green Paper 'A new deal for social housing' on 14th August 2018. In his foreword the Secretary of State set out the five principles that underlie the Green Paper:
1. Ensuring that homes are safe and decent
 2. Swift and effective resolution of disputes
 3. Empowering residents and making sure their voices are heard
 4. Addressing the stigma that residents in social housing face
 5. Boosting the supply of social housing and supporting home ownership

Possible Impact on the HRA

- 3.10.35 Until the consultation has ended and the government has published its response and policy proposals it will not be clear what the impact on the HRA will be, however some of the main issues are outlined below.

Ensuring that homes are safe and decent

- 3.10.36 The government is seeking views on whether to change the Decent Homes standard - which has not been revised since 2006 - to see whether it is demanding enough. The government is also seeking views on whether new safety measures that apply to the private rented sector – for example, the requirement to install smoke alarms on every storey, inspecting electrical appliances every five years – should also apply to social housing.
- 3.10.37 Any additional such requirements that may be introduced in future could lead to extra costs in order for the Authority to maintain its housing stock at a higher standard.

Boosting the supply of social housing and supporting home ownership

- 3.10.38 The government is asking for views about the current balance between grant funding for Housing Associations and HRA borrowing for LAs, and what additional affordable could be provided if capacity by social housing providers had more funding certainty.
- 3.10.39 The paper highlights problems identified by local authorities that wish to build more social housing and sets out ways the government is willing to tackle them including a separate consultation on the use of Right to Buy receipts.
- 3.10.40 The Green Paper consultation ended on 6th November 2018.

Cancellation of the Sale of Higher Value voids levy

- 3.10.41 The government confirmed in August 2018 that this policy will not be implemented. Previous assumptions were that a levy of £8.4m would be payable in 2019-20, continuing for five years. This has now been removed from future year budgets.

Right to Buy receipts consultation

- 3.10.42 The government published its consultation 'Use of receipts from Right to Buy sales' on 14th August 2018 and the main proposed changes are summarised below

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

- 3.10.43 Current 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

- 3.10.44 It should be noted that 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

- 3.10.45 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.
- 3.10.46 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).

Q3. Use of one for one receipts for property acquisition

- 3.10.47 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).
- 3.10.48 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.
- 3.10.49 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 when the government publishes its final proposals.

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

- 3.10.50 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.
- 3.10.51 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

- 3.10.52 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

- 3.10.53 Currently (as at the end of Q2 of 2018-19) the Authority has retained Right to Buy one for one receipts of £112.9m, which means that, under the original (current) Right to Buy agreement, the Authority would have to spend £376.3m on replacement social housing within three years i.e. the end of September 2021.
- 3.10.54 As at the end of Q2 of 2018-19, spend in excess of £121m on replacement social housing has been reported to the government, in line with our spend targets. The table below outlines future spend deadlines showing the three year deadlines, for information.

Table 7 – Three year spend deadlines for existing Right to Buy one for one receipts

Deadline	Cumulative spend needed on replacement social housing £m
31-Dec-18	144.2
31-Mar-19	165.6
30-Jun-19	195.7
30-Sep-19	230.6
31-Dec-19	262.5
31-Mar-20	281.0
30-Jun-20	296.5
30-Sep-20	318.3
31-Dec-20	336.0
31-Mar-21	352.0
30-Jun-21	365.3
30-Sep-21	376.3

- 3.10.55 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.
- 3.10.56 As outlined in paragraph 3.10.43, one of the proposals in the consultation 'Use of receipts from Right to Buy sales' is that local authorities would have an extra two years to spend the receipts that they currently hold, but still only three years to spend newly arising receipts. It is not currently clear whether this proposed change would supersede the agreement with the GLA to receive our expired Right to Buy receipts as grant and then give us an additional three years (on top of the a new five year deadline) to spend these.

Risks – Welfare Reform

- 3.10.57 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 once again it is not yet clear precisely what the future level of bad debts will be.

3.11 CAPITAL

- 3.11.1 The Council's approved capital programme which totals £868m, covers an extended planning period to 2029 and identifies the Council's investment in key priority areas as a means of supporting the Council's community Plan together with its Transformation Programme (Smarter Together) which underpinned the approach to its three year Medium Term Financial Strategy for revenue expenditure.
- 3.11.2 In addition to the proposed capital programme above, a further £0.9m capital estimate is proposed for adoption in the 2018-19 quarter 3 budget monitoring report to Cabinet for increases to existing schemes. Details of the individual schemes are set out in Appendix 9C.
- 3.11.3 A number of new schemes have also been identified based on the Council's priorities; these amount to around £396m over the 10 year period to 2029 and are summarised against the Council's priorities in Appendix 9D; subject to the approval of Full Council in February they will be developed through the new governance arrangements which will determine relative prioritisation and the profile of expenditure subject to affordability constraints and delivery capacity. These schemes reflect significant investment in Housing and Public Realm projects, the need to fulfil the Council's statutory duties in relation to school places and schemes such as the South Dock Bridge which will unlock growth and support regeneration in that area and which has been successful in attracting external funding through the London Business Rate Retention scheme Strategic Investment Pot.
- 3.11.4 To support the development of new schemes, broad provisions have been included in the 2019-20 programme for feasibility study and business case development (£1.5m). Also, in order to allow for some of those schemes to progress to implementation and to allow for other works to be undertaken, an unallocated provision of £20m (10%) has been included in the 2019-20 budget. The method for accessing these funds forms part of the new governance arrangement and will include all schemes including those that come from the Council's Infrastructure Development Plan evidence base.
- 3.11.5 This will increase the value of the proposed capital programme to £890m.
- 3.11.6 The Medium Term Financial Plan includes a budget provision of £1.5m to support with funding the cost of its borrowing requirements to deliver the proposed Capital programme. It is estimated that up to £50m could be

borrowed over a period of up to 50 years on an 'Equal Instalment of Principal' (EIP) Loan at a rate of 2.6%.

3.12 TREASURY MANAGEMENT STRATEGY

3.12.1 The Treasury Management Strategy Statement will be revised and presented to Full Council in February 2019 in accordance with the CIPFA Treasury Management Code of Practice. The Statement will set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.

3.12.2 The proposed prudential indicators set out in the Treasury Management Strategy will be based on the capital programme above in Section 3.11 once finalized.

3.13 BUDGET CONSULTATION

3.13.1 The Council must undertake statutory budget consultation with Business Rate payers in the borough and it is also good practice to consult with Council Tax payers and a broad range of other 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 fully involved in the setting of the Council's budget.

3.13.2 The Council launched the six week Your Borough Your Future budget consultation campaign on Monday, 29 October 2018. Your Borough Your Future provides the Council with an overarching brand identity for public consultations around budget setting. In the first instance, and for the purposes of this report, Your Borough Your Future relates to the general consultation run between 29 October and 10 December 2018, which sought to provide residents with 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.

3.13.3 Key messages were developed in relation to the proposed budget options:

- Significant real terms government core funding cuts since 2010 (64%, which is £148m) and growing pressure on services mean the Council has to find an estimated additional £44m of savings by 2022.
- Tough choices will have to be made to maintain good quality services, and to support our most vulnerable residents.
- The Council has made significant savings (£176m since 2010) while continuing to find ways to deliver cost effective services and generate income from additional sources.
- Residents can 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.

3.13.4 The Council aimed to engage as many residents as possible during a six week consultation period. A wide range of high visibility communication methods were employed, including press releases, dedicated budget content and consultation on the Council's website, major social media channel promotion, on-street advertising, plasma screens in public buildings, as well as direct mail of a dedicated budget consultation booklet to every household in the borough. A budget consultation roadshow took the campaign on the road to four busy locations in the borough including evenings and weekend periods; Idea Store Whitechapel and market, Idea Store Bow/Roman Road market, Idea Store Chrisp Street/market and Victoria Park. The Council 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). To that end, the Council employed a dual approach of self-selection (opting-in to the online consultation) and targeted outreach (via a telephone survey, face-to-face interviews and a focus group with partners) to ensure a representative set of responses.

3.13.5 The consultation on Your Borough Your Future closed on 10 December 2018. A total of 2,024 responses were received; whilst most people identified with the demographic and geographic breakdown, not all responses were fully completed and no assumptions have been made where these have been left blank. Appendix A of the report provides an overarching summary as well as detailed analysis of the feedback received as part of this consultation. The fuller report includes more detail on how different parts of the community responded to each question, as well as information on the research methodology.

3.13.6 Key findings of the Your Borough Your Future consultation include:

- Overall, children's services and education, public health and community safety were the most valued services in Tower Hamlets. Furthermore, community safety is seen as the most important service the Council should prioritise.
- Nearly two-thirds felt the Council should reduce spending on temporary agency staff.
- The majority felt that efficiency, availability and quality will decline as a result of further savings.
- Over half said it was most important for the Council to make services more efficient.
 - Around half of respondents support a 3% increase in Council Tax. Residents were significantly more likely to support the proposal (58%) compared to businesses (23%)
 - Overall, 68% respondents support the additional 1% increase in Council Tax to support adult social care services. Residents were significantly more likely to support an increase (76%) compared to business respondents (44%)
- More than 8 in every 10 support the Council expanding its approach to income generation.

3.13.7 A detailed report of the budget consultation has been included in Appendix 10 of this report. This was considered by cabinet on the 19th of December 2018 and informed the final budget proposals detailed within this report.

4. EQUALITIES IMPLICATIONS

- 4.1 The Equality Act 2010 places a duty to give due regard to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity between people from different groups; and foster good relations between people from different groups. As a Council we undertake equality analyses in policy making, initiating service change or undergoing a savings proposal as part of having due regard and in meeting our public sector equality duty. An equality analysis is a useful tool to enable us to assess the implications of our decision on services users and staff and to highlight any adverse impacts on one or more of the nine protected characteristics, as well as identify any active mitigation.
- 4.2 The Borough Equality Assessment (BEA) which assesses equality in Tower Hamlets was last carried out in 2017-18 and identified various areas of inequality. The BEA identified that LBTH was the 10th most deprived local authority in England in terms of its average deprivation score. While this is reducing, Tower Hamlets still has the highest rate of pensioner and child poverty in England. The BEA reported that half of all residents aged 60 and over are living below the poverty line compared to this rate nationally which is 16 per cent. 31 per cent of children live in families below the poverty line which is almost double the national rate of 17 per cent.
- 4.3 The BEA also found there were inequalities relating to residents with disabilities; with 48 per cent of disabled people in work compared with 75 per cent of non-disabled people. This substantial employment gap – 27 percentage points – is similar to that in London (29.1 percentage points) and in England (27.1 percentage points). Disabled residents are also more likely to be unemployed (12.7 per cent) than non-disabled residents (8.3 per cent).
- 4.4 Younger age groups in LBTH are found to be disproportionately affected by homelessness with 16-44 year olds representing 84 per cent of homelessness acceptances in 2016-17. BAME residents were found to be over represented as living in overcrowded housing with 52.3 per cent of the 19,124 households on the housing waiting list being Bangladeshi households.
- 4.5 LBTH residents generally have a higher than average need for social care services, reflecting the borough's high levels of deprivation with the BEA identifying that there is some dissatisfaction amongst BAME residents with these services.
- 4.6 The budget setting process for 2019-20 to 2021-22 has identified additional 25 savings proposals. Equality screenings have been carried out on all new proposals and the outcome of the screening is included in Appendix 4 of the report. Of the 24 savings proposals, 9 are expected to have an equalities impact and will need to be subject to full Equality Analyses and resident/user

or staff consultation prior to a decision to implement. Details of the proposals are outlined below:

Savings Proposal reference	Savings Proposal Title	Directorate	Equality Screening Comment
SAV / CHI 001 / 19-20	Governor Services – Service Redesign	Children's Services	Full EA will need to be undertaken when savings proposal is clearer to determine impact on staff.
SAV / CHI 005 / 19-20	Parent and Family Support Services (traded model)	Children's Services	Full EA will need to be undertaken once savings proposal is clearer.
SAV / CHI 006 / 19-20	Community Language Services	Children's Services	Full EA will need to be undertaken when proposal is further developed to identify impact on BAME communities and impact on staff.
SAV / HAC 003 / 19-20	Promoting Independence and in borough care for adults with disabilities	Health, Adults and Community	Potential equality issues if direct payment system is not introduced in a timely manner. To be monitored.
SAV / PLA 003 / 19-20	Pan-London Homelessness Prevention Procurement Hub	Place	Full EA will need to be undertaken when savings proposal is clearer.
SAV / ALL 001 / 19-20	Phase 2 Local Presence – putting Digital First	Resources/ Cross-directorate	Full EA will need to be undertaken when savings proposal is clearer to determine impact on staff.
SAV / ALL 004 / 19-20	Reduction in Enabling and Support Services Costs	Cross-directorate	Full EA will need to be undertaken when savings proposal is clearer to determine impact on staff.
SAV / ALL 005 / 19-20	Asset Management Service	Cross-directorate / Place/ Children's Services	Full EA will need to be undertaken when savings proposal is clearer.
SAV / ALL 006 / 19-20	Mainstream Grants (MSG) Alternative Delivery Model.	Cross-directorate	Full EA will need to be undertaken when savings proposal is clearer to determine impact on staff.

- 4.7 LBTH's budget consultation launched earlier this year and sought residents and local stakeholders' views on the priorities the Council should focus on. A total of 2024 residents, businesses and community groups took part in the consultation. Residents from a range of equality groups responded to the consultation. Of the 2024 respondents 47 per cent were male, 51 per cent were female and the remaining 2 per cent preferred not to say. Only 2 people preferred to self-identify. 25-34 years age group were the largest age group to respond (30 per cent) followed by 35-44 years (25 per cent). 15 per cent were aged between 16 and 24 and 15 per cent were aged 55+. The majority of the respondents (52 per cent) were from a White background and 45 per cent were from a Black and Minority Ethnic background.
- 4.8 Overall, respondents said that community safety, housing services and children's services and education should be prioritised. Those aged 25-54 were more likely to view community safety as the most important priority (25-34: 18 per cent; 35-44: 21 per cent; 45-54: 19 per cent), compared with those aged 65 and over (9 per cent).
- 4.9 When considering housing; age proved to be a factor in prioritising this service with residents aged 16-24 (23 per cent) the most inclined to choose this option compared with other age categories. Housing was also deemed more important amongst BAME respondents (18 per cent) compared with White (14 per cent).

5. OTHER STATUTORY IMPLICATIONS

- 5.1 The preparation of the MTFs has taken 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.
- 5.2 The sustainable action for a greener environment implications of individual proposals in the budget are set out in the papers relating to those proposals.
- 5.3 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 are set out in Section 3.7 of this report.
- 5.4 The crime and disorder implications of individual proposals in the budget are set out in the papers relating to those proposals.
- 5.5 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

Financial 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 £103.5m by 2019-20 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 £100.332m Council Tax income by 2019-20. 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.

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 budget planning represented in this report is consistent with this legal duty.
- 7.2 However, the adoption of the final budget is reserved as a Council decision in accordance with Article 4 of the Constitution.
- 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 affect on persons should be considered immediately prior to the making of a change to the service.

Linked Reports, Appendices and Background Documents

Appendices

- Appendix 1A Summary of the Medium Term Financial Strategy
- Appendix 1B Detailed analysis of the Medium Term Financial Strategy by Service Area
- Appendix 2 Tower Hamlets Core Spending Power
- Appendix 3 New growth proposals 2019-22
- Appendix 4 New Savings proposals 2019- 22
- Appendix 5 Reserves Policy
- Appendix 6 Risk Evaluation
- Appendix 7 Projected Movement in Reserves
- Appendix 8A Draft Housing Revenue Account Medium term Financial Strategy 2019-24
- Appendix 8B Rent Report Equalities Impact Assessment
- Appendix 9A Summary of proposed Capital programme 2018-29

- Appendix 9B Current Capital Programme 2018-29
- Appendix 9C Increase to Existing Schemes and New Schemes 2019-20
- Appendix 9D Proposed New Schemes 2019-29
- Appendix10 Budget Consultation 2019-20

Linked Report

- NONE

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

- NONE

Officer contact details for documents:

Ekbal Hussain Financial Planning Manager 020 7364 4737

Ruth Ebaretonbofa-Morah Deputy Financial Planning Manager 020 7364 1698

Paul Leeson, Finance Business Partner, 020 7364 4995

Katherine Ball, Senior Accountant (HRA), 020 7364 0997

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Appendix 1

SUMMARY AND DETAILED ANALYSIS OF THE MEDIUM TERM FINANCIAL PLAN

	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000
Net Service Costs	345,913	343,730	342,560	331,154
Growth				
Previously Approved by Full Council	(1,416)	(5,358)	38	(5,445)
New	6,796	11,533	(4,354)	6,353
Savings				
Previously Approved by Full Council	(13,560)	(13,174)	(9,030)	-
Written off- Previously Approved by Full Council	1,256	-	-	-
New	(1,758)	(1,671)	(5,560)	(8,159)
Inflation	6,500	7,500	7,500	6,500
Total Funding Requirement	343,730	342,560	331,154	330,403
Revenue Support Grant	(43,795)	(33,281)	(30,498)	(27,953)
Retained Business Rates	(137,295)	(139,555)	(139,555)	(139,555)
Business Rates (London Pilot)	(8,000)	(4,000)	-	-
Council Tax	(93,777)	(100,331)	(105,821)	(111,612)
Collection Fund Surplus				
Council Tax	(1,500)	-	-	-
Retained Business Rates	11,357	-	-	-
Core Grants	(53,712)	(56,393)	(50,283)	(50,283)
Earmarked Reserves	(13,121)	(8,576)	(6,445)	(1,000)
Total Funding	(339,843)	(342,137)	(332,603)	(330,403)
Budget Gap (excl use of Reserves)	3,887	423	(1,449)	-
Budgeted GF Reserve Contribution/ Drawdown (+/-)	(3,887)	(423)	1,449	-
UNFUNDED GAP	-	-	-	-
	31/03/2019	31/03/2020	31/03/2021	31/03/2022
Balance on General Fund Reserves (£000s)	29,371	28,948	30,397	30,397

Detailed Analysis of the Medium Term Financial Plan by Service Area 2018-19 to 2021-22

Appendix 1B

Service	Total	Savings		Growth		Adjustments		Total	Savings		Growth		Adjustments		Total	Savings		Growth		Adjustments		Total
	2018-19 £'000	Approved £'000	New £'000	Approved £'000	New £'000	Approved £'000	New £'000	2019-20 £'000	Approved £'000	New £'000	Approved £'000	New £'000	Approved £'000	New £'000	2020-21 £'000	Approved £'000	New £'000	Approved £'000	New £'000	Approved £'000	New £'000	2021-22 £'000
Health, Adults & Community	105,862	(2,275)	(100)	2,939	121	(2,045)	-	104,503	(1,000)	(190)	3,499	-	(2,071)	-	104,741	-	(1,700)	-	4,375	(477)	-	106,940
Public Health	35,049	(411)	-	(730)	216	-	-	34,124	-	-	-	-	-	-	34,124	-	-	-	-	-	-	34,124
Children's Services	101,122	(3,036)	(481)	(414)	5,978	(4,391)	-	98,779	(650)	(1,150)	-	(2,032)	(120)	-	94,827	-	(300)	-	1,604	(2,231)	-	93,900
Place	70,086	(1,706)	(1,040)	709	3,379	(557)	-	70,872	(580)	(2,500)	744	(2,322)	(1,715)	-	64,499	-	(329)	-	374	(2,522)	-	62,021
Governance	14,227	-	(50)	-	300	-	-	14,477	-	-	-	-	-	-	14,477	-	-	-	-	(100)	-	14,377
Resources	16,052	(4,247)	-	-	-	(200)	-	11,605	(1,900)	(220)	-	-	(300)	-	9,185	-	(200)	-	-	(115)	-	8,870
Net Service Costs	342,399	(11,674)	(1,671)	2,504	9,994	(7,193)	-	334,360	(4,130)	(4,060)	4,243	(4,354)	(4,205)	-	321,853	-	(2,529)	-	6,353	(5,445)	-	320,232
Other Net Costs																						
Capital Charges	5,339	-	-	-	1,500	-	-	6,839	-	-	-	-	-	-	6,839	-	-	-	-	-	-	6,839
Levies	1,862	-	-	-	-	-	-	1,862	-	-	-	-	-	-	1,862	-	-	-	-	-	-	1,862
Pensions	12,790	-	-	-	-	-	-	12,790	-	-	-	-	-	-	12,790	-	-	-	-	-	-	12,790
Corporate Contingency	3,150	-	-	-	-	-	-	3,150	-	-	-	-	-	-	3,150	-	-	-	-	-	-	3,150
Other Corporate Costs	(24,826)	(1,500)	-	(195)	39	(474)	-	(26,955)	(4,900)	(1,500)	-	-	-	-	(33,355)	-	(5,630)	-	-	-	-	(38,985)
Total Other Net Costs	(1,685)	(1,500)	-	(195)	1,539	(474)	-	(2,314)	(4,900)	(1,500)	-	-	-	-	(8,714)	-	(5,630)	-	-	-	-	(14,344)
Inflation	3,015	-	-	6,500	1,000	-	-	10,515	-	-	6,500	1,000	-	-	18,015	-	-	-	6,500	-	-	24,515
Total Financing Requirement	343,730	(13,174)	(1,671)	8,809	12,533	(7,667)	-	342,560	(9,030)	(5,560)	10,743	(3,354)	(4,205)	-	331,154	-	(8,159)	-	12,853	(5,445)	-	330,403
Funding																						
Revenue Support Grant	(43,795)	-	-	-	10,514	-	-	(33,281)	-	2,783	-	-	-	-	(30,498)	-	2,545	-	-	-	-	(27,953)
Retained Business Rates	(137,295)	101,821	-	-	(104,081)	-	-	(139,555)	-	-	-	-	-	-	(139,555)	-	-	-	-	-	-	(139,555)
Business Rates (London Pilot)	(8,000)	-	-	-	4,000	-	-	(4,000)	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-
Council Tax	(93,777)	-	(6,554)	-	-	-	-	(100,331)	-	(5,490)	-	-	-	-	(105,821)	-	(5,791)	-	-	-	-	(111,612)
Collection Fund Surplus																						
Council Tax	(1,500)	-	-	-	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained Business Rates	11,357	-	-	-	(11,357)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Core Grants																						
Public Health Grant	(35,049)	-	-	730	195	-	-	(34,124)	-	-	-	-	-	-	(34,124)	-	-	-	-	-	-	(34,124)
NHB	(3,923)	(5,000)	-	5,741	-	-	-	(3,182)	-	-	-	-	-	-	(3,182)	-	-	-	-	-	-	(3,182)
Strategic School Improvement Fund	(200)	-	-	-	-	-	-	(200)	-	-	-	-	-	-	(200)	-	-	-	-	-	-	(200)
Improved Better Care Fund	(7,711)	-	(5,066)	-	-	-	-	(12,777)	-	-	-	-	-	-	(12,777)	-	-	-	-	-	-	(12,777)
Additional Improved Better Care Fund Grant (New)	(4,196)	-	-	-	-	2,122	-	(2,074)	-	-	-	-	2,074	-	-	-	-	-	-	-	-	-
Adult Social Care Support Grant	(916)	-	-	-	(3,084)	-	-	(4,000)	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-
Local Lead Flood	(34)	(2)	-	-	-	-	-	(36)	-	36	-	-	-	-	-	-	-	-	-	-	-	-
Levy Returned	(1,684)	-	-	-	1,684	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves																						
Earmarked (Corporate)	(13,121)	-	-	-	-	5,545	-	(7,576)	-	-	-	-	2,131	-	(5,445)	-	-	-	-	5,445	0	(0)
General Fund (Smoothing)	-	-	(1,000)	-	-	-	-	(1,000)	-	-	-	-	-	-	(1,000)	-	-	-	-	-	-	(1,000)
Total Financing	(339,843)	96,819	(12,620)	6,471	(100,630)	7,667	-	(342,137)	-	(2,671)	-	8,000	4,205	-	(332,603)	-	(3,245)	-	-	5,445	0	(330,403)

Appendix 2

CORE SPENDING POWER

Illustrative Core Spending Power of Local Government					
	2015-16	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m
Settlement Funding Assessment	187.9	170.7	158.1	151.1	143.0
Compensation for under-indexing the business rates multiplier	1.5	1.5	1.6	2.5	3.6
Council Tax of which;	69.8	76.9	85.8	93.8	103.5
<i>Council Tax Requirement excluding parish precepts (including base and levels growth)</i>	69.8	75.4	81.8	87.6	95.7
<i>additional revenue from referendum principle for social care</i>	0.0	1.5	4.1	6.2	7.8
<i>Potential additional Council Tax from £5 referendum principle for all Districts</i>	0.0	0.0	0.0	0.0	0.0
Improved Better Care Fund	0.0	0.0	8.7	11.9	14.9
New Homes Bonus	24.8	28.6	23.9	20.7	19.2
New Homes Bonus returned funding	0.3	0.2	0.2	0.0	0.0
Rural Services Delivery Grant	0.0	0.0	0.0	0.0	0.0
Transition Grant	0.0	0.0	0.0	0.0	0.0
The Adult Social Care Support Grant	0.0	0.0	1.5	0.9	0.0
Winter pressures Grant	0.0	0.0	0.0	1.5	1.5
Social Care Support Grant	0.0	0.0	0.0	0.0	2.5
Core Spending Power	284.3	278.0	279.8	282.3	288.1
Change over the Spending Review period (£ millions)					3.8
Change over the Spending Review period (% change)					1.3
Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Spending Power.					
The figures presented in Core Spending Power do not reflect the changes to Settlement Funding Assessment made for pilot authorities. For information about pilots please refer to the Pilots Explanatory Note. For the Settlement Funding Assessment figures after adjustments for pilots please see Key Information for Local Authorities.					

Appendix 3

GROWTH

Title	Reference	Strategic Priority Outcome	Directorate	2019-20 £'000	2020-21 £'000	2021-22 £'000	Total £'000
Supporting Children's Services improvement	GRO / CHI 001 / 19-20	1.2 Children and young people are protected so they can realise their potential	Children's Services	1,911	(911)	-	1,000
Tower Hamlets Education Partnership (THEP)	GRO / CHI 002 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Children's Services	250	-	-	250
Private Finance Initiative (PFI) - Enforcement Officer	GRO / CHI 003 / 19-20	1.2 Children and young people are protected so they can realise their potential	Children's Services	85	-	-	85
Universal Free School Meals	GRO / CHI 004 / 19-20	1.2 Children and young people are protected so they can realise their potential	Children's Services	-	-	2,000	2,000
SEND Transport	GRO / CHI 005 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Children's Services	1,000	(1,000)	-	-
Early Help	GRO / CHI 006 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Children's Services	300	475	-	775
Social Work Academy	GRO / CHI 007 / 19-20	1.2 Children and young people are protected so they can realise their potential	Children's Services	1,000	(600)	(400)	-
Early Years - Conception to Age 13	MPG/ CHI 001 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Children's Services	1,000	-	-	1,000
Demographic Pressures in Adult Social Care - Clients	GRO / HAC 001 / 19-20	1.3 People access joined-up services when they need them and feel healthier and more independent	Health, Adults and Community	-	-	4,085	4,085
Community Safety - Civil Protection, Emergency Planning and Resilience to Terrorism	GRO / HAC 002 / 19-20	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled	Health, Adults and Community	-	-	177	177
Waste Collection and Treatment	GRO / PLA 001 / 19-20	2.1 People live in a borough that is clean and green	Place	(176)	(199)	174	(201)
Freedom Pass	GRO / PLA 002 / 19-20	1.3 People access joined-up services when they need them and feel healthier and more independent	Place	(57)	(61)	329	211
Green Team	GRO / PLA003 / 19-20	2.1 People live in a borough that is clean and green	Place	61	-	(61)	-
Food Safety Officers	GRO / PLA 004 / 19-20	2.4 People feel they are part of a cohesive and vibrant community	Place	55	-	-	55
Corporate Health & Safety	GRO / PLA 005 / 19-20	4.1 Not strongly aligned	Place	110	-	-	110
Environmental Health Out of Hours	GRO / PLA 006 / 19-20	2.4 People feel they are part of a cohesive and vibrant community	Place	200	(200)	-	-
Local Environmental Quality (LEQ) Team	GRO / PLA 007 / 19-20	2.4 People feel they are part of a cohesive and vibrant community	Place	300	(300)	-	-
Waste Service Mobilisation (no proforma - please refer to Cabinet report)	GRO / PLA 008 / 19-20	2.1 People live in a borough that is clean and green	Place	1,480	(1,362)	(118)	-
Invest in Graffiti Removal	MPG / PLA 001 / 19-20	2.1 People live in a borough that is clean and green	Place	450	-	(450)	-
Regeneration Vision	MPG / PLA 002 / 19-20	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	Place	400	(200)	(200)	-
Tackling Poverty Programme	MPG / PLA 003 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Place	-	-	700	700
Legal Services – Meeting Increases in Demand	GRO / GOV 001 / 19-20	3.1 The Council is open and transparent putting residents at the heart of everything we do	Governance	300	-	-	300
Community Safety - Enforcement Review	MPG / ALL 001 / 19-20	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled	Cross Directorate (Health, Adults and Community & Place)	572	-	-	572
Community Safety, Violence, Exploitation and Serious Organised Crime	MPG / ALL 002 / 19-20	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled	Cross Directorate (Health, Adults and Community & Children's	182	4	117	303
Contractual Inflation		3.1 The Council is open and transparent putting residents at the heart of everything we do	Cross-Directorate	-	-	3,400	3,400
Cost of Borrowing		3.1 The Council is open and transparent putting residents at the heart of everything we do	Cross-Directorate	1,500	-	-	1,500
Pay Award		3.1 The Council is open and transparent putting residents at the heart of everything we do	Cross-Directorate	1,000	1,000	3,100	5,100
Savings to be written off				610	-	-	610
				12,533	(3,354)	12,853	22,032

Title	Supporting Children's Services Improvement
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / CHI 001 / 19-20
Strategic Priority Outcome	Children and young people are protected so they can realise their potential
Lead Member	Cllr Hassell
Directorate	Children's Services
Service Area	Children's Social Care
Lead Officer	Richard Baldwin

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	25,548	600	(600)	
Other Costs	2,920	1,311	(311)	
Income	(35)			
To Reserves				
Total	28,433	1,911	(911)	

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification
<p>This bid is required to fund a number of initiatives to support improvement in Children's Services. These initiatives are also in response to the recent OFSTED recommendations.</p> <p>Leaving Care (base budget £500k) There is currently a £1.4m pressure at 2017/18 in the Leaving Care outturn. A growth bid for £1.5m for 2018/19 was funded from reserves to be released once evidence is provided. The service has been recently reviewed, looking at commissioning and spot purchasing and service will be closely monitored for outcomes of the review. A further pressure for the service will be the new burdens stemming from the fact that Government have clarified that Local Authorities will have to provide a Leaving Care service for up to 25 years. Currently service is provided for up to 21 years. Local Authorities will be funded for Personal Advisors for the new cohort of 21+ however the cost of those already between 21 and 25 who may be returning to the Local Authority have not been factored in the proposed settlement. This growth bid addresses that.</p> <p>Staffing Vacancy Factor (one off £600k) Staffing £2.2m pressure at 2017/18 outturn. Vacancy factor growth bid for £1.2m for 2018/19 but only £0.6m is funded permanently into base. The remaining £0.6m is currently one-off in 2018/19 and will be reversed out in 2019/20 however in advance of the full implementation of the workforce strategy the service will require additional £0.6m in 2019/20 (one off). Work is underway to assist with permanency of social workers recruitment. Reduction in use of agency is high priority.</p> <p>Children's Social Care - Section 17 (one off £311k) Section 17 £0.7m pressure at 17/18 outturn. Growth bid for £0.630m funded from reserves. It is likely that this will be required for an additional year due to preventative work increasing with the Early Help strategy.</p> <p>Children's Services Legal Costs (base budget £500k) To make a provision for the increased costs of court proceedings brought on behalf of Children's Social Care to safeguard vulnerable children.</p>

Budgeted Outcomes/ Accountability (Focus on Improved performance)
<p>This will ensure we meet the needs of vulnerable children and prevent them coming into care.</p> <p>Linked to strategic priorities 1, 2 and 3:</p>

- Children and young people feel they are protected and get the best start in life and realise their potential.
- People live in safer neighbourhoods and anti-social behaviour is tackled.
- The council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for our residents.

Outcomes:

- We will ensure that the right group of children i.e. younger are coming through the PLO process – with the right assessments and we are able to secure a timely care plan for children should they need to become looked after.
- Children and families at risk of serious violence are safe and co-ordinated long multiagency plans are put in place for them i.e. relocation.
- Compliance – we are meeting the statutory guidelines around NRTPF families and providing them with the right level of subsistence.

Risks & Implications**Risks identified by Ofsted:****Ofsted identified substantial areas of improvement around private fostering arrangements and throughout the pre-proceedings process to ensure we adequately safeguard and protect children.**

The council will need to demonstrate to Ofsted inspectors the following to ensure we are adequately safeguarding children and to be delivering a 'good' level of service.

- Pre-proceedings work is completed within statutory timeframes of 12 weeks (16 maximum with more complex cases). To do this, the assessments required need to be completed swiftly., These are usually externally commissioned.
- Drift and delay is reduced, particularly in those cases held within the child protection process. There is an ongoing review of all children under the age of eight who are subject to child protection for more than 12 months. This is likely to further significantly increase the pre-proceedings cases.
- Those children who are subject to the private fostering process are adequately protected and safeguarded with clear assessments. Families are able to access legal advice, which is financed by the council to secure these children with legal permanent options.

Impact on response to the serious youth violence and work with partners:

Without additional funding, the council will have limited resource to tackle gangs and child sexual exploitation. The council may be unable to exercise its statutory powers.

The expenditure is inevitable as part of the response to an inadequate judgement. Although there was a previous commitment to maintain a 6.1% vacancy rate across children social care and other children's services, failing to provide sufficient funding will mean the service is unable to adequately respond to the present increase in work.

An insufficient workforce with an unmanageable level of caseloads will result in a deterioration to the service provided to children and their families. This is a safeguarding risk for them and for staff in addition to the risk of damaging the council's reputation. There is also a risk that Ofsted will, on future monitoring visits, not evaluate the council as delivering the improved performance that has been committed to, which will result in a form of external intervention of the management of children's social care.

Value for Money & Efficiency

These are unavoidable costs, necessary to meet the council's safeguarding duties.

Robust assessment and intervention during the children in need and child protection process reduces the need for many cases to escalate into further statutory involvement such as children becoming looked after by the council.

However, this ability has to be based on the availability of the social worker to build relationships and therefore this requires a manageable caseload to be able to deliver the intervention.

This is an area of statutory responses for service delivery as identified in legislation and regulations. The requirement to respond is non-negotiable. Lack of response would mean the council may not be able to fulfil its safeguarding responsibilities and would face reputational damage..

To mitigate the risk of not maintaining sufficient staff, our current recruitment and retention offer has been reviewed to ensure it is competitive. Recruiting permanent staff will reduce the need for agency workers. This is unlikely to impact fully in the current financial year. The agency related problems should start to ease in 2018. In 2019, we will recruit a more stable and permanent workforce.

Title	Tower Hamlets Education Partnership (THEP)
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / CHI 002 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Education and Partnerships Division, Tower Hamlets Education Partnership
Lead Officer	Christine McInnes

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs				
Other Costs	300 grant funding 140 commission Both one off funding	250		
Income				
To Reserves				
Total	440	250		

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	0	0	0	0

Description & Justification

In 2016 the Council supported the establishment of Tower Hamlets Education Partnership (THEP), a school-led school improvement partnership, which would deliver school improvement functions.

As the THEP is delivering statutory duties on behalf on the council, we need to continue to invest in the organisation. The alternative is that the delivery of these duties is brought back into the council, which would result in much higher costs. While these duties could be delivered in a minimalist fashion there are strong benefits investing in work that enables schools to achieve excellence, as this the most effective way of moving individuals and families out of poverty in the longer term.

This growth bid is for funding for three years from 2019/20 to 2021/22. This will partially support the THEP into the next phase of its development and will ensure there is school improvement capacity locally to continue improvement in local schools. The funding will be reviewed in the third year.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

This contributes to the council's priority of 'People are aspirational, independent and have equal access to opportunities'.

Risks & Implications

A high quality educational experience supports young people to be aspirational and to achieve their best, both in terms of educational outcomes and maximising life chances. This is the most effective long term strategy to lift families out of poverty and in turn improve a wider range of outcomes, such as health. The demands on schools to implement educational reforms and achieve outcomes for pupils have never been higher. Not having an effective school improvement mechanism in place results in risks for individuals, families, the community and the council.

If THEP is underfunded, the service provided to schools would be at risk, which may affect their performance. This would subsequently result in reputational risks for the council given we have statutory duties to provide the service.

The functioning of THEP is reliant on the retention of the one full time post, a Chief Executive. The job insecurity that

would arise from agreeing only one year's funding would significantly increase the risk of the person in post leaving, which would result in a significant negative impact on the organisation. This is a difficult to recruit to this post. It requires an individual with a unique set of skills and knowledge, and someone who can secure the trust of head teachers and other key stakeholders.

Value for Money & Efficiency

The establishment of THEP has enabled a leaner structure, which provides significantly improved value for money in comparison with a traditional school improvement team. The challenge and support is much better targeted, more flexible and timely leading to a wide range of benefits

Title	Private Finance Initiative (PFI) - Enforcement Officer
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / CHI 003 / 19-20
Strategic Priority Outcome	Children and young people are protected so they can realise their potential
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Education and partnerships division, school building team
Lead Officer	Christine McInnes

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	0	65		
Other Costs		20		
Income				
To Reserves				
Total	0	85		

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	0	1		

Description & Justification

Growth bid proposed for PO7 post, focused on relationship management and compliance to ensure we have the capacity to put pressure on the various parties to actually deliver what work we need delivered through our PFI contracts in schools within timescales. Currently we don't have capacity to monitor and challenge non-delivery of functions included in some school PFI contracts. Not having the capacity has a huge impact on the whole team who get caught up in discussions and negotiations to try to get work done. While it may not return direct benefit to the council it is anticipated closer monitoring of PFI contracts will bring benefits to our schools.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The outcomes of this growth bid include:

- Improving school standards and Ofsted outcomes
- Improving schools of concern
- Providing evidence in relation to the contract management function, taking place through resources
- Improving contract performance levels through constant interface with the schools
- Decreasing the risk of high profile, politically sensitive projects not being completed on time (for example, Children's House Nursery deaf provision)
- Decreasing the risk of non-compliance in schools of statutory health and safety requirements and safeguarding duties
- Efficiencies in the use of existing officer time in the school building team
- Increasing efficiency within the contract and significant improvements in value for money
- Increased customer confidence and satisfaction in services, enhanced reputation of the council.

Risks & Implications

Serious health and safety and safeguarding risks have been identified in the past as well as recently. This post would provide capacity to undertake systematic and routine quality assurance on a rolling cycle across the schools to specifically assess these two high risk concerns. Currently, we are only aware if schools report issues.

There are also financial impacts. Firstly, on the council and its procurement costs due to a lag in completion of projects arising from delays. Secondly, on schools' bills, which are being paid to mitigate the effects of faulty heating (electricity bills) and the need to flush water systems (water bills). Reputational damage is an additional concern, with issues like fire alarms going off due to poor practice causing a nuisance to local residents.

Value for Money & Efficiency

This PFI contract costs us approximately £12 million each year. As such, having two posts to monitor the service provision and to take prompt action when breaches are found would provide a more appropriate level of quality assurance and scrutiny. This would complement the financial contract monitoring.

The aim of the post being put forward in this growth bid is to: get better value for money by holding G4S and THSL to account; obtain greater efficiencies by targeting the work more robustly; reducing the time spent on contractual issues; briefing and coaching schools and our council on best practice and timings to avoid failure of works to complete within required timeframes; and reduce school complaints and therefore time spent in resolution.

Suggested goals:

- Participating schools are health and safety and safeguarding compliant (including G4S staff)
- Improvement in the identification and resolution of breaches of contract
- Improvement in works completed within timeframe
- Reduction in complaints from schools about project delivery
- Cost of projects fall within acceptable thresholds in relation to financial benchmarking against similar projects elsewhere.

Title	Universal Free School Meals
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / CHI 004 / 19-20
Strategic Priority Outcome	Children and young people feel they are protected and get the best start in life and realise their potential
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Youth and commissioning
Lead Officer	Ronke Martins-Taylor

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs				
Other Costs				2,000
Income				
To Reserves				
Total				2,000

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification
It is a continued Tower Hamlets Council priority to provide universal free school meals to primary school age children.
In February 2017 and February 2018, sums of £2 million per year from 2018-19 to 2020-21 were approved to provide Free School Meals for primary school pupils as a mayoral priority. These funds are included in the council's medium term financial strategy. This bid supports the continuation of the offer for another year, by setting aside a further £2m in 2021-22 to be funded from either reserves or transfer to base budget.

Budgeted Outcomes/ Accountability (Focus on Improved performance)
Priority - more people living healthily and independently for longer: <ul style="list-style-type: none"> Free school meals are associated with improved education, social and health benefits There is 96 per cent take up the Mayor's free school meals programme in relevant schools Reduction in childhood obesity; children have access to a nutritious, healthy school meal.

Risks & Implications
<p>If the Mayor's free school meal programme is not funded through this bid, the programme will cease.</p> <p>In addition, the programme is reliant on a public health grant funding of £1m per annum; this would need to continue</p>

Value for Money & Efficiency
This growth bid represents value for money given the continued provision of the programme.

Title	SEND Transport
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / CHI 005 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Education and partnerships - special educational needs
Lead Officer	Christine McInnes

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs				
Other Costs	3,100	1,000	(1000)	
Income				
To Reserves				
Total	3,100	1,000	(1000)	

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification

The provision of transport for children and young people with special educational needs and disability (SEND) is a statutory duty. In 2017/18 the Budget overspend was £0.941m this is expected to rise in 2018/19.

A review of the service is due to be undertaken and while it is anticipated the outcomes of internal reviews should reduce this budget pressure, it is unlikely that changes will lead to a balanced budget given there is increasing demand. The review will explore reasons behind Tower Hamlets' higher than London average SEND demand. If this identifies a real demand, rather than demand being driven by flaws in the education health and care plan (EHCP) process, a request could be made for additional national funding.

For 2018 /19 a £1.2m growth bid was approved - £1m one off for 18/19 only and £200k is on-going till 2020/21. In light on continuing budget pressures This proposal is for £1 million as a one off payment in 2019-20.

Transport commissioning review will not be completed until end of 2018/19 and thus any action to reduce costs is unlikely to be in place until latter part of 2019/20 at the earliest. Additional amounts are likely to be needed to meet the pressure in 2019/20.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

This growth bid will help us meet the first priority of the Strategic Plan 2018-21: delivering access to a range of education, training and employment opportunities for children and young people with SEND, ensuring that they are able to attend and access their education in the best provisions for them. SEND transport enables children and young people with SEND to realise their potential and increase their independence, which helps give them equal access to the opportunities that all children and young people have in our borough.

To measure the impact of this transport on the lives of children and young people with SEND, we will assess data on:

- school attendance
- educational attainment and progress
- numbers of pupils using transport to attend after school provision
- numbers of pupils transitioning from SEN transport to independent travel.

Risks & Implications

All children receive an entitlement to free transport under certain conditions, and children and young people with SEND are entitled to free transport if their SEND is the reason they cannot walk to school, regardless of how far they live from their school. If SEN transport cannot deliver a full service to those who are entitled to it, the council is at risk of not meeting the statutory guidance (Home to school travel and transport guidance - Statutory guidance for local authorities 2014).

There is also a risk that children and young people will not be able to access the provision named on their education health and care plan (EHCP) resulting in an increase in tribunals and a lack of parental confidence in services for children and young people with SEND.

Value for Money & Efficiency

A study undertaken by external consultants in 2016 concluded that no significant savings could be made to the existing costs unless, consideration was given to outsourcing internal transport services alongside increasing the local provision for children with complex needs (to reduce the number of out of borough places).

A review of the council's travel service in late 2017 established that the cost per pupil for SEND transport in our borough is £6,132 per year. This compares to an average cost of £5,843 per year across two other London boroughs. Given the figures are in close proximity, this suggests that we secure relatively good value for money for our SEND transport provision.

The service is currently being reviewed by the Resources Directorate. This is expected to be completed by the end of March 2019.

Title	Early Help
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / CHI 006 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Youth and Commissioning – Early Help
Lead Officer	Ronke Martins-Taylor/Christine McInnes

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	0	300	475	
Other Costs				
Income				
To Reserves				
Total				

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)		5	7	

Description & Justification
<p>Early help is a term used to describe an approach to providing support to potentially vulnerable children, young people and families as soon as problems emerge. The purpose of early help is to prevent problems becoming acute and then chronic to the detriment to children, young people and families and costly to the system. In essence it's a model for an upstream, invest to save approach aiming to prevent escalation of issues which push families into the social care system.</p> <p>The approach considers the inter-related roles of easy referral across effective universal children's services (including those provided by key partners such as health) and clear pathways into targeted services where needed, both of which use strengths based approach to build family capacity to better manage issues and reduce the need for on-going additional help where appropriate.</p> <p>When CSC was inspected in 2017, the Early Help offer and structure was in a pilot phase being led by education teams. The inspection outcomes added impetus to the acknowledged need for Children's Services to develop a wide and cohesive vision, strategy and delivery structure for EH which ensured the right families had easy access to services, the actual offer was clearly understood by all and that resources were used to the maximum effect or impact. However, this was to be achieved within a context of overall reducing resources and performance concerns in relation to the national Troubled Families Programme (locally known as Supporting Stronger Families) fund which was a main contributor to the Children's Services dimension of the EH model.</p> <p>Phase one of Early Help resulted in the structural establishment of the Early Help Hub, formalising the previously interim structure which was essentially staffed by voluntary secondments and the development of a strategy, a single front door, clear referral pathways and improvements to the case management system which provides usable data to enable monitoring and evaluation.</p> <p>As the Early Help Service has no base budget, for 2018/19 the intention was to reallocate the income generating potential from the National Troubled Families programme to the newly redesigned Early Help Hub and associated infrastructure. For this financial year the projected income is expected to cover costs. However, the Troubled Families Programme will cease in the following financial year, creating an additional cost pressure.</p> <p>The Phase one Early Help redesign was delayed and as a result the Phase two redesign has now been put back until autumn 2019 given that it would not be advisable to commence the resign when Children's Services will be subject</p>

to a full Ofsted inspection. This will result in a £0.3m budget pressure during the financial year 2019-20. Once the Ofsted inspection has taken place during 2019, Phase two of the Early Help restructure will be undertaken which will aim to create a base budget for the service.

The impact of financial pressures that will result the following year (2020-21) of £0.775m arising from the end of the national Troubled Families programme may in part be mitigated by the financial assumptions which underpinned the financial model, in making the case for Early Help over a period of 5 - 10 years that they would expect to see:

- There will be a reduction in the CIN - rate per 10,000
- There will be reduction in the LAC - rate per 10,000
- There will be a reduction in the CP - rate per 10,000

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The key focus for improved performance is in increasing the success rate of the applications to the Troubled Families Programme which is currently realising approximately £0.6m less than its potential income. Work is also on going to clarify the contributions of existing services to Early Help offer, for example the Early Years Service which was redesigned in 2017 to act as a multi-agency universal early help service, providing pathways to more targeted interventions has moved to be managed through the Youth and Commissioning directorate to identify the potential for efficiencies.

Risks & Implications

Early Help is a key part of the Children's Services and other partners offer for families and there is a national expectation that this is available. The service is in early stages of implementation with the initial focus being on ensuring compliance with Ofsted's expectations as described in the inspection report. The key short term risk is that the service does not meet expectations when Ofsted undertakes the next full inspection resulting in further financial pressures in CSC.

Value for Money & Efficiency

As described above the budgets are being reviewed to ensure VfM and efficiency.

Title	Social Work Academy
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / CHI 007 / 19-20
Strategic Priority Outcome	Children and young people are protected so they can realise their potential
Lead Member	Danny Hassell
Directorate	Children and Culture
Service Area	Children's Social Care
Lead Officer	Richard Baldwin

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs		1000	400	
Other Costs				
Income				
To Reserves				
Total		1000	400	

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification

This growth bid is required to finance the launch and sustainability of the Children's Services Social Work Academy over the next three years.

The successful implementation of the Academy will assist in addressing the following issues;

- Reductions in year on year spend on Agency Social Work staff. The projected in cost at the end of the three year period is projected to be 1.64 million, with an ongoing cost reduction of 1.84 million onwards.
- Reducing the level of staff turn-over. Greater consistency of staff will significantly improve the quality of service to families and reduce associated recruitment costs.
- The improved support and training for staff will also contribute to improving the quality of staff who work in Tower Hamlets and the quality of practice they undertake with children and families.

In essence, the Academy seeks to "grow our own" experienced social workers and provide the training and conditions for them to remain with us, thus reducing our reliance on expensive staff of variable quality. Without the Academy, we will continue to spend significant amounts of money each year on agency staff, in particular to meet demand at our front door.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The plan as outlined above, aligns with the Councils strategic priorities in relation to;

Childrens Service Improvement plan (Getting to Good),
Reducing the use of agency staff and developing our own staff,
Improving the quality of services to local vulnerable residents

Risks & Implications

The associated risks are that the Academy does not deliver the level of financial savings as set out. This could be due to;

- Failure to attract sufficient students
- Increased demand on referrals, requiring additional staff

- New Social Workers leaving as we have not provided sufficient support and protection of work-load.

However, we feel that the work undertaken over the past 12 months in supporting the current cohort of new Social Workers has shown that given the right conditions, we can provide the right environment for new Social Workers to flourish and develop whilst managing to retain the vast majority of those Social Workers that have joined us. The experience of other Councils that have also launched similar schemes also indicates that this approach is successful in retaining staff.

Value for Money & Efficiency

The plan as set out in the body of the report provides clear evidence of the potential for this approach to not only reduce costs but to also improve the quality of practice and reduce the turn-over of staff.

Title	Early Years - Conception to Age 13
Growth Type	Mayoral priority
Reference	MPG / CHI 001 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Danny Hassell
Directorate	Children's
Service Area	Education and Partnerships Division, Tower Hamlets Education Partnership
Lead Officer	Christine McInnes

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs				
Other Costs		1,000		
Income				
To Reserves				
Total		1,000	0	0

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	0	0	0	0

Description & Justification
<p>This growth proposal is required to fund a range of initiatives that support early years and childcare services.</p> <p>2 year old top up funding - £500k For an additional 10hrs of early education per week for 2 and 3 year olds from low income backgrounds in outstanding settings. We will also be asking Schools Forum for match funding for this in January. This is most likely to support our nursery schools to offer more hours to the most deprived families. They are themselves facing government cuts due to changes in national funding formulas.</p> <p>Expansion of the holiday child care scheme - £353k To double the capacity of the holiday childcare scheme. It is delivered 43 days per year and provides 160 places, 6,450 places per year. This would enable us to provide 12,900 sessions per year. It is heavily subsidised and offers access to affordable childcare from 9-5 or 8-6 during holidays for children aged 3-13, including those with SEND.</p> <p>Ready to learn – £50k Following a successful 2 year pilot, this is for the scheme to be implemented. The programme works with primary schools with low levels of attendance in Reception and Nursery Classes. Key outcomes from the pilot include a 7% increase in school attendance of targeted children and schools moving out of the bottom quartile (25%) for attendance.</p> <p>Breakfast clubs and after school provision – £97k A pilot programme for a minimum of 10 school based breakfast / after school clubs which will also provide affordable childcare for working parents. It will support schools to develop the provision, co-ordinate and quality assure the provision. Total revenue = £1,000k.</p> <p>Capital investment – TBC Mobile peripatetic units in agreed areas of disadvantage to offer access to child and maternal health services and early education and childcare outreach services. Funding for inclusive settings e.g. induction loops for deaf children and acoustic treatment. Funding for adaptations to existing buildings to enable sessions involving under 5s and elders to facilitate this intergenerational work.</p>

Budgeted Outcomes/ Accountability (Focus on Improved performance)

This contributes to the council priority of 'People are aspirational, independent and have equal access to opportunities'.

- Additional 10 hours funding for Childcare
- Increased EL2 take up
- Improved outcomes evident in EYFSP in reception and beyond
- Increased take up of additional hours
- Improved GLD

Different models of provision will be explored and developed in partnership with schools to ensure the needs of individual school communities are met and the breakfast clubs are sustainable. Schools will be supported to manage and sustain the programme. There will be close liaison with the IEYS Community Cohesion Team to ensure that the offer is consistent across ages and inspection frameworks.

A pilot programme of a minimum 10 school based breakfast / afterschool clubs will provide affordable morning childcare for working parents and could also support a wider agenda such as volunteering opportunities for those parents seeking experience to return to work, transition between schools (some clubs could be used by children from a number of schools), healthy eating and support for vulnerable children. These aspects of the work will be co-ordinated by the Parent and Family Support Service in partnership with IEYS children's centres.

Risks & Implications**Risks**

- Tower Hamlets parents would not be able to access affordable childcare and gain and sustain employment
- New school sites may not be identified to accommodate the increased provision relying on existing schools to cover the whole year
- Unable to recruit qualified and experienced childcare / play / youth workers delaying availability of additional places Parents not being able to access affordable childcare

Advantages

- Expansion of the holiday childcare scheme would enable an increase in staff to meet the scheme ratios whilst maintaining a high quality, inclusive provision
- The scheme would continue to provide affordable provision for families particularly those on the lowest income
- Provision would target and support the most disadvantaged families including those children with SEND

Value for Money & Efficiency

The provision of more early learning hours in outstanding settings for the most disadvantaged families will allow parents to access a range of education, training, and employment opportunities.

The expansion of the Holiday Childcare provision will increase provision of affordable childcare places for working parents, particularly those on low incomes and also those parents accessing targeted places for vulnerable children and children with SEND.

Provision will be accessible to children 3 – 13 years and will support parents in work between 8am – 6pm on a weekday.

The Holiday Scheme will maintain close links with all schools and further development of the scheme including the support for Breakfast clubs and wrap around provision will support parents to access and sustain training and employment improving whole family outcomes.

The Ready to Learn Programme is one of the first within Children's Services to introduce the Outcomes Based Accountability (OBA) model. Data is collected on a half termly basis and contributes to the strong and developing evidence base for this programme.

Title	Demographic Pressures in Adult Social Care
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / HAC 001 / 19-20
Strategic Priority Outcome	1.3 People access joined-up services when they need them and feel healthier and more independent
Lead Member	Cllr. Denise Jones
Directorate	Health, Adults and Community
Service Area	Adult Social Care
Lead Officer	Warwick Tomsett

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs				
Other Costs	68,775			4,085
Income				
To Reserves				
Total	68,775			4,085

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification						
<p>Demographic pressures in adult social care have been recognised nationally, and the Government has provided an increase in the Improved Better Care Fund (IBCF) and allowed local authorities to add a precept increase to council tax. In Tower Hamlets, the increase in funding from IBCF and the adult social care precept are being used to fund demographic and inflationary pressures in adult social care.</p> <p>The growth calculation assumes that increases in population, combined with other demographic factors detailed below will lead to more clients needing social care support for longer. National and local policy is designed to maintain independence for as long as possible through community based support, reducing the need for more costly residential services. However, more people are living longer with more complex needs.</p> <p>To address this increase in demand and cost, transformation work is underway across health and social care services, through the Tower Hamlets Together Partnership. This includes proposals included in the medium term financial strategy (MTFS), to make savings and generate income across adult social care and the NHS (SAV/HAC002/19-20), particularly in services for adults with disabilities (SAV/HAC003/19-20). Proposals include making better use of resources to provide community based support, reduce overall unit costs and ensure efficiencies through contracts with services. This includes joint funded packages of care where appropriate.</p> <p>The estimated average rate of growth per client group is different and is influenced by a number of factors such as age, ethnicity, deprivation and other such demographic factors.</p>						
Client Group	2018-19 Budget Allocation (as per RA return)	2019-20 Growth (Agreed February 2018)	2020-21 Growth (Agreed February 2018)	2020-21 Budget Allocation	2021-22 Estimated Growth Rate	2021-22 Growth Required
	(£000's)	(£000's)	(£000's)	(£000's)	%	(£000's)
Older People	40,495	1,094	1,132	42,721	3.4%	1,453
Physical Disability	2,938	194	199	3,331	2.5%	83
Learning	19,196	1,147	1,624	21,967	Refer note	2,362

Disability					1	
Mental Health	6,146	504	544	7,194	2.6%	187
Total	68,775	2,939	3,499	75,213		4,085

Notes: Learning disabilities growth required is based on forecast numbers of service users transitioning into adulthood, and actual costs incurred in 2017-18 from new service users aged 26 to 64 years old. Please refer to risks and implications section for details.

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

There is likely to be an increased demand for adult social care from all sections of the population as it continues to expand. Based on the Greater London Authority (GLA) projections (2015 SHLAA capped household size), the borough's population is expected to grow by 22% between 2016 and 2026, equating to an average annual population growth rate of 2.2%, and a resident population of 364,500 in 2026. By 2021, the population will have increased to 337,600, an annual average growth rate of 3.3%. In absolute terms the projected growth is mainly in the lower working age range (people aged 30 to 49), but in the next decade, the age structure of Tower Hamlets is expected to shift, with the proportion of young adults in their twenties and thirties decreasing and the proportion of older adults increasing.

High levels of deprivation are strongly linked to poor mental and physical health. Tower Hamlets is the tenth most deprived local authority in England out of the 326 local authorities (based on Indices of Multiple Deprivation 2015 data). There is also a link between some learning disabilities and poverty. Possible explanations include poor nutrition and low uptake of screening programmes and antenatal care, which increase the prevalence of learning disabilities. Levels of deprivation may be worsened by welfare reform changes, which are starting to come into effect. It is likely that this may have an impact on demand, due to the evidence that high levels of deprivation are a driver for increased need for social care services.

Trends show that increases in healthy life expectancy have not kept pace with improvements across London or in the improving trend in total life expectancy locally. If the extra years from living longer are mostly spent in disability and poor health, there will be an increase in demand for social care across all client groups.

Older people in Tower Hamlets have worse health in many areas compared to England and London averages. In addition, a higher than average proportion of older people in the borough live alone. Older people who live alone are significantly more likely to have a social care need (linked to loneliness and isolation) than those who do not live alone. Survival rates of young people with profound and multiple learning disabilities are improving and this group is now coming through to adulthood. Tower Hamlets is a young borough and there is considered to be a higher rate of learning disabilities in the school-age population. Due to complex reasons, there are higher prevalence rates of profound and multiple learning disabilities in children of a Bangladeshi ethnic background. Tower Hamlets has a significant Bangladeshi community.

The Tower Hamlets mental health strategy needs assessment lists a number of risk factors and protective factors in relation to mental health. In some instances, Tower Hamlets faces a greater challenge than the rest of London (carers, older people, drug and alcohol misuse) but all need attention because of the specific risks they pose to mental health or because all are linked to the high levels of deprivation which exist in the borough.

This bid uses estimated growth rates from the GLA's housing-linked projections and the Department of Health sponsored systems 'projecting adult needs and service information' (PANSI) and 'projecting older people population information' (POPPI) systems. The latter two systems combine population projections with benefits data and research on expected prevalence rates to produce projections of the likely future demand on social care and health services. Projections from POPPI and PANSI for previous years have proven to be reasonably accurate

and we are satisfied that these are the most robust figures available for calculating projections of future growth in adult social care demand for older people, and adults accessing physical disability and mental health services.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

This growth bid relates to the 2018-21 strategic plan outcome: "people access joined-up services when they need them and feel healthier and more independent". It is aligned to the vision and aims of the 2017-20 Ageing Well in Tower Hamlets Strategy and the 2017-20 Living Well Learning Disability Strategy and 2015-19 Mental Health Strategy, which all aim to support people to be as healthy and independent as possible.

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

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

The council's Ageing Well Strategy is built around ten themes that reflect the outcomes identified by local residents and through local and national research, that are of particular importance to older people. The scope of the strategy is deliberately broad but a number of the themes relate directly to the group of older people who are likely to need social care services in the future and to which this growth bid relates. Those themes incorporate a number of programmes of service redesign work that aim to deliver future services that are more flexible, person centred and that enable individuals to maximise their independence. Day services is an example of this kind of redesign work, with older people and other stakeholders fully engaged from late 2018 and through 2019 to produce together a future service model.

Progress in delivering the Ageing Well Strategy is regularly reported to the older peoples reference group and a midpoint review of outcomes will be completed by March 2019. The next iteration of the strategy will cover the period to which the 2021/22 growth bid relates.

The Tower Hamlets Together Promoting Independence Board, chaired by the corporate director of the Health, Adults and Communities Directorate also now has a key role to play in identifying opportunities to improve outcomes and value for money, with a particular focus on delivering those improvements through a more integrated approach across the council and NHS.

Risks & Implications

Older people services

There has been a progressive increase in services provided to older people since 2009-10. Despite the various efficiency savings, the actual spend on commissioned older people's services has increased by 19.1% over the past five years. Due to health and demographic factors, demand for adult social care services from older people is predicted to continue to increase between now and 2021. For 2021-22 the forecast growth rate is 3.4%, giving a growth requirement in 2021-22 of £1,453k.

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

Physical disability services

The causes of physical disabilities and sensory impairments in working-age adults are complex. This information along with predictions on future prevalence rates is not detailed in this report. Evidence suggests there has been a moderate

increase in demand in the number of working-age adults who have a physical disability or sensory impairment and who are eligible to receive support from adult social care.

PANSI has a number of future predictions for physical disability and sensory impairment prevalence rates amongst working-age adults in Tower Hamlets. This information is categorised according to health condition, and does not give an indication as to who might be eligible for adult social care. The average rate of growth for this group between 2020 and 2025 is 2.5% per annum giving a growth requirement of £83k.

Learning disabilities services

The Tower Hamlets Joint Strategic Needs Assessment 2015-2016 factsheet: Preparing for adulthood for young people with physical disabilities and/or learning difficulties shows that Tower Hamlets has a younger population than England as a whole. Over the next five to 10 years the population of Tower Hamlets is predicted to increase. In the 14-25 year old age group, the population is expected to increase by 10.9% by 2020 and 16.9% by 2025 (GLA population projections, 2014). This population growth will have an impact on the scale of need and demand for all health and social care services including those concerned with transition.

Young people in transition in Tower Hamlets

Overall the Joint Strategic Needs Assessment shows that in 2015 there were 838 young people in the transition age group. The annual number of young people transitioning from children to adults services can be better estimated using service data from the children with disabilities team and the community learning disability service (CLDS). The table below gives an indication of the number of young people identified by Children's Services as having needs which may be met by Adults Services and the number of young people who are assessed and accepted by and the adults CLDS service. The table includes the number of young people supported by the children with disabilities team, and the number of young people eligible for the community learning disability Service in adult social care (Table 1).

Table 1: Annual numbers of young people transitioning from children's to adults services 2011-2014

Year	Young people identified by Children's Services a likely to need support as adults		Young people in assessed by adults services
	Young people (aged 14 and above) with an allocated social worker in the Children With Disabilities Team	Looked after young people (aged 14 and above) in the Children with Disabilities Team	Young people aged 16-18 assessed eligible for Community Learning Disability Service (CLDS)
2014	79	13	43 eligible and 16 awaiting assessment
2013	86	9	30 assessed 24 eligible
2012	97	10	33 assessed 24 eligible
2011	93	7	46 assessed 41 eligible

Future trends

Assuming that the prevalence of learning disability and physical disability remains the same, the population of young people in transition could also be predicted to increase by 10.9% increase by 2020 and a 16.9% increase by 2025. This would mean an estimated 930 young people (aged 14-19) preparing for adulthood by 2020 and 980 young people preparing for adulthood by 2025 (aged 14-19).

Using the year 9 tracking record that CLDS maintain in partnership with Children's Services, an anticipated 46 new referrals are expected in 2018-19, 55 in 2019-20 and 72 in 2019-20. The average cost of a transition care package is: lowest £15,000, middle: £62,000, highest £125,000+

Using the referral and eligibility data from the above table 1, this indicates that an average of 70-80% of referrals lead to the identification of eligible needs being met. This estimate together with the mid-range cost suggests a gross

growth requirement of:

LD Transition Clients	2018-19	2019-20	2020-21	2021-22
New Referrals	46	55	66	72
Eligible (70%-80%)	37	38.5	46	54
Exits	20	20	20	20
Additional demand	16.8	18.5	26.2	34
Growth (at estimated £62k per client)	£1,041,600	£1,147,000	£1,624,400	£2,108,000

The recent trend is that children with more complex needs are coming through to adult services, increasing the need for complex and specialist care packages in the high cost range and therefore a higher percentage of those referred up to 2021 may be eligible. In 2018-19 and 2019-20, there are eight young people transitioning from Beatrice Tate School with severe and profound needs, and this doubles to 16 young people transitioning in 2020-21. In later years, there are additional young people (currently around 11 years old) with severe and profound needs that will transition from Stephen Hawkins School.

Table showing full year cost effect of new LD clients that commenced services in 2017-18

	Residential	Supported Living	Homecare	Direct Payments	Respite	Other (daycare, transport, meals)	Total
	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)
18 to 25 years old	553	139	222	102	11	15	1,042
26 to 64 years old	-	-	65	4	19	142	230
Total	553	139	287	106	30	157	1,272

The actual cost estimated to be incurred in 2018-19 (assuming that all care packages continue for a full year) from young people whom transitioned into adult social care in 2017-18 will be above £1.042m due to inflation on the 2017-18 prices.

The 2021-22 growth bid required is £2.10m for transitions into adulthood, and also £254k (allowing for 2.5% annual inflation from 2017-18 to 2021-22) for 26 to 64 year old new clients whom join the service. This totals £2.36m.

Mental health services

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

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

In addition to this general growth in the number of adults with mental health, there are also particular pressures in Tower Hamlets on the number of mental health forensic placements, and there is an increasing group of young people with mental health issues that will transition to adult social care. The average annual growth rate for mental health services is 2.6% which will require £187k funding.

Value for Money & Efficiency

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

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

Against the backdrop of increasing demographic and inflationary pressures, we are providing better value for money services by: increasing the use of homecare and direct payments to reduce the need for residential and nursing care placements; improving the independence of service users through reablement and employment opportunities and utilising more supported accommodation, extra care sheltered housing and intensive housing support to reduce residential and nursing care placements. Adult social care achieved £3.4 million savings in 2017-18 and is forecasting to achieve a further £2.6m savings in 2018-19.

We have made significant efforts to negotiate prices with residential and nursing care providers reflected in a reduction in average unit costs from 2016/17 to 2017/18. This reduction in overheads has successfully offset inflationary pressures. These reductions are on top of the fact that Tower Hamlets was already the fourth cheapest for residential and fifth cheapest for nursing unit costs in 2016-17 in our group of 16 statistical neighbour London boroughs.

Residential - average weekly cost (including overheads)	2017-18	2016-17
Brent		£931
Camden		£890
Ealing		£1,153
Greenwich		£1,221
Hackney		£824
Hammersmith and Fulham		£1,087
Haringey		£878
Hounslow		£943
Islington		£993
Lambeth		£821
Lewisham		£989
Newham		£745
Southwark		£1,194
Tower Hamlets	£861	£864
Waltham Forest		£1,110
Wandsworth		£1,058
Average		£981
Rank		13

Nursing - average weekly cost (including overheads)	2017-18	2016-17
Brent		£808
Camden		£807
Ealing		£853
Greenwich		£717
Hackney		£650
Hammersmith and Fulham		£933
Haringey		£933
Hounslow		£769
Islington		£875
Lambeth		£724
Lewisham		£761
Newham		£564
Southwark		£829
Tower Hamlets	£727	£744
Waltham Forest		£794
Wandsworth		£823
Average		£787
Rank		12

Title	Community Safety – Civil Protection, Emergency Planning and Resilience to Terrorism
Growth Type	Mayoral growth moving to permanent funding
Reference	GRO / HAC 002 / 19-20
Strategic Priority Outcome	People feel safer in their neighbourhoods and anti-social behaviour is tackled.
Lead Member	Mayor John Biggs
Directorate	Health, Adults and Community
Service Area	Community Safety
Lead Officer	Ann Corbett

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	331			127
Other Costs	130			50
Income	(80)			
To Reserves				
Total	381			177

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	5			2

Description & Justification

In response to the events at Grenfell Councils across London are enhancing their civil protection teams. This request is to make current non-recurrent growth permanent - currently circa £0.2m per year. This funding will be used to provide:

- Civil Contingencies Officer
- Civil Contingencies computer software licence
- Protect* Programme Manager

*Protect – building resilience to counter terrorism

Budgeted Outcomes/ Accountability (Focus on Improved performance)

Strategic priority "People feel safer in their neighbourhoods and anti-social behaviour is tackled".

The council has a statutory duty under the Civil Contingencies Act 2004 as a Category One responder to:

- assess the risk of emergencies occurring and use this to inform contingency planning
- put in place emergency plans
- put in place business continuity management arrangements
- put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in an emergency
- share information with other local responders to enhance co-ordination
- co-operate with other local responders to enhance co-ordination and efficiency
- provide advice and assistance to businesses and voluntary organisations about business continuity management.

The Grenfell disaster highlighted the need for robust emergency planning procedures in local authorities and the reputational damage that can be caused when things go wrong. It also highlighted the need for an appropriately resourced civil protection function with resilience to manage the response to disaster and civil emergency.

Outcomes

- The council can demonstrate its ability to meet the statutory duties as defined within the Civil Contingencies Act 2004.
- The council can assure communities that it has effective emergency planning and business continuity arrangements in place.

- Borough assets, infrastructure and residents protected from terrorism.

The growth has allowed us to:

- Begin recruitment to an additional suitably qualified emergency planning officer to expand the civil protection unit and improve our ability to meet statutory duties in relation to the Civil Contingencies Act 2004.
- Commission an external training programme for officers and councillors on emergency planning and disaster recovery – ensuring we have expanded our group of silver trained borough emergency control centre managers.
- Begin recruitment to a suitably qualified officer to develop a programme of protective security measures in relation to crowded places, places of worship and iconic locations to mitigate risk.

Risks & Implications

- The council has to meet the statutory duties as defined within the Civil Contingencies Act 2004.
- It is a reputational risk if the council fails to comply with the statutory duty. It is a significant reputational risk if the council fails to respond effectively to a major incident or civil disaster due to its lack of emergency and business continuity planning procedures.
- Adequate protection against terror attacks not in place to prevent and deter an attack.

Value for Money & Efficiency

The Grenfell disaster highlighted the need for adequate staffing within civil protection units. Investment of an additional member of staff will improve the capacity of the unit to deliver its function more effectively and efficiently. In the event of an emergency, the investment now will create efficiencies in the future situation.

Benchmarking:

Tower Hamlets spends less per head of the population on emergency planning compared to our nearest statistical neighbours.

Other councils have also reviewed their responses to emergency planning and are increasing staffing levels.

Title	Waste Collection & Treatment
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / PLA 001 / 19-20
Strategic Priority Outcome	2.1 People live in a borough that is clean and green
Lead Member	Cllr David Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	Dan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs				
Other Costs	10,549	(176)	(199)	174
Income	(727)			
To Reserves				
Total	9,822	(176)	(199)	174

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification

In the three year period (2019/20-2021/22), waste collection and treatment costs will increase due to growth in the quantity of municipal waste, and growth in the population levels across the borough.

Municipal waste is household and non-household waste. It includes waste from all residential properties, schools, businesses, parks and open spaces, street cleansing, fly tipping, clinical waste from residential properties and market waste.

While overall waste levels have dropped from 2016/17, the combined effect of ongoing population growth and economic activity are expected to deliver year-on-year increases from 2019/20 onwards.

According to 2018 Greater London Authority (GLA) estimates, Tower Hamlets population will rise from 317,200 in 2018 to 370,700 in 2028, with the number of households increasing by 2,800 per year from 132,100 in 2018 to 160,100 by 2028. Over the next three years, we expect to collect waste from an extra 8,400 households, a total of 140,500 by 2022.

This bid addresses the financial shortfall that such growth will create.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The council is consulting on a new waste strategy from 2018 to 2030 with the aim of re-designing waste and recycling services around the needs of customers to:

- deliver improved access to recycling
- help people reduce waste
- re-use more things and recycle more waste to increase recycling for businesses to reduce the costs of waste treatment and disposal.

Risks & Implications

The council's draft waste strategy aims to reduce the volume of waste produced within Tower Hamlets and increase the proportion of materials re-used and recycled. As well as setting out the council's ambitions, the draft strategy also sets out a number of specific action plans e.g. estates recycling. In addition to this, work being implemented through the enforcement review and the new waste and cleansing services will look at how we can support the delivery of the draft strategy. Action plans focus on improving service re-design, behaviour change, service delivery, education and enforcement activities.

The council has a statutory obligation to treat and dispose of the municipal waste that is generated within the

borough and the quantity of waste will increase year on year with the growth in the number of housing units, associated population increase and projected increases in economic performance.

Because the services for waste treatment and disposal are charged for on a per tonne basis, the cost associated with the growth in the quantity of municipal waste is inescapable.

Cost recovery from business waste, reduced cost of recycled waste and reductions in illegal business (unpaid for fly tipping) waste are key areas of activity. Lack of progress to target these issues will increase disposal and treatments costs.

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

- Economic recovery increases the average amount of waste produced per property.
- The percentage of non-conforming loads and contaminated material increases and we are charged at a higher processing rate.

We have developed a model to track the borough's waste tonnage and the waste disposal cost, providing insight into the potential financial pressure and future service demand. These projections show that there has been a steady decrease in the overall amount of waste being produced across the borough since 2016/17. However, it is expected that continued population growth and economic development will see a steady increase in waste. The risk will be that while waste increases, recycling performance does not improve and the council bears the additional cost of non-recycled waste.

Value for Money & Efficiency

The council has made significant strides in mitigating the costs of waste treatment and disposal by maintaining levels of diversion from landfill disposal to other forms of waste treatment and reducing exposure to the increases in landfill tax and gate fee (cost per tonne) increases.

In addition, the council's contracts for waste treatment and disposal services have recently been procured through open competition under the Official Journal for the European Union (OJEU) using a competitive dialogue process, which has secured competitive gate fee prices.

Title	Freedom Pass
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / PLA 002 / 19-20
Strategic Priority Outcome	People access joined-up services when they need them, and feel healthier and more independent
Lead Member	Cllr David Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	Dan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs				
Other Costs	9,046	(57)	(61)	329
Income				
To Reserves				
Total	9,046	(57)	(61)	329

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification

The Freedom Pass scheme provides free travel on public transport for pass holders aged over 60 and those registered in London as 'living with a disability'. The scheme is administered by London Councils with costs recharged to the individual boroughs.

We are bound to the scheme and cannot legally withdraw. Additional funding is required to ensure we can appropriately fund the scheme in coming years.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The assumptions made for the 2019/20 growth figure are based on these key points:

1. We anticipate there will not be a reduction to the overall payments made by London boroughs in 2017/18 (£345.007 million).
2. No significant use of reserves planned by London Councils to reduce the costs in future years
3. No major changes in usage

Risks & Implications

We are bound to pay a contribution to the Freedom Pass scheme and may not legally withdraw from the scheme. The apportionment methodology is determined by the boroughs working through London Councils.

The settlement is usually confirmed in December each year. This provides information on what each local authority's annual contribution will be based on for the next year. The figures provided in this growth bid for future years reflect the same assumptions as the current regime. However, this may be subject to change once further information is available from London Councils.

Other work we are carrying out on demographic and social changes within the Tower Hamlets indicates that our borough has an increasing population, which may mean an increased demand for freedom passes. Therefore, it should be noted that our contributions (comparative to other local authorities) could rise again in the future.

Value for Money & Efficiency

We have no individual control over the level of funding needed for the Freedom Pass scheme. The Freedom Pass scheme is believed to represent value for money in what it offers and enhances: mobility for traditionally less mobile members of the community and sustainable travel by encouraging the use of public transport.

However, consideration is being given to how this could be audited at a borough level to ensure recharges and costs are correct and this scheme continues to represent the best possible value for money for the borough.

Title	Green Team
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / PLA 003 / 19-20
Strategic Priority Outcome	People live in a borough that is clean and green
Lead Member	Cllr David Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	Dan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs		61		(61)
Other Costs				
Income				
To Reserves				
Total		61		(61)

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)		1	1	

Description & Justification

The green team was established in April 2013 and provides horticultural work and maintenance to parks, open spaces, green highway areas and verges. It has been instrumental in maintaining high standards as demonstrated by Green Flag and London in Bloom results, which are both the highest in the authority's history. However, the 2018 annual residents' satisfaction survey showed a 7 per cent drop in residents that rate the parks and open spaces as good, very good, or excellent.

Since the service was started, there has been a great increase in demand, with the adoption of sites such as St Leonard's Priory, green grid pocket parks and sustainable drainage systems schemes.

This funding will cover the additional cost of 1 FTE member of staff to cope with additional work demands, in addition to increasing current agency budget of £88k for 8 seasonal workers for 26 weeks. Since harmonisation of the service this budget of £88K no longer covers the required cost of employing agency staff. This combined with an increasing portfolio of green space to maintain risk failure in delivering agreed standards.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The service is vital to the council achieving its strategic aims throughout the public realm. This growth bid will allow the service to ensure it maintains performance standards across the increasing number of green spaces across the borough. It will continue to have a significant impact on the wellbeing of residents in terms of mental and physical health.

Risks & Implications

Without additional funding the green team will struggle to maintain the overall attractiveness of newly acquired spaces and meet the council's strategic aim of providing award winning parks that play a major factor in the quality of life and wellbeing to residents.

Value for Money & Efficiency

The service maintains over 140 parks and open spaces with a relatively modest workforce. This small budgetary increase will ensure that value for money continues to be received from the service.

Title	Food Safety Officers
Growth Type	Budget pressure
Reference	GRO / PLA 004 / 19-20
Strategic Priority Outcome	People feel they are part of a cohesive and vibrant community
Lead Member	Cllr Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	Jan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	550	55		
Other Costs	142			
Income	(35)			
To Reserves				
Total	657	55		

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	9	1		

Description & Justification

The recent Food Safety Law report to Cabinet identified a projected shortfall of food safety officers for the 2019/20 year. This is against a backdrop of increasing numbers of food premises being closed for pest infestations and a rise in the number of food poisoning complaints over the past five years (from 113 in 2014/15 to 217 in 2017/18).

The effect of a widespread food poisoning outbreak would pose a serious health hazard and affect residents and visitors to the borough. With 3,000 food premises across the borough, the additional funding would cover an extra, full-time food safety office and enable the team to meet its statutory obligations to inspect food premises.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

This request will assist with the demanding workload facing the team and ensure that performance levels continue to exceed the level at which remedial action is needed.

Providing the resources to support the annual plan for effective enforcement of food safety legislation will ensure that the objectives of the plan are fully met (namely, that food is produced and sold under hygienic conditions, is without risk to health and is of the quality expected by consumers).

Risks & Implications

- The service can be taken out of council control and highlighted as poor performing if its obligations are not fulfilled. The Food Standards Agency can use its powers to take away the functions of the authority and place them with another authority.
- Impact on public health and reputation; if an outbreak took place, this would directly affect the health and wellbeing of residents, businesses and visitors.

Value for Money & Efficiency

The extra staff member will help to ensure public health risks are minimised and that performance levels are satisfactory. This will result in less time and money being spent on holding poorer performing businesses to account (as our intervention would have taken place in a much more timely manner). Other likely benefits include less formal action being taken enabling the team to work more proactively and pragmatically with businesses, as our interventions would be at a time where improvements could be made and the threshold for formal action would not yet be reached.

Title	Corporate Health and Safety
Growth Type	Budget pressure
Reference	GRO / PLA 005 / 19-20
Strategic Priority Outcome	A focused and efficient council co-producing excellent services
Lead Member	Cllr Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	Dan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	293	110		
Other Costs	20			
Income	(294)			
To Reserves				
Total	20	110		

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	4	2		

Description & Justification

The corporate health and safety service is an internal advisory function responsible for providing comprehensive safety advice to members, the Chief Executive, corporate directors, the senior leadership team, divisional directors and all other employees.

There have been two serious incidents within the borough that have required a review of the health and safety standards being followed. This has resulted in the recognition that additional support is required for services, primarily for auditing and drafting procedures.

Additional permanent resources are required to promote a positive, solid safety culture across Tower Hamlets Council and to ensure sufficient auditing of systems takes place. At present, we have four safety advisors across the council but benchmarking through local safety groups has identified that we are approximately two safety advisors in deficit. This is an issue that needs to be addressed given the spread of activities, the number of assets we manage and the initial comparisons against other comparable organisations.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The aim of this bid is to: reduce the risk associated with our operations and assets; protect our residents and staff; and minimise or reduce any subsequent claims or penalties against the council. The service would ensure that our accident / incident rate is measured against the national sector / industry rate published by the Health and Safety Executive.

The request is to increase the amount of corporate recharges for health and safety by £110,000 ongoing per year. This amount needs to be considered in the context of the risks faced by the organisation in relation to corporate manslaughter or unlimited financial penalties, which are based on the council financial turnover.

The additional staff would work on enhancing our safety culture and ensuring that appropriate risk assessment are in place across high risk services and contracts, and that contractors are managed appropriately.

Risks & Implications

The risk of injury to the public and staff, as well as any subsequent reputational damage, needs to be limited and controlled. The growth bid would allow the council to manage and control risks to ensure that residual risks are reduced to 'as low as reasonably practicable'.

Additionally, if the safety awareness and engagement amongst staff increases, we would expect a direct reduction of sickness absence, an increase in productivity and a reduction in one-off insurance claims.

The risks of health and safety issues not being effectively managed are severe and wide-ranging. They include, but are not limited to: physical safety risks for staff, contractors, residents and members of the public; financial and legal penalties and payments; and reputational damage.

Value for Money & Efficiency

In this context, employing and developing our own staff has significant benefits compared to relying on agency staff.

Investing in additional staff resources for this team will reduce the risk of harm, as well as reduce the risk of reputational damage in the form of fines and negative publicity.

A good health and safety culture within an organisation is normally linked to the organisation's well-being and that of its staff.

Title	Environmental Health Out of Hours
Growth Type	Budget pressure
Reference	GRO / PLA 006 / 19-20
Strategic Priority Outcome	People feel they are part of a cohesive and vibrant community
Lead Member	Cllr David Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	David Tolley

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	425	200	(200)	
Other Costs				
Income				
To Reserves				
Total	425	200	(200)	

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	6	4	-4	

Description & Justification

This proposal is for additional funding that will extend the scope and duration of the out of hour's noise provision.

At present, the out-of-hours provision covers noise issues only, from Thursday to Sunday (8pm to 3.30am).

This proposal is to extend the out of hour's provision to include a broader range of Environmental Health issues. The Service will operate from 5pm Thursday through to 6am on Monday morning, operating continuously during this period.

This additional funding will enable a wider range of issues including residential noise, construction site issues (dust/noise), commercial noise from venues, licensing enforcement within the late night economy, event monitoring, out of hours complaints i.e. odour/light and food safety enforcement to be covered in a reactive and proactive way.

As noise nuisance is related to some private rented housing and the late night economy, we are also using income from our existing Selective Licensing Scheme and Late Night Levy to fund this proposal. However, a further £200,000 is required, to ensure that appropriate staff can be employed.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The additional funding will help meet the Mayor's pledge and ensure an adequate response is given to Environmental Health out-of-hours.

Noise remains a major concern for residents and our response to the problem will include improved reporting arrangements as well as enforcement action to reduce noise nuisance, making people feel safer in their neighbourhoods.

Risks & Implications

Without additional funding, the council is at risk of not delivering a desired statutory service at the time of most need, and not being able to handle the existing workload.

Over the past few years, we have consistently received 5,500-6,000 noise complaints a year. It is also one of the items that members most regularly contact us about.

As The Environmental Protection Act requires us to respond to noise nuisance complaints, to enable the service to provide a service at the point and time of need, effective action must be taken.

Qualified Environmental Health staff are needed to be available to deal with complaints when noise nuisance assessment is rather involved. We are finding that where commercial and residential units are being developed alongside each other, the noise issues are more complex. There is a need to have a reactive service to these types of complaints to allow through investigations.

Value for Money & Efficiency

The provision of an extended environmental health out-of-hours service will not be possible within current resources. The additional funding will permit a broader out of hour's issues being addressed over a longer duration.

The proposed service would provide a reactive service with an increased remit, at time of need, and have a wider scope than just noise.

Title	Local Environmental Quality (LEQ) Team
Growth Type	Budget Pressure
Reference	GRO/ PLA 007 / 19-20
Strategic Priority Outcome	2.1 People live in a borough that is clean and green
Lead Member	Cllr. David Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	Dan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	300	300	(300)	
Other Costs				
Income				
To Reserves				
Capital				
HRA				
Total		300	(300)	

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	6	6	(6)	

Description & Justification
<p>The current clean and green team has previously concentrated on complaint handling and enforcement issues without any focus on improvements to services or pro-active contract management for waste collection and street cleansing. This has had an adverse impact on the delivery and quality of services and on the satisfaction of residents both with services and Tower Hamlets as a place.</p> <p>The recently completed enforcement review has enabled a more cohesive and responsive enforcement approach to be taken. This, along with the new service for waste management and street cleaning in 2020, gives the council the opportunity to refresh its approach to how it manages the public realm and, in particular, the local environment.</p> <p>Currently, there are six officers within the clean and green team. This does not allow for an effective management of resources, development of services or targeted improvement of the public realm, especially around the key areas of cleansing, graffiti and the local environment.</p> <p>Therefore, an initial model has been drawn up to address this risk with a mix of one-off and base revenue growth.</p> <p>When a decision on the shape of the waste and cleansing services is made, the additional funding would allow for six posts to support a six month bedding in period for the in house service.</p> <p>We would be able to review our resources and align recruitment and embedding of systems and services directly with the new waste and cleansing functions as well as the wider environment service. This would also would provide a strong contract monitoring function and ensure that service standards are met over this period.</p> <p>In 2019/20, the expanded temporary resource will be reviewed and subsequently a revised bid for 2020/21 will be submitted, in a newly focused team around local environmental quality (LEQ). This approach is modelled upon those used in other local authorities, and makes a major contribution to successfully delivering and maintaining a good public realm in terms of street management and cleanliness (e.g. Hackney, Camden).</p> <p>This would require £300,000 in 2019/20. In following years this would become base revenue (subject to the agreed model adopted for providing the waste and cleansing function in the borough from April 2020).</p>

The LEQ team would need to incorporate the following:

- The management of any handover of new services around waste and cleansing.
- The development of either a ward or street based management system – similar in approach to Camden, Hackney and others. This would manage conditions and involve all partners and link to the proposed tasking model contained in the enforcement review.
- An intelligence and improvement capacity to identify ward or street hotspots, trends and performance problems, alongside the development and delivery of programmes and specific improvements, across services together with partners.
- A special projects element, focused on graffiti and flyposting initially.
- The remainder would focus on the on-street/conditions, problem solving and managing partners' work.

This would link to any new waste and cleansing functions, the refresh of the environment operations and changes to provide a greater use of intelligence, and the establishment of a behaviour change function that can potentially support other services.

The request for further resources beyond 2019/20 will be dependent on the decision to provide an in-house service for waste and cleansing functions from April 2020.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

The use of a temporary resource, followed by an effective model for managing the local environment, will improve performance, reduce complaints and allow for relevant frontline services to reach their full performance capability. This will allow for subsequent reviews of both operations and resources.

Risks & Implications

If no temporary contract monitoring and management were to be provided (from 31 October 2018 to 1 April 2020) there would be a major risk on service delivery, especially with the exit of the existing service provider.

Value for Money & Efficiency

The contract for waste and cleansing services is for a considerable sum of money, and the need for effective contract management and monitoring is clear.

Over time this has not been as effective as required, and the capacity to undertake this within the area has been reduced to a minimum. Therefore, the efficiency and productivity of the external contractor has not been fully tested.

This proposal will allow us to provide the type and level of contract management in the interim and allow any future service to benefit from more reliable and effective direction and support.

Title	Invest in Graffiti Removal
Growth Type	Mayor's priority
Reference	MPG / PLA 001/ 19-21
Strategic Priority Outcome	People live in a borough that is clean and green
Lead Member	Cllr David Edgar
Directorate	Place
Service Area	Public Realm
Lead Officer	Dan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs		300		(300)
Other Costs		150		(150)
Income				
To Reserves				
Total		450	0	(450)

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)		8		(8)

Description & Justification

Tower Hamlets has a high level of graffiti and some areas such as Bethnal Green and Bow require constant attention. There is a need to invest in equipment and staff to ensure that we are proactive in our approach, making a visible difference to the local environment and the quality of life for residents. At present, our waste contractor is tasked with the clearance of graffiti. However, even with three vehicles dedicated to this service, we are not responsive enough, especially when considering the volume of graffiti built up over previous years.

At present, the following service is provided:

- On public buildings or highways and street furniture – removed for free by the council.
- On a Tower Hamlets Homes Estate – through a local housing office.
- On managed private property or private roads - Removal of graffiti on private properties is the responsibility of the owner(s). Many have their own graffiti removal teams in place so in the first instance, contact is through the relevant housing office or premises to organise graffiti removal.
- On other private property – Many individual owners/occupiers of private dwellings do not have access to a graffiti removal facility. So if the graffiti is not too large and is accessible from the road or a car park, Tower Hamlets Council may arrange for its removal free of charge, subject to a disclaimer being signed by the owner of the property.

With the Mayor making a manifesto commitment to tackle graffiti in the borough, it is estimated that four teams are required to tackle this backlog and supplement the ongoing resource. It is envisaged that with four dedicated teams in place and a revised framework for managing the service, there will be a significant visible impact, both in terms of the speed of removal, return visits and ensuring a cleaner environment.

To complement this bid, an anti-defacement strategy that deals with the question of street art is being developed alongside an operational plan that will detail how the teams will be deployed and managed on a day to day basis and what outcomes the council wants and will deliver. The latter will include:

- the geographic priorities and deployment plan
- the approach for charging for both residential and commercial properties.

This initial bid for two years will work to tackle the backlog and complements the work and the timelines for new waste and cleansing services within the borough. It will allow robust assessment of the baseline service that is required and the submission of a more detailed bid in later years, if necessary.

The approach will use the combined resource to clear areas with the ability for near immediate return visits to tackle any re-occurring graffiti or tagging, as and when this is required.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

Graffiti is a growing concern and requires additional resources to be able to improve on current performance.

- Our latest NI195 performance scores for graffiti (based on twice yearly surveys) show a steady increase in the number of streets with unacceptable levels of graffiti from 6.5 per cent in early 2017/18 to 8.1 per cent in the first half of 2018/19. At ward level, in areas such as Spitalfields and Banglatown, up to 30 per cent of streets surveyed have unacceptable levels of graffiti.
- Drops in resident satisfaction with parks and open spaces and cleansing, combined with an increase in peoples' concerns about antisocial behaviour (there has been an increase from 38 to 41 per cent of people that feel vandalism, graffiti and other deliberate property damage is a problem in their areas) are supported by complaint data that shows a rise in graffiti reports to the council.
- Graffiti reports have increased to over 300 in the last six months, compared to just over 100 in the previous six months.

Risks & Implications

The council has a duty to ensure that the public realm is well maintained. It also has a responsibility for dealing with graffiti.

This bid responds to the Mayor's manifesto pledge to tackle graffiti. To ensure that we deal with anti-social behaviour and crime related to graffiti, such as 'tagging', teams will be deployed to proactively clear areas that are prone to this activity and to also respond reactively to graffiti that is deemed as offensive.

The bid is for 2019/20 and 2020/21, with the timeline coinciding with the potential end to our current contract with Veolia Environmental Services. The bid will incorporate staffing and equipment for this period.

Value for Money & Efficiency

The council has begun to make improvements in managing graffiti removal using Veolia resources and will continue to improve this element. However, efforts are hampered by the sheer volume of graffiti across the borough, built up over a number of years. The additional teams will help with perception and improve cleanliness across the public realm.

Title	Regeneration Vision
Growth Type	Mayoral priority
Reference	MPG / PLA 002 / 19-20
Strategic Priority Outcome	People live in good quality affordable homes and well-designed neighbourhoods
Lead Member	Cllr Rachel Blake
Directorate	Place
Service Area	Planning
Lead Officer	Ann Sutcliffe

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	0	400	(200)	(200)
Other Costs				
Income				
To Reserves				
Capital				
HRA				
Total	0	400	(200)	(200)

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	0	5	3	0

Description & Justification
<p>Tower Hamlets has doubled its population in the past 30 years from 150,200 in 1986 to 304,000 in 2016. By 2031 the Borough's population is expected to increase to nearly 400,000 inhabitants. One key challenge presented by this level of growth relates to how the Council delivers regeneration. Paramount to meeting this challenge, concerns, the Council manages buildings and 'place', securing and delivering the necessary infrastructure such community facilities, open space, shopfronts, high streets, designing and managing accessible, quality streets and open spaces.</p> <p>The Council is reviewing its approach to regeneration within the borough and has established a Regeneration Board, chaired by the Mayor. As part of this review, the development of a governance and delivery approach is critical to ensuring that the Council maximises the benefits it receives from regeneration within the borough, not only through direct contributions from developers but also in ensuring that longer term benefits around employment, skills and place are agreed, co-ordinated and delivered</p> <p>We are at an early stage in developing our approach but the following has been put together as an initial enabling bid to move this forward.</p> <p>In 2019/20 it is proposed to use a mix of current officer and additional planning/regeneration capacity to develop the full delivery model as well as beginning the required area framework plan. In 2020/21, this approach is continued. This then allows a more formal review of the process so far and the shape and level of resource required in subsequent years for delivery, including be an assessment of alternative funding sources such as Section 106 and the community infrastructure levy (CIL) to part fund the remainder of the programme.</p>

Budgeted Outcomes/ Accountability (Focus on Improved performance)
<p>This will meet the Mayor's strategic priority of delivering a new vision for regeneration and the development of plans to implement this vision. The Mayor is sighted on the proposals to develop a regeneration team, with support from the Programme Management Office and Strategy, Policy & Performance to develop a series of place plans and governance structures to deliver a cohesive approach to regeneration across the area.</p>

This level of investment will secure a dedicated team to ensure this work can be prioritised and coordinated by a dedicated resource within the Place Directorate. This dedicated resource will work across to Council and partners to shape priorities and improve delivery through better coordination to achieve the pace and scale of improvement concerning infrastructure delivery and regeneration referenced within the Council's Peer Review and the Planning Peer Review. Through better co-ordinating regeneration initiatives across the Council (which cuts across a range of themes such as cohesion, economic development, public realm, ASB, Health) there will be improved outcomes across a wide range of mayoral priorities

Risks & Implications

Without the required funding it is unlikely that the Council will be able to achieve the scale of ambition required concerning the development and delivery of regeneration priorities within the borough to match the scale of growth. Both the Mayor's ambition and feedback from the Council's Peer Review demonstrates an appetite for a more strategic approach to regeneration which is driven across the Council to delivery transformation change. While elements of this work have started, which were praised in the Council's recent planning peer review – it is recognised that this is only the start of the process. A dedicated resource with technical expertise is required to now drive the Mayor's agenda forward in these areas by co-ordinating the development of plans and governance structures. While recognising and complementing the expertise within the existing staffing structure, additional capacity is now required to drive this forward with support from the PMO and SPP.

Value for Money & Efficiency

A key role of the team will be to develop and better coordinate regeneration programmes which cut across the council on a zonal basis. This will lead to better partnership working across teams and a reduction of duplication where services are working within a particular geography to deliver shared outcomes. Additionally, a key remit of the service will be to work with external stakeholders to lever in additional investment into priority areas as well as co-ordinating the Council's approach to bidding for national / regional infrastructure funds (such as the Good Growth Fund) so it can be sourced and applied as part of a more strategic approach.

Title	Tackling Poverty Programme
Growth Type	Mayoral priority
Reference	MPG / PLA 003 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Cllr Rachel Blake
Directorate	Resources
Service Area	Benefits
Lead Officer	Steve Hill

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	300			
Other Costs	1,400			700
Income				
To Reserves				
Capital				
HRA				
Total	1,700			700

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification

The tackling poverty programme is currently funded from one off reserves. In 2016/17, the council set aside £5 million for the three year period 2017/2020; approximately £1.7m per annum for initiatives to help residents affected by welfare reform changes. In 2017/18 we spent just under £1m and now have £4m remaining for 2018/19 and 2019/20. The level of adverse impact on our residents from the welfare reform changes mean that we will need these amounts to provide the necessary support.

There are 48,000 households in Tower Hamlets living in poverty after housing costs- this equates to 39% of households in the borough. The borough has the highest rate of pensioner poverty in England at 50%, more than three times the national average of 16%. According to HMRC 31% of children in the borough live in households that are below the poverty line. Again, this is the highest rate in England. Whilst levels of worklessness have fallen in recent years, welfare support trends show an increase in in-work claimants.

The table below shows the demand for grants over the past three years

	2015/16	2016/17	2017/18
Applications made	6280	5205	5009
Applications approved	2329	2211	2149
Total spend	£633,067	£567,615	£649,130

It is clear that there remains a high demand for these grants. The introduction of the Resident Support Scheme, which replaced the crisis grants in December 2018 with associated publicity, plus the plans to migrate larger families to universal credit from February 2019 mean there is every possibility that demand will increase even further. However, the growth bid reflects current demand; this will be monitored annually to ensure that the amount requested remains appropriate. This new scheme also has improved monitoring, which will allow the Council to determine whether key groups such as those mentioned above are being supported through the scheme, and will allow for changes to be made to the assessment if it appears that any key group is being missed.

During the budget process in 2017/18, the council agreed to allocate a further £1.7m from one off reserves for 2020/21 confirming our commitment to tackling poverty for a further year.

In this year's budget cycle, we need to review our ongoing commitment to tackling poverty and allocate appropriate resources to ensure residents who face hardship continue to be supported.

It is proposed to allocate £0.7m from the base budget for crisis and support and continue to anticipate setting aside £1m in 2021/22 from one off reserves for other elements of the tackling poverty programme subject to a review of their impact ahead of this.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

Tackling poverty is a corporate priority. Work within the programme is undertaken across and impacts a range of council services, such as those affecting pensioners, children and employment.

It is expected that through finding opportunities for joint working, both internally and with external partners, that there will be opportunity for some council services to be delivered more efficiently.

Risks & Implications

There is a risk that the funding is spent and does not do anything to tackle poverty in the borough.

Value for Money & Efficiency

The council has taken a decision that funding related to crisis and support should continue to be available for residents. Putting this element of the funding into the base budget would allow for longer term strategic planning, which would provide good outcomes for residents and provide value for money for the council.

Title	Legal Services – Meeting Increases in Demand
Growth Type	Unavoidable growth / budget pressure
Reference	GRO / GOV 001 / 19-20
Strategic Priority Outcome	The Council is open and transparent putting residents at the heart of everything we do
Lead Member	The Mayor
Directorate	Governance
Service Area	Legal Services
Lead Officer	Janet Fasan

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	2,502	300		
Other Costs	1,400			
Income				
To Reserves				
Total	3,902	300		

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)				

Description & Justification

This growth bid will enable implementation of a new legal services structure that is proactive and responsive to growing demand for services - currently some of the funding for these posts comes from reserves of \$106 which is unsustainable in the long term and has led to the use of more expensive short term contracts or locums. This proposal will decrease the use of locums/consultants and add stability to the legal services structure. The additional contract lawyers will also support the extensive contract negotiation work that will be necessary to deliver the significant contract management savings being agreed.

Budgeted Outcomes/ Accountability (Focus on Improved performance)

This will enable the service to deliver sustainable legal services function that continues to meet the council's changing needs.

Risks & Implications

Without this growth, the service will continue to meet the growing demand with temporary one off resources, which are generally more costly.

If the growth bid is not agreed the alternatives are :

- Outsource to external firms – This will be a costly alternative as hourly rates are a lot higher than our in house rates. For example, we currently have an external firm providing ad hoc support on contract matters at average hourly rates of £165 compared to our average in-house hourly rates of £25.
- Cease doing work over and above the capacity of the current structure of three lawyers -. There has been a steady increase in the number of hours spent on contract advice and project work with it more than doubling from 1,117 in 2015/16 to 2,645 in 17/18, and this trend is likely to continue based on current projections. If support were curtailed, it would impact on legal services ability to support procurement and could ultimately leave the council exposed to challenge.
- Explore a shared service option – This can be explored with appropriate political support. However this is a medium to longer term solution and will not solve the immediate need.

Value for Money & Efficiency

This will reduce the need for more expensive temporary resources.

Title	Community Safety - Enforcement Review
Growth Type	Mayoral Priority
Reference	MPG / ALL 001 / 19-20
Strategic Priority Outcome	People feel safer in their neighbourhoods and anti-social behaviour is tackled; The council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for our residents People live in a borough that is clean and green
Lead Member	Cllr Asma Begum / Cllr David Edgar
Directorate	Health, Adults and Community / Place
Service Area	Community Safety / Public Realm
Lead Officer	Ann Corbett / Dan Jones

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	3,425	572		
Other Costs				
Income				
To Reserves				
Total	3,425	572		

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)	56	15		

Description & Justification

This is a joint growth bid across Public Realm and Community Safety

- Tackling anti-social behaviour and partnership working to address crime, particularly crime and ASB associated with drugs & alcohol, is a top priority for local residents and the Mayor wants invest in front-line capacity to improve our ability to respond to residents and increase our visibility on the streets.
- A review of current capacity and structures to do this has led to the development of this growth bid.
- The Proposal will improve the council's ability to deal with ASB and carry out targeted Street Enforcement.
- A new operational Tasking Hub, recommended in the Enforcement Review will be formed to achieve better operational management and prioritisation of enforcement and other interventions to tackle anti-social behaviour and environmental concerns.

The investment will allow for:

- The development of a more efficient tasking process that will better focus and coordinate activity across council and partner resources.
- Introduce the effective allocation of casework to ensure prioritisation of resources
- Allow for the THEO service to be transferred to Community Safety whilst retaining effective resourcing for the investigation, removal and enforcement of issues affecting the street environment through a new Street Enforcement Service
- Significantly increase the casework resource for complex cases and problem solving

A six and twelve month's review will take place to ensure joint delivery and to provide any necessary rebalancing or changes.

Budgeted Outcomes/ Accountability (Focus on Improved performance)**Outcomes:**

- Increase satisfaction with our response to requests for enforcement action
- Increased levels of enforcement intervention and effective use of powers
- Increased operating times to allow response 7 days a week from 7 in the morning to midnight
- Reduced crime and anti-social behaviour
- Improved cleanliness and compliance
- Improved joint working

Risks & Implications

Potential Service/Corporate risks associated

- Resident dissatisfaction increases and complaints about ASB increase to the council.
- Perceptions and feelings of safety deteriorate.
- This proposal will help reduce the council's reputational risks. It aims to address community concerns relating to community safety and the level of ASB. Action to tackle these problems will reassure residents.

Value for Money & Efficiency

The proposal will allow for a maximisation of our use of council and partner resources. The review of enforcement resulted from an extensive review of the services and benchmarking with other boroughs.

Title	Community Safety, Violence, Exploitation and Serious Organised Crime
Growth Type	Unavoidable Growth / Budget Pressure and Mayoral Priority
Reference	MPG / ALL 002 / 19-20
Strategic Priority Outcome	People feel safer in their neighbourhoods and anti-social behaviour is tackled; Children and young people are protected so they get the best start in life and can realise their potential; The council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for our residents
Lead Member	Cllr Asma Begum / Cllr Danny Hassell
Directorate	Health, Adults and Community / Children's Services
Service Area	Community Safety / Family Support and Protection
Lead Officer	Ann Corbett / Richard Baldwin

Financial Information	Budget Allocation	Growth Bid		
	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Employee Costs	1,867	70		
Other Costs	384	112	4	117
Income	(322)			
To Reserves				
Capital				
HRA				
Total	1,929	182	4	117

Staffing Impact	2018-19	2019-20	2020-21	2021-22
Employees (FTE)		3		

Description & Justification
<p>This is a joint growth bid across community safety and children's social care services. This is in-line with the development of an overarching strategy to respond to violence, vulnerability and exploitation.</p> <p>This initiative seeks funding for three elements:</p> <ul style="list-style-type: none"> • To make current non-recurrent growth permanent - currently circa £0.2m per year to continue funding for our successful A&E, Gangs and Public Safety Project and Serious Organised Crime Projects. • To provide £70k ongoing funding for the new Children's Services Exploitation team. • To establish a new commissioned service for gang workers to give intensive one to one support to young adults (aged 19 to 25 years), who are involved in or at risk of gang or group violence. As well as a separate commissioned service for gang workers to provide similar support to young people aged under 18 years. <p>This will help to reduce offending, and enable gang exit. This is a gap in the current service model.</p>

Budgeted Outcomes/ Accountability (Focus on Improved performance)**Outcomes:**

- reduction in re-offending and repeat victims of knife crime
- comprehensive support, advice and information is given to those affected by violence
- vulnerable individuals are offered Education, Training and Employment / WorkPath to improve their opportunities
- victims are identified and both they and their families are safeguarded
- children and vulnerable communities are protected from exploitation by serious organised criminal gangs
- council, police and local services get community information on tensions, hotspots and get opportunities to provide multi-agency early interventions to prevent escalation
- improved borough resilience.

Risks & Implications**Key Service/Corporate risks**

- Organised crime, serious violence and associated ASB go up.
- Increase in knife crime, serious organised crime and gang culture in the borough continues to impact on public perception and increase the strain on resources such as NHS, schools, mental health services and police.
- Vulnerable people are exploited by serious organised crime
- Resident dissatisfaction increases and complaints about ASB and crime increase to the council.
- Perceptions and feelings of safety deteriorate.
- Partners, such as the police, undergoing internal restructure or strategic change could impact on the delivery of the multi-agency team.
- There is a risk to the improvement journey if the current response to this cohort of high risk children is not maintained and even declines.
- The community do not accept child exploitation as an issue and do not support the council in delivering and meeting this need.
- An increase in gang culture will undoubtedly have a wider impact on public safety.
- This proposal will help reduce the council's reputational risks. It aims to address community concerns relating to community safety and the level of violence. Action to tackle these problems will reassure residents.

Value for Money & Efficiency**Violence and serious organised crime**

The Metropolitan Police Service will provide in-kind match funding of one sergeant and five constables for the integrated gang unit model. This £415,000 match funding represents a 145 per cent added investment on top of the council's funding.

Benchmarking:

The 2016-17 net expenditure of Tower Hamlets on community safety (crime reduction) was £3.7m. This compares to an average net expenditure of £1.6m for 16 statistical neighbour London local authorities. Tower Hamlets had the second highest spend after Southwark (£4.4m), with Newham being third with £3.4m. The community safety (crime reduction) category measures expenditure that cannot be clearly or properly allocated to any other specific service, and includes fees paid to police forces to secure extra police across the borough and the cost of providing crime prevention advice. It excludes crime reduction appropriate to the housing revenue account.

Appendix 4

SAVINGS

Title	Reference	Strategic Priority Outcome	Directorate	2019-20 £'000	2020-21 £'000	2021-22 £'000	Total £'000
Governor Services - Service Redesign	SAV / CHI 001 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Children's Services	(150)	-	-	(150)
Adoption Allowances	SAV / CHI 002/ 19-20	1.2 Children and young people are protected so they can realise their potential	Children's Services	(150)	(50)	(50)	(250)
Fostering Grants Underspend	SAV / CHI 003 / 19-20	1.2 Children and young people are protected so they can realise their potential	Children's Services	(150)	-	-	(150)
Sharing Costs with CCG for Children With Disabilities	SAV / CHI 004 / 19-20	1.2 Children and young people are protected so they can realise their potential	Children's Services	-	(600)	-	(600)
Parent and Family Support Services (Traded Model)	SAV / CHI 005 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Children's Services	-	(150)	-	(150)
Community Language Service	SAV / CHI 006 / 19-20	1.1 People access a range of education, training, and employment opportunities	Children's Services	(31)	(350)	(250)	(631)
Efficiencies in Commissioned Services for Adult Social Care	SAV / HAC 001 / 19-20	1.3 People access joined-up services when they need them and feel healthier and more independent	Health, Adults and Community	-	-	(1,000)	(1,000)
Integrated Commissioning Efficiencies	SAV / HAC 002 / 19-20	1.3 People access joined-up services when they need them and feel healthier and more independent	Health, Adults and Community	(100)	(190)	-	(290)
Promoting Independence and in Borough Care for Adults with Disabilities	SAV / HAC 003 / 19-20	1.3 People access joined-up services when they need them and feel healthier and more independent	Health, Adults and Community	-	-	(700)	(700)
Street Naming & Numbering Fee Restructure	SAV / PLA 001 / 19-20	3.2 The Council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for residents	Place	(100)	-	-	(100)
Appropriation of Housing Revenue Account (HRA) Shops to General Fund (GF)	SAV / PLA 002 / 19-20	4.1 Not strongly aligned	Place	(800)	-	-	(800)
Part of London Homelessness Prevention Procurement Hub ("Capital Letters")	SAV / PLA 003 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Place	(100)	(200)	-	(300)
Economic Development Service Efficiencies	SAV / PLA 004 / 19-20	1.1 People access a range of education, training, and employment opportunities	Place	(40)	-	-	(40)
Parking – Operational Changes and Policy Review	SAV / PLA 005 / 19-20	2.1 People live in a borough that is clean and green	Place	-	(500)	(329)	(829)
Waste Fleet Alternative Funding	SAV / PLA 006 / 19-20	2.1 People live in a borough that is clean and green	Place	-	(1,800)	-	(1,800)
Improvements in Self Service and Digital uptake for Council Tax and Business Rates	SAV / RES 001 / 19-20	3.1 The Council is open and transparent putting residents at the heart of everything we do	Resources	-	-	(200)	(200)
Reduction in Funding for Discretionary Rates Relief	SAV / RES 002 / 19-20	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	Resources	-	(220)	-	(220)
Phase 2 Local Presence - putting Digital First	SAV / ALL 001 / 19-20	3.3 The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement	Cross-Directorate / Resources	-	-	(700)	(700)
Counter Fraud Initiatives	SAV / ALL 002 / 19-20	3.1 The Council is open and transparent putting residents at the heart of everything we do	Cross-Directorate / Resources	-	-	(100)	(100)
Contract Management	SAV / ALL 003 / 19-20	3.1 The Council is open and transparent putting residents at the heart of everything we do	Cross-Directorate / Resources	-	(500)	(1,000)	(1,500)
Reduction in Enabling and Support Services Costs	SAV / ALL 004 / 19-20	3.1 The Council is open and transparent putting residents at the heart of everything we do	Cross-Directorate / Resources	(50)	-	(1,500)	(1,550)
Asset Management Service	SAV / ALL 005 / 19-20	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	Cross-Directorate / Place / Children's Services	-	-	(500)	(500)
Mainstream Grants (MSG) Alternative Delivery Model	SAV / ALL 006 / 19-20	3.3 The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement	Cross-Directorate	-	-	(330)	(330)
Greater Commercialisation	SAV / ALL 007 / 19-20	3.1 The Council is open and transparent putting residents at the heart of everything we do	Cross-Directorate / Resources	-	(1,000)	(1,500)	(2,500)
				(1,671)	(5,560)	(8,159)	(15,390)

Project Title	Governor Services - Service Redesign
Reference	SAV / CHI 001 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Danny Hassell
Directorate	Education & Partnerships
Service Area	School Governance & Information
Lead Officer	Christine McInnes

Executive Summary

In the recent financial climate Children's Services and Schools have started to see a reduction in funding. As a result Governor Services has also experienced a reduction in the take-up of the service. Other reasons that affected the take-up of SLAs include where schools converted to an Academy (and wished to detach themselves from the LA); and where schools were unhappy with the service received. The reduction of the SLAs has resulted in a variable income and this has made budget management more challenging.

It is proposed to undertake a service redesign of Governor Services for the following reasons:

- To redesign the service to ensure that the service is streamlined, consistent, provides value for money and contributes to school improvement. This in turn will ensure that the service is recognised and valued both internally and by stakeholders. An increased training offer will also promote the service and enable income generation.
- A valued service will promote the service and ensure that there is continued buy-in from schools. This in turn will ensure that there is a strong traded account.
- The service redesign will also identify savings which are necessary to achieve a balanced budget, and be more cost-effective going forward.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	Significant weaknesses identified as part of the audit into the viability of the service suggest more efficient models needs to be considered	If no actions are taken this will leave the service vulnerable and may lead to the dissolution of the entire traded service.	Potential loss of a valuable service that contributes towards school improvement and supports early intervention work	348.4k	0
2	Second the service to Tower Hamlets Education Partnership (THEP)	This may be an option in the future, however the Service Redesign has no actual bearing on (if and) when Governor Services should be transferred to	Although the service would need to work in partnership with THEP, there has been no progress in the service moving under THEP at this stage.	Delay in achieving savings.	348.4k	TBA

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		THEP. In fact, a more streamlined service and with clear traded account will mean that the transfer to THEP (should this be agreed) would be easier.				
3	Redesign the service	Business case currently being developed which will provide a model to achieve the MTFS savings target.			£348.4k	£150k

Recommended Option

Option 3 – the most viable option to achieve the desired outcomes detailed in the Executive summary.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
G20	81680	348.4	150			150
		Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
		11.0	TBA			

Project Title	Adoption Allowances
Reference	SAV/ CHI 002/ 19-20
Strategic Priority Outcome	Children and young people are protected so they can realise their potential
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Children's Social Care
Lead Officer	Richard Baldwin

Executive Summary

Currently there is a base budget of £610,000 for adoption allowances. For 2018/19 we have a projected spend of £453,232. The proposal is to give up our underspend as a savings target for 2019/20.

Most other Local Authorities provide a time-limited period of financial support to Adopters. Our current provision is more open ended, and this will now be brought into line with practice in other Local Authorities.

It is proposed that adoption allowances are reviewed in line with the Adoption Support Services Regulations 2005 which sets the criteria eligibility. This process is expected to reduce our spend further in order to meet the savings target of £250,000 over 3 years

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	We maintain a generous level of resource for this activity.	<ul style="list-style-type: none"> This is not an effective use of resources. 	<ul style="list-style-type: none"> The limiting of allowances could deter some adopters from adopting children from using Tower Hamlets. There is a potential concern that the financial modelling of the RAA has factored in the current budget for Adoption Allowances into the budget projections for the RAA. Any subsequent reduction may adversely affect these projections. 	610k	0
2	To reduce the budget to achieve savings.	<ul style="list-style-type: none"> The budget accurately reflects level of spend, and brings us into line with a number of other LA's. 	<ul style="list-style-type: none"> We potentially expose ourselves to demand pressures and "spikes". 	<ul style="list-style-type: none"> Insufficient funding should demand change. 	610k	250k

Recommended Option

Option 2

Budget Projection and Staffing Impact
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Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
G54	84337	610	150	50	50	250

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22

Project Title	Fostering Grants Underspend
Reference	SAV/ CHI 003 / 19-20
Strategic Priority Outcome	Children and young people are protected so they can realise their potential
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Social Care
Lead Officer	Richard Baldwin

Executive Summary

All foster carers get an allowance to cover the costs of fostering children in local authority care. In Tower Hamlets we supplement this allowance with a number of grants to cover holidays, festivals and birthdays so foster carers can do extra activities with the children. The amount of the grant is dependent on the child's age and whether they are short or long term fostered. Very few other Local Authorities provide the supplementary allowances as we continue to, in this respect the availability of the allowance is an anomaly.

It is also important to note that the take-up of these allowances over the past two years has been very low. The total budget for the grants is currently £240,000. In 2017/18 there was an actual spend of £89,324 and for 2018/19 there is a projected spend of £82,825. The underspend has been approx. £150k each year, therefore it is proposed to offer this under spend as a saving and reduce the 2019/20 budget to £90,000 to reflect commitment.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Reduce budget	Release non committed budget for savings	None	None	240k	150k
2	Do nothing	Underspend will net off against other Social care pressures	No incentive to manage pressured budgets	None	240k	0

Recommended Option

Option 1

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
G54		240	150			150

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22

Project Title	Sharing Costs with CCG for Children with Disabilities
Reference	SAV / CHI 004 / 19-20
Strategic Priority Outcome	Children and young people are protected so they can realise their potential
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Children's Social Care
Lead Officer	Richard Baldwin

Executive Summary

Under section 26 of the Children and Families Act 2014, local authorities and their partner agencies which include Clinical Commissioning Groups (CCGs) are required to make joint commissioning arrangements for education, health and care provisions. Based on LBTH's LAC cohort as at April 2018, there were 12 young people (in residential placements) who are eligible for joint funding. The total weekly cost is £57.6K for these 12 young people. This is currently being paid by Children Social Care (CSC) and SEND Service. With joint funding in place, CCG contribution towards the cost could be up to 20 % (approx. £600k) although it acknowledged that the actual contribution will be based on the assessed need.

Discussions are currently in place between LA and CCG's to agree and implement a process for jointly funding placements for CWD. A protocol will be agreed once confirmed.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1.	Do nothing	None	Savings are not achieved	LA continue to bear the full cost of the placement	Approx. £3m for 12 CWD clients eligible for joint funding	0
2	Implement process for recovery of income for children looked after placements who are eligible for joint funding	<ul style="list-style-type: none"> Savings would be achieved through income generation Placements would be jointly funded based on needs of child 	None	CCG's fail to acknowledge their responsibilities and do not make contributions – LA debt would increase.	Approx. £3m for 12 children looked after who are eligible for joint funding	£0.600m

Recommended Option

Option 2 enables full savings to be delivered

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
G58		5,073	0	600	0	600

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
N/A	N/A	N/A	N/A	N/A

Project Title	Parent & Family Support Services (Traded Model)
Reference	SAV / CHI 005 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Danny Hassell
Directorate	Children's Services
Service Area	Learning & Achievement (Parental Engagement & Support)
Lead Officer	Christine McInnes

Executive Summary

The Parent and Family Support Service (PFSS) provides a range of statutory and discretionary support and advice to parents and families including 1:1 and casework support, advice and information, seminars and parent networks, SEND and disabilities advice and holiday childcare.

The PFSS is funded through a mixture of General Fund, Designated School Grant, external grant and the sale of service level agreements. It has recently undergone restructuring as part of the Early Help restructure. The current service General Fund budget is £1.4m with 40% spent on statutory and 60% on discretionary services. Following the restructure the deletion of the Head of School Safeguarding team is proposed with these duties moving to the Virtual Head teacher for Looked After Children. This would realise a saving of circa £90K.

Currently the service generated £240k income through trading their services. It is also proposed to target an increase in the traded discretionary services income of an additional £60k a year.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Traded Model	-clearly identified cost to specific activities and this would help to make informed decisions about the level of resourcing the council chooses to invest -approach could help manage demand by making a defined level of resourcing available for	<p>The redefinition of the interpretation of statutory services which reduces services/moves to a payment model may result in pressures elsewhere in the system. So if SEND advice, information and case work are reduced this could increase SEND Tribunals.</p> <p>Cost will be picked up by other parts of the council, for example 'Seminars/networks/information for staff' will be charged paid from the HR budget or individual service with an added administration cost.</p> <p>A reduction in capacity to meet council priorities of community</p>	Reputational-nationally the SEND sector is leading high profile media campaigns challenging council decision making and any reductions in services. TH is particularly vulnerable as pressures on the High Needs Funding Block (which is not linked to pupil numbers) will result in service reductions over the next 18	£1.411m	£150k

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		identified activities for example £60 for mandated parenting programmes	engagement, support for vulnerable families, early help	months as we try to reduce overspends. -Priority service delivery -important contributor to the emerging Early Help service provision.		
2	Traded & deletion of post	More realistic cost The changes would be achieved within a planned streamlining of the division		Risks as above but considerably mitigated. The potential risks in school safeguarding would be mitigated prior to the proposed change being made.		
3	Do nothing	Services continue as now	Financial pressures in the division to be met from other budgets	Disproportionate reduction in other services	£1.411m	0

Recommended Option

Option 2

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
G19		1,411		150		150

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
	Deletion of Head of School Safeguarding post by March 2020			

Project Title	Community Language Service
Reference	SAV / CHI 006 / 19-20
Strategic Priority Outcome	People access a range of education, training, and employment opportunities
Lead Member	Councillor Amina Ali
Directorate	Children's Services
Service Area	Sport, Leisure and Culture
Lead Officer	Judith St. John

Executive Summary

It is proposed to support the council's non-statutory Community Language Service to move to a self-funding model by 2021/22.

In other London boroughs, out of school community language classes are run by voluntary sector and other providers on a fee-paying basis, much in the same way as other private tuition after school. No other local authorities provide this model of fully subsidised (no cost to the learner) service.

In order to support the move to a self-funded service it is proposed that current CLS is supported to undergo a transition in phases over three years to develop a sustainable fee-charging model which covers its own costs.

Options Analysis

Option	Description Title	Benefits	Dis-benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Move to a self-funded model for the Community Languages Service	There are no requirements regarding the specific obligations for local authority delivery of out of school languages services	- Part-time teaching staff would face compulsory redundancy.	- Equalities implications of ceasing the delivery of a service where +90% of the service users are from the Bangladeshi community. Other minority ethnic communities would also be affected. - Redundancy and Early Retirement costs to be identified and met separately from corporate budgets	684.4k	631k
2	Service redesign – commission a programme of out of	Some tuition would remain but on a fee-paying basis	- Part-time teaching staff would face compulsory redundancy.	- Introduction of fees would impact on the delivery of a service where	684.4k	200k

Option	Description Title	Benefits	Dis-benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	school community languages through voluntary sector providers		<ul style="list-style-type: none"> - Learners would have to pay for the service - Cost of administration of service would increase as a result of having to collect fees. - Monitoring of the quality of the commissioned programme would remain with the local authority 	<ul style="list-style-type: none"> - +90% of the service users are from the Bangladeshi community. Other minority ethnic communities would also be affected. - Redundancy and Early Retirement costs to be identified and met separately from corporate budgets 		

Recommended Option

Option 1

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
E48	83260	684.4	31	350	250	631

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
18.9	0.9	11	7	18.9

Project Title	Efficiencies in Commissioned Services for Adult Social Care
Reference	SAV / HAC 001 / 19-20
Strategic Priority Outcome	1.3 People access joined-up services when they need them and feel healthier and more independent. 3.2 The Council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for residents.
Lead Member	Cllr Denise Jones
Directorate	Health, Adults and Community
Service Area	Integrated Commissioning
Lead Officer	Warwick Tomsett

Executive Summary

This saving proposal serves to increase the independence, choice and control of service users, and utilise increased efficiencies to ensure that Tower Hamlets net expenditure on services for adults is decreased to benchmark well against the average of statistical neighbour London local authorities.

The saving will mainly be achieved through:

- Reduced use of residential care home placements, supporting residents to remain in their own homes
- Reduced placement unit costs through effective contract arrangements
- Increased use of extra care supported housing and other in-borough alternatives to residential care
- Efficiencies through more integrated commissioning of services with the NHS, to provide efficiency savings across the health and social care system.
- Efficiencies through re-procurement of contracts for services as they come up for renewal

In 2016-17 Tower Hamlets had gross expenditure of £116m for adult social care. This was 6th highest of the 16 London Boroughs in our statistical neighbours group.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs (£000's)	Proposed Annual Savings (ROI) (£000's)
1	Commissioning efficiencies through price negotiations	<ul style="list-style-type: none"> • Minimal changes to service offer. 	<ul style="list-style-type: none"> • Reduced level of savings 	<ul style="list-style-type: none"> • Cost pressures for providers increase over the next three years and negate opportunities. 	68,775	250
2	Commissioning efficiencies from price negotiations and service redesign	<ul style="list-style-type: none"> • Improved effectiveness of services through redesign and coproduction. • Sustainable level of savings in line with contract renewal dates. 	<ul style="list-style-type: none"> • Some service redesign may require changes to where services are provided, and involve client moves to new properties. 	<ul style="list-style-type: none"> • Potential slippage due to time taken for co-production. • Service users are not communicated with effectively about changes. 	68,775	1,000

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs (£000's)	Proposed Annual Savings (ROI) (£000's)
3	Commissioning efficiencies and service reductions (including 40% reduction in Supporting People contracts)	<ul style="list-style-type: none"> Highest level of savings 	<ul style="list-style-type: none"> Reduced Supporting People direct provision (including hostels, floating support and domestic violence refuges). Reduction in preventative services that prevent/delay escalation in needs. 	<ul style="list-style-type: none"> Increased downstream activity and cost pressures for mental health and housing services offset the savings made. Reputational risk from decreased services provided to vulnerable residents. 	68,775	3,000

Recommended Option

Option 2

Budget Projection and Staffing Impact

Service Area	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
Adults with disabilities	Placement cost centres	68,775	NIL	NIL	1,000	1,000

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22

Project Title	Integrated Commissioning Efficiencies
Reference	SAV/ HAC 002 / 19-20
Strategic Priority Outcome	1.3 People access joined-up services when they need them and feel healthier and more independent. 3.2 The Council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for residents.
Lead Member	Cllr Denise Jones
Directorate	Health, Adults and Community
Service Area	Integrated Commissioning
Lead Officer	Warwick Tomsett
Executive Summary	
<p>The creation of an Integrated Commissioning service enables the amalgamation of some budgets and functions/processes, creating greater efficiencies.</p> <p>This saving proposal aims to continue to maintain the Tower Hamlets adult social care commissioning cost below the average of statistical neighbour local authorities, through the stream-lining of commissioning practice and processes, including utilising digitalisation. This proposal would not have a staffing impact.</p>	

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Reduce non-pay expenditure by 22%	<ul style="list-style-type: none"> Easily achievable without any impact on commissioning function. 	<ul style="list-style-type: none"> Will generate lower savings. 	<ul style="list-style-type: none"> Minor potential impact on delivery of commissioning activities. 	£654k	£145k
2	Reduce non-pay expenditure by 44%	<ul style="list-style-type: none"> Generates sustainable savings that can be managed within Integrated Commissioning, without impacting direct services. Will generate higher savings. 	<ul style="list-style-type: none"> Will require careful prioritisation of non-pay spend to ensure that commissioning function is not impaired. 	<ul style="list-style-type: none"> Non-pay expenditure supporting added value may need to be reduced, however it is believed this can be done without impacting the function through the efficiencies of amalgamated budgets. 	£654k	£290k

Recommended Option

Option 2

Budget Projection and Staffing Impact

Service Area	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
Integrated Commissioning	Premises, Supplies & Services, Support Services, and Transport	654	100	190	NIL	290

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
N/A	N/A	N/A	N/A	N/A

Project Title	Promoting Independence and in Borough Care for Adults with Disabilities
Reference	SAV/ HAC 003 / 19-20
Strategic Priority Outcome	1.3 People access joined-up services when they need them and feel healthier and more independent. 3.2 The Council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for residents.
Lead Member	Cllr Denise Jones
Directorate	Health, Adults and Community
Service Area	Adult Social Care
Lead Officer	David Jones
Executive Summary	
<p>This saving proposal serves to increase the independence, choice and control of service users, utilise increased efficiencies and income generation bring Tower Hamlets net expenditure on services for adults with disabilities into line with similar boroughs. These changes will prioritise seeking alternative approaches which encourage independence and choice for residents.</p> <p>The outputs and outcomes that will be achieved include:</p> <ul style="list-style-type: none"> • More adults supported to remain at home independently for longer. • Increased number of direct payments, homecare, supported living and shared lives placements. • Increased identification of direct payment surpluses, allowing surpluses to be returned to the Council and ongoing levels of direct payments reviewed in line with Care Act eligibility. • Increased number of clients as a result of demographic growth, and resulting income, from means-tested financial contributions to care. <p>Methods to achieve these outcomes:</p> <ul style="list-style-type: none"> • Regular mental health and learning disabilities placement panels to identify alternative options to residential care. • Work with external support such as Alder Advice to identify savings to be achieved by supporting service users in out of borough placements to move back into the borough. • Review of individual care packages to ensure these are promoting independence as well as meeting service user needs in line with the Care Act. • Implementation of prepaid cards to support the setting up and monitoring of direct payments. • Review the way that nutritional needs of service users are met. • Review the way that transport needs are met, to ensure that services meet user needs in the most cost effective manner. • Transform the way that day opportunities are provided, increasing the use of outreach activities and community hub models, and reviewing building based services. <p>Efficiencies and income generation in services for adults with disabilities.</p> <ul style="list-style-type: none"> • More adults supported to remain at home independently for longer. • Increased number of direct payments, homecare, supported living and shared lives placements. • Increased identification of direct payment surpluses, allowing surpluses to be returned to the Council and ongoing levels of direct payments reviewed in line with Care Act eligibility. • Increased number of clients, and resulting income, from means-tested financial contributions to care. 	

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs (£000's)	Proposed Annual Savings (ROI) (£000's)
1	Efficiencies from more effective systems and reviews of care packages.	<ul style="list-style-type: none"> Reduced level of changes to service offer. 	<ul style="list-style-type: none"> Reduced level of savings. 	<ul style="list-style-type: none"> Upgrade of the social care database temporarily reduces access to timely data for performance monitoring and decision making. 	68,775	350
2	Efficiencies from more effective systems and reviews of care packages, and transforming the way that services are provided to improve independence.	<ul style="list-style-type: none"> Improved effectiveness of services through redesign. Increased independence and quality of life for service users. Improves financial sustainability of services. 	<ul style="list-style-type: none"> Some service redesign may require changes to where services are provided, and involve client moves to new properties. 	<ul style="list-style-type: none"> Potential slippage due to time taken for review of methods of service delivery. Service users are not communicated with effectively about changes. Reputational risk from different services provided to vulnerable residents. That the migration of service user data to the upgraded social care database is not timely and accurate. 	68,775	700

Recommended Option

Option 2

Budget Projection and Staffing Impact

Service Area	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
Adults with disabilities	Placement cost centres	68,775			700	700

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22

Project Title	Street Naming & Numbering Fee Restructure
Reference	SAV / PLA 001 / 19-20
Strategic Priority Outcome	3: A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our Borough
Lead Member	Rachel Blake
Directorate	Place
Service Area	Planning & Building Control
Lead Officer	Owen Whalley

Executive Summary

The Street Naming & Numbering Team is based in Planning & Building Control and has over the last few years provided this service with a small core team partly funded by general fund and partly funded by a small fee-based income.

The objective going forward is to enable this team to be fully funded by income only.

Rather than applying the current flat fee where applications are made within defined plot bands (1-5, 6-10, 11-20 etc.), this proposal would introduce a 'per unit' charging rationale. The rationale would apply to all applications where three or more addresses are being created and/or regularised. A 'per unit' charge would be an approach consistent with many other benchmarked London authorities.

The proposal includes an exception which would apply to applications for the addressing of up to two residential units. The exception would mean that development involving the creation/regularisation of one or two residential addresses would be without charge but any application for more than two would attract a fee for all units requested.

Options Analysis

Option	Description Title	Benefits	Dis-benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	No increase	<ul style="list-style-type: none"> Developers understand costs All applicants pay 	<ul style="list-style-type: none"> Not maximising potential income Fees still charged for small/self-build builder at 1 to 2 units Does not make any saving 	Development reduces and income missed		£100k
2	Increase fees in line with existing model as % uplift	<ul style="list-style-type: none"> Constrains increases for larger developments Increases income 	<ul style="list-style-type: none"> Does not maximise potential fee income Unlikely to make enough saving 	<ul style="list-style-type: none"> Missing income generating opportunity 		£100k
3	Introduce new fee	<ul style="list-style-type: none"> Provides a transparent and 	<ul style="list-style-type: none"> Large-scale applicants may 	<ul style="list-style-type: none"> Unfunded posts due to 		£100k

Option	Description Title	Benefits	Dis-benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	charging methodology to enable income-funded service	<p>clearly understood 1 for 1 charge rate;</p> <ul style="list-style-type: none"> • New approach will not charge a fee for up to 2 residential units, not penalise modest self-build projects or small scale conversions • Rebalances the charging schema away from one favouring large developers • Encourages small domestic developers to engage in SNN process • Secures non general-fund stream for service • Raises income 	<p>challenge rational re: new charging model</p> <ul style="list-style-type: none"> • Switch to income funded approach introduces degree of year-on uncertainty re: demand-based 	no income		

Recommended Option

Option 3 – New Fee Methodology to enable Income Funded Service

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
J06	70409	125	100	0	0	100

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
3.2	0	0	0	0

Project Title	Appropriation of Housing Revenue Account (HRA) Shops to General Fund (GF)
Reference	SAV / PLA 002 / 19-20
Strategic Priority Outcome	Not strongly aligned
Lead Member	Cllr Ronald
Directorate	Place
Service Area	Asset Management
Lead Officer	Richard Chilcott

Executive Summary

The Council owns more than 200 shops that are accounted for in the Housing Revenue Account (HRA).

International Financial Reporting Standards require that these properties are categorised according to the purposes for which the Council holds them. Where the purpose for holding a property is not related to the provision of housing, the property should not be held in the HRA. These shops have remained in the HRA as a result of originally being provided as part of neighbourhood development but they no longer contribute to the achievement of a housing objective.

It is therefore proposed to move the accounting for the shops from the HRA to General Fund therefore generating rental income stream to the General Fund. This would have no tangible impact on the shops themselves just the council's accounting for them.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
Appropriate HRA shops to the GF	Appropriate HRA shops to the GF	<p>The GF would receive the rental income from the shops</p> <p>The HRA would have a lower CFR and would therefore pay lower interest charges each year and would have more borrowing headroom available</p>	<p>The HRA would lose the rental income from the shops</p> <p>The GF would have a higher CFR and would therefore pay higher interest charges each year</p>	The GF would be responsible for all costs relating to the properties such as repairs and health and safety works	<p>Approximately £500k - £300k relating to repairs, NNDR, insurance, and £200k cost of managing the assets</p> <p>These costs would be charged to the GF if the shops are appropriated to the GF</p>	<p>Estimated £800k net savings to the GF</p> <p>(the estimated saving takes account of the rental income less the costs associated with managing the properties and the increased interest charge that the GF would be liable for)</p>

Recommended Option

Appropriate HRA shops to the GF

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
	70905	GF - 0	800	0	0	800

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
0	0	0	0	0

Project Title	Pan-London Homelessness Prevention Procurement Hub ("Capital Letters")
Reference	SAV / PLA 003 / 19-20
Strategic Priority Outcome	Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Councillor Shiraz Islam
Directorate	Place
Service Area	Housing Options - Homelessness
Lead Officer	Mark Baigent

Executive Summary

The Mayor in Cabinet on 26th September 2018 approved the decision for the Council to join "Capital Letters", a Company Limited by Guarantee that will be established by the London boroughs.

<http://democracy.towerhamlets.gov.uk/documents/s134639/6.5%20Pan-London%20Homelessness%20Prevention%20Procurement%20Hub%20Capital%20Letters.pdf>

Capital Letters is a proposed joint endeavour between a group of London boroughs to reduce the costs of temporary accommodation and deliver improved outcomes for homeless families, by jointly procuring and managing accommodation across London.

London Housing Directors and the officer team at London Councils have been working on a model which will enable better outcomes for homeless and at risk households as well as for councils. The proposal is to establish a not for profit company, called "Capital Letters".

The establishment of Capital Letters is being supported by MHCLG using top-sliced Flexible Homelessness Support Grant, to alleviate the costs to boroughs of providing accommodation and to encourage greater efficiency, provide extra staffing, IT and other resources to increase supply and improve the service offered to both tenants and landlords.

By removing unhelpful competition and duplication of effort, and by providing an organisation to represent a large group of London boroughs, it is intended to offer a simpler and more straightforward interface for landlords, managing agents and developers anywhere in London who are able to provide properties for those families and other households most in need of accommodation.

It is anticipated that Capital Letters will grow in phases, with an initial number of boroughs joining in the first year, followed by phase two a year later, and eventually including, if not all, then the clear majority of London boroughs.

Capital Letters will be established as a not-for-profit Company Limited by Guarantee, wholly owned by the member boroughs. Boroughs must become members of the company in order to participate in and benefit from its activities and access the additional MHCLG funding.

By the end of the third year of operation it is envisaged that Capital Letters will have a staff complement of around 270 officers and an annual income of £238m. By this stage it will have secured almost 20,000 additional properties to help prevent and tackle homelessness, and will have an estimated 13,000 properties either fully or partially under its management.

For Tower Hamlets, officers propose seconding at least 2 members of staff in order to procure an estimated 220 properties per year, including c.120 leased properties for use as temporary accommodation for accepted homeless families and c.100 private tenancies for prevention of homelessness. At this level of involvement, officers estimate a potential saving of around £300,000.

Options Analysis

Option	Description Title	Benefits	Disbenefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
Pan-London Homelessness Prevention Procurement Hub	Procurement of temporary accommodation	A reduction in the costs of temporary accommodation, together with an increase in the provision of local properties.	-	Dependent upon the number of authorities becoming members of the company and the provision of sufficient units to meet demand.	Gross Budget re temporary accommodation procurement: £27.4 million Net budget: £1.7 million	£300k after two years

Recommended Option

Membership of 'Capital Letters' approved by Cabinet – 26th September 2018

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
J40	10146 / 10148 / 10182 / 10186	1,704 (Net)	100	200	0	300

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
n/a	n/a	n/a	n/a	n/a

Project Title	Economic Development Service Efficiencies
Reference	SAV / PLA 004 / 19-20
Strategic Priority Outcome	1.1 People access a range of education, training, and employment opportunities
Lead Member	Motin Uz-Zaman
Directorate	Place
Service Area	Growth & Economic Development
Lead Officer	Vicky Clark

Executive Summary

Savings to be achieved through service efficiencies resulting from a restructure of the Growth and Economic Development team.

Options Analysis

Option	Description Title	Benefits	Dis-benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Service Efficiencies within Growth and Economic Development team.	<ul style="list-style-type: none"> Deliver savings 	<ul style="list-style-type: none"> Potential Staff Reductions 	<ul style="list-style-type: none"> Potential delays in restructure implementation into 2019/20. 	£2,155	£40k

Recommended Option

Option 1 above

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
J24	21470	2,155	40	0	0	40

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
43	1	0	0	1

Project Title	Parking – Operational Changes and Policy Review
Reference	SAV / PLA 005 / 19-20
Strategic Priority Area	People live in a borough that is clean and green
Lead Member	David Edgar
Directorate	Place
Service Area	Parking
Lead Officer	Dan Jones

Executive Summary

This saving proposal comprises a mix of operational improvements, the introduction of a more flexible and environmentally friendly service and potential outcomes from a review of parking policies, to be implemented for 2020/21. These proposals are:

- An all-zone multi-purpose permit for car club point to point models for vehicles
- We will review our parking policies, operations, processes and trends to ensure that these reflect the correct operational balance between public safety, controlling the level of demand for parking against a background of continual growth, promoting more sustainable methods of travel and meeting residents and business aspirations for ease of access.
- A new cashless parking model, reducing the risks around cash transactions whilst continuing to automate process components within the parking operations.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	all-zone multi-purpose permits (Car club) point to point	<p>Air quality benefits linked to vehicle CO2 emissions very helpful to residents in car-free areas</p> <p>Over the last five years the Council has provided a number of car club companies with specific bays in order to support this more sustainable form of transport</p>	Impact on parking bays resulting in a reduction of available space, though the provision of car club facilities may reduce the number of residents who decide to buy or keep a car and therefore reduce the demand on resident parking spaces.	<p>Although the new strategy has been implemented successfully in cities in Europe, the United States and other countries, it has not been in place for long enough in the UK for UK and in particular London local authorities to assess the levels of risk.</p>	Contained within existing budget envelope	£200k

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
2	Parking Review - outcomes	Income increases or reductions in service delivery costs from the Parking Review		▪		£180k from 2020/21 £329k from 2021/22
3	new cashless parking model	Improved efficiency through appropriate use of ICT in automating process components	▪	▪	Contained within existing budget envelope	120

Recommended Option

Pursue the range of options detailed

Budget Projection and Staffing Impact

Service/Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
E24	53250	(4,202)		500	329	829

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
tbc	0	0	0	tbc

Project Title	Waste Fleet Alternative Funding
Reference	SAV / PLA 006 / 19-20
Strategic Priority Area	People live in a borough that is clean and green
Lead Member	David Edgar
Directorate	Place
Service Area	Waste - Public Realm
Lead Officer	Dan Jones

Executive Summary

The original budget for the new in-house waste service includes an allocation of approximately £1.8M of revenue contributions to capital, however, by integrating the £13.2m capital requirement within the Councils Capital Programme and using the most efficient funding source, this provision can be offered as a saving to the General Fund.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Waste Fleet Alternative Funding	Air quality benefits linked to vehicle CO2 emissions very helpful to residents in car-free areas Supports more effective and reliable collections and cleansing service			Contained within existing budget envelope of outsourced contract	£1.8m

Recommended Option

Option 1 above

Budget Projection and Staffing Impact

Service/Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
E15	53110; 53111; 53128	15,504		1,800		1,800

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
N/A	0	0	0	N/A

Title	Improvements in Self Service and Digital uptake for Council Tax and Business Rates
Reference	SAV / RES 001 / 19-20
Strategic Priority Outcome	3.1 The Council is open and transparent putting residents at the heart of everything we do
Lead Member	Cllr Candida Ronald
Directorate	Resources
Service Area	Revenue Services
Lead Officer	Roger Jones

Executive Summary

A number of improvements are being developed on the Civica Open Revenues system which is used for Council Tax and Business Rates collection. These will improve our self-service options and automate a lot of the contact that currently requires manual intervention to update accounts and respond to enquiries on Council Tax and Business Rates. It is anticipated the more efficient service could provide scope for savings of £200k by 2021/22.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	<ul style="list-style-type: none"> Reduce staff levels as a result of take up of self-service options 	<ul style="list-style-type: none"> Costs reduced and more efficient systems in place 	<ul style="list-style-type: none"> Less Face to face/Phone contact with the Council. 	<ul style="list-style-type: none"> Channel shift in not achieved with residents preferring to make direct contact 	£2,242k	£200k

Recommended Option

Option 1 above

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
Council Tax Admin/R36	23410;23440	2,242	0	0	200	200

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
37	0	0	5	5

Title	Reduction in Funding for Discretionary Rates Relief
Reference	SAV / RES 002 / 19-20
Strategic Priority Outcome	1.4 Inequality is reduced and people feel that they fairly share the benefits from growth
Lead Member	Cllr Candia Ronald
Directorate	Resources
Service Area	Revenue Services
Lead Officer	Roger Jones

Executive Summary

The proposal is to review the Council's existing discretionary rates relief scheme to ensure that it is still providing appropriate support to local businesses and is in line with what other boroughs are doing. Any changes will be considered in the context of the newly adopted approach to grants. Options for a new scheme will need to be developed but it is anticipated that there is scope for efficiencies in the approach we take.

Discretionary business rates relief is awarded as either a top up (20%) for those awarded 80% rate relief under the Governments Mandatory Relief scheme for registered charities or up to 100% can be awarded where the organisation is not a registered charity, but could be a community interest company or not for profit organisation.

The table below shows the current awards;

	No. of Organisations	Total current award
Discretionary charitable relief (20%)	182	£507,910
Discretionary not for profit Relief (100%)	13	£178,349
Total	195	£686,259*

*LBTH Share is 64%

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	<ul style="list-style-type: none"> Review and reduce the level of discretionary relief award 	<ul style="list-style-type: none"> Costs reduced and income increased 	<ul style="list-style-type: none"> Charities and not for profit organisations would have an increase in their costs 	<ul style="list-style-type: none"> Reducing funding could result in charitable and voluntary organisations leaving the borough 	£439k	£220k
2	<ul style="list-style-type: none"> Do nothing 	<ul style="list-style-type: none"> No change 	<ul style="list-style-type: none"> No savings 	<ul style="list-style-type: none"> No savings 	£439k	0

Recommended Option

To review and revise the current scheme

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
		439	0	220	0	220

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
0	0	0	0	0

Project Title	Phase 2 Local Presence - putting Digital First
Reference	SAV / ALL 001 / 19-20
Strategic Priority Outcome	3.3 The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
Lead Member	Councillor Candida Ronald / Amina Ali
Directorate	Resources/ Cross-directorate
Service Area	Various
Lead Officer	Corporate Director, Resources

Executive Summary

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.

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.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Local Presence Phase 2 – putting digital first	<ul style="list-style-type: none"> Additional Savings 	<ul style="list-style-type: none"> Less Face to Face interactions Staffing Reductions 	<ul style="list-style-type: none"> Successful channel shift Digital exclusion 	TBC	£700k

Recommended Option

Option 1 above

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
					700	700

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
			TBC	TBC

Project Title	Counter Fraud Initiatives
Reference	SAV / ALL 002 / 19-20
Strategic Priority Outcome	3.1 The Council is open and transparent putting residents at the heart of everything we do
Lead Member	Councillor Candida Ronald
Directorate	Resources/ Cross-directorate
Service Area	Risk and Audit
Lead Officer	Steven Tinkler

Executive Summary

Maximise potential increased income / loss recovery from counter fraud and corruption prosecution activities. A key focus of national counter fraud strategies is for local authorities to pursue the prompt and efficient recovery of losses to aid the effective fight against fraud and corruption. In certain cases we can make use of our own income collection systems to recover losses – e.g. council tax, business rates, and housing benefits. In other circumstances we should seek to make use of all civil and criminal powers, and available legislation. Two such powers are the Prevention of Social Housing Fraud Act (POSHFA) and the Proceeds of Crime Act (POCA).

The potential financial return available from using such legislation will vary significantly, dependent on the size of frauds identified, but the value of confiscations can be significant. For example in September 2012 the London Borough of Brent obtained a confiscation order of £1.438m against a landlord who had converted a house into 12 flats without planning consent.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Additional income through counter fraud initiatives	<ul style="list-style-type: none"> Reduce Fraud Increase income 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Sustainable income 	n/a	£100k

Recommended Option

The main objective of the proposal is to ensure that wherever possible and when economically viable, the council seeks to maximise the use of existing recovery powers. These powers are currently used by the Council ; however this proposal seeks to ensure that there is a consistent focus on the recovering fraud losses.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
					100	100

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22

Project Title	Contract Management
Reference	SAV / ALL 003 / 19-20
Strategic Priority Outcome	3.1 The Council is open and transparent putting residents at the heart of everything we do
Lead Member	Councillor Candida Ronald
Directorate	Resources/ Cross-directorate
Service Area	Various
Lead Officer	Corporate Director, Resources

Executive Summary

Improve contract management with the aim of letting new contracts at reduced prices, achieved through negotiation or reduced specifications, where necessary. The Council spends c.£320m with more than 2,700 suppliers. We agreed a target saving of £4m by 2020/21, further savings are expected to be possible given the scope of spend.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Additional contract management efficiencies	<ul style="list-style-type: none"> Additional savings Better Contract Management 	<ul style="list-style-type: none"> Reduced spend on contracts 	<ul style="list-style-type: none"> Risk of double counting Growth pressures 		£1.5m

Recommended Option

Detailed options to be developed

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
Various	Various	320,000		500	1,000	1,500

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22

Project Title	Reduction in Enabling and Support Services Costs
Reference	SAV / ALL 004 / 19-20
Strategic Priority Outcome	3.1 The Council is open and transparent putting residents at the heart of everything we do
Lead Member	CLlr Candida Ronald
Directorate	Resources/ Cross-directorate
Service Area	Various Support Services
Lead Officer	Corporate Director of Resources

Executive Summary

The ongoing review of the council's enabling and support services aims to reduce any further duplication by looking at how it delivers a wide range of back office services including commissioning, business and data analytics across the council.

We will seek to identify duplication that exists in directorates and services, moving towards the development of centralised commissioning and reporting hubs that are integrated with our developing enabling and support functions. Further work will be undertaken to look at a model of centralised commissioning functions across all areas of the Council.

This will include phase 2 of the centralisation of SPP and centralisation of assessments. Further cost reductions will be identified in all support service areas including Finance, HR, Audit and Business Support. As the organisation continues to contract, there will be a similar requirement for support services to be reviewed and contract. This proposal is to keep all support services under review with specific savings targets being allocated to each area for delivery by 2021/22 but with a particular focus on commissioning, strategy, policy and performance and data analytics.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	SPP		•	•		£250k
2	Data & Information	•	•	•		£500k
3	Commissioning	•	•	•		£300k
4	Other support services	•	•	•		£500k

Recommended Option

All 4 areas above to be developed into detailed business cases during 2019/20

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
Various	Various		50		1,500	1,550

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
	1		TBC	TBC

Project Title	Asset Management Service
Reference	SAV / ALL 005 / 19-20
Strategic Priority Outcome	2.2 People live in good quality and affordable homes and well-designed neighbourhoods
Lead Member	Mayor Biggs & Councillor Candida Ronald
Directorate	Cross-directorate
Service Area	Asset Management
Lead Officer	Richard Chilcott

Executive Summary

The Asset Management Service are in the process of formulating the programme to deliver the Council's Asset Strategy. The programme will consist of a range of projects that focus on making the best of Council property with outcomes including:-

- Reduction in running costs
- Increased income (sweating assets and acquisitions for investments)
- Generation of capital receipts through disposals
- Community asset transfer
- Identification of development opportunities

To ensure that the outcomes of the Asset Strategy can be delivered effectively and efficiently reviews of property use and engagement with services will need to take place. This will enable the service to take a holistic view of the Council's estate and marry requirements rather than taking a piecemeal approach that would potentially lead to higher costs in the long term and missed opportunities. It is anticipated that individual opportunities will arise that can lead to "quick wins" and where available these will be taken.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Asset Management Service – Reduce cost and better use of assets					500

Recommended Option

Options to be developed

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-21 £'000
Council Wide	Corporate Landlord Model	12,800			500	500

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-21

Project Title	Mainstream Grants (MSG) Alternative Delivery Model
Reference	SAV / ALL 006 / 19-20
Strategic Priority Outcome	3.3 The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
Lead Member	Councillor Candida Ronald
Directorate	Resources/ Cross-directorate
Service Area	Various
Lead Officer	Corporate Director, Resources

Executive Summary

The Council is proposing to adopt an alternative approach to funding for the Voluntary and Community Sector (VCS), principally focused on co-production. This delivers better outcomes for local people and a more effective use of limited resources. A few underspends in the existing MSG budget allow for savings while maintaining the current level of grants spending.

The new programme will also deliver savings in the third sector team which administers the programme. It is estimated there could be a three post reduction in the third sector team when MSG moves from grants to co-production.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Alternative delivery model for MSG	<ul style="list-style-type: none"> More efficient use of funding Better outcomes 	<ul style="list-style-type: none"> Change in approach 	<ul style="list-style-type: none"> Impact on smaller third sector organisations 	£3.372m	£330k

Recommended Option

Option 1 above

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
Various	Various	3,372			330	330

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22
6			3	3

Project Title	Greater Commercialisation
Reference	SAV / ALL 007 / 19-20
Strategic Priority Outcome	3.1 The Council is open and transparent putting residents at the heart of everything we do
Lead Member	Cllr Candida Ronald
Directorate	Resources/ Cross-directorate
Service Area	All
Lead Officer	Corporate Director, Resources

Executive Summary

The Council will aim to better utilise its assets to draw in additional external income through a number of sources.

We will adopt a focus on delivering income generation and greater commercialisation from non-statutory service areas. Medium term targets are proposed with a view to identify specific service areas that will generate income based on benchmarking and information from other councils. These will include but are not limited to the following:

Commercial Portfolio

Through prudent investment of the council's capital reserves, we will develop a commercial portfolio which will bring money into the General Fund. This commercial portfolio will be guided by an investment strategy linked to aspirations of employment and training. Clear protocols and return criteria will be developed, with a potential commencement date in 2019/20.

Arts, Parks & Events

These services are discretionary; options should be explored for reducing costs and increasing the income that can be generated through events, hiring out assets and facilities etc. Other local authorities have or have considered spinning out their internal service teams into an external mutual organisation or other delivery vehicles.

Traded Services

We will review all traded services and their business models and redesign where necessary to deliver surplus income within three years. The level of income generated by existing and potentially new traded services will be reviewed and benchmarked to ensure all income net of costs is maximised.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Detailed proposals to be developed	<ul style="list-style-type: none"> Generate additional income Reduce amount of savings/cuts to services needed to balance the budget 	<ul style="list-style-type: none"> Potential new charges 	<ul style="list-style-type: none"> Actual amount that could be generated 		£2.5m

Recommended Option

Greater Commercialisation to be pursued - detailed proposals to be developed

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2019-20 £'000	Net Savings 2020-21 £'000	Net Savings 2021-22 £'000	Total Savings 2019-22 £'000
				1,000	1,500	2,500

Original FTE	FTE reduction 2019-20	FTE reduction 2020-21	FTE reduction 2021-22	Total FTE reduction 2019-22

Governor Services - Service Redesign (SAV / CHI 001 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	TBC in business case for service redesign
Does the change involve a redesign of the roles of staff?	Yes	TBC in business case for service redesign

Adoption Allowances (SAV/ CHI 002/ 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	Yes	There will be a reduction in the amount available to pay for adoption allowances. Based on current estimates, there should be sufficient resources to pay for future demand, however, if the number of clients and their complexity change this may need to be reviewed.
Does the change reduce resources available to support vulnerable residents?	Yes	As above
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	Yes	The amount of allowance paid could reduce but this will be in line with the eligibility criteria set by the Adoption Support Services Regulations 2005.
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	Yes	Tower Hamlets is currently in the process of moving it's Adoption services into a Regional Adoption Agency, as per Central government requirements. As of April 2019, the RAA will become the local provider of many Adoption services.
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Fostering Grants (SAV/ CHI 003 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	Yes	However, the level of spend against this budget over the past two years has remained stable. On the basis of this demand, at present there is no indication that the reduction would adversely affect provision to vulnerable children.
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	Yes	As stated above, the proposal reduces the overall amount in the budget to support some foster carers. However, this decision is based on levels of recent demand which indicates that there should not be any adverse effect to this proposal.
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Sharing costs with CCG for Children with disabilities (SAV / CHI 004 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	Yes	Income generation to achieve savings towards the MTFS
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Parent & Family Support Services (Traded Model SAV / CHI 005 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	Yes	Parents of children with SEND, young people with SEND, families in receipt of holiday childcare, parenting programme recipients
Does the change involve direct Impact on front line services?	Yes	As above
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	Yes	Yes if statutory duties are redefined the likelihood is that the threshold will be raised
Does the change alter access to the service?	Yes	As above
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	Deletion of one post planned
Does the change involve a redesign of the roles of staff?	Yes	Possibly – however until the review takes place this cannot be confirmed

Community Language Service (SAV / CHI 006 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	Yes	The changes to the service would mean that those young people who currently receive the service, free of charge, would no longer have access to community language classes delivered by the council. It is likely that the voluntary sector would continue to provide the classes, if there were demand for the service and a fee would be levied by the providers for those young people attending the classes. Many of the young people who attend the classes are from low income families and also from BAME communities.
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	Yes	The voluntary organisations currently providing classes supported by LBTH mother tongue tutors would be affected.
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	Yes	The voluntary organisations currently providing classes supported by LBTH mother tongue tutors would be affected.
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	Currently 18.9FTE on EMAP – 85 part time staff paid during 2018/19 to date. The majority of the part-time staff who teach the classes are from BAME communities.
Does the change involve a redesign of the roles of staff?	No	n/a

Efficiencies in Commissioned Services for Adult Social Care (SAV / HAC 001 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	Yes	This is a reduction in resources, however efficiencies will be gained through better use of services to meet needs in a more independent manner.
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	Yes	Contracts will be retendered through an appropriate procurement process.
Does the change involve local suppliers being affected?	Yes	Service providers will be impacted by re-procurement of provision and efficiencies through contracts.
Does the change affect the Third Sector?	Yes	Service providers will be impacted by re-procurement of provision and efficiencies through contracts.
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Integrated Commissioning Efficiencies (SAV/ HAC 002 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Promoting independence and in borough care for adults with disabilities (SAV/ HAC 003 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	Yes	This is a reduction in resources; however, efficiencies will be gained through more cost efficient methods of meeting needs, and promotion of independence such as through direct payments.
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	Yes	Service users will contribute towards the cost of their care in line with their ability to pay under the Council's adult social care charging policy.
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	Yes	Service users will have increased choice and control over their service providers if they choose to receive a direct payment, and methods of service delivery may change.
Does the change involve local suppliers being affected?	Yes	Service users will have increased choice and control over their service providers if they choose to receive a direct payment, and methods of service delivery may change.
Does the change affect the Third Sector?	Yes	Service users will have increased choice and control over their service providers if they choose to receive a direct payment, and methods of service delivery may change.
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Street Naming & Numbering Fee Restructure (SAV / PLA 001 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	Yes	No impact anticipated on any equalities group. These fees are paid for by developers per new address created. Fee is free for 2 residential units or less and is payable for every unit thereafter. Professional developers account for the vast majority of fee payers. There are no exemptions for development involving non-residential addressing.
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Appropriation of Housing Revenue Account (HRA) shops to General Fund (GF) (SAV / PLA 002 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Pan-London Homelessness Prevention Procurement Hub (SAV / PLA 003 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	Yes	A significant number of properties (50% of the Council's annual placements) will be procured via Capital Letters rather than directly by the Council. This should lead to increased competition meaning that different suppliers/landlords may be used in future with a reduction in costs to the Council.
Does the change involve local suppliers being affected?	Yes	As above – A significant number of properties (50% of the Council's annual placements) will be procured via Capital Letters rather than directly by the Council. This should lead to increased competition meaning that different suppliers/landlords may be used in future with a reduction in costs to the Council.
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	Yes	It is proposed that two permanent members of staff that currently procure properties on behalf of the Council will initially be seconded to 'Capital Letters'.

Economic Development Service Efficiencies (SAV / PLA 004 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	1 FTE reduction
Does the change involve a redesign of the roles of staff?	No	n/a

Parking – Operational Changes and Policy Review (SAV / PLA 005 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Waste Fleet Alternative Funding (SAV / PLA 006 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Self Service and Digital Improvements (SAV / RES 001 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	Yes	More self service options for residents rather than face to face interactions
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	FTE reductions will result as more self service is introduced and less staff are needed to provide the service
Does the change involve a redesign of the roles of staff?	Yes	Yes – see above; will be developed as part of any new service design

Discretionary Business Rates Relief (SAV / RES 002 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	Yes	Will affect level of business rates relief awarded – exact impact will depend on the design of a new scheme which will need to be developed and agreed
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Phase 2 Local Presence - putting Digital First (SAV / ALL 001 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	Yes	Could involve rationalisation/sharing of assets/buildings. This will be explored as part of the project design/development.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	There could a reduction in staff. A full analysis will be undertaken as part of the project development.
Does the change involve a redesign of the roles of staff?	No	n/a

Counter Fraud Initiatives (SAV / ALL 002 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Contract Management (SAV / ALL 003 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Reduction in Enabling and Support Services costs (SAV / ALL 004 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	Analysis of the change will need to be explored to determine the likely impact.
Does the change involve a redesign of the roles of staff?	Yes	Analysis of the change will need to be explored to determine the likely redesign required.

Asset Management Service (SAV / ALL 005 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	Yes	There will be opportunities to generate rental income from underused or vacant properties
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	Yes	Yes in so far as the review includes the implementation of the community buildings portfolio actions to regularise occupation and the charging of rent and or service charges
Does the change affect Assets?	Yes	Yes as part of the review some asset may be recommended for disposal or redevelopment
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Mainstream Grants (MSG) Alternative Delivery Model (SAV / ALL 006 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	No	n/a
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	Yes	The change from grant giving to a commissioning approach will affect some organisations. This will be explored further as part of the implementation project.
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	Potential reduction in the number of staff required to administer the programme.
Does the change involve a redesign of the roles of staff?	Yes	Role of staff may change as part of the redesign of the service.

Greater Commercialisation (SAV / ALL 007 / 19-20)

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	n/a
Does the change reduce resources available to support vulnerable residents?	No	n/a
Does the change involve direct Impact on front line services?	No	n/a
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	n/a
Does the change alter access to the service?	No	n/a
Does the change involve revenue raising?	Yes	Will involve additional income generation opportunities – Details to be explored as part of the project development options.
Does the change involve a reduction or removal of income transfers to service users?	No	n/a
Does the change affect who provides the service, i.e. outside organisations?	No	n/a
Does the change involve local suppliers being affected?	No	n/a
Does the change affect the Third Sector?	No	n/a
Does the change affect Assets?	No	n/a
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	n/a
Does the change involve a redesign of the roles of staff?	No	n/a

Appendix 5

RESERVES POLICY

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.

Appendix 6

RISK EVALUATION

Risks	Budget Exposure	2019-20	
		Medium Risk	High Risk
	£m	£m	£m
General Economic Climate			
Inflation	280	2.8	5.6
Tax base	240	2.4	4.8
Fees and charges	57	0.6	1.1
Grant funding (exc. ring fenced grants)	90	0.9	1.8
Fraud	0	0.5	1.0
Service Demand (inc. ring fenced grants)			
Children's Services	102	1.0	2.0
Adult Services	107	1.1	2.1
Demographics	105	2.1	4.2
Welfare Reform	0	1.7	5.0
Public Health transfer	34	0.3	0.7
Savings programme			
Slippage and non-achievement of savings	38	3.8	5.6
Cost of implementation	9	0.9	1.8
Unidentified risks	0	3.4	5.0
TOTAL RISK EVALUATION		21.5	40.8

Appendix 7

PROJECTED MOVEMENT IN RESERVES

Projected Movement in Reserves April 2019 to March 2022

Appendix 7

	31-03-2018	31-03-2019	31-03-2020	31-03-2021	31-03-2022
	£m	£m	£m	£m	£m
General Fund Reserve	33.3	29.4	28.9	30.4	30.4
Earmarked Reserves					
Insurance	21.2	20.8	19.8	18.8	17.8
New Civic Centre	17.2	16.2	16.2	16.2	16.2
Parking Control	3.3	3.3	3.3	3.3	3.3
Transformation Reserve	15.0	9.8	3.7	3.5	3.5
ICT Reserve	21.0	17.9	12.9	7.9	2.9
Mayor's Tackling Poverty Reserve	4.1	2.4	0.7	0.0	0.0
Free School Meals Reserve	4.0	2.0	0.0	0.0	0.0
Mayor's Priority Investment Reserve	7.0	4.4	1.7	-0.8	0.0
Risk Reserve	8.8	8.0	8.0	8.0	8.0
New Homes Bonus	12.1	22.9	39.0	39.0	39.0
Services Reserve	4.9	3.9	2.9	1.7	1.7
Business Rate Pilot	0.0	6.6	5.4	0.6	0.6
Brexit Preparation Fund	0.0	0.1	0.1	0.0	0.0
Other Reserves					
Housing Revenue Account	47.6	51.8	15.0	15.1	15.1
Schools	23.4	24.7	24.7	24.7	24.7
Capital					
Capital grants unapplied	92.8	61.7	51.9	45.2	39.1
Capital Receipts reserve	194.6	165.0	88.9	61.9	40.6
Major Repairs Reserve	5.5	7.9	0.0	0.0	0.0
	515.7	458.6	323.1	275.3	242.8

Appendix 8

RENT SETTING AND HOUSING REVENUE ACCOUNT

APPENDIX 8A

MEDIUM TERM FINANCIAL PLAN 2019-20 TO 2023-24 INDICATIVE HRA BUDGETS

Housing Revenue Account	2019/20	2020/21	2021/22	2022/23	2023/24
	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000
INCOME					
Dwelling & non dwelling rents	(64,803)	(67,618)	(71,067)	(75,262)	(78,207)
Tenant & Leaseholder service charges	(22,600)	(23,058)	(23,525)	(24,002)	(24,488)
General Fund contributions	(115)	(115)	(115)	(115)	(115)
GROSS INCOME	(87,518)	(90,790)	(94,707)	(99,379)	(102,810)
EXPENDITURE					
Repairs & Maintenance	22,410	22,742	23,080	23,425	23,776
Supervision & Management	26,897	27,309	27,144	27,283	27,425
Special Services, Rents rates & taxes	17,656	17,927	17,834	16,936	17,152
Increased/(Decrease) provision for bad debts	600	600	600	600	600
Capital Financing charges	19,848	21,102	24,577	27,049	28,650
GROSS EXPENDITURE	87,411	89,679	93,235	95,293	97,603
NET COST OF HRA SERVICES	(107)	(1,111)	(1,472)	(4,085)	(5,207)
Investment Income received	(317)	(121)	(121)	(121)	(121)
Debt repayment	352	352	352	352	352
Appropriations					
Revenue Contribution to Capital (RCCO)	36,800	850	1,200	3,900	5,000
NET POSITION	36,728	(30)	(41)	46	24
Balances					
Opening balance	(51,754)	(15,026)	(15,056)	(15,097)	(15,051)
(Surplus)/ Deficit on HRA	36,728	(30)	(41)	46	24
Closing balance	(15,026)	(15,056)	(15,097)	(15,051)	(15,028)

Equality Analysis (EA)

Section 1 – General Information

Name of the proposal including aims, objectives and purpose:

2019/20 Rent Review

As part of the recently introduced Welfare Reform and Work Bill Social Housing providers are obliged to reduce rents payable by tenants by 1% compared to the rent payable in the preceding year. The Welfare Reform and Work Bill required a 1% rent cut for four years, starting in April 2016, therefore the 2019/20 rent report notes that for all Council Social Housing stock, average weekly rents will decrease by 1% from 1st April 2019.

In the current economic environment any rent decrease may be considered to have a beneficial effect on social tenants with no one protected characteristic being disproportionately advantaged over those with non-protected characteristics.

Under HRA Self-Financing, the Council is responsible for financing all council housing expenditure from its HRA income streams. The proposed rent decrease will reduce the level of resources available to fund the expenditure necessary to manage, maintain and improve the Council's housing stock, including the capital investment programme that will bring the Council's stock up to the Decent Homes standard and maintain that standard over a 30-year period.

It is estimated that four years of rent cuts will reduce the level of HRA resources by over £20 million over four years and by over £90 million over 10 years. The Council will need to re-consider its HRA Medium Term Financial Strategy and will need to identify savings in order to ensure that the HRA remains in balance, as legally it must do. This could mean reductions to the provision of HRA services and/or to the capital investment programme. This could severely impact on our ability to achieve Decent Homes as well as services supporting vulnerable residents.

Notes:

Under **HRA Self Financing**, there has been a substantial change in the way in which Tower Hamlets' HRA is financed. The annual HRA subsidy system has been abolished, and the Council now retains all HRA income but is responsible for financing all HRA expenditure. The requirement to implement a rent cut for four years is not consistent with the assumptions in the Self-Financing Settlement, which assumed above inflation rent increases throughout the 30 year period (see below).

Rent Convergence Under the original proposals announced in 2000, similar properties would be charged similar rents by 2012 (the date was subsequently moved to 2015), regardless of whether the property was owned by the local authority or a social housing provider; this is known as rent convergence. The HRA Self-Financing Final Settlement assumed that Authorities would continue with rent restructuring, and then implement rent increases of RPI (retail price index) + 0.5% each year after that for the remainder of the 30 year period.

The formula for calculating rent increases in order to follow rent restructuring for local authorities was $RPI + 0.5\%$ plus £2 per week. The reference point for RPI was the September in the year preceding the start of the financial year to 31 March.

The government ended rent convergence one year earlier than previously anticipated - in 2014/15 rather than in 2015/16 – and last year introduced a 10 year rent policy which linked future rent increases to CPI (consumer price index) + 1%.

The 10 year rent policy has now been superseded by the Welfare Reform & Work Bill.

Who is expected to benefit from the proposal?

The rent decrease will directly benefit all tenants in properties to which the rent decrease is applied. (i.e. council tenants).

That said, rent deductions have an impact on local authority housing finances, as all rental income is used to fund housing management services and the Housing Capital Programme. The Housing Capital Programme is the means by which the housing stock is bought up to, and maintained at a Decent Homes standard. If the shortfall in income (resulting from a reduction in rent) is not met, there could be adverse consequences on the scale and speed regarding planned works in housing capital programme and for those tenants who are in non-decent homes.

Is this a policy or function? Policy ☐ Function ☒

Is this a new or existing policy or function? New ☐ Existing ☐

Is the policy or function strategic, developmental or operational/functional?

Strategic ☐ Developmental ☐ Operational/Functional ☒

Date when the original policy/function was initiated: Council housing, for which tenants paid a lower market rent, was developed as early as 1919 when council homes were built to meet general needs.

Date on which the policy/function is to be reviewed: Rent levels are reviewed on an annual basis. The last rent review was approved by Cabinet in February 2013.

Names and roles of the people carrying out the Equality Analysis:

Andy Simpson – Directorate Equalities Lead
Helen Mitchell – HRA Accountant (

Section 2 – Evidence

Key Findings

From the perspective of the tenant, the rent decrease will be viewed as having a positive impact. The Equalities Assessment is undertaken from this perspective and has been assessed as not having a disproportional adverse effect on any specific group, although since the reduction is a flat 1% reduction across all stock, those residents in larger properties, with higher rents will see the largest weekly reduction in rent paid

A rent decrease of 1% in Council rents will be in place from 1st April 2019.

Decreases for 2019/20 have been calculated in accordance with the Welfare Reform and Work Bill's proposal to reduce rents by 1%

The actual amount of decrease as a proportion on current rent will vary across property sizes. Smaller properties tend to have a smaller rent decrease than larger units e.g. (studio and one bed units). (See Annex B: Table 10 – Average Increase per dwelling - by bedside).

The rent decrease is applied to all Council dwellings and has no bearing on the profile of the tenants, age, race gender etc. The rent increase does not target or disproportionately affect any group of people based any of the protected characteristics. Despite this, the distribution of various characteristics amongst larger properties is not even, thus meaning that while the variation will be minimal, the impact of this policy in real terms will not be equal.

As at the end of October 2018 there were 11,509 LBTH dwellings, managed by Tower Hamlets Homes (ALMO), housing 14,184 residents. Profile of Council tenants is set out in Annex A: to this document.

In 2013 the median gross income of Tower Hamlets residents was £30,850. (Source: Median household income CACI Pay check data 2013).

Tenants in rent arrears, would previously have been negatively impacted upon by rent increases, potentially causing those in rent arrears, to potentially fall further behind. Appendix E outlines the breakdown of these residents which the policy may be seen as positively impacting upon. Since a rent deduction is being proposed, this policy will particularly alleviate any residents in arrears

While a rent reduction will impact positively on all tenants, they will also impact on local authority housing finances, since all rental income is used to fund housing management services and the Housing Capital Programme. The Housing Capital Programme is the means by which the housing stock is bought up to, and maintained at a Decent Homes standard. If the shortfall in income (produced by a reduction in rent) is not met, there could be adverse consequences on the scale and speed regarding planned works in housing capital programme and for those tenants who are in non-decent homes.

Evidence Base

The following evidence was considered to help us to think about the impacts or likely impacts on service users.

Tenant Profiles

Tenant profile by Ethnicity
 Tenant profile by Gender
 Tenant profile by Age
 Tenant profile by Disability
 Tenant profile by Religion & Belief
 Tenant profile by Sexual Orientation
 Tenant profile by Gender Re-assignment
 Tenant profile by Marriage/Civil Partnership
 Pregnancy & Maternity

Rent Analysis

Average Increase per dwelling - by bedsize (2019/20)
 Social Rent Cap Levels (Registered Social Landlords)
 Comparison of Average Rent & Social Rent Cap Levels

 Rent Charge Comparison (2019-20)
 Average actual rent /average rent charge (2019/2020)

Housing Benefit Analysis

Nos. & % Tenants claiming Housing Benefit
 Housing Benefit by Ethnicity
 Housing Benefit by Gender
 Housing Benefit by Age
 Housing Benefit by Disability
 Housing Benefit by Religion & Belief
 Housing Benefit by Sexual Orientation
 Housing Benefit by Gender Re-assignment
 Housing Benefit by Marriage/Civil Partnership
 Housing Benefit by Pregnancy & Maternity

Property & Tenant Profile Analysis

Stock Profile by bedsize
 Property Bedsize by Ethnicity
 Property Bedsize by Ethnicity
 Property Bedsize by Gender
 Property Bedsize by Age
 Property Bedsize by Disability
 Property Bedsize by Religion & Belief
 Property Bedsize by Sexual Orientation
 Property Bedsize by Marriage/Civil Partnership
 Property Bedsize by Pregnancy & Maternity

Community and Population Data (Tower Hamlets, 2011 Census)

Borough Population by Ethnic group
 Borough Population by Religion
 Borough Population by Disability
 Borough Population by Gender
 Borough Population by Age

Section 3 – Consideration of data and research Identifying Differential / Adverse Impacts

Target Groups What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	Impact – Positive or Adverse	Reason(s) <ul style="list-style-type: none"> • Please add a narrative to justify your claims around impacts and, • Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making • Can the negative impact be justified on the grounds of promoting equality?
Race	P	<p>The rent decrease does not have a disproportionately positive effect on tenants on the grounds of race.</p> <p>People of Bangladeshi origin make up the largest percentage of tenants at 45.93%, people of white ethnicity making up the second largest group at 18.93%. Consequently, the impact of a rent reduction will have a higher impact upon residents of this background. This is generally reflective of the general make-up of the wider Tower Hamlets population, of which those of Bangladeshi origin are the largest group at 32% and White British as the second largest ethnic group at 31%.</p> <p>Whilst all households are affected. Those in larger properties (5 bed +) are likely to see larger decreases in the total amount of rent paid than those in smaller properties. Families of Bangladeshi descent tend to occupy larger family sized accommodation where the actual amount reduced is larger even though the % reduction is 1%, the same as across all properties.</p> <p>Just over 1.59% of all tenants of Bangladeshi origin are housed with 5 bedrooms or more, higher than the TH tenant average of 0.87%, this is a likely to be due to variations in family size.</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of race, the decrease is not considered to have a disproportionate advantage/disadvantage effect on the grounds of race</p>
Disability	P	<p>The rent increase does not have a disproportionately adverse/positive effect on the grounds of disability.</p>

Target Groups What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	Impact – Positive or Adverse	Reason(s) <ul style="list-style-type: none"> • Please add a narrative to justify your claims around impacts and, • Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making • Can the negative impact be justified on the grounds of promoting equality?
Page 198		<p>Records indicate that approximately 18.84% of tenants have a disability and will benefit from the 1% rent reduction. This is a little higher than the general population reflected in the 2011 census data which illustrates that 13.58% of residents have conditions which impact upon day to day activities either 'a little' or 'a lot'. This differential is likely to be a result of those with disability being increasingly likely to be within social housing due to being in priority need when making an application.</p> <p>Whilst all households are affected. Those in larger properties (5 bed +) are likely to see larger decreases in the total amount of rent paid rent than those in smaller properties. 0.92% of disabled tenants live in a property with 5 bedrooms or more, similar to the TH Tenant average of 0.91%, outlining there are no disproportionately favourable outcomes for this characteristic</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of disability, the decrease is not considered to have a disproportionate advantage/disadvantage effect on the grounds of disability</p>
Gender	P	<p>The rent decrease does not have a disproportionately positive effect on tenants on the grounds of gender.</p> <p>Females make up 55.17% of tenancy holders. Gender is not a consideration in the way the rent increase is applied. Whilst women comprise the greater proportion of those impacted by the rent increase this is because women make up more than half of the tenancy holders,</p> <p>It is noted that the rent decrease is proportionately larger for occupants in larger properties. These tend to be occupied by females. 0.92% of all females occupy flats with 5 bedrooms or more, in comparison with 0.89%</p>

Target Groups What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	Impact – Positive or Adverse	Reason(s) <ul style="list-style-type: none"> • Please add a narrative to justify your claims around impacts and, • Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making • Can the negative impact be justified on the grounds of promoting equality?
Page 199		<p>men, with this trend being carried across properties with more than 5 bedrooms.</p> <p>It is noted that the male/female ratio of tenancy holders is the reverse of the wider population, in that the population of Tower Hamlets is 51.5 % men and 48.5 % women (Census 2011). This anomaly is likely to be due to housing acceptance policy favouring applicants in priority need with children or who are pregnant, who are more likely to be women than men.</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of gender, the decrease is not considered to have a disproportionate advantage/disadvantage effect on the grounds of gender</p>
Gender Reassignment	P	<p>The rent decrease does not have a disproportionately positive effect on tenants on the grounds of gender re-assignment.</p> <p>The collection of data is continually improving in this area, however a large percentage of tenants still prefer not to provide this information. Of the data collected 0.18% have declared a re-assignment of gender.</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of gender; the decrease is not considered to have a disproportionate advantage/disadvantage effect on the grounds of gender re-assignment.</p>
Sexual Orientation	P	<p>The rent increase does not have a disproportionately adverse effect on tenants of a specific sexual orientation.</p>

Target Groups What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	Impact – Positive or Adverse	Reason(s) <ul style="list-style-type: none"> • Please add a narrative to justify your claims around impacts and, • Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making • Can the negative impact be justified on the grounds of promoting equality?
Page 200		<p>60.94% of tenants indicate a sexual orientation of heterosexual; with a large percentage (22.08%) preferring not to say, however, sexual orientation has no bearing of the application of the rent increase.</p> <p>It is noted that the rent decrease is proportionately larger for occupants in larger properties. These tend to be occupied by heterosexuals. 0% of all gay/lesbian tenants occupy a 5 bedroom property or above, it is expected this is to do with gay men/lesbian women being within smaller family units.</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of sexuality, the decrease is not considered to have a disproportionate advantage/disadvantage effect on the ground of sexuality.</p>
Religion or Belief	P	<p>The rent decrease does not have a disproportionately positive effect on tenants on the grounds of their Religion or Belief.</p> <p>The 2011 Census revealed that 35% of LBTH citizens are of the Muslim faith, with the second largest faith in LBTH as Christian (27%). The tenant profile information confirms this trend is similar although the percentages differ, with 49.52 of tenants of a Muslim faith and 15.69% of Christian faith. The faith of approx. 27.27% of tenants is unknown as a number chose not to disclose this information.</p> <p>Whilst all households are affected. Those in larger properties (5 bed +) are likely to see larger decreases in the total amount of rent paid rent than those in smaller properties. Just over 1.57% of all tenants of Muslim religion are housed with properties of 5 bedrooms or more, higher than the TH tenant average of 0.91%. These variations are similar, and tied to variation set out under the 'race' section of this analysis; with families of Muslim religion tend to occupy larger family sized accommodation.</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the</p>

Target Groups What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	Impact – Positive or Adverse	Reason(s) <ul style="list-style-type: none"> • Please add a narrative to justify your claims around impacts and, • Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making • Can the negative impact be justified on the grounds of promoting equality?
		tenant regardless of religion, the decrease is not considered to have a disproportionate advantage/disadvantage effect on the ground of religion.
Age	P	<p>The rent decrease does not have a disproportionately positive effect on tenants on the grounds of age.</p> <p>The tenant profile data shows that the largest proportion as being those who are over 60 years old, who constitute 30.99% of all tenants. This is significantly higher than the distribution of this group across the borough population, with census data illustrating only 8.4% of all residents as being over 60 years old. Looking at the wider population the rent decrease while favouring those who are over 60, does not do so disproportionately as the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of age, and the decrease is not considered to have a disproportionate advantage/disadvantage effect on the ground of age.</p>
Socio-economic	P	<p>There is currently no collection of data from tenant on their socio economic status.</p> <p>Social Housing is generally the preferred option for people on lower incomes. This is reflected in the fact that approx. 59.41% of tenants are in receipt of some Housing Benefit.</p> <p>The Benefits Cap has been reduced from £26,000 to £23,000 as part of the Welfare Reform and Work Bill. This would suggest that for a number of residents, those in larger more expensive accommodation, while rent will be reduced by 1% the potential level of benefit received to pay for accommodation is likely to decrease also.</p> <p>37.90% of all tenants are currently in some form of rent arrears of which a 1% decrease in rent will positively impact upon.</p>

Target Groups What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	Impact – Positive or Adverse	Reason(s) <ul style="list-style-type: none"> • Please add a narrative to justify your claims around impacts and, • Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making • Can the negative impact be justified on the grounds of promoting equality?
Marriage and Civil Partnerships.	P	<p>The rent decrease does not have a disproportionately positive effect on tenants on the grounds of marriage or civil partnership.</p> <p>The marital & civil partnership status of approx. 76.19% of tenants is unknown as a number chose not to disclose this information</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of marital/civil partnership status, the decrease is not considered to have a disproportionate advantage/disadvantage effect on the ground of marital/civil partnership status.</p>
Pregnancy and Maternity	P	<p>The rent decrease does not have a disproportionately positive effect on tenants on the grounds of pregnancy or maternity status.</p> <p>The application of the rent increase cannot be affected by the tenant's situation regarding pregnancy or maternity responsibilities.</p> <p>On the basis that the decreased rent charge is applied to the property, not the occupant, i.e. it applies to the tenant regardless of pregnancy/maternity status, the decrease is not considered to have a disproportionate advantage/disadvantage effect on the ground of this characteristic</p>

Section 4 – Conclusions and Recommendations

From the analysis and interpretation of evidence in Section 2 and 3 – Is there any evidence of or view that suggests that different equality or other target groups have a disproportionately high/low take up of the service/function?

Yes?

☐

No?

☒

Section 5 – Action Plan and Monitoring Systems

Recommendation	Key activity	Progress milestones including target dates for either completion or progress	Officer responsible	Progress
Inform all tenants of Rent change in February.	Mandatory notice February		THH Rent Teams	
Inform tenants in March what they need to pay taking into account their new housing benefit entitlement from April	Work with Housing Benefit to identify new awards. Have all letters checked and ready to be posted prior to the change to ensure tenants know what to pay from April.		THH Rent Teams	
Provide tenants with explanation of the rent change with the offer of support.	Design and prepare insert to be sent out with the mandatory notice in February and with the notice in March. Leaflet to offer support where tenants feel they will struggle with the change.		THH Rent Teams	
Provide adequate staffing levels when notices are sent out in order to deal with increased contact generated.	Create customized rota and reduce annual leave for the selected period to ensure adequate staffing levels.		THH Rent Teams	
Inform front line staff from other departments of the changes in order to manage enquiries.	Provide front line Staff with FAQ's in order to respond to queries and sign post tenants to the relevant department.		THH Rent Teams	

Recommendation	Key activity	Progress milestones including target dates for either completion or progress	Officer responsible	Progress
Identify new impacted cases early as possible to provide advice to tenants on benefits on potential on entitlements	<p>Work with Housing Benefit to identify cases as and when they are impacted and not when they fall into arrears.</p> <p>Hold 'Welfare Reform surgeries' 3 times a week.</p> <p>Book appointments with tenants</p>		THH Rent Teams	
Revisit and monitor all cases affected by BC and BT, provide help, support and advice	<ul style="list-style-type: none"> - Assess if any exemption apply. - Help tenants register to downsize. - Help tenants to apply for DHP where. Applicable. - Make referrals to partner advice agencies for budgeting, income maximisation and debt advice. 		THH Rent Teams	

Have monitoring systems been put in place to check the implementation of the policy/function and recommendations?

Yes? ☒ No? ☐

How will the monitoring systems further assess the impact on the equality target groups?

The above activities will be reviewed alongside measures that are in place to monitor the effectiveness of the rents pilot and impact on target groups.

Name: (signed off by)	
Position:	
Date signed off: (approved)	

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Section 7 Appendix – FOR OFFICE USE ONLY
Policy Hyperlink:

Equality Strand	Evidence
Race	
Disability	
Gender	
Sexual Orientation	
Religion and Belief	
Age	
Socio-Economic	
Other	

Link to original EQIA	Link to original EQIA
EQIAID (Team/Service/Year)	

Annex A - Tenant Profile by Protected Characteristics

Tenant 1- Tenant profile by Ethnicity

Ethnicity		% of tenants
Asian Or Asian	6515	45.93%
British:Bangladeshi	2685	18.93%
White:British	590	4.16%
White:Other White	449	3.17%
Black Or Black British: Somali	373	2.63%
White: Unknown	366	2.58%
Black Or Black British: Caribbean	343	2.42%
Black Or Black British: African	301	2.12%
Asian Or Asian British: Unknown	184	1.30%
White: Irish	178	1.25%
Asian Or Asian British: Other Asian	171	1.21%
Black Or Black British: Other Black	105	0.74%
Any Other Ethnic Group	102	0.72%
Asian Or Asian British: Indian	91	0.64%
Asian Or Asian British: Chinese	84	0.59%
Asian Or Asian British: Vietnamese	80	0.56%
Asian Or Asian British: Pakistani	70	0.49%
Black Or Black British: Other African	68	0.48%
Dual: Other	60	0.42%
Dual: Black African & White	48	0.34%
Dual: Black Caribbean & White	23	0.16%
Black Or Black British: Unknown	21	0.15%
Dual: Asian & White	6	0.04%
Dual: Unknown	3	0.02%
Dual: Asian And Black	1	0.01%
Gypsy Or Travellers	1001	7.06%
Prefer not to say	266	1.88%
Unknown		
Total	14184	100.00%

Table 2 - Tenant profile by Gender

Gender		% of tenants
Female	7825	55.17%
Male	6344	44.73%
Other Gender Identity	1	0.01%
Prefer not to say	3	0.02%
Unknown	11	0.08%
Total	14184	100.00%

Table 3 - Tenant profile by Age

Age Group		% of tenants
Under 16	20	0.14%
16-19	14	0.10%
20-24	166	1.17%
25-29	569	4.01%
30-39	2888	20.36%
40-49	3331	23.48%
50-54	1373	9.68%
55-59	1309	9.23%
60-64	1119	7.89%
65+	3277	23.10%
Prefer not to say	63	0.44%
Unknown	55	0.39%
Total	14184	100.00%

Table 4 - Tenant profile by Disability

Disability		% of tenants
No disability	10399	73.32%
One or more disability	2672	18.84%
Unknown	1113	7.85%
Total	14184	100.00%

Table 5 - Tenant profile by Religion & Belief

Religion & Belief		% of tenants
Muslim	7024	49.52%
Christian	2225	15.69%
No religion	809	5.70%
Other	89	0.63%
Buddhist	64	0.45%
Jewish	60	0.42%
Hindu	25	0.18%
Sikh	21	0.15%
Prefer not to say	2120	14.95%
Unknown	1747	12.32%
Total	14184	100.00%

Table 6 - Tenant profile by Sexual Orientation

Sexual Orientation		% of tenants
Heterosexual	8644	60.94%
Gay	55	0.39%
Bisexual	46	0.32%
Lesbian	14	0.10%
Other	5	0.04%
Prefer not to say	3132	22.08%
Unknown	2288	16.13%
Total	14184	100.00%

Table 7 - Tenant profile by Gender Re-assignment

Gender Reassignment		% of tenants
Gender same as at birth	4506	31.77%
Gender Reassigned	25	0.18%
Prefer not to say	1371	9.67%
Unknown	8282	58.39%
Total	14184	100.00%

Table 8 - Tenant profile by Marriage /Civil Partnership

Marriage & Civil Partnership		% of tenants
Married	2699	19.03%
Single	315	2.22%
Widowed	51	0.36%
Separated marriage/civil partnership	49	0.35%
Divorced	28	0.20%
Co-habiting	25	0.18%
Same-sex registered civil partnership	3	0.02%
Prefer not to say	28	0.20%
Unknown	10986	77.45%
Total	14184	100.00%

Table 9 – Maternity & Pregnancy

Pregnancy & Maternity	% of tenants
----------------------------------	---------------------

*Insufficient data

Annex B – Rent Analysis

Table 10 - Average change per dwelling – by bedroom size 2019/20

Bedsize	Average RENT CHARGE 18/19 £	Average of % Decrease 19/20	Average RENT CHARGE 19/20 £	Average of £ Decrease 19/20 £
0	81.93	-1%	81.11	0.82
1	95.37	-1%	94.42	0.95
2	107.81	-1%	106.73	1.08
3	121.24	-1%	120.03	1.21
4	135.94	-1%	134.58	1.36
5	151.33	-1%	149.82	1.51
6	154.56	-1%	153.01	1.55
7	160.84	-1%	159.23	1.61
8	172.99	-1%	171.26	1.73

Table 11 - Social Rent Cap Levels (Registered Social Landlords)

Bedroom size	Rent Cap in 2019-20	Rent Cap in 2018-19	Rent Cap in 2017-18	Rent Cap in 2016-17	Rent Cap in 2015-16	Rent Cap in 2014-15
Bedsit & one bedroom	£135.86	£137.23	£138.62	£140.02	£141.43	£137.71
Two bedrooms	£143.84	£145.29	£146.76	£148.24	£149.74	£145.80
Three bedrooms	£151.84	£153.37	£154.92	£156.48	£158.06	£153.90
Four bedrooms	£159.82	£161.43	£163.06	£164.71	£166.37	£162.00
Five bedrooms	£167.81	£169.50	£171.21	£172.94	£174.69	£170.10
Six or more bedrooms	£175.78	£177.56	£179.36	£181.17	£183.00	£178.19

Annex C – Analysis of Tenant Profile & Property Bedsize

Table 12 - GENDER & PROPERTY BED SIZE

Gender by Bedsize		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
Female	213	29.71%	1405	41.84%	3588	62.51%	2105	60.75%	443	57.16%	61	55.45%	7	53.85%	3	50.00%	7825	55.17%
Male	502	70.01%	1947	57.98%	2149	37.44%	1356	39.13%	332	42.84%	49	44.55%	6	46.15%	3	50.00%	6344	44.73%
Other Gender Identity		0.00%	1	0.03%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	1	0.01%
Prefer not to say	2	0.28%	1	0.03%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	3	0.02%
Unknown		0.00%	4	0.12%	3	0.05%	4	0.12%		0.00%		0.00%		0.00%		0.00%	11	0.08%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

Table 13 - AGE & PROPERTY BED SIZE

Age Group by Bedsize		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
Under 16		0.00%	5	0.15%	11	0.19%	4	0.12%		0.00%		0.00%		0.00%		0.00%	20	0.14%
16-19		0.00%	3	0.09%	5	0.09%	6	0.17%		0.00%		0.00%		0.00%		0.00%	14	0.10%
20-24	45	6.28%	72	2.14%	42	0.73%	7	0.20%		0.00%		0.00%		0.00%		0.00%	166	1.17%
25-29	96	13.39%	231	6.88%	217	3.78%	18	0.52%	6	0.77%	1	0.91%		0.00%		0.00%	569	4.01%
30-39	196	27.34%	609	18.14%	1639	28.55%	391	11.28%	47	6.06%	6	5.45%		0.00%		0.00%	2888	20.36%
40-49	122	17.02%	529	15.75%	1469	25.59%	989	28.54%	203	26.19%	17	15.45%		0.00%	2	33.33%	3331	23.48%
50-54	58	8.09%	298	8.87%	497	8.66%	409	11.80%	95	12.26%	13	11.82%	2	15.38%	1	16.67%	1373	9.68%
55-59	53	7.39%	350	10.42%	446	7.77%	354	10.22%	95	12.26%	9	8.18%	2	15.38%		0.00%	1309	9.23%
60-64	35	4.88%	295	8.78%	345	6.01%	318	9.18%	102	13.16%	17	15.45%	5	38.46%	2	33.33%	1119	7.89%
65+	111	15.48%	945	28.14%	1024	17.84%	929	26.81%	218	28.13%	45	40.91%	4	30.77%	1	16.67%	3277	23.10%
Prefer not to say	1	0.14%	13	0.39%	26	0.45%	19	0.55%	3	0.39%	1	0.91%		0.00%		0.00%	63	0.44%
Unknown		0.00%	8	0.24%	19	0.33%	21	0.61%	6	0.77%	1	0.91%		0.00%		0.00%	55	0.39%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

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Ethnicity by Bedsizes		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
Asian Or Asian British: Bangladeshi	299	41.70%	911	27.13%	2728	47.53%	1948	56.22%	528	68.13%	90	81.82%	11	84.62%		0.00%	6515	45.93%
White: British	117	16.32%	888	26.44%	1047	18.24%	562	16.22%	70	9.03%		0.00%		0.00%	1	16.67%	2685	18.93%
White: Other White	43	6.00%	231	6.88%	242	4.22%	66	1.90%	8	1.03%		0.00%		0.00%		0.00%	590	4.16%
Black Or Black British: Somali	23	3.21%	173	5.15%	153	2.67%	71	2.05%	24	3.10%	3	2.73%		0.00%	2	33.33%	449	3.17%
White: Unknown	26	3.63%	123	3.66%	143	2.49%	67	1.93%	13	1.68%	1	0.91%		0.00%		0.00%	373	2.63%
Black Or Black British: Caribbean	30	4.18%	138	4.11%	127	2.21%	61	1.76%	9	1.16%	1	0.91%		0.00%		0.00%	366	2.58%
Black Or Black British: African	36	5.02%	125	3.72%	131	2.28%	47	1.36%	4	0.52%		0.00%		0.00%		0.00%	343	2.42%
Asian Or Asian British: Unknown	8	1.12%	46	1.37%	113	1.97%	102	2.94%	23	2.97%	6	5.45%	2	15.38%	1	16.67%	301	2.12%
White: Irish	13	1.81%	74	2.20%	60	1.05%	30	0.87%	7	0.90%		0.00%		0.00%		0.00%	184	1.30%
Asian Or Asian British: Other Asian	5	0.70%	49	1.46%	71	1.24%	43	1.24%	8	1.03%	2	1.82%		0.00%		0.00%	178	1.25%
Black Or Black British: Other Black	8	1.12%	64	1.91%	66	1.15%	28	0.81%	5	0.65%		0.00%		0.00%		0.00%	171	1.21%
Any Other Ethnic Group	11	1.53%	31	0.92%	41	0.71%	21	0.61%	1	0.13%		0.00%		0.00%		0.00%	105	0.74%
Asian Or Asian British: Indian	6	0.84%	31	0.92%	50	0.87%	13	0.38%	2	0.26%		0.00%		0.00%		0.00%	102	0.72%
Asian Or Asian British: Chinese	7	0.98%	21	0.63%	27	0.47%	34	0.98%	2	0.26%		0.00%		0.00%		0.00%	91	0.64%
Asian Or Asian British: Vietnamese	2	0.28%	15	0.45%	46	0.80%	20	0.58%	1	0.13%		0.00%		0.00%		0.00%	84	0.59%
Asian Or Asian British: Pakistani	3	0.42%	27	0.80%	33	0.57%	11	0.32%	6	0.77%		0.00%		0.00%		0.00%	80	0.56%
Black Or Black British: Other African	3	0.42%	24	0.71%	27	0.47%	14	0.40%	1	0.13%	1	0.91%		0.00%		0.00%	70	0.49%
Dual: Other	6	0.84%	15	0.45%	37	0.64%	9	0.26%	1	0.13%		0.00%		0.00%		0.00%	68	0.48%
Dual: Black African & White	4	0.56%	16	0.48%	32	0.56%	7	0.20%	1	0.13%		0.00%		0.00%		0.00%	60	0.42%
Dual: Black Caribbean & White	4	0.56%	18	0.54%	23	0.40%	2	0.06%	1	0.13%		0.00%		0.00%		0.00%	48	0.34%
Black Or Black British: Unknown	1	0.14%	9	0.27%	7	0.12%	5	0.14%	1	0.13%		0.00%		0.00%		0.00%	23	0.16%
Dual: Asian & White	1	0.14%	10	0.30%	8	0.14%	1	0.03%	1	0.13%		0.00%		0.00%		0.00%	21	0.15%
Dual: Unknown	1	0.14%	3	0.09%	1	0.02%	1	0.03%		0.00%		0.00%		0.00%		0.00%	6	0.04%
Dual: Asian And Black		0.00%		0.00%	3	0.05%		0.00%		0.00%		0.00%		0.00%		0.00%	3	0.02%
Gypsy Or Travellers		0.00%	1	0.03%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	1	0.01%
Prefer not to say	46	6.42%	264	7.86%	404	7.04%	241	6.96%	40	5.16%	4	3.64%		0.00%	2	33.33%	1001	7.06%
Unknown	14	1.95%	51	1.52%	120	2.09%	61	1.76%	18	2.32%	2	1.82%		0.00%		0.00%	266	1.88%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

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Table 14 - SEXUAL ORIENTATION & PROPERTY BED SIZE

Sexual Orientation by Bedsize		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
Heterosexual	401	55.93%	1959	58.34%	3676	64.04%	2066	59.62%	470	60.65%	61	55.45%	7	53.85%	4	66.67%	8644	60.94%
Gay	7	0.98%	35	1.04%	12	0.21%	1	0.03%		0.00%		0.00%		0.00%		0.00%	55	0.39%
Bisexual	2	0.28%	20	0.60%	14	0.24%	9	0.26%	1	0.13%		0.00%		0.00%		0.00%	46	0.32%
Lesbian	2	0.28%	8	0.24%	3	0.05%		0.00%	1	0.13%		0.00%		0.00%		0.00%	14	0.10%
Other		0.00%	3	0.09%	2	0.03%		0.00%		0.00%		0.00%		0.00%		0.00%	5	0.04%
Prefer not to say	140	19.53%	694	20.67%	1145	19.95%	890	25.69%	219	28.26%	38	34.55%	6	46.15%		0.00%	3132	22.08%
Unknown	165	23.01%	639	19.03%	888	15.47%	499	14.40%	84	10.84%	11	10.00%		0.00%	2	33.33%	2288	16.13%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

Table 15 - ETHNICITY & PROPERTY BED SIZE

Religion & Belief by Bedsize		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
Muslim	312	43.51%	1158	34.48%	2894	50.42%	2012	58.07%	539	69.55%	94	85.45%	13	100.00%	2	33.33%	7024	49.52%
Christian	113	15.76%	758	22.57%	871	15.17%	424	12.24%	57	7.35%	1	0.91%		0.00%	1	16.67%	2225	15.69%
No Religion	58	8.09%	314	9.35%	323	5.63%	101	2.91%	12	1.55%		0.00%		0.00%	1	16.67%	809	5.70%
Other	5	0.70%	33	0.98%	30	0.52%	18	0.52%	2	0.26%	1	0.91%		0.00%		0.00%	89	0.63%
Buddhist	3	0.42%	18	0.54%	29	0.51%	13	0.38%	1	0.13%		0.00%		0.00%		0.00%	64	0.45%
Jewish	1	0.14%	22	0.66%	31	0.54%	5	0.14%	1	0.13%		0.00%		0.00%		0.00%	60	0.42%
Hindu		0.00%	8	0.24%	13	0.23%	4	0.12%		0.00%		0.00%		0.00%		0.00%	25	0.18%
Sikh	1	0.14%	5	0.15%	9	0.16%	4	0.12%	2	0.26%		0.00%		0.00%		0.00%	21	0.15%
Prefer not to say	81	11.30%	541	16.11%	871	15.17%	527	15.21%	92	11.87%	7	6.36%		0.00%	1	16.67%	2120	14.95%
Unknown	143	19.94%	501	14.92%	669	11.66%	357	10.30%	69	8.90%	7	6.36%		0.00%	1	16.67%	1747	12.32%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

Table 16 - RELIGION & PROPERTY BED SIZE

Table 17 - DISABILITY & PROPERTY BED SIZE

Disability by Bedsizesize		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
No disability	561	78.24%	2194	65.34%	4375	76.22%	2619	75.58%	551	71.10%	86	78.18%	11	84.62%	2	33.33%	10399	73.32%
One or more disability	114	15.90%	951	28.32%	841	14.65%	597	17.23%	145	18.71%	20	18.18%	2	15.38%	2	33.33%	2672	18.84%
Unknown	42	5.86%	213	6.34%	524	9.13%	249	7.19%	79	10.19%	4	3.64%		0.00%	2	33.33%	1113	7.85%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

Table 18 - GENDER REASSIGNMENT & PROPERTY BED SIZE

Gender Reassignment by Bedsize		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
Gender same as at birth	260	36.26%	1191	35.47%	1838	32.02%	945	27.27%	240	30.97%	25	22.73%	4	30.77%	3	50.00%	4506	31.77%
Gender Reassigned	2	0.28%	10	0.30%	8	0.14%	4	0.12%		0.00%	1	0.91%		0.00%		0.00%	25	0.18%
Prefer not to say	48	6.69%	269	8.01%	544	9.48%	397	11.46%	92	11.87%	20	18.18%	1	7.69%		0.00%	1371	9.67%
Unknown	407	56.76%	1888	56.22%	3350	58.36%	2119	61.15%	443	57.16%	64	58.18%	8	61.54%	3	50.00%	8282	58.39%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

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Table 19 – MARRIAGE & CIVIL PARTNERSHIP & PROPERTY BED SIZE

Gender Reassignment by Bedsize		0 bed		1 bed		2 bed		3 bed		4 bed		5 bed		6 bed		7 bed		Total
Gender same as at birth	260	36.26%	1191	35.47%	1838	32.02%	945	27.27%	240	30.97%	25	22.73%	4	30.77%	3	50.00%	4506	31.77%
Gender Reassigned	2	0.28%	10	0.30%	8	0.14%	4	0.12%		0.00%	1	0.91%		0.00%		0.00%	25	0.18%
Prefer not to say	48	6.69%	269	8.01%	544	9.48%	397	11.46%	92	11.87%	20	18.18%	1	7.69%		0.00%	1371	9.67%
Unknown	407	56.76%	1888	56.22%	3350	58.36%	2119	61.15%	443	57.16%	64	58.18%	8	61.54%	3	50.00%	8282	58.39%
Total	717	100.00%	3358	100.00%	5740	100.00%	3465	100.00%	775	100.00%	110	100.00%	13	100.00%	6	100.00%	14184	100.00%

Table 20 – PREGNANCY & MATERNITY & PROPERTY BED SIZE

Pregnancy & Maternity by Bedsizes	0 bed	1 bed	2 bed	3 bed	4 bed	5 bed	6 bed	7 bed	8 bed	Total
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*Insufficient data

Table 21 - Stock Profile by Bedsizes

Bedsizes	No of units	%
0	716	6%
1	3,179	28%
2	4,524	39%
3	2,490	22%
4	515	4%
5	73	1%
6	8	0%
7	4	0%
Total	11,509	100%

Annex D – Analysis of Tenant Profile & HB Status

Age Group By HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Under 16	5	0.11%	6	0.16%	9	0.16%	20	0.14%
16-19	8	0.17%	2	0.05%	4	0.07%	14	0.10%
20-24	34	0.73%	15	0.40%	117	2.03%	166	1.17%
25-29	120	2.58%	87	2.30%	362	6.29%	569	4.01%
30-39	698	15.03%	780	20.62%	1410	24.49%	2888	20.36%
40-49	889	19.14%	1157	30.59%	1285	22.32%	3331	23.48%
50-54	397	8.55%	363	9.60%	613	10.65%	1373	9.68%
55-59	404	8.70%	276	7.30%	629	10.93%	1309	9.23%
60-64	362	7.79%	274	7.24%	483	8.39%	1119	7.89%
65+	1705	36.71%	796	21.05%	776	13.48%	3277	23.10%
Prefer not to say	9	0.19%	12	0.32%	42	0.73%	63	0.44%
Unknown	14	0.30%	14	0.37%	27	0.47%	55	0.39%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

Gender by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Female	2587	55.69%	2232	59.02%	3006	52.21%	7825	55.17%
Male	2055	44.24%	1548	40.93%	2741	47.61%	6344	44.73%
Other Gender Identity		0.00%		0.00%	1	0.02%	1	0.01%
Prefer not to say		0.00%		0.00%	3	0.05%	3	0.02%
Unknown	3	0.06%	2	0.05%	6	0.10%	11	0.08%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

Sexual Orientation by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Heterosexual	2896	62.35%	2381	62.96%	3367	58.49%	8644	60.94%
Gay	24	0.52%	4	0.11%	27	0.47%	55	0.39%
Bisexual	16	0.34%	7	0.19%	23	0.40%	46	0.32%
Lesbian	6	0.13%	1	0.03%	7	0.12%	14	0.10%
Other	3	0.06%		0.00%	2	0.03%	5	0.04%
Prefer not to say	1043	22.45%	895	23.66%	1194	20.74%	3132	22.08%
Unknown	657	14.14%	494	13.06%	1137	19.75%	2288	16.13%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

APPENDIX 1

Ethnicity by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Asian Or Asian British: Bangladeshi	1930	41.55%	2168	57.32%	2417	41.98%	6515	45.93%
White: British	1006	21.66%	566	14.97%	1113	19.33%	2685	18.93%
White: Other White	264	5.68%	112	2.96%	214	3.72%	590	4.16%
Black Or Black British: Somali	187	4.03%	104	2.75%	158	2.74%	449	3.17%
White: Unknown	153	3.29%	70	1.85%	150	2.61%	373	2.63%
Black Or Black British: Caribbean	131	2.82%	58	1.53%	177	3.07%	366	2.58%
Black Or Black British: African	87	1.87%	58	1.53%	198	3.44%	343	2.42%
Asian Or Asian British: Unknown	112	2.41%	98	2.59%	91	1.58%	301	2.12%
White: Irish	101	2.17%	33	0.87%	50	0.87%	184	1.30%
Asian Or Asian British: Other Asian	49	1.05%	52	1.37%	77	1.34%	178	1.25%
Black Or Black British: Other Black	42	0.90%	27	0.71%	102	1.77%	171	1.21%
Any Other Ethnic Group	37	0.80%	26	0.69%	42	0.73%	105	0.74%
Asian Or Asian British: Indian	40	0.86%	17	0.45%	45	0.78%	102	0.72%
Asian Or Asian British: Chinese	26	0.56%	28	0.74%	37	0.64%	91	0.64%
Asian Or Asian British: Vietnamese	28	0.60%	35	0.93%	21	0.36%	84	0.59%
Asian Or Asian British: Pakistani	27	0.58%	20	0.53%	33	0.57%	80	0.56%
Black Or Black British: Other African	18	0.39%	12	0.32%	40	0.69%	70	0.49%
Dual: Other	22	0.47%	7	0.19%	39	0.68%	68	0.48%
Dual: Black African & White	18	0.39%	13	0.34%	29	0.50%	60	0.42%
Dual: Black Caribbean & White	14	0.30%	5	0.13%	29	0.50%	48	0.34%
Black Or Black British: Unknown	8	0.17%	8	0.21%	7	0.12%	23	0.16%
Dual: Asian & White	10	0.22%	2	0.05%	9	0.16%	21	0.15%
Dual: Unknown	3	0.06%		0.00%	3	0.05%	6	0.04%
Dual: Asian And Black	1	0.02%	2	0.05%		0.00%	3	0.02%
Gypsy Or Travellers		0.00%		0.00%	1	0.02%	1	0.01%
Prefer not to say	249	5.36%	197	5.21%	555	9.64%	1001	7.06%
Unknown	82	1.77%	64	1.69%	120	2.08%	266	1.88%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

Religion & Belief by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Muslim	2189	47.13%	2273	60.10%	2562	44.50%	7024	49.52%
Christian	811	17.46%	456	12.06%	958	16.64%	2225	15.69%
No religion	296	6.37%	154	4.07%	359	6.24%	809	5.70%
Other	36	0.78%	15	0.40%	38	0.66%	89	0.63%
Buddhist	15	0.32%	19	0.50%	30	0.52%	64	0.45%
Jewish	29	0.62%	9	0.24%	22	0.38%	60	0.42%
Hindu	8	0.17%	2	0.05%	15	0.26%	25	0.18%
Sikh	7	0.15%	5	0.13%	9	0.16%	21	0.15%
Prefer not to say	714	15.37%	473	12.51%	933	16.21%	2120	14.95%
Unknown	540	11.63%	376	9.94%	831	14.43%	1747	12.32%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

APPENDIX 1

Disability by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
No disability	2818	60.67%	2936	77.63%	4645	80.68%	10399	73.32%
One or more disability	1468	31.60%	599	15.84%	605	10.51%	2672	18.84%
Unknown	359	7.73%	247	6.53%	507	8.81%	1113	7.85%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

Gender Reassignment by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Gender same as at birth	1442	31.04%	1194	31.57%	1870	32.48%	4506	31.77%
Gender Reassigned	8	0.17%	9	0.24%	8	0.14%	25	0.18%
Prefer not to say	439	9.45%	395	10.44%	537	9.33%	1371	9.67%
Unknown	2756	59.33%	2184	57.75%	3342	58.05%	8282	58.39%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

APPENDIX 1

Marriage & Civil Partnership by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Married	744	16.02%	966	25.54%	989	17.18%	2699	19.03%
Single	126	2.71%	44	1.16%	145	2.52%	315	2.22%
Widowed	20	0.43%	21	0.56%	10	0.17%	51	0.36%
Separated marriage/civil partnership	16	0.34%	9	0.24%	24	0.42%	49	0.35%
Divorced	12	0.26%	6	0.16%	10	0.17%	28	0.20%
Co-habiting	6	0.13%	1	0.03%	18	0.31%	25	0.18%
Same-sex registered civil partnership	1	0.02%		0.00%	2	0.03%	3	0.02%
Prefer not to say	5	0.11%	4	0.11%	19	0.33%	28	0.20%
Unknown	3715	79.98%	2731	72.21%	4540	78.86%	10986	77.45%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

Employment Status by HB Status		Full HB		Partial HB		Not in receipt of HB		Total
Retired	1083	23.32%	516	13.64%	453	7.87%	2052	14.47%
Unemployed	14	0.30%	7	0.19%	3	0.05%	24	0.17%
Employed	3	0.06%	2	0.05%	14	0.24%	19	0.13%
Student		0.00%	3	0.08%	1	0.02%	4	0.03%
Self-employed		0.00%		0.00%	1	0.02%	1	0.01%
Prefer not to say		0.00%	2	0.05%	3	0.05%	5	0.04%
Unknown	3545	76.32%	3252	85.99%	5282	91.75%	12079	85.16%
Total	4645	100.00%	3782	100.00%	5757	100.00%	14184	100.00%

Pregnancy & Maternity by HB Status	Full HB	Partial HB	Not in receipt of HB	Total
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*Insufficient data

Annex E – Analysis of Tenant Profile & Rent Arrears

Age Group by Rent Arrears		In Arrears		Not in Arrears		Total
Under 16	10	0.19%	10	0.11%	20	0.14%
16-19	6	0.11%	8	0.09%	14	0.10%
20-24	85	1.58%	81	0.92%	166	1.17%
25-29	265	4.93%	304	3.45%	569	4.01%
30-39	1269	23.60%	1619	18.38%	2888	20.36%
40-49	1507	28.03%	1824	20.71%	3331	23.48%
50-54	547	10.17%	826	9.38%	1373	9.68%
55-59	474	8.82%	835	9.48%	1309	9.23%
60-64	374	6.96%	745	8.46%	1119	7.89%
65+	796	14.81%	2481	28.17%	3277	23.10%
Prefer not to say	23	0.43%	40	0.45%	63	0.44%
Unknown	20	0.37%	35	0.40%	55	0.39%
Total	5376	100.00%	8808	100.00%	14184	100.00%

Gender by Rent Arrears		In Arrears		Not in Arrears		Total
Female	2972	55.28%	4853	55.10%	7825	55.17%
Male	2396	44.57%	3948	44.82%	6344	44.73%
Other Gender Identity	1	0.02%		0.00%	1	0.01%
Prefer not to say	2	0.04%	1	0.01%	3	0.02%
Unknown	5	0.09%	6	0.07%	11	0.08%
Total	5376	100.00%	8808	100.00%	14184	100.00%

Sexual Orientation by Rent Arrears		In Arrears		Not in Arrears		Total
Heterosexual	3179	59.13%	5465	62.05%	8644	60.94%
Gay	13	0.24%	42	0.48%	55	0.39%
Bisexual	19	0.35%	27	0.31%	46	0.32%
Lesbian	9	0.17%	5	0.06%	14	0.10%
Other	2	0.04%	3	0.03%	5	0.04%
Prefer not to say	1185	22.04%	1947	22.10%	3132	22.08%
Unknown	969	18.02%	1319	14.98%	2288	16.13%
Total	5376	100.00%	8808	100.00%	14184	100.00%

Ethnicity by Rent Arrears		In Arrears		Not in Arrears		Total
Asian Or Asian British: Bangladeshi	2620	48.74%	3895	44.22%	6515	45.93%
White: British	849	15.79%	1836	20.84%	2685	18.93%
White: Other White	178	3.31%	412	4.68%	590	4.16%
Black Or Black British: Somali	225	4.19%	224	2.54%	449	3.17%
White: Unknown	121	2.25%	252	2.86%	373	2.63%
Black Or Black British: Caribbean	162	3.01%	204	2.32%	366	2.58%
Black Or Black British: African	172	3.20%	171	1.94%	343	2.42%
Asian Or Asian British: Unknown	120	2.23%	181	2.05%	301	2.12%
White: Irish	54	1.00%	130	1.48%	184	1.30%
Asian Or Asian British: Other Asian	77	1.43%	101	1.15%	178	1.25%
Black Or Black British: Other Black	88	1.64%	83	0.94%	171	1.21%
Any Other Ethnic Group	41	0.76%	64	0.73%	105	0.74%
Asian Or Asian British: Indian	26	0.48%	76	0.86%	102	0.72%
Asian Or Asian British: Chinese	15	0.28%	76	0.86%	91	0.64%
Asian Or Asian British: Vietnamese	17	0.32%	67	0.76%	84	0.59%
Asian Or Asian British: Pakistani	36	0.67%	44	0.50%	80	0.56%
Black Or Black British: Other African	29	0.54%	41	0.47%	70	0.49%
Dual: Other	31	0.58%	37	0.42%	68	0.48%
Dual: Black African & White	26	0.48%	34	0.39%	60	0.42%
Dual: Black Caribbean & White	30	0.56%	18	0.20%	48	0.34%
Black Or Black British: Unknown	9	0.17%	14	0.16%	23	0.16%
Dual: Asian & White	8	0.15%	13	0.15%	21	0.15%
Dual: Unknown	3	0.06%	3	0.03%	6	0.04%
Dual: Asian And Black	1	0.02%	2	0.02%	3	0.02%
Gypsy Or Travellers	1	0.02%		0.00%	1	0.01%
Prefer not to say	313	5.82%	688	7.81%	1001	7.06%
Unknown	124	2.31%	142	1.61%	266	1.88%
Total	5376	100.00%	8808	100.00%	14184	100.00%

Religion & Belief by Rent Arrears		In Arrears		Not in Arrears		Total
Muslim	2820	52.46%	4204	47.73%	7024	49.52%
Christian	724	13.47%	1501	17.04%	2225	15.69%
No religion	305	5.67%	504	5.72%	809	5.70%
Other	34	0.63%	55	0.62%	89	0.63%
Buddhist	17	0.32%	47	0.53%	64	0.45%
Jewish	14	0.26%	46	0.52%	60	0.42%
Hindu	7	0.13%	18	0.20%	25	0.18%
Sikh	7	0.13%	14	0.16%	21	0.15%
Prefer not to say	690	12.83%	1430	16.24%	2120	14.95%
Unknown	758	14.10%	989	11.23%	1747	12.32%
Total	5376	100.00%	8808	100.00%	14184	100.00%

Disability by Rent Arrears		In Arrears		Not in Arrears		Total
No disability	3925	73.01%	6474	73.50%	10399	73.32%
One or more disability	897	16.69%	1775	20.15%	2672	18.84%
Unknown	554	10.31%	559	6.35%	1113	7.85%
Total	5376	100.00%	8808	100.00%	14184	100.00%

Gender Reassignment by Rent Arrears		In Arrears		Not in Arrears		Total
Gender same as at birth	1647	30.64%	2859	32.46%	4506	31.77%
Gender Reassigned	9	0.17%	16	0.18%	25	0.18%
Prefer not to say	506	9.41%	865	9.82%	1371	9.67%
Unknown	3214	59.78%	5068	57.54%	8282	58.39%
Total	5376	100.00%	8808	100.00%	14184	100.00%

Annex F - Community & Population Data

Figure 2 Population by ethnic group, Tower Hamlets, 2011 Census

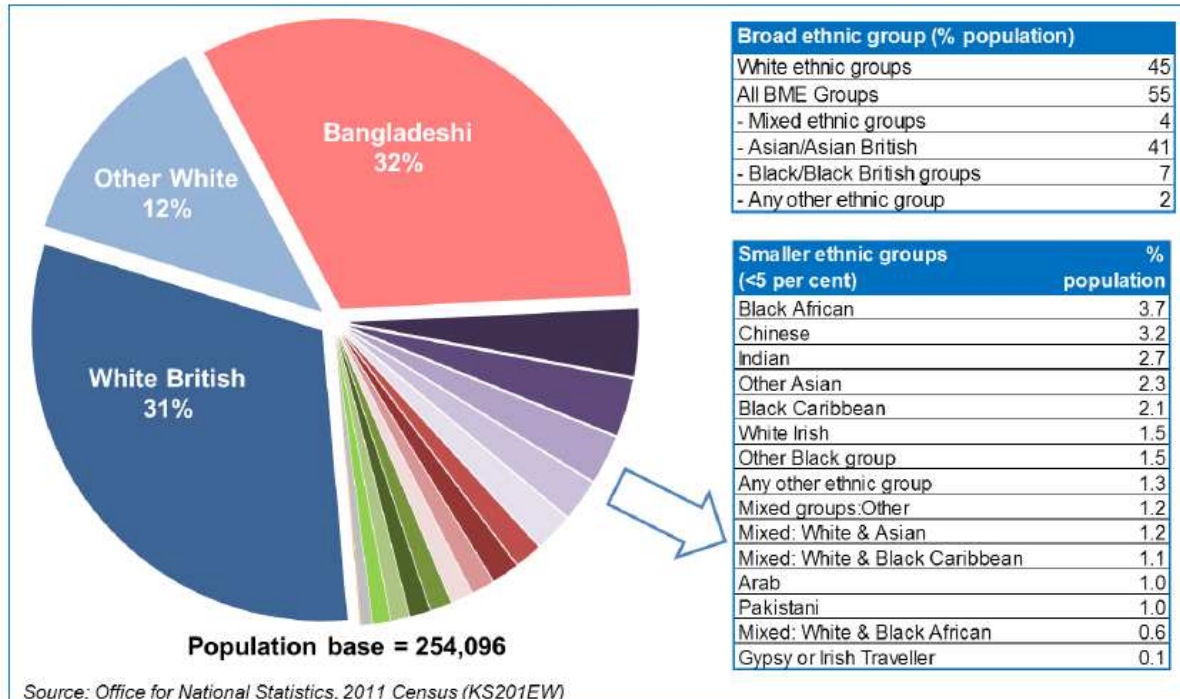
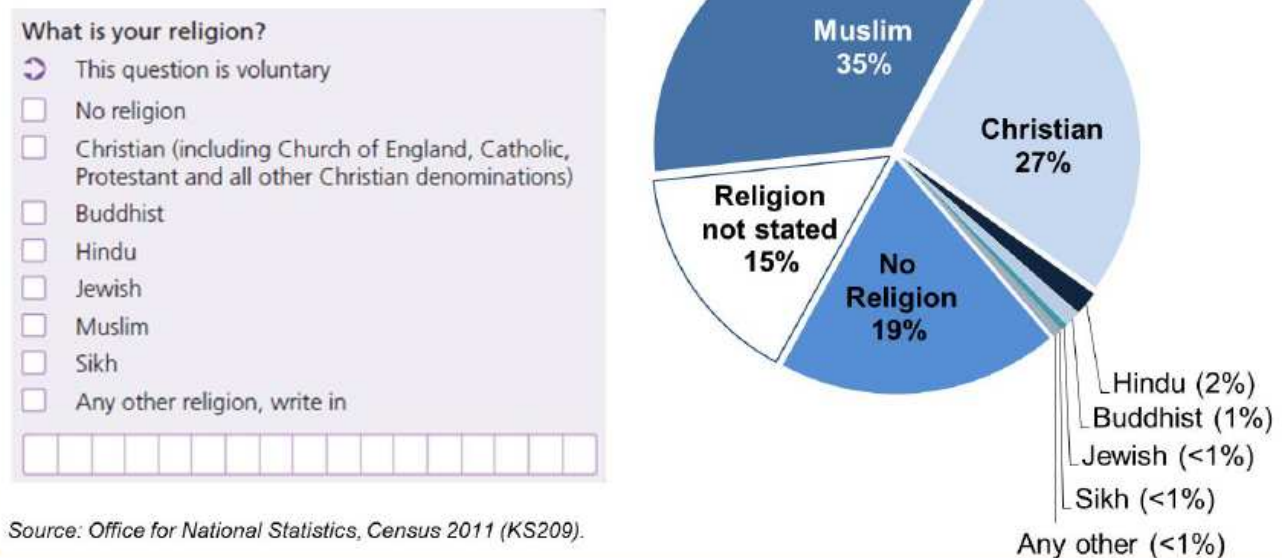


Figure 1 Population by religion, Tower Hamlets, 2011



Borough Population by Sex (Census 2011)

Sex	2011 Number	2011 Percentage
All persons	254,096	100
Males	130,906	51.52
Females	123,190	48.48

Borough Population by Disability (Census 2011)

Disability	2011 Number	2011 Percentage
All categories: Long-term health problem or disability	254,096	100
Day-to-day activities limited a lot	17,258	6.79
Day-to-day activities limited a little	17,045	6.71
Day-to-day activities not limited	219,793	86.50

Borough Population by Age (Census 2011)

Age	2011	
	number	%
All usual residents	254,096	100.0
Age 0 to 4	18,750	7.4
Age 5 to 7	9,697	3.8
Age 8 to 9	5,834	2.3
Age 10 to 14	13,202	5.2
Age 15	2,660	1.0
Age 16 to 17	4,953	1.9
Age 18 to 19	7,010	2.8
Age 20 to 24	30,818	12.1
Age 25 to 29	40,157	15.8
Age 30 to 44	70,245	27.6
Age 45 to 59	29,337	11.5
Age 60 to 64	5,863	2.3
Age 65 to 74	8,169	3.2
Age 75 to 84	5,611	2.2
Age 85 to 89	1,256	0.5
Age 90 and over	534	0.2

Appendix 9

CAPITAL PROGRAMME

Capital Programme by Directorate

Directorate	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Health, Adults & Community	3.005	11.998	5.290	0.314	-	-	-	-	-	-	-	20.606
Children's Services	14.174	35.444	56.654	38.715	2.502	0.463	-	-	-	-	-	147.953
Place	56.296	63.463	43.581	15.696	11.500	3.200	0.100	0.100	0.100	0.100	-	194.136
Resources	0.517	1.888	0.500	0.500	-	-	-	-	-	-	-	3.405
Corporate	9.812	63.324	42.989	26.521	-	-	-	-	-	-	-	142.646
Housing Revenue Account	61.888	84.940	99.904	80.687	50.370	3.553	-	-	-	-	-	381.342
Total Capital Programme	145.692	261.057	248.917	162.432	64.372	7.217	0.100	0.100	0.100	0.100	-	890.088

Capital Programme by Strategic Priority Outcome

Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
1.1 People access a range of education, training, and employment opportunities	14.430	30.625	56.554	38.180	1.410	-	-	-	-	-	-	141.199
1.2 Children and young people are protected so they get the best start in life and can realise their potential	-	-	-	-	-	-	-	-	-	-	-	-
1.3 People access joined-up services when they need them and feel healthier and more independent	3.433	12.292	5.290	0.314	-	-	-	-	-	-	-	21.329
1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	-	-	-	-	-	-	-	-	-	-	-	-
2.1 People live in a borough that is clean and green	14.626	25.326	10.401	2.883	2.092	0.463	-	-	-	-	-	55.792
2.2 People live in good quality and affordable homes and well-designed neighbourhoods	99.999	124.643	133.954	94.534	60.870	6.753	0.100	0.100	0.100	0.100	-	521.153
2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled	0.067	-	-	-	-	-	-	-	-	-	-	0.067
2.4 People feel they are part of a cohesive and vibrant community	0.379	0.075	-	-	-	-	-	-	-	-	-	0.454
3.1 People say we are open and transparent putting residents at the heart of everything we do	12.138	43.395	42.719	26.521	-	-	-	-	-	-	-	124.773
3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	0.620	3.200	-	-	-	-	-	-	-	-	-	3.820
3.3 People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement	-	-	-	-	-	-	-	-	-	-	-	-
N/A (Feasibility Studies, and New Schemes)	-	21.500	-	-	-	-	-	-	-	-	-	21.500
Total Capital Programme	145.692	261.057	248.917	162.432	64.372	7.217	0.100	0.100	0.100	0.100	-	890.088

Capital Programme Funding

Directorate	Capital Receipts £m	Developer Contributions £m	Revenue £m	Grants £m	Major Repairs Reserve £m	Prudential Borrowing £m	Total Funding £m
Health, Adults & Community	-	20.310	-	0.297	-	-	20.606
Children's Services	1.947	44.815	0.157	26.135	-	74.899	147.953
Place	58.639	41.499	6.813	13.961	-	73.223	194.136
Resources	3.125	0.280	-	-	-	-	3.405
Corporate	22.270	-	-	-	-	120.376	142.646
Housing Revenue Account	81.753	2.314	21.688	13.391	101.236	160.959	381.342
Total Capital Programme Funding	167.735	109.219	28.658	53.784	101.236	429.456	890.088

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
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Health, Adults & Community														
Learning Disabilities supported accommodation - Sewardstone Road/Antill Road (initial requirement)	Adult Social Care	1.3 People access joined-up services when they need them and feel healthier and more independent	0.020	0.180	-	-	-	-	-	-	-	-	-	0.200
	Adult Social Care		0.020	0.180	-	-	-	-	-	-	-	-	-	0.200
Aberfeldy Practice - Improvements to Health Infrastructure	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	0.050	2.000	1.069	-	-	-	-	-	-	-	-	3.119
Healthcare ICT Infrastructure	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	-	0.493	-	-	-	-	-	-	-	-	-	0.493
Buxton Street East - Tree Planting and Park Entrance (Green Grid)	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	0.021	0.262	-	-	-	-	-	-	-	-	-	0.283
Buxton Street West - Landscaping (Green Grid)	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	0.021	0.179	-	-	-	-	-	-	-	-	-	0.200
Goodmans Fields - Improvements to Health Infrastructure	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	0.075	0.385	4.050	0.314	-	-	-	-	-	-	-	4.824
Good Health Medical Centre	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	0.050	0.897	0.039	-	-	-	-	-	-	-	-	0.986
Open Spaces (Grow it here, Chicksand, Montague Landscape)	Public Health	2.1 People live in a borough that is clean and green	0.077	0.240	-	-	-	-	-	-	-	-	-	0.317
Pocket Parks Project Chicksand East	Public Health	2.1 People live in a borough that is clean and green	-	0.041	-	-	-	-	-	-	-	-	-	0.041
Pocket Parks Project Marner Family	Public Health	2.1 People live in a borough that is clean and green	0.034	-	-	-	-	-	-	-	-	-	-	0.034
Streets are Spaces too (Durward Street, Brady Street)	Public Health	2.1 People live in a borough that is clean and green	0.236	0.175	-	-	-	-	-	-	-	-	-	0.411
Sutton Wharf - Improvements to Health Infrastructure	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	0.600	2.500	0.019	-	-	-	-	-	-	-	-	3.119
Various Sites - Improvement Works (Maximising Health Infrastructure (MHI))	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	1.021	0.850	-	-	-	-	-	-	-	-	-	1.871
Wellington Way Health Centre	Public Health	1.3 People access joined-up services when they need them and feel healthier and more independent	0.800	3.700	0.113	-	-	-	-	-	-	-	-	4.613
	Public Health		2.985	11.721	5.290	0.314	-	-	-	-	-	-	-	20.310
Telecare/Telehealth Equipment	Tele Care/Telehealth Equipment	1.3 People access joined-up services when they need them and feel healthier and more independent	-	0.097	-	-	-	-	-	-	-	-	-	0.097
	Tele Care/Telehealth Equipment		-	0.097	-	-	-	-	-	-	-	-	-	0.097
Health, Adults & Community Total			3.005	11.998	5.290	0.314	-	-	-	-	-	-	-	20.606

Children's Services														
Woolmore Primary School Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.008	-	-	-	-	-	-	-	-	-	-	0.008
Various - Scheme Development	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.260	-	-	-	-	-	-	-	-	-	-	0.260
Bow School - Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.005	-	-	-	-	-	-	-	-	-	-	0.005

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Bow Site - SEN Provision	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.500	4.000	3.000	1.600	-	-	-	-	-	-	-	9.100
Olga Primary School Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.438	-	-	-	-	-	-	-	-	-	-	0.438
St Paul's Way Trust School Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	2.486	-	-	-	-	-	-	-	-	-	-	2.486
Stepney - 6th Form Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.279	-	-	-	-	-	-	-	-	-	-	0.279
London Dock - Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.108	13.292	23.000	15.000	0.600	-	-	-	-	-	-	52.000
George Green's - 6th form Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.023	-	4.689	0.130	-	-	-	-	-	-	-	4.842
Langdon Park - 6th Form Expansion	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.200	0.200	-	-	-	-	-	-	-	-	-	0.400
Raines Foundation School	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	1.000	2.000	1.000	-	-	-	-	-	-	-	-	4.000
Wood Wharf Primary School	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.090	0.225	3.475	1.000	0.210	-	-	-	-	-	-	5.000
Milharbour Priamry School	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	-	-	0.300	3.950	-	-	-	-	-	-	-	4.250
Westferry Secondary School	Basic Need/Expansion	1.1 People access a range of education, training, and employment opportunities	0.200	8.200	20.000	16.000	0.600	-	-	-	-	-	-	45.000
	Basic Need/Expansion		5.598	27.917	55.464	37.680	1.410	-	-	-	-	-	-	128.069
Bishop Challoner - Community Facilities	Bishop Challoner	1.1 People access a range of education, training, and employment opportunities	-	-	0.590	-	-	-	-	-	-	-	-	0.590
	Bishop Challoner		-	-	0.590	-	-	-	-	-	-	-	-	0.590
Arnhem Wharf - Damp Issues	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.350	-	-	-	-	-	-	-	-	-	-	0.350
Biglandbandhu - Roofing Phase 3	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.500	-	-	-	-	-	-	-	-	-	-	0.500
Bangabandhu Primary School - Re-roofing Phase 2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.030	-	-	-	-	-	-	-	-	-	-	0.030
Beatrice Tate - Replace Default Pipework	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.005	-	-	-	-	-	-	-	-	-	-	0.005
Beatrice Tate - Temporary Classrooms	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.500	-	-	-	-	-	-	-	-	-	-	0.500
Bigland Green - Heating pipework	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.014	-	-	-	-	-	-	-	-	-	-	0.014
Bigland Green - Replace H&C Pipework PH2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.116	-	-	-	-	-	-	-	-	-	-	0.116
Blue Gate Fields Infants School - Roofing Phase 1	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.476	-	-	-	-	-	-	-	-	-	-	0.476
Bow Secondary School	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.300	0.300	-	-	-	-	-	-	-	-	-	0.600
Bow Secondary School - 6th Form Extension	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.139	-	-	-	-	-	-	-	-	-	-	0.139
Bow South – Temporary Pheonix SEN provision	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.600	0.200	-	-	-	-	-	-	-	-	-	0.800
Canon Barnett - Boiler Replacement Phase 2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	-	0.069	-	-	-	-	-	-	-	-	-	0.069
Cherry Tree Special Needs Primary School- Replace hot and cold water system	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.098	-	-	-	-	-	-	-	-	-	-	0.098
Cubitt Town Primary - Accessibility Improvements	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.021	-	-	-	-	-	-	-	-	-	-	0.021
Cyril Jackson (North) - Replace Boiler and Calorifier	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.062	-	-	-	-	-	-	-	-	-	-	0.062

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Cyril Jackson (South) - Replace Main School Boilers / Replace Nursery Boiler	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.148	-	-	-	-	-	-	-	-	-	-	0.148
George Green's - Hygiene Room	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.025	-	-	-	-	-	-	-	-	-	-	0.025
Gorsefield - Accessible Room & Bathroom	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.070	-	-	-	-	-	-	-	-	-	-	0.070
Halley - Kitchen Canopy	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	-	0.030	-	-	-	-	-	-	-	-	-	0.030
Halley - Toilet Refurbishment	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.023	-	-	-	-	-	-	-	-	-	-	0.023
Halley Primary School - Gate works	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.001	-	-	-	-	-	-	-	-	-	-	0.001
Halley Primary School - Replace Distribution Boards	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.010	-	-	-	-	-	-	-	-	-	-	0.010
Harry Gosling - Repair and replace H&C controls	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.013	-	-	-	-	-	-	-	-	-	-	0.013
Hermitage - Drainage Phase 2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.045	-	-	-	-	-	-	-	-	-	-	0.045
Hermitage Primary School - Re-roofing Phase 2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.062	-	-	-	-	-	-	-	-	-	-	0.062
Hermitage Primary School - Replace Hot Water Boilers	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.013	-	-	-	-	-	-	-	-	-	-	0.013
Impscarr Primary School - Fire Alarm Upgrade	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.002	-	-	-	-	-	-	-	-	-	-	0.002
Kobi Nazrul - Replace H&C Water Pipework	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.111	-	-	-	-	-	-	-	-	-	-	0.111
Mildenhurst - Replace boiler and water generator	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.040	-	-	-	-	-	-	-	-	-	-	0.040
Manorfield - Sprinkler Pump, Boiler Plant, Water Pipework, Water Storage	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.129	0.058	-	-	-	-	-	-	-	-	-	0.186
Marner - Air Conditioning	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.062	-	-	-	-	-	-	-	-	-	-	0.062
Marner - Re-roofing Phase 2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.046	-	-	-	-	-	-	-	-	-	-	0.046
Marner - Roofing Phase 2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.010	0.090	-	-	-	-	-	-	-	-	-	0.100
Marner Primary School - Sports Pitch	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.011	-	-	-	-	-	-	-	-	-	-	0.011
Mayflower - Hot & Cold water pipework	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	-	0.134	-	-	-	-	-	-	-	-	-	0.134
Mayflower - Update boiler controls	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.011	-	-	-	-	-	-	-	-	-	-	0.011
Oakland - Upgrade passenger lift in main building	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.031	-	-	-	-	-	-	-	-	-	-	0.031
Programme Development 2017-18	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.236	-	-	-	-	-	-	-	-	-	-	0.236
Schools Urgent Works	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.525	-	-	-	-	-	-	-	-	-	-	0.525
Seven Mills - Replace roof, Hot and Cold Pipework	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.111	-	-	-	-	-	-	-	-	-	-	0.111
Shapla - Replace H&C controls	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.015	-	-	-	-	-	-	-	-	-	-	0.015
Smithy Street - Hot and Cold Water Pipework	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	-	0.077	-	-	-	-	-	-	-	-	-	0.077
Stephen Hawking Special Needs Primary School - Building Alterations	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.487	-	-	-	-	-	-	-	-	-	-	0.487
Swanlea School - Fire Protection Works Phase 1 & 2	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.018	-	-	-	-	-	-	-	-	-	-	0.018
The Cherry Trees School - New Entrance & Family Support Facility	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.023	-	-	-	-	-	-	-	-	-	-	0.023
Various sites - Asbestos Management Plans	Conditions and Improvement	1.1 People access a range of education, training, and employment opportunities	0.035	-	-	-	-	-	-	-	-	-	-	0.035

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
	Conditions and Improvement		5.524	0.957	-	-	-	-	-	-	-	-	-	6.482
Brick Lane Mural	Culture	2.4 People feel they are part of a cohesive and vibrant community	0.020	-	-	-	-	-	-	-	-	-	-	0.020
Ford Square	Culture	2.1 People live in a borough that is clean and green	0.008	0.131	-	-	-	-	-	-	-	-	-	0.139
Improve the look and feel of Tower Hill Terrace	Culture	2.4 People feel they are part of a cohesive and vibrant community	0.359	-	-	-	-	-	-	-	-	-	-	0.359
John Orwell Sports Centre Astro-turf Development	Culture	2.1 People live in a borough that is clean and green	-	0.010	-	-	-	-	-	-	-	-	-	0.010
Langdon Park BMX	Culture	2.1 People live in a borough that is clean and green	0.050	-	-	-	-	-	-	-	-	-	-	0.050
Leisure Centre Improvements	Culture	1.3 People access joined-up services when they need them and feel healthier and more independent	0.750	0.750	-	-	-	-	-	-	-	-	-	1.500
Pocket Parks Project A12 Green Mile	Culture	2.1 People live in a borough that is clean and green	-	0.030	-	-	-	-	-	-	-	-	-	0.030
Pocket Parks Project Ropewalk Gardens	Culture	2.1 People live in a borough that is clean and green	0.038	-	-	-	-	-	-	-	-	-	-	0.038
Shandy Park	Culture	2.1 People live in a borough that is clean and green	0.026	-	-	-	-	-	-	-	-	-	-	0.026
Stonebridge Wharf (Landscape Improvements)	Culture	2.1 People live in a borough that is clean and green	0.017	0.040	-	-	-	-	-	-	-	-	-	0.057
Victoria Park - Pools Playground Improvement	Culture	2.1 People live in a borough that is clean and green	0.068	-	-	-	-	-	-	-	-	-	-	0.068
	Culture		1.335	0.961	-	-	-	-	-	-	-	-	-	2.297
Improve Playgrounds	Health and Wellbeing	2.1 People live in a borough that is clean and green	0.300	-	-	-	-	-	-	-	-	-	-	0.300
Improvements to Sports Facilities in Parks	Health and Wellbeing	2.4 People feel they are part of a cohesive and vibrant community	-	0.075	-	-	-	-	-	-	-	-	-	0.075
	Health and Wellbeing		0.300	0.075	-	-	-	-	-	-	-	-	-	0.375
Healthy Pupil Capital Funding (HPCF)	Healthy Pupil Capital Funding (HPCF)	1.1 People access a range of education, training, and employment opportunities	0.259	-	-	-	-	-	-	-	-	-	-	0.259
	Healthy Pupil Capital Funding (HPCF)		0.259	-	-	-	-	-	-	-	-	-	-	0.259
Four Outdoor / Urban Gyms	Mayor's Priority - Parks and Open Spaces	2.1 People live in a borough that is clean and green	0.235	-	-	-	-	-	-	-	-	-	-	0.235
	Mayor's Priority - Parks and Open Spaces		0.235	-	-	-	-	-	-	-	-	-	-	0.235
Bartlett Park - Playground activity	Parks	2.1 People live in a borough that is clean and green	0.050	0.437	-	-	-	-	-	-	-	-	-	0.487
Bartlett Park Landscape Improvement Project	Parks	2.1 People live in a borough that is clean and green	0.711	3.000	-	-	-	-	-	-	-	-	-	3.711
Bromley By Bow Recreation Ground	Parks	2.1 People live in a borough that is clean and green	0.011	-	-	-	-	-	-	-	-	-	-	0.011
Cavell Street Gardens	Parks	2.1 People live in a borough that is clean and green	0.010	0.190	-	-	-	-	-	-	-	-	-	0.200
Cemetery Park Lodge (Phase 2)	Parks	2.1 People live in a borough that is clean and green	0.013	-	-	-	-	-	-	-	-	-	-	0.013
Christ Church Gardens	Parks	2.1 People live in a borough that is clean and green	-	0.534	-	-	-	-	-	-	-	-	-	0.534
King Edward Memorial Park	Parks	2.1 People live in a borough that is clean and green	0.016	-	-	-	-	-	-	-	-	-	-	0.016
King Edward Memorial Park	Parks	2.1 People live in a borough that is clean and green	-	0.075	0.600	1.035	1.092	0.463	-	-	-	-	-	3.265
Poplar Park	Parks	2.1 People live in a borough that is clean and green	0.004	-	-	-	-	-	-	-	-	-	-	0.004
Poplar Park & Jolly's Green	Parks	2.1 People live in a borough that is clean and green	0.007	-	-	-	-	-	-	-	-	-	-	0.007

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Quality Parks	Parks	2.1 People live in a borough that is clean and green	0.020	0.020	-	-	-	-	-	-	-	-	-	0.040
Trinity Square Gardens	Parks	2.1 People live in a borough that is clean and green	0.023	-	-	-	-	-	-	-	-	-	-	0.023
Victoria Park Lodges	Parks	2.1 People live in a borough that is clean and green	-	0.147	-	-	-	-	-	-	-	-	-	0.147
Wapping Dock Realm Improvements	Parks	2.1 People live in a borough that is clean and green	0.026	-	-	-	-	-	-	-	-	-	-	0.026
	Parks		0.890	4.403	0.600	1.035	1.092	0.463	-	-	-	-	-	8.483
Barnardos	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	-	0.008	-	-	-	-	-	-	-	-	-	0.008
Bethnal Green Gardens	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	0.005	0.045	-	-	-	-	-	-	-	-	-	0.050
City Gateway - Gateway Tots	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	-	0.011	-	-	-	-	-	-	-	-	-	0.011
Mile End Road	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	-	0.039	-	-	-	-	-	-	-	-	-	0.039
Provision for 2 year olds - Whitehorse One O'clock Club	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	-	0.030	-	-	-	-	-	-	-	-	-	0.030
Provisions - Statutory Duty	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	-	0.964	-	-	-	-	-	-	-	-	-	0.964
Planning Futures	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	0.014	-	-	-	-	-	-	-	-	-	-	0.014
St Matthias Community Play Centre	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	0.014	0.021	-	-	-	-	-	-	-	-	-	0.035
Woodwards Field Pre-School	Provision for 2 year olds	1.1 People access a range of education, training, and employment opportunities	-	0.012	-	-	-	-	-	-	-	-	-	0.012
	Provision for 2 year olds		0.033	1.131	-	-	-	-	-	-	-	-	-	1.164
Children's Services Total			14.174	35.444	56.654	38.715	2.502	0.463	-	-	-	-	-	147.953

Place														
Asset Maximisation	Asset Maximisation	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.100	0.400	-	-	-	-	-	-	-	-	-	0.500
	Asset Maximisation		0.100	0.400	-	-	-	-	-	-	-	-	-	0.500
BSF ICT Infrastructure	BSF ICT Infrastructure	1.1 People access a range of education, training, and employment opportunities	0.978	-	-	-	-	-	-	-	-	-	-	0.978
	BSF ICT Infrastructure		0.978	-	-	-	-	-	-	-	-	-	-	0.978
Boiler Replacement Programme	Carbon Offsetting	2.1 People live in a borough that is clean and green	0.300	0.300	-	-	-	-	-	-	-	-	-	0.600
	Carbon Offsetting		0.300	0.300	-	-	-	-	-	-	-	-	-	0.600
CCTV Improvements	CCTV	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled	0.067	-	-	-	-	-	-	-	-	-	-	0.067
	CCTV		0.067	-	-	-	-	-	-	-	-	-	-	0.067
Community Hubs/Buildings	Community Hubs/Buildings	3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	0.010	-	-	-	-	-	-	-	-	-	-	0.010
Granby Hall Community Hub	Community Hubs/Buildings	3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	0.300	0.439	-	-	-	-	-	-	-	-	-	0.739

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Raine House Wapping Community Centre	Community Hubs/Buildings	3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	0.050	1.211	-	-	-	-	-	-	-	-	-	1.261
TRAMSHED Digby Greenway Community Centre	Community Hubs/Buildings	3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	0.060	-	-	-	-	-	-	-	-	-	-	0.060
	Community Hubs/Buildings		0.420	1.650	-	-	-	-	-	-	-	-	-	2.070
Contaminated Land Strategy H&S	Contaminated Land Works	2.1 People live in a borough that is clean and green	0.100	0.106	0.024	-	-	-	-	-	-	-	-	0.230
Veronica House	Contaminated Land Works	2.1 People live in a borough that is clean and green	0.010	-	-	-	-	-	-	-	-	-	-	0.010
	Contaminated Land Works		0.110	0.106	0.024	-	-	-	-	-	-	-	-	0.240
1 MacDougall House	Conversion of council buildings to temporary accommodation	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.035	-	-	-	-	-	-	-	-	-	-	0.035
10 Turin Street	Conversion of council buildings to temporary accommodation	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.014	-	-	-	-	-	-	-	-	-	-	0.014
Bethnal Green Cottage	Conversion of council buildings to temporary accommodation	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.270	-	-	-	-	-	-	-	-	-	-	0.270
Conversion of council buildings to temporary accommodation	Conversion of council buildings to temporary accommodation	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.327	1.514	-	-	-	-	-	-	-	-	-	1.841
	Conversion of council buildings to temporary accommodation		0.646	1.514	-	-	-	-	-	-	-	-	-	2.160
Thomas Buxton PM Cottage	Creation of temporary accommodation	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	-	2.300	-	-	-	-	-	-	-	-	-	2.300
	Creation of temporary accommodation		-	2.300	-	-	-	-	-	-	-	-	-	2.300
Disabled Facilities Grants	Disabled Facilities Grants	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.687	1.500	1.500	1.500	-	-	-	-	-	-	-	6.187
	Disabled Facilities Grants		1.687	1.500	1.500	1.500	-	-	-	-	-	-	-	6.187
Establish a Community Benefit Society	Establish a Community Benefit Society	2.2 People live in good quality and affordable homes and well-designed neighbourhoods		2.500	-	-	-	-	-	-	-	-	-	2.500
	Establish a Community Benefit Society		-	2.500	-	-	-	-	-	-	-	-	-	2.500
Establish a Wholly Owned Company	Establish a Wholly Owned Company	2.2 People live in good quality and affordable homes and well-designed neighbourhoods		6.000	-	-	-	-	-	-	-	-	-	6.000
	Establish a Wholly Owned Company		-	6.000	-	-	-	-	-	-	-	-	-	6.000
PSI Handhelds	ICT Solution - Handheld Devices	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.373	-	-	-	-	-	-	-	-	-	-	0.373
	ICT Solution - Handheld Devices		0.373	-	-	-	-	-	-	-	-	-	-	0.373
Tower Hamlets Mayor's Air Quality fund	Improving Air Quality	2.1 People live in a borough that is clean and green	0.069	0.031	-	-	-	-	-	-	-	-	-	0.100
	Improving Air Quality		0.069	0.031	-	-	-	-	-	-	-	-	-	0.100

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Bancroft Library Boiler replacement	Investment works to LBTH Assets	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.021	-	-	-	-	-	-	-	-	-	-	0.021
Bethnal Green Library - Investment works	Investment works to LBTH Assets	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.347	-	-	-	-	-	-	-	-	-	-	0.347
Capital Investment Programme – Council Owned Assets	Investment works to LBTH Assets	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.500	-	-	-	-	-	-	-	-	-	-	0.500
Workspace fit-out works to Bethnal Green Library	Investment works to LBTH Assets	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.193	-	-	-	-	-	-	-	-	-	-	0.193
	Investment works to LBTH Assets		1.061	-	-	-	-	-	-	-	-	-	-	1.061
Mayor's Neighbourhood Refresh	Mayor's Priority - Public Realm Improvements	2.1 People live in a borough that is clean and green	0.455	2.000	1.000	1.000	1.000	-	-	-	-	-	-	5.455
	Mayor's Priority - Public Realm Improvements		0.455	2.000	1.000	1.000	1.000	-	-	-	-	-	-	5.455
Montefiore Centre Refurbishment Programme (initial requirement)	Montefiore Centre Refurbishment Programme	3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	0.100	0.900	-	-	-	-	-	-	-	-	-	1.000
	Montefiore Centre Refurbishment Programme		0.100	0.900	-	-	-	-	-	-	-	-	-	1.000
A12 Wick lane Junction - T&H	OPTEMS	2.1 People live in a borough that is clean and green	0.010	0.050	-	-	-	-	-	-	-	-	-	0.060
Trinity Road	OPTEMS	2.1 People live in a borough that is clean and green	-	0.090	-	-	-	-	-	-	-	-	-	0.090
	OPTEMS		0.010	0.140	-	-	-	-	-	-	-	-	-	0.150
Private Sector Improvement Grants	Private Sector Improvement Grants	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.043	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	-	0.943
	Private Sector Improvement Grants		0.043	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	-	0.943
Capital Footway & Carriage Programme	Public Realm Improvements	2.1 People live in a borough that is clean and green	2.730	-	-	-	-	-	-	-	-	-	-	2.730
Depot relocation	Public Realm Improvements	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.100	-	-	-	-	-	-	-	-	-	-	0.100
Interim Depot Strategy	Public Realm Improvements	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.200	0.283	-	-	-	-	-	-	-	-	-	0.483
Open Space and Parks Planned Maintenance Assessment	Public Realm Improvements	2.1 People live in a borough that is clean and green	-	0.085	-	-	-	-	-	-	-	-	-	0.085
Petticoat Lane Market Improvements	Public Realm Improvements	2.1 People live in a borough that is clean and green	0.002	0.073	-	-	-	-	-	-	-	-	-	0.075
Remote Monitoring of Street Lighting	Public Realm Improvements	2.1 People live in a borough that is clean and green	-	0.400	-	-	-	-	-	-	-	-	-	0.400
Silvertown Planning Performance	Public Realm Improvements	2.1 People live in a borough that is clean and green	0.048	0.009	-	-	-	-	-	-	-	-	-	0.057
Streetlighting Replacement	Public Realm Improvements	2.1 People live in a borough that is clean and green	2.000	6.000	5.941	-	-	-	-	-	-	-	-	13.941
Tree planting - Isle of Dogs	Public Realm Improvements	2.1 People live in a borough that is clean and green	-	0.015	-	-	-	-	-	-	-	-	-	0.015
	Public Realm Improvements		5.079	6.865	5.941	-	-	-	-	-	-	-	-	17.884
Purchase of properties for use as Temporary Accommodation and purchase of s106 properties	Purchase of properties for use as Temporary Accommodation and purchase of s106 properties	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	31.505	24.970	32.400	12.400	10.400	3.100	-	-	-	-	-	114.775

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
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	Purchase of properties for use as Temporary Accommodation and purchase of s106 properties		31.505	24.970	32.400	12.400	10.400	3.100	-	-	-	-	-	114.775
Registered Provider Grant Scheme (from 1-4-1)	Registered Provider Grant Scheme (from 1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.797	1.919	1.500	0.174	-	-	-	-	-	-	-	5.390
RP Grant Scheme - Peabody	Registered Provider Grant Scheme (from 1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.081	-	-	-	-	-	-	-	-	-	-	0.081
RP Grant Scheme - ARHAG Housing Association	Registered Provider Grant Scheme (from 1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.471	-	-	-	-	-	-	-	-	-	-	0.471
RP Grant Scheme - East End Homes	Registered Provider Grant Scheme (from 1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.607	0.350	-	-	-	-	-	-	-	-	-	0.957
RP Grant Scheme - Family Mosaic	Registered Provider Grant Scheme (from 1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.052	-	-	-	-	-	-	-	-	-	-	1.052
RP Grant Scheme - Swan	Registered Provider Grant Scheme (from 1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.003	-	-	-	-	-	-	-	-	-	-	1.003
RP Grant Scheme - George Greens' Almshouses	Registered Provider Grant Scheme (from 1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.210	-	-	-	-	-	-	-	-	-	-	0.210
	Registered Provider Grant Scheme (from 1-4-1)		5.221	2.269	1.500	0.174	-	-	-	-	-	-	-	9.164
Section 55 Programme - Transport and Improvements	Section 55 Programme - Transport and Improvements	2.1 People live in a borough that is clean and green		0.440										0.440
	Section 55 Programme - Transport and Improvements		-	0.440	-	-	-	-	-	-	-	-	-	0.440
Boiler Replacement Programme	S106 Schemes	2.1 People live in a borough that is clean and green	0.129	-	-	-	-	-	-	-	-	-	-	0.129
Bow Lane Regeneration	S106 Schemes	2.1 People live in a borough that is clean and green	0.509	0.885	-	-	-	-	-	-	-	-	-	1.393
Middlesex Street	S106 Schemes	2.1 People live in a borough that is clean and green	-	0.304	-	-	-	-	-	-	-	-	-	0.304
TfL Cycle Hire	S106 Schemes	2.1 People live in a borough that is clean and green	0.060	-	-	-	-	-	-	-	-	-	-	0.060
Bow TFL	S106 Schemes	2.1 People live in a borough that is clean and green	0.307	-	-	-	-	-	-	-	-	-	-	0.307
Crossharbour	S106 Schemes	2.1 People live in a borough that is clean and green	0.080	-	-	-	-	-	-	-	-	-	-	0.080
Commercial Road	S106 Schemes	2.1 People live in a borough that is clean and green	0.120	-	-	-	-	-	-	-	-	-	-	0.120
Bus Initiative	S106 Schemes	2.1 People live in a borough that is clean and green	0.060	-	-	-	-	-	-	-	-	-	-	0.060
Carbon offsetting	S106 Schemes	2.1 People live in a borough that is clean and green	0.010	-	-	-	-	-	-	-	-	-	-	0.010
Stepney Farm	S106 Schemes	2.1 People live in a borough that is clean and green	0.086	-	-	-	-	-	-	-	-	-	-	0.086
Roman Road Regeneration Programme	S106 Schemes	2.1 People live in a borough that is clean and green	0.055	-	-	-	-	-	-	-	-	-	-	0.055
Schools Energy Retrofit Programme	S106 Schemes	2.1 People live in a borough that is clean and green	-	0.195	-	-	-	-	-	-	-	-	-	0.195
Stepney City Farm Visitor Experience Improvements Project	S106 Schemes	2.1 People live in a borough that is clean and green	0.010	-	-	-	-	-	-	-	-	-	-	0.010
Stepney City Farm Water Efficiency Project	S106 Schemes	2.1 People live in a borough that is clean and green	0.025	-	-	-	-	-	-	-	-	-	-	0.025
Whitechapel Delivery: Creating Open Spaces – Phase 1	S106 Schemes	2.1 People live in a borough that is clean and green	0.114	0.014	-	-	-	-	-	-	-	-	-	0.128

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Whitechapel Early Win Project	S106 Schemes	2.1 People live in a borough that is clean and green	0.035	0.018	-	-	-	-	-	-	-	-	-	0.053
	S106 Schemes		1.600	1.416	-	-	-	-	-	-	-	-	-	3.016
Silvocea Way	Section 106 Passported Funding	2.1 People live in a borough that is clean and green	0.050	-	-	-	-	-	-	-	-	-	-	0.050
	Section 106 Passported Funding		0.050	-	-	-	-	-	-	-	-	-	-	0.050
St Georges Town Hall Refurbishment Programme (initial requirement)	St Georges Town Hall Refurbishment Programme	3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	0.100	0.650	-	-	-	-	-	-	-	-	-	0.750
	St Georges Town Hall Refurbishment Programme		0.100	0.650	-	-	-	-	-	-	-	-	-	0.750
South Dock Bridge	South Dock Bridge	2.1 People live in a borough that is clean and green	0.259	1.111	-	-	-	-	-	-	-	-	-	1.370
	South Dock Bridge		0.259	1.111	-	-	-	-	-	-	-	-	-	1.370
Aldgate Connections	TfL Schemes	2.1 People live in a borough that is clean and green	0.150	0.186	-	-	-	-	-	-	-	-	-	0.336
Belgrave Street	TfL Schemes	2.1 People live in a borough that is clean and green	0.048	0.013	-	-	-	-	-	-	-	-	-	0.061
Black Johnson Neighbourhood	TfL Schemes	2.1 People live in a borough that is clean and green	0.180	0.151	-	-	-	-	-	-	-	-	-	0.331
Bow	TfL Schemes	2.1 People live in a borough that is clean and green	0.235	-	-	-	-	-	-	-	-	-	-	0.235
Bus Priority Delivery - Cambridge Heath Road and Hackney Road	TfL Schemes	2.1 People live in a borough that is clean and green	-	0.042	-	-	-	-	-	-	-	-	-	0.042
Bus Priority Funding 2018/19	TfL Schemes	2.1 People live in a borough that is clean and green	-	0.030	-	-	-	-	-	-	-	-	-	0.030
Bus Priority Minor Works 1 - Hare Pub RMP201	TfL Schemes	2.1 People live in a borough that is clean and green	0.016	-	-	-	-	-	-	-	-	-	-	0.016
Chrip St Corridor	TfL Schemes	2.1 People live in a borough that is clean and green	0.255	0.226	-	-	-	-	-	-	-	-	-	0.481
Cycle Parking	TfL Schemes	2.1 People live in a borough that is clean and green	0.023	-	-	-	-	-	-	-	-	-	-	0.023
Cycle Strategy 2017	TfL Schemes	2.1 People live in a borough that is clean and green	0.600	0.037	-	-	-	-	-	-	-	-	-	0.637
Cycling Future Route 5	TfL Schemes	2.1 People live in a borough that is clean and green	0.050	-	-	-	-	-	-	-	-	-	-	0.050
Go Ultra Low City Scheme (GULCS)	TfL Schemes	2.1 People live in a borough that is clean and green	0.036	-	-	-	-	-	-	-	-	-	-	0.036
Green Grid	TfL Schemes	2.1 People live in a borough that is clean and green	0.047	-	-	-	-	-	-	-	-	-	-	0.047
Hackney Road to Calvert Avenue	TfL Schemes	2.1 People live in a borough that is clean and green	0.120	0.087	-	-	-	-	-	-	-	-	-	0.207
Historic Streets	TfL Schemes	2.1 People live in a borough that is clean and green	0.315	-	-	-	-	-	-	-	-	-	-	0.315
Improving Air Quality	TfL Schemes	2.1 People live in a borough that is clean and green	0.070	-	-	-	-	-	-	-	-	-	-	0.070
LED Bridge Height sign replacement	TfL Schemes	2.1 People live in a borough that is clean and green	0.090	-	-	-	-	-	-	-	-	-	-	0.090
Legible London 2017	TfL Schemes	2.1 People live in a borough that is clean and green	0.060	-	-	-	-	-	-	-	-	-	-	0.060
LIP 3 Development	TfL Schemes	2.1 People live in a borough that is clean and green	0.080	-	-	-	-	-	-	-	-	-	-	0.080
Local Accessibility	TfL Schemes	2.1 People live in a borough that is clean and green	0.035	0.100	-	-	-	-	-	-	-	-	-	0.135
Motor Cycles in Bus Lanes	TfL Schemes	2.1 People live in a borough that is clean and green	0.021	-	-	-	-	-	-	-	-	-	-	0.021

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
PRN - Hackney Road between Cambridge Heath Road & Goldsmiths Row	TfL Schemes	2.1 People live in a borough that is clean and green	0.200	-	-	-	-	-	-	-	-	-	-	0.200
Quietway 6: Hepscott Road / Wallis Road	TfL Schemes	2.1 People live in a borough that is clean and green	0.052	-	-	-	-	-	-	-	-	-	-	0.052
Road Safety 2017	TfL Schemes	2.1 People live in a borough that is clean and green	0.450	-	-	-	-	-	-	-	-	-	-	0.450
Sustainable Drainage Scheme	TfL Schemes	2.1 People live in a borough that is clean and green	0.038	-	-	-	-	-	-	-	-	-	-	0.038
Sustainable Schools	TfL Schemes	2.1 People live in a borough that is clean and green	0.390	-	-	-	-	-	-	-	-	-	-	0.390
Sydney Street	TfL Schemes	2.1 People live in a borough that is clean and green	-	0.118	-	-	-	-	-	-	-	-	-	0.118
Tackling ASB Driving	TfL Schemes	2.1 People live in a borough that is clean and green	0.022	-	-	-	-	-	-	-	-	-	-	0.022
TfL LIP to be Allocated	TfL Schemes	2.1 People live in a borough that is clean and green	-	2.435	1.015	-	-	-	-	-	-	-	-	3.450
	TfL Schemes		3.583	3.425	1.015	-	-	-	-	-	-	-	-	8.023
Thriving High Streets Programme	Thriving High Streets Pilot Programme	1.1 People access a range of education, training, and employment opportunities	0.851	-	-	-	-	-	-	-	-	-	-	0.851
	Thriving High Streets Pilot Programme		0.851	-	-	-	-	-	-	-	-	-	-	0.851
100 Violet Road - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.031	-	-	-	-	-	-	-	-	-	0.031
100 Whitechapel Road - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.050	-	-	-	-	-	-	-	-	-	0.050
101-109 Fairfield Road	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.018	-	-	-	-	-	-	-	-	-	0.018
102-140 Wapping High Street - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	0.030	0.067	-	-	-	-	-	-	-	-	-	0.097
15-17 Leman Street - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.012	-	-	-	-	-	-	-	-	-	0.012
15-160 Hackney Road - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	0.011	-	-	-	-	-	-	-	-	-	-	0.011
16-23 Salter Street	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.001	-	-	-	-	-	-	-	-	-	0.001
21 Wapping Lane	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	0.020	0.268	-	-	-	-	-	-	-	-	-	0.288
221 Burdett Road - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.010	-	-	-	-	-	-	-	-	-	0.010
32-42 Bethnal Green Road	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.024	-	-	-	-	-	-	-	-	-	0.024
397-411 Westferry Road	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.009	-	-	-	-	-	-	-	-	-	0.009
60 Commercial Road - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.158	-	-	-	-	-	-	-	-	-	0.158
744 Wick Lane & 46-52 Fairfield Road	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.040	-	-	-	-	-	-	-	-	-	0.040
86 Brick Lane - Towards traffic management and calming measures on Fournier Street	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.100	-	-	-	-	-	-	-	-	-	0.100
Aldgate Place	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.583	-	-	-	-	-	-	-	-	-	0.583
Bow Enterprise Park - Cycle and Pedestrian Improvement Project 2017	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	-	-	0.091	-	-	-	-	-	-	-	0.091
Caspian Wharf and 1-3 Yeo St	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	0.010	0.083	-	-	-	-	-	-	-	-	-	0.093
Caspian Works and Lewis House	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.016	-	-	-	-	-	-	-	-	-	0.016
Cavell Street	Transport S106 Funded Schemes	2.1 People live in a borough that is clean and green	-	0.067	-	-	-	-	-	-	-	-	-	0.067

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Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
	Idea Store		0.280	-	-	-	-	-	-	-	-	-	-	0.280
Local Presence Project	Local Presence Project	3.1 People say we are open and transparent putting residents at the heart of everything we do	0.212	1.388	-	-	-	-	-	-	-	-	-	1.600
	Local Presence Project		0.212	1.388	-	-	-	-	-	-	-	-	-	1.600
Providing free Wi-Fi in Tower Hamlets for all	RESOURCES - Mayoral Priority Growth 2017-18 to 2019-20	1.1 People access a range of education, training, and employment opportunities	-	0.500	0.500	0.500	-	-	-	-	-	-	-	1.500
	RESOURCES - Mayoral Priority Growth 2017-18 to 2019-20		-	0.500	0.500	0.500	-	-	-	-	-	-	-	1.500
Resources Total			0.492	1.888	0.500	0.500	-	-	-	-	-	-	-	3.380
Corporate														
Underground Refuse Service - to replace two vehicles at the end of their useful life	CORP - Indicative Schemes - Other	2.1 People live in a borough that is clean and green	-	0.500	0.270	-	-	-	-	-	-	-	-	0.770
	CORP - Indicative Schemes - Other		-	0.500	0.270	-	-	-	-	-	-	-	-	0.770
Civic Centre Project	Whitechapel Civic Centre	3.1 People say we are open and transparent putting residents at the heart of everything we do	9.812	41.324	42.719	26.521	-	-	-	-	-	-	-	120.376
	Whitechapel Civic Centre		9.812	41.324	42.719	26.521	-	-	-	-	-	-	-	120.376
Corporate Total			9.812	41.824	42.989	26.521	-	-	-	-	-	-	-	121.146
Housing Revenue Account														
Blackwall Reach	Blackwall Reach	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.721	0.223	1.263	0.045	-	-	-	-	-	-	-	3.252
	Blackwall Reach		1.721	0.223	1.263	0.045	-	-	-	-	-	-	-	3.252
Community Benefit Society - 1-4-1 receipts	Community Benefit Society - 1-4-1 receipts	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	4.500	4.500	-	-	-	-	-	-	-	-	-	9.000
	Community Benefit Society - 1-4-1 receipts		4.500	4.500	-	-	-	-	-	-	-	-	-	9.000
Fuel Poverty Works – Bancroft & Avebury	Fuel Poverty Works	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.429	-	-	-	-	-	-	-	-	-	-	0.429
	Fuel Poverty Works		0.429	-	-	-	-	-	-	-	-	-	-	0.429
Housing Capital Programme	Housing Capital Programme	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	28.857	29.131	24.788	24.935	22.370	2.553	-	-	-	-	-	132.634
	Housing Capital Programme		28.857	29.131	24.788	24.935	22.370	2.553	-	-	-	-	-	132.634
Introducing new off-street parking arrangements in housing estates due to changes in national legislation	Mayor's Priority - Housing	2.1 People live in a borough that is clean and green	0.060	1.450	1.450	0.326	-	-	-	-	-	-	-	3.286
	Mayor's Priority - Housing		0.060	1.450	1.450	0.326	-	-	-	-	-	-	-	3.286
Baroness Rd - 1-4-1 receipts	New Supply - On site	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	4.297	3.000	4.000	0.500	-	-	-	-	-	-	-	11.797
Extensions - GLA Pipeline Fund	New Supply - On site	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.197	-	-	-	-	-	-	-	-	-	-	1.197

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Jubilee St - 1-4-1 receipts	New Supply - On site	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	4.343	3.000	4.000	0.500	-	-	-	-	-	-	-	11.843
Locksley Estate - 1-4-1 receipts	New Supply - On site	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	3.227	4.000	4.000	0.500	-	-	-	-	-	-	-	11.727
Watts Grove - GLA Pipeline	New Supply - On site	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.117	-	-	-	-	-	-	-	-	-	-	1.117
	New Supply - On site		14.181	10.000	12.000	1.500	-	-	-	-	-	-	-	37.681
Arnold Road - 1-4-1 receipts	New Supply Pre construction (Phase 1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.030	5.442	4.000	4.000	2.000	-	-	-	-	-	-	15.472
Barnsley Street (formerly Ashington East)	New Supply Pre construction (Phase 1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.400	3.200	4.453	4.400	4.000	-	-	-	-	-	-	17.453
Hereford St - 1-4-1 receipts	New Supply Pre construction (Phase 1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	-	0.173	2.000	4.000	4.000	1.000	-	-	-	-	-	11.173
Tenby Street - 1-4-1 receipts	New Supply Pre construction (Phase 1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.191	2.000	4.000	4.000	4.000	-	-	-	-	-	-	14.191
	New Supply Pre construction (Phase 1)		1.621	10.816	14.453	16.400	14.000	1.000	-	-	-	-	-	58.290
Ocean Estate Block H	Ocean Estate Regeneration	1.1 People access a range of education, training, and employment opportunities	0.615	-	-	-	-	-	-	-	-	-	-	0.615
Ocean Retail Units	Ocean Estate Regeneration	1.1 People access a range of education, training, and employment opportunities	0.316	-	-	-	-	-	-	-	-	-	-	0.316
	Ocean Estate Regeneration		0.931	-	-	-	-	-	-	-	-	-	-	0.931
Alton Street	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.050	-	-	-	-	-	-	-	-	-	-	0.050
Ashington House	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.050	-	-	-	-	-	-	-	-	-	-	0.050
Bancroft and Wickeford	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.750	2.000	6.000	6.000	4.250	-	-	-	-	-	-	19.000
Brunton Wharf	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.150	-	-	-	-	-	-	-	-	-	-	0.150
Hanbury Street	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.650	1.400	0.950	-	-	-	-	-	-	-	-	3.000
Heylyn & Shetland	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	1.300	6.500	7.500	6.700	-	-	-	-	-	-	-	22.000
Lowder House	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.190	3.000	5.000	2.210	-	-	-	-	-	-	-	10.400
Norman Grove	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.133	-	-	-	-	-	-	-	-	-	-	0.133
Phase 2a Infill Pipeline Schemes (1-4-1)	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	3.950	0.100	-	-	-	-	-	-	-	-	-	4.050
Rogers Estate	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.230	2.500	2.500	1.170	-	-	-	-	-	-	-	6.400

Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Sidney St Library	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.600	1.400	0.500	-	-	-	-	-	-	-	-	2.500
Strahan Road	Phase 2a Infill Pipeline Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.600	1.700	1.700	0.500	-	-	-	-	-	-	-	4.500
	Phase 2a Infill Pipeline Schemes (1-4-1)		8.653	18.600	24.150	16.580	4.250	-	-	-	-	-	-	72.233
99 St Paul's Way 1-4-1 Receipts	Phase 2b Mixed Tenure Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.500	3.000	8.000	8.000	1.700	-	-	-	-	-	-	21.200
111-113 Mellish Street	Phase 2b Mixed Tenure Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.030	5.070	5.500	2.500	0.900	-	-	-	-	-	-	14.000
Southern Grove	Phase 2b Mixed Tenure Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.100	1.150	6.000	8.000	5.950	-	-	-	-	-	-	21.200
Waterloo Gardens	Phase 2b Mixed Tenure Schemes (1-4-1)	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.300	1.000	2.300	2.400	1.200	-	-	-	-	-	-	7.200
	Phase 2b Mixed Tenure Schemes (1-4-1)		0.930	10.220	21.800	20.900	9.750	-	-	-	-	-	-	63.600
Short Life Properties	Short Life Properties	2.2 People live in good quality and affordable homes and well-designed neighbourhoods	0.005	-	-	-	-	-	-	-	-	-	-	0.005
	Short Life Properties		0.005	-	-	-	-	-	-	-	-	-	-	0.005
Planning Revenue Account Total			61.888	84.940	99.904	80.687	50.370	3.553	-	-	-	-	-	381.342
Total Capital Programme 2018-19 to 2028-29			144.751	239.557	248.917	162.432	64.372	7.217	0.100	0.100	0.100	0.100	-	867.647

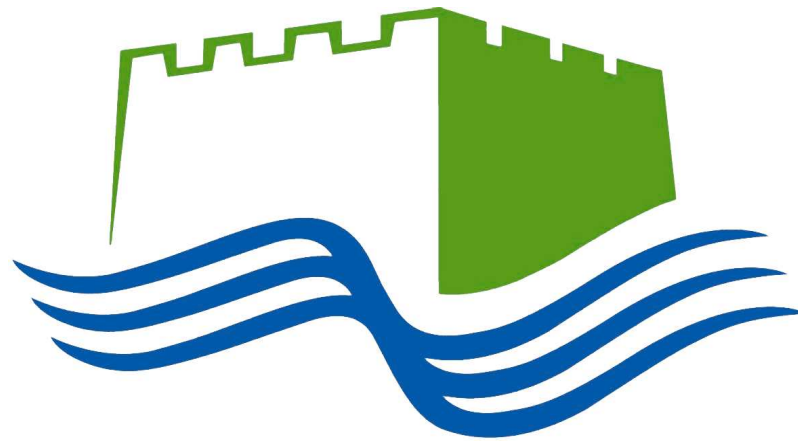
Scheme Description	Programme	Strategic Priority Outcome	2018-19 Budget £m	2019-20 Budget £m	Total Budget £m
Place					
Capital Footway & Carriageway Programme	Public Realm Improvements	2.1 People live in a borough that is clean and green	0.539	-	0.539
Cycle Safety hotspots	TfL Schemes	2.1 People live in a borough that is clean and green	0.167	-	0.167
EV charging point feasibility	TfL Schemes	2.1 People live in a borough that is clean and green	0.050	-	0.050
Green Grid	TfL Schemes	2.1 People live in a borough that is clean and green	0.050	-	0.050
Healthy Streets audits and design: Cotton Street / Prestons Road / West India Dock Road	TfL Schemes	2.1 People live in a borough that is clean and green	0.050	-	0.050
Motor Cycle Parking	TfL Schemes	2.1 People live in a borough that is clean and green	0.010	-	0.010
Tackling ASB Driving	TfL Schemes	2.1 People live in a borough that is clean and green	0.050	-	0.050
Place Total			0.916	-	0.916
Resources					
Improved Local Presence - Local History Library and Archives	Improved Local Presence - Local History Library and Archives	1.3 People access joined-up services when they need them and feel healthier and	0.025	-	0.025
Resources Total			0.025	-	0.025
Corporate					
Feasibility Studies	N/A	N/A	-	1.500	1.500
New Schemes	N/A	N/A	-	20.000	20.000
Corporate Total			-	21.500	21.500
Total New Additions to Capital Programme			0.941	21.500	22.441

By Strategic Priority Outcome

Strategic Priority Outcome	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
1.1 People access a range of education, training, and employment opportunities	1.800	0.050	0.075	0.075	-	-	-	-	-	-	2.000
1.2 Children and young people are protected so they get the best start in life and can realise their potential	15.120	4.100	1.250	-	-	-	-	-	-	-	20.470
1.3 People access joined-up services when they need them and feel healthier and more independent	7.282	0.915	0.749	-	-	-	-	-	-	-	8.945
1.4 Inequality is reduced and people feel that they fairly share the benefits from growth	-	-	-	-	-	-	-	-	-	-	-
2.1 People live in a borough that is clean and green	37.146	30.509	24.650	19.000	3.730	3.730	3.730	3.730	3.730	3.730	133.686
2.2 People live in good quality and affordable homes and well-designed neighbourhoods	8.270	37.348	45.480	19.690	15.400	-	-	-	-	-	126.188
2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled	1.410	1.150	1.150	0.090	-	-	-	-	-	-	3.800
2.4 People feel they are part of a cohesive and vibrant community	2.645	0.795	0.080	-	-	-	-	-	-	-	3.520
3.1 People say we are open and transparent putting residents at the heart of everything we do	22.780	31.975	9.535	6.735	0.735	0.735	0.735	0.735	0.735	0.735	75.435
3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	-	-	-	-	-	-	-	-	-	-	-
3.3 People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement	4.200	4.500	3.500	6.500	3.500	-	-	-	-	-	22.200
Total New Capital Bids	100.653	111.342	86.469	52.090	23.365	4.465	4.465	4.465	4.465	4.465	396.244

Appendix 10

BUDGET CONSULTATION



TOWER HAMLETS

Budget Consultation 2018
On behalf of London Borough of Tower Hamlets

Prepared by

SMSR
RESEARCH

Wellington House, 108 Beverley Road, Kingston-Upon-Hull, HU3 1YA

Tel: (01482) 211200 Email: info@smsr.co.uk



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1.0 Headline Findings

1.1 Headline findings

Overall, **children's services and education; public health and community safety** were deemed to be the most valuable services in Tower Hamlets. Over two-fifths (42%) considered children's services and education to be amongst the three council services they value the most, making it the top priority. Over a third of respondents (36%) regarded both public health and community safety as amongst their most valued services; placing these services within the top three. Highways and transport services was revealed to be the least valued service that Tower Hamlets Council provides (19%).

There was a shift in results when considering only business respondents. Perhaps, to some extent predictably, business respondents placed the most value on economic growth and job creation; highways and transport services and street cleaning, waste and public realm services.

When considering limited availability of resources, respondents in Tower Hamlets believed that community safety should be prioritised (44%) alongside children's services and education (40%) and housing services (36%). Furthermore, when asked to confirm which service is most important to prioritise, the same three services were rated highest amongst respondents with community safety the outright priority; a fifth of respondents (18%) choosing this option.

Nearly two-thirds (64%) felt the council should reduce spending on temporary agency staff and just under half (43%) preferred that more commercial income should be generated to help tackle reductions in core council funding and savings targets. A reduction of spending on frontline services was the least preferred action with only 6% selecting this option.

The majority felt that efficiency, availability and quality will decline as a result of further savings. More than 8 out of every 10 concluded the impact of further savings on the borough will mean fewer services will be available and over three-quarters (79%) believed that service quality would go down. Over two-thirds (68%) thought that efficiency would be affected by the impact of further savings; believing that the council will be less efficient.

Similarly to previous attitudes towards tackling shrinking core council budget and savings, respondents cited a combination of efficiencies and income generation as the most important options to minimise the impact of savings. Over half (55%) took the position the council should make services more efficient to minimise the impact of savings, and 82% support the council expanding its approach to generating income to help protect frontline services and limit the impact of government cuts.

Around half (49%) said that they would support a proposal to add an increase to council tax by up to 3 per cent. Support amongst those responding as a resident was higher (58%) with the overall results tempered by lower levels of support from businesses with under a quarter (23%) backing such a rise.

Support amongst respondents strengthened towards a 1 per cent increase to council tax to specifically aid adult social care services with over two-thirds (68%) confirming they would accept this rise. When considering residents and businesses separately, almost 8 out of every 10 residents (76%) said they would support this increase. Again, businesses took a more reserved standpoint with less than half (44%) supporting such a rise.

High levels of support were revealed towards Tower Hamlets Council expanding its approach towards income generation in order to protect frontline services and limit the impact of government cuts. Overall, 8 in every 10 said they would support the council taking this approach with considerable backing from both residents and businesses (86% and 70% respectively).

2.0 Introduction

2.1 Background

Since the Government's austerity programme started in 2010, Tower Hamlets Council has worked hard to protect vulnerable children, adults and frontline services while making savings of £176 million. During this time, core government funding has been cut in real terms by 64%, which equates to £148m.

The council has made a number of tough choices to minimise the impact on those services residents say that they rely on the most. This includes reducing running costs, being more efficient and reducing its workforce by a third since 2010. As the pressures continue to grow, Tower Hamlets Council will need to prioritise what matters most to residents' lives.

The council ran a budget consultation from 29 October to 10 December to understand the impact savings may have on people living and working in Tower Hamlets, as well as their priorities. The consultation included an online survey hosted on the council's website and a telephone and face to face survey with residents, businesses and community groups. The council commissioned SMSR Ltd, an independent research company, to manage the telephone and face to face survey. The council also commissioned the Campaign Company to run four public engagement events, encouraging people to fill in the online survey. All survey questions were the same and the results within this report are a combination of all responses received during the six week consultation period.

2.2 Report structure

Included in this report are a set of headline findings which provide quick reference to all the questions asked throughout the survey. In addition, all questions have been analysed by demographic groupings and any differences in opinion are commented on throughout the report.

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%.

2.3 Acknowledgements

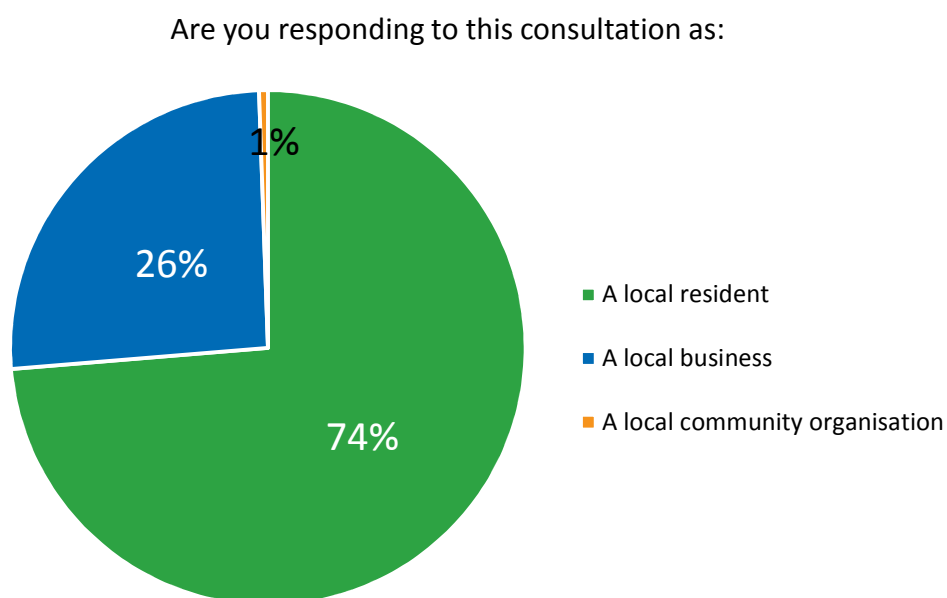
SMSR would like to thank the 2,024 Tower Hamlets residents, businesses and community groups who took part in the consultation.

3.0 Sample / Methodology

An interviewer led, telephone and CAPI (face to face) questionnaire was designed by SMSR in conjunction with staff from Tower Hamlets Council. The survey script mirrored the online consultation open to all residents in the borough located on the council's website.

Interviews were conducted using quota sampling to ensure the sample was representative. Quotas for age, gender and ethnicity were set using the mid-2017 census figures 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 2024 residents, businesses and community groups took part in the consultation, overall. A representative sample of 1100 residents were interviewed by SMSR Ltd, predominantly by telephone and supported by face to face interviewing at Idea Stores across the borough. A further sample of 500 businesses was interviewed by SMSR Ltd, using the same methodologies. In addition, a total of 392 residents, businesses and community groups responded to an online consultation, hosted on the council's website. Overall, three quarters responded as a local resident (74%), a quarter responded as a business and just 1% as 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

Please note that not all residents provided demographic information.

Gender	Number	Percentage of sample
Male	693	47%
Female	753	51%
Prefer to self-identify	2	0%
Prefer not to say	33	2%

Age	Number	Percentage of sample
16-24	215	15%
25-34	439	30%
35-44	365	25%
45-54	229	15%
55-64	110	7%
65+	97	7%
Prefer not to say	26	2%

Ethnicity	Number	Percentage of sample
White	769	52%
BAME	659	45%
Prefer not to say	47	3%

Ward	Number	Percentage of sample
Bethnal Green	96	6%
Blackwall & Cubitt Town	61	6%
Bow East	78	6%
Bow West	64	5%
Bromley North	32	3%
Bromley South	44	4%
Canary Wharf	53	6%
Island Gardens	48	5%
Lansbury	63	5%
Limehouse	29	2%
Mile End	74	7%
Poplar	36	2%
St Dunstan's	52	4%
St Katharine's & Wapping	39	4%
St Peter's	44	7%
Shadwell	38	5%
Spitalfields & Banglatown	83	5%
Stepney Green	47	4%
Weavers	41	5%
Whitechapel	75	6%
Not known*	383	26%

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

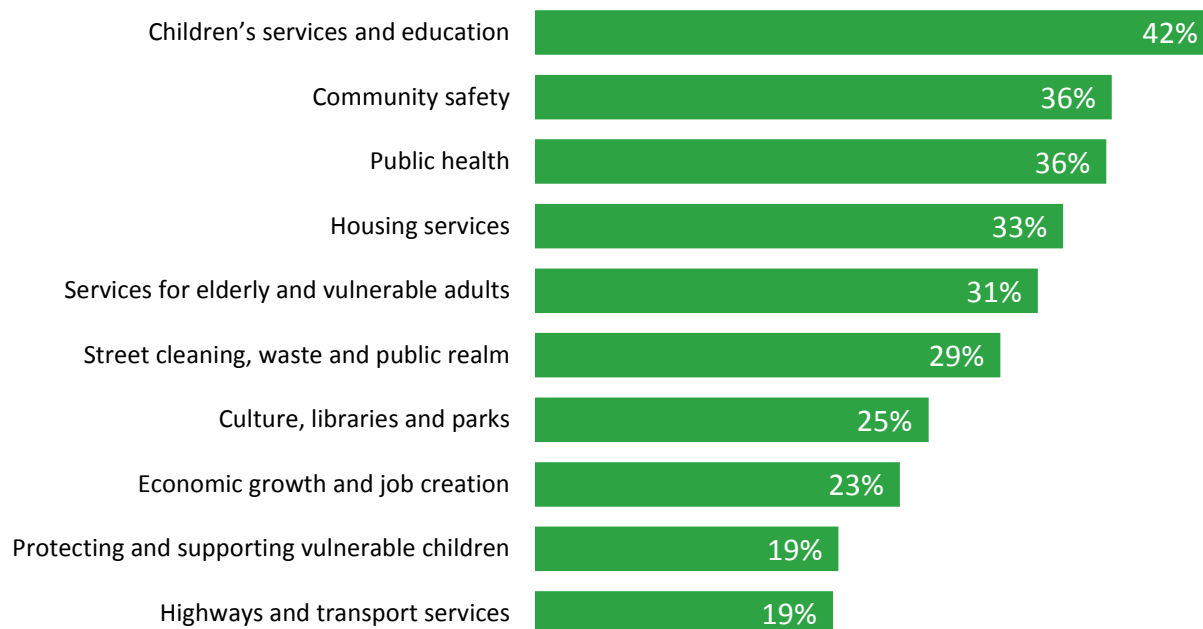
Businesses

Business size	Number	Percentage of sample
Micro (0-9 employees)	426	85%
Small (10-49 employees)	61	12%
Medium (60-249 employees)	7	1%
Large (250+ employees)	6	1%

Ward	Number	Percentage of sample
Bethnal Green	61	12%
Blackwall & Cubitt Town	20	4%
Bow East	23	4%
Bow West	18	3%
Bromley North	3	1%
Bromley South	0	0%
Canary Wharf	33	6%
Island Gardens	2	0%
Lansbury	49	9%
Limehouse	0	0%
Mile End	26	5%
Poplar	12	2%
St Dunstan's	13	3%
St Katharine's & Wapping	0	0%
St Peter's	34	7%
Shadwell	69	13%
Spitalfields & Banglatown	20	4%
Stepney Green	10	2%
Weavers	79	4%
Whitechapel	85	16%
Not known	2	0%

4.0 Findings

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



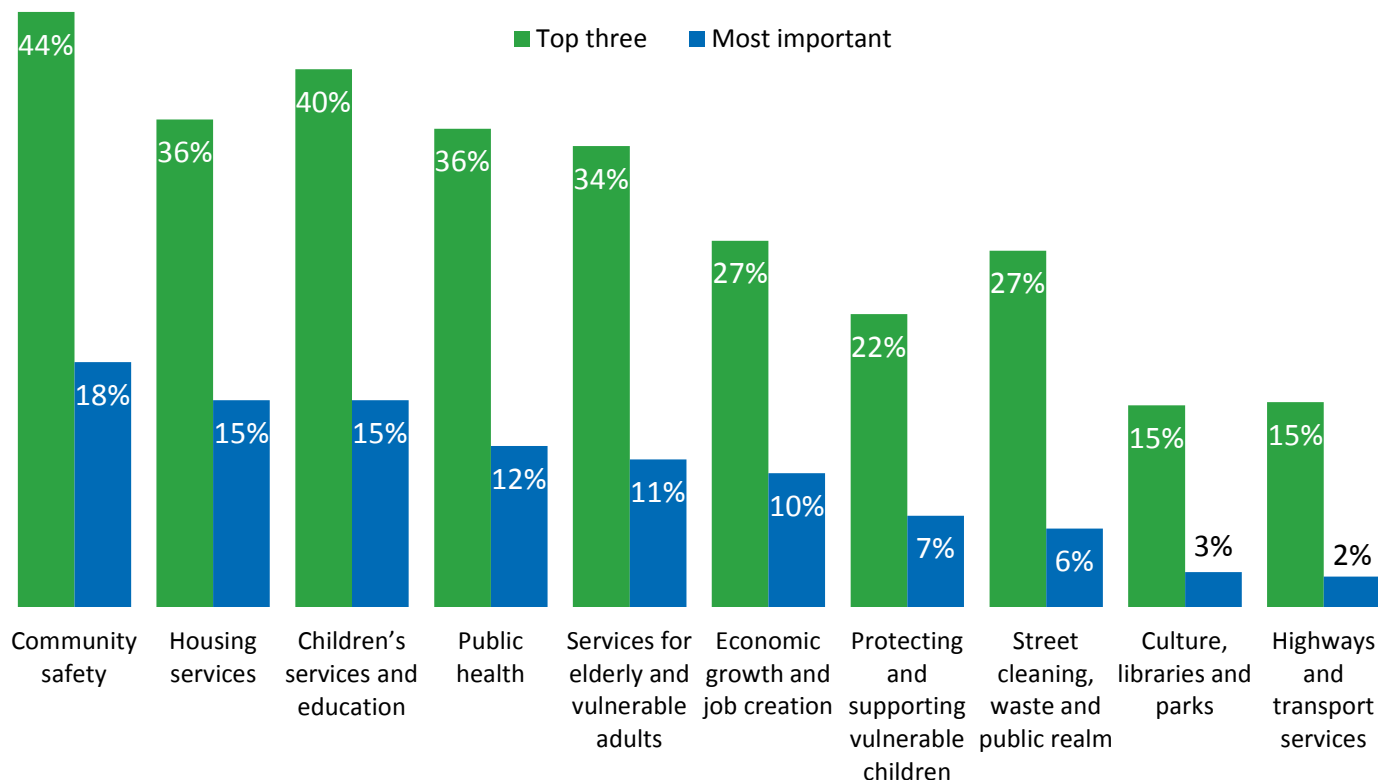
Over two-fifths valued children's services and education the most (42%) and over a third thought that community safety (36%) and public health (36%) were amongst the top three most valuable services provided by Tower Hamlets Council. Protecting and supporting vulnerable children and highways and transport services were deemed less important overall, with under a fifth considering these services to be the most valuable.

Females were significantly more likely to value children's services and education the most when compared to males (49% and 38% respectively), as were younger respondents; with over half of those aged 16-24 (56%) rating this service as the most valuable. The percentage of respondents who placed value on this service decreased with age, however, over a third (34%) of those 65 or over still considered this service as one of their most valued.

Furthermore, those in Limehouse (83%), Bromley South (66%) and Blackwall and Cubitt Town (58%) were all more likely to value this service.

When considering the most valuable services to those who responded as a local resident, over half mentioned children's services and education (52%) followed by public health (39%) and services for elderly and vulnerable adults (38%). Conversely, business respondents placed more value on economic growth and job creation (54%), highways and transport services (45%) and street cleaning, waste and public realm services (40%).

In your opinion, with limited resources available, which council services do you think the council should prioritise?



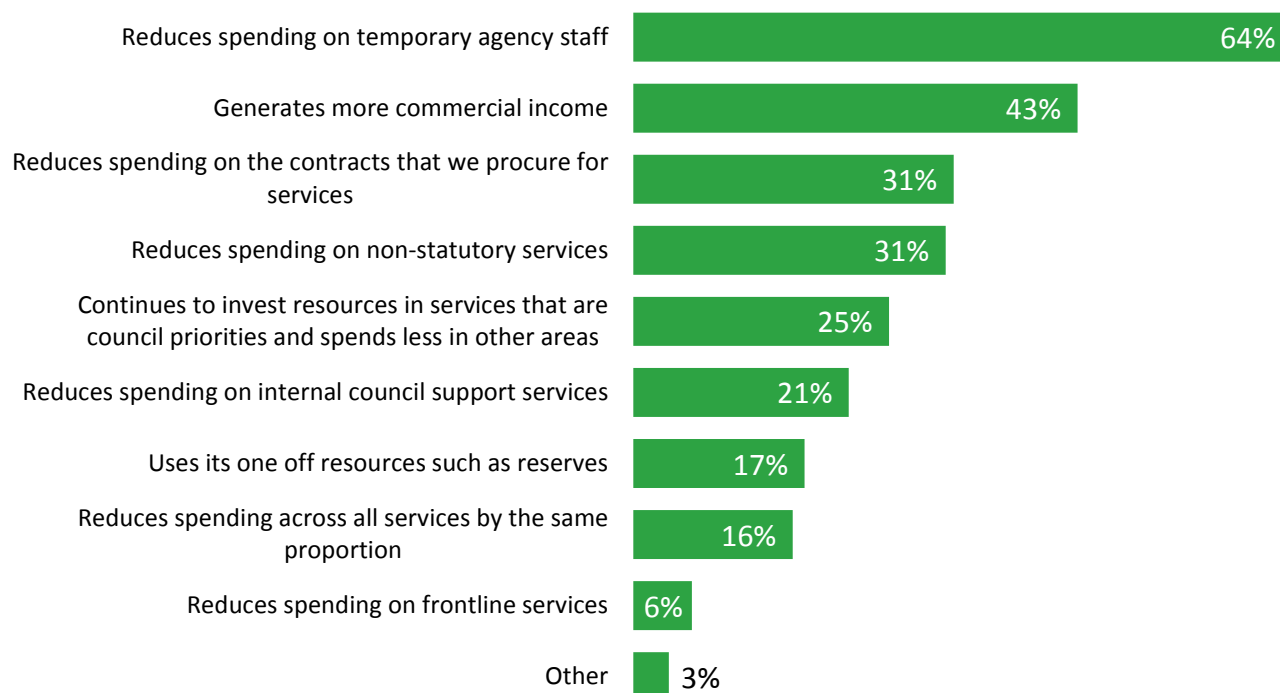
Respondents were asked to consider, with limited resources available, which council services should be prioritised. Respondents were asked to provide their top three priorities, followed by the service they regarded as the most important for Tower Hamlets Council to prioritise.

Overall, respondents said that community safety, housing services and children's services and education should be prioritised. Those aged 25-54 were more likely to view community safety as the most important priority (25-34: 18%; 35-44: 21%; 45-54: 19%), compared with those aged 65 and over (9%). Residents and businesses in the wards of Island Gardens and Lansbury were also more inclined to state that community safety as their main priority (both 26%).

When considering housing; age proved to be a factor in prioritising this service with residents aged 16-24 (23%) the most inclined to choose this option compared with other age categories. Housing was also deemed more important amongst BAME respondents (18%) compared with White (14%).

Affirming previous attitudes towards the value of services, residents in Tower Hamlets deemed children's services as the most important to prioritise (20%). Businesses, on the other hand, ranked community safety as the most important to prioritise (25%).

As our core government funding continues to fall and we have to save a further £44m by 2022, would you prefer that the council:

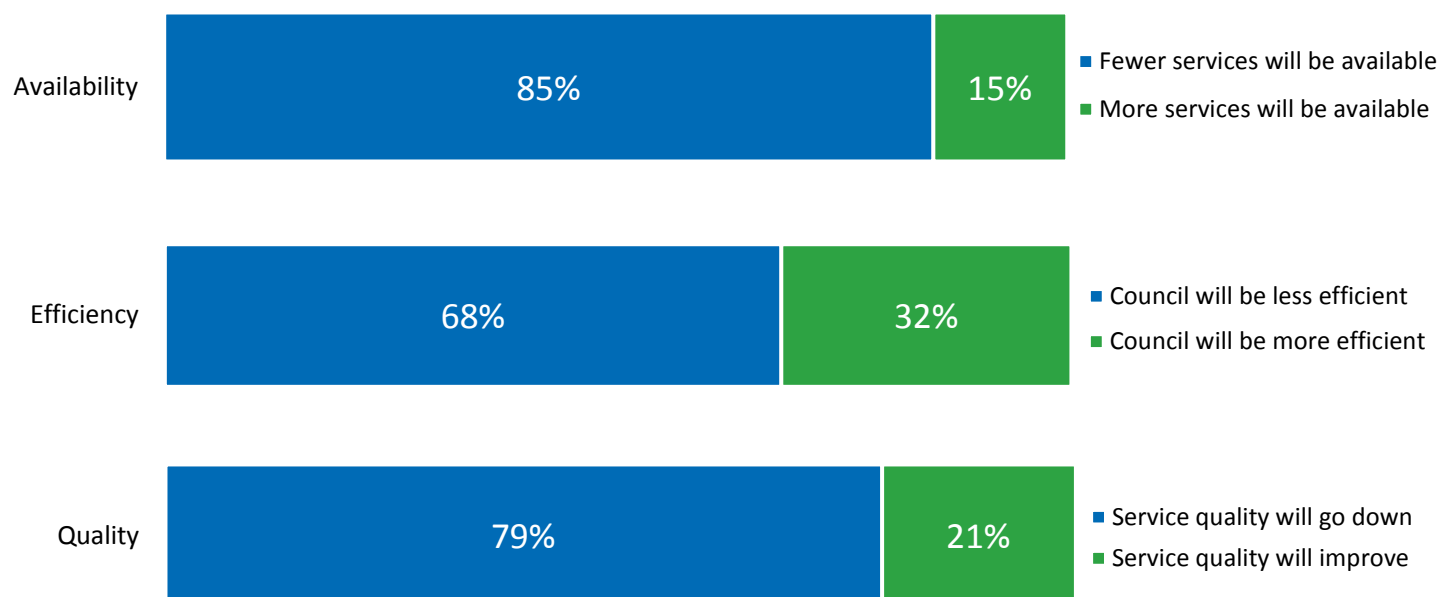


Respondents were presented with options that may help Tower Hamlets Council tackle savings required to be made by 2022 and asked which three they would prefer. Overall, two-thirds of respondents (64%) would prefer the council reduces spending on temporary agency staff and just under half would prefer Tower Hamlets Council generate more commercial income (43%). Reducing frontline services was the least preferred option (6%). Reducing spending on temporary agency staff appealed both to residents and businesses as the most preferred option.

In general, older respondents preferred a reduction in spending on temporary agency staff with those aged 65+ more likely to opt for this preference compared to younger age groups, notably those aged 16-24 (52%). White respondents were also more inclined to prefer the council undertake this action compared to BAME respondents (67% and 62% respectively).

When exploring business responses, generation of more commercial income ranked lower in order of preference (22%), compared to reducing spending on non-statutory services (41%); reducing spending on procurement (29%); investing in priorities (27%) and reducing spending on internal council support services (20%).

Do you think the impact of further savings on the borough will mean?



Respondents were asked to provide their thoughts on the impact of further savings on the availability, efficiency and quality of services in the borough. There was strong sentiment that further savings would impact on each aspect with more than 8 out of every 10 believing fewer services would be available, two-thirds (68%) forecasting the council will be less efficient and more than 7 out of every 10 of the impression that quality will go down.

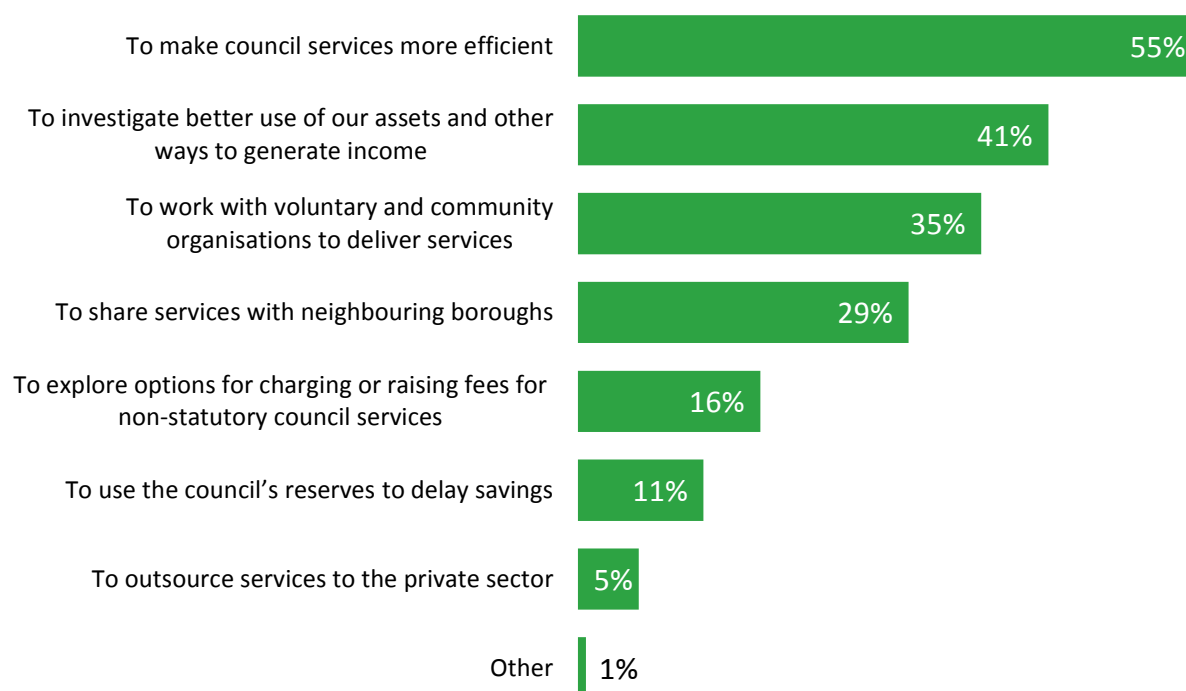
The youngest respondents, specifically those aged 16-24 were the least likely to believe that further savings will have a negative effect of availability (80%), efficiency (62%) and quality (71%) of services compared to all other age groups.

Furthermore, White respondents more likely to feel availability (91%) and quality (84%) will decline as a result of further savings than BAME residents (80%, 75% respectively).

Geographically and, in general, those in Bow West, Bromley South and Spitalfields and Banglatown more likely to feel efficiency, availability and quality will decline as a result of further savings. Those in Shadwell, Poplar and St Katherine's and Wapping were less likely to feel efficiency, availability and quality will decline as a result of further savings.

Both residents and business respondents agreed on the impact of further savings across all three aspects with residents more likely in general to feel that availability (87%), efficiency (69%) and quality (80%) will decline as a result of further savings.

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

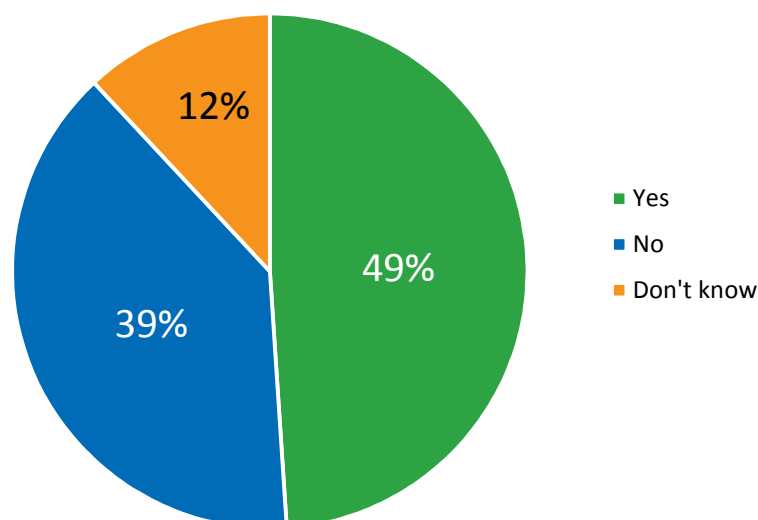


Tower Hamlets Council is exploring a range of options to minimise the impact of the savings the council is required to make. Respondents were asked to choose two options which they thought were most important for the council to pursue.

Over half of respondents, overall, specified the council should strive to make services more efficient (55%). Additionally, over a third thought the council should investigate better use of assets and other ways to generate income (41%) and work with voluntary and community services to deliver services (35%). The least favourable option was outsourcing services to the private sector (5%).

Although residents and business respondents both agreed that making council services more efficient was most important, business respondents were more inclined to believe this to be the most important course of action (60%) when compared to residents (53%).

Would you be prepared to support a proposal to add an increase to council tax by up to 3 per cent?



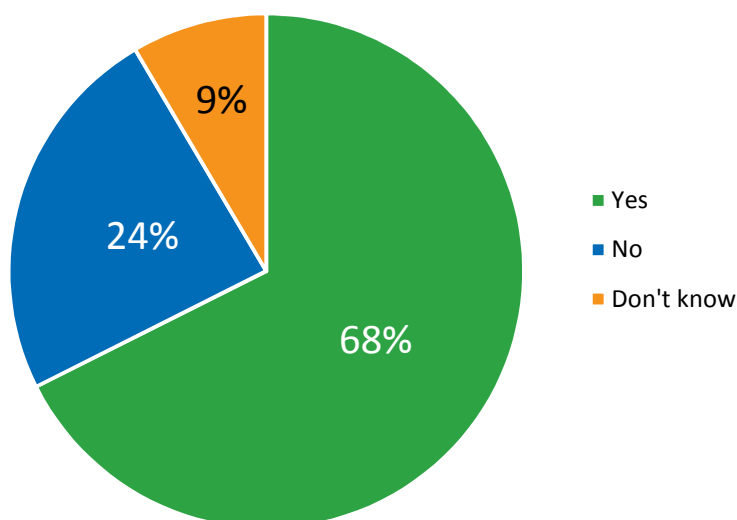
Respondents were asked if they would be prepared to support a proposal to add an increase to council tax by up to 3 per cent. Around half (49%) supported the proposal; two-fifths did not support the proposal and 12% were unsure.

Those aged 65 and over (63%) were more likely to support an increase of up to 3% to council tax, with those aged 16-24 (34%) and 35-44 (44%) least likely to be in favour of the increase. White respondents (60%) were also more inclined to support an increase than BAME respondents (41%).

Residents and businesses in Limehouse (72%), Bow West (67%) and Stepney Green (63%) revealed the most support towards a 3% increase to council tax compared with Lansbury (39%), Weavers (37%), Poplar (35%), Shadwell (33%), and St Dunstan's (31%).

Residents were significantly more likely to support the proposal (58%), compared to businesses (23%). In fact, just under two-thirds of those responding as a business (60%) did not support the proposal, perhaps taking into account the impact this may have on household income in the borough.

Do you support a 1 per cent increase in council tax to support adult social care services?



Based on an estimate that additional cost pressures to Tower Hamlets Council for adult social care services in 2019/20 will be £2.9m, respondents were asked if they would support a 1% increase in council tax to support adult social care services.

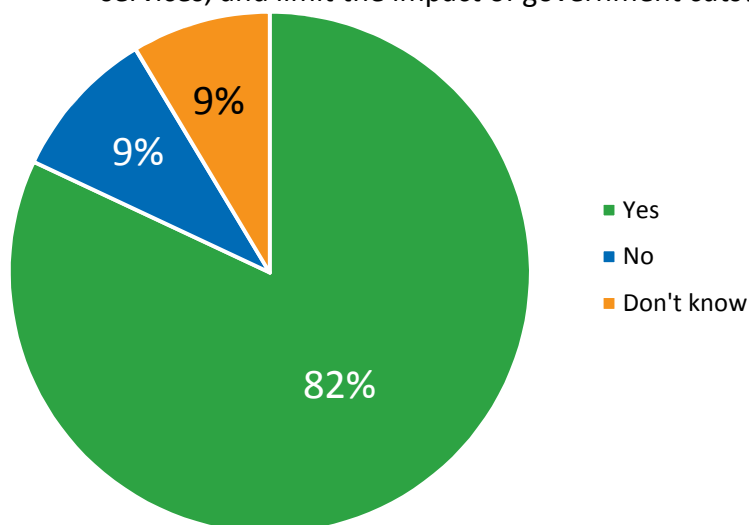
Overall, two-thirds (68%) said they would support this increase in council tax to aid adult social care services. A quarter (24%) did not support the proposed increase and a tenth (9%) did not know.

Female respondents (71%) were more inclined to support an increase than males (67%). Those aged 35-44 (64%) and 45-54 (65%) were significantly less likely to support a 1 per cent increase in council tax than those aged 65+ (80%) and 16-24 (74%). White respondents (76%) were more inclined to favour an increase to support adult social care services compared to BAME respondents (63%).

When examining ward trends, residents and businesses in Limehouse (86%), Bow West (82%), Bromley North (83%) and Bow East (81%) were most likely to favour the 1% increase whereas those in St Katherine's and Wapping (58%), Shadwell (53%) and St Dunstan's (53%) were least likely to be in favour of this increase.

As seen in previous trends, residents were significantly more likely to support an increase with three quarters (76%) willing to pay more to uphold adult social care services, when compared to business respondents (44%).

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, and the use of venues for ceremonies and sporting activities. Fees and charges are 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.

Over 8 out of every 10 confirmed they support the council expanding this approach, overall with less than a tenth (9%) stating they do not and a further 9% mentioning that they did not know.

Those aged 25-34 (86%) were found to be more supportive towards the council than other age groups, the least supportive being those aged 65+ (77%). White respondents (86%) were more inclined to favour expanding this approach compared to BAME residents (80%).

Residents and businesses located in St. Katherine's and Wapping (95%), Limehouse (93%) and Canary Wharf (91%) were more likely to support the council expanding its approach to income generation compared to Spitalfields and Banglatown (75%), Bromley South (75%) and Shadwell (73%).

Both residents and businesses strongly supported the council in expanding this approach; residents more so (86%) compared to businesses (70%).

5.0 Appendices

5.1 Questionnaire

Tower Hamlets Council

Budget Consultation

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 what priorities matter the most to you. The Government has cut the Council's core funding by 64% since 2010 and continued cuts and rising pressures on services mean they now have to save an extra £44m by 2022.

Do you have a few minutes to get your thoughts on this today?

Q1 Are you responding to this consultation as:

- ☐ a local resident
- ☐ a local business
- ☐ a local community organisation

Services you value

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

- ☐ Services for elderly and vulnerable adults
- ☐ Children's services and education
- ☐ Protecting and supporting vulnerable children
- ☐ Housing services
- ☐ Public health
- ☐ Culture, libraries and parks
- ☐ Community safety
- ☐ Highways and transport services
- ☐ Street cleaning, waste and public realm
- ☐ Economic growth and job creation

Services to prioritise

Q3a In your opinion, with limited resources available, which three council services do you think the council should prioritise?

- ☐ Services for elderly and vulnerable adults
- ☐ Children's services and education
- ☐ Protecting and supporting vulnerable children
- ☐ Housing services
- ☐ Public health
- ☐ Culture, libraries and parks
- ☐ Community safety
- ☐ Highways and transport services
- ☐ Street cleaning, waste and public realm
- ☐ Economic growth and job creation

Q3b Please tell me which of the options you think is most important to prioritise?

- ☐ Services for elderly and vulnerable adults
- ☐ Children's services and education
- ☐ Protecting and supporting vulnerable children
- ☐ Housing services
- ☐ Public health
- ☐ Culture, libraries and parks
- ☐ Community safety
- ☐ Highways and transport services
- ☐ Street cleaning, waste and public realm
- ☐ Economic growth and job creation

Reducing spending

Q4 As our core government funding continues to fall and we have to save a further £44m by 2022, would you prefer that the council: (choose up to three options)

- ☐ reduces spending across all services by the same proportion
- ☐ reduces spending on internal council support services
- ☐ reduces spending on frontline services
- ☐ reduces spending on temporary agency staff
- ☐ reduces spending on the contracts that we procure for services
- ☐ reduces spending on non-statutory services (services the council is not legally required to provide)
- ☐ continues to invest resources in services that are council priorities and spends less in other areas
- ☐ generates more commercial income
- ☐ uses its one off resources such as reserves
- ☐ Other

Please specify other:

Impact of further savings

Q5a **Availability.** Do you think the impact of further savings on the borough will mean:

- ☐ Fewer services will be available
☐ More services will be available

Q5b **Efficiency.** Do you think the impact of further savings on the borough will mean:

- ☐ Council will be less efficient
☐ Council will be more efficient

Q5c **Quality.** Do you think the impact of further savings on the borough will mean:

- ☐ Service quality will go down
☐ Service quality will improve

Minimising the impact

Q6 Around 40% of the savings will need to be found in the first year of our three year budget. 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?

- ☐ to work with voluntary and community organisations to deliver services
☐ to share services with neighbouring boroughs
☐ to use the council's reserves to delay savings
☐ to make council services more efficient
☐ to outsource services to the private sector
☐ to investigate better use of our assets and other ways to generate income
☐ to explore options for charging or raising fees for non-statutory council services (services we are not legally required to provide)
☐ Other

Please specify other:

Support for a council tax rise

Q7 The Government has said it expects councils to increase their council tax rate by an amount every year to cover inflation. It has limited this increase to a maximum of 3 per cent. It also allows councils 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.

In 2018/19, Tower Hamlets Council froze council tax other than for the adult social care precept.

Every 1 per cent increase in council tax that the council raises generates approximately £1 million, which can be used to protect services. Each 1 per cent rise in council tax costs households an average of 19p extra per week.

Would you be prepared to support a proposal to add an increase to council tax by up to 3 per cent?

- ☐ Yes
☐ No
☐ Don't know

Council tax rise to support adult social care

- Q8 The Government allows councils to add an additional charge to their council tax for adult social care to support some of their most vulnerable residents. In 2019/20, the maximum increase would be 1 per cent, which would raise approximately £1 million and cost households on average 19p extra per week.

We estimate that the additional cost pressures to Tower Hamlets Council for adult social care services in 2019/20 will be £2.9m.

Do you support a 1 per cent increase in council tax to support adult social care services?

- ☐ Yes
☐ No
☐ Don't know

Generating income

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

One of the ways the council already generates income is by hiring out our unique council-owned assets such as parks for events and filming, and 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
☐ No
☐ Don't know

Demographics

- Q10 How old are you?

- ☐ 16-24
☐ 25-34
☐ 35-44
☐ 45-54
☐ 55-64
☐ 65+
☐ Prefer not to say

Q11 What is your ethnic origin?

- | | |
|---|---|
| <input type="checkbox"/> White: British | <input type="checkbox"/> Asian or Asian British: Any other background |
| <input type="checkbox"/> White: Irish | <input type="checkbox"/> Mixed/Dual Heritage: White & Black African |
| <input type="checkbox"/> White: Gypsy/Roma or Traveller | <input type="checkbox"/> Mixed/Dual Heritage: White & Asian |
| <input type="checkbox"/> White: Any other background | <input type="checkbox"/> Mixed/Dual Heritage: White & Black Caribbean |
| <input type="checkbox"/> Black or Black British: African | <input type="checkbox"/> Mixed/Dual Heritage: Any other background |
| <input type="checkbox"/> Black or Black British: Caribbean | <input type="checkbox"/> Other Ethnic Groups: Vietnamese |
| <input type="checkbox"/> Black or Black British: Somali | <input type="checkbox"/> Other Ethnic Groups: Chinese |
| <input type="checkbox"/> Black or Black British: Any other background | <input type="checkbox"/> Other Ethnic Groups: Arab |
| <input type="checkbox"/> Asian or Asian British: Bangladeshi | <input type="checkbox"/> Other Ethnic Groups/ Any Other Group |
| <input type="checkbox"/> Asian or Asian British: Indian | <input type="checkbox"/> Prefer not to say |
| <input type="checkbox"/> Asian or Asian British: Pakistani | <input type="checkbox"/> Other |

Q12 Which of the following describes how you think of yourself?

- ☐ Male
☐ Female
☐ Prefer to self identify
☐ Prefer not to say

Please specify:

Q13 Is your gender identity the same as the sex you were assigned to at birth?

- ☐ Yes ☐ No ☐ Prefer not to say

Q14 What is your sexual orientation?

- ☐ Bisexual ☐ Gay man ☐ Prefer to self identify
☐ Gay woman/lesbian ☐ Heterosexual/straight ☐ Prefer not to say

Please specify:

Q15 What is your religion or belief system?

- | | | |
|--------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> No Religion | <input type="checkbox"/> Jewish | <input type="checkbox"/> Humanist |
| <input type="checkbox"/> Agnostic | <input type="checkbox"/> Buddhist | <input type="checkbox"/> Prefer not to say |
| <input type="checkbox"/> Muslim | <input type="checkbox"/> Sikh | <input type="checkbox"/> Other |
| <input type="checkbox"/> Christian | <input type="checkbox"/> Hindu | |

Q16 What is your relationship status?

- | | | |
|--|--------------------------------------|--|
| <input type="checkbox"/> Civil partnership | <input type="checkbox"/> Single | <input type="checkbox"/> Widowed |
| <input type="checkbox"/> Married | <input type="checkbox"/> Co-habiting | <input type="checkbox"/> Prefer not to say |

Q17 Do you consider yourself to have a disability according to the terms given in the Equality Act 2010?

☐ Yes

☐ No

☐ Prefer not to say

Q18a Tower Hamlets Council are currently looking for people to take part in various on-line surveys and other consultation exercises. Would you be interested in us e-mailing you details of this?

☐ Yes

☐ No

Q18b **IF YES:** Thank you. Please can I take your name and email address?

Name

Email

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<p style="text-align: center;">COUNCIL</p> <p style="text-align: center;">20 February 2019</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Neville Murton, Acting Corporate Director, Resources</p>	<p>Classification: Unrestricted</p>
<p>Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report For 2019-20</p>	

Originating Officer(s)	Bola Tobun - Investment & Treasury Manager
Wards affected	All wards

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.
- 2) The Council is required by legislation and guidance to produce three strategy statements in relation to its treasury management arrangements and investment options. The three reports are:
 - a) a Capital Strategy Report which sets out an high-level 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;
 - b) a Treasury Management Strategy Statement which sets out the Council's proposed borrowing for the financial year and establishes the parameters (prudential and treasury indicators) within which officers under delegated authority may undertake such activities; and
 - c) an Investment Strategy Report which sets out the Council's policies for managing its treasury management, service and or commercial investments and for giving priority to the security and liquidity of those investments.
- 3) This report also covers the requirements of the 2017 Prudential Code, including setting of Prudential Indicators for 2019-20, which ensure that the Council's capital investment decisions remain affordable, sustainable and prudent; the proposed indicators are detailed in Appendix 1.
- 4) 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.
- 5) 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 before the start of each financial year.
- 6) The CIPFA TM Code, 2018 MHCLG Investment Guidance and the 2017 Prudential Code requires the following:

- a) Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities (Appendix 3);
 - b) Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
 - c) Approval by Full Council Capital Strategy Report, an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and prudential indicators for the year ahead together with arrangements for a Mid-year Review Report and an Annual Report covering activities during the previous year;
 - d) Clear delegated responsibility for overseeing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. For this Council the delegated body is the Audit Committee. The scheme of delegation for treasury management is shown in Appendix 4.
- 7) Officers will report details of the Council's treasury management activity to the Audit Committee at each of its meetings during the year. Additionally, a mid-year and full-year report will be presented to Full Council. More detailed reporting arrangements are shown in Appendix 5.
- 8) 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 that Council:

- i) Approve and adopt the following policy and strategies:
 - a) The high level overview of Capital Strategy Report set out in section 2 at annex A attached to this report;
 - b) The Treasury Management Strategy Statement set out in sections 5 - 7 at annex A attached to this report, which officers involved in treasury management, must then follow;
 - c) The new Investment Strategy Report set out in section 8 at annex A attached to this report, the Council has committed up to £54.6m of service investments to Seahorse Homes Ltd and Mulberry Housing Society;
- ii) Approve the prudential and treasury management indicators as set out in appendix 1 of annex A attached to this report; and
- iii) Note section 3.25 latest developments on money market funds (MMF) and pooled funds and section 3.26 - 3.28 on MMF reformation.

1 **REASONS FOR DECISIONS**

- 1.1 It is consistent with the requirements of treasury management specified by CIPFA, to which the Council is required to have regard under the Local Government Act 2003 and regulations made under that Act, for the Council to produce three strategy statements to support the Prudential Indicators which ensure that the Council's capital investment plans are affordable, sustainable and prudent. The three documents that the Council should produce are:
- High level Capital Strategy
 - Treasury Management Strategy, including prudential indicators
 - Investment Strategy

2 **ALTERNATIVE OPTIONS**

- 2.1 The Council is bound by legislation to have regard to the CIPFA requirements for treasury management. 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.
- 2.2 The strategies and policy statement put forward in the report are considered the best methods of achieving the CIPFA requirements. Whilst it may be possible to adopt variations of the strategies and policy statement, this would risk failing to achieve the goals of affordability, sustainability and prudence.

3. **BACKGROUND**

- 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 it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity primarily before considering investment return.
- 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 **REPORTING REQUIREMENTS** -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** (this report) – it covers:
- the capital plans (including prudential indicators);

- the treasury management strategy (how the investments and borrowings are to be organised, the parameters on how investments are to be managed) including treasury indicators; and
 - an investment strategy report (detailing the Council's service investments and commercial investments).
- II. **A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- III. **A treasury outturn report** – This provides details of annual actual prudential and treasury indicators and annual actual treasury operations compared to the annual estimates within the strategy.
- 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.

The 2018/19 Strategy and Current Investment Position and Performance

- 3.7 The Strategy for 2018/19 was approved by Full Council in February 2018 and set the following objectives:-
- a) The use of core cash for internal borrowing if not used for longer term investments.
 - b) The minimum Fitch credit ratings for the Council's investment policy:
 - Short Term: 'F1' the same criteria as last year
 - Long Term: 'A-' the same criteria as last year
 - c) The Council's budgeted investment return of £4m for 2018/19, with average rate of return 1.1% for average portfolio balances of £350m. Below table show the position of the investment income earned for this financial year to 31 December 2018.

Benchmark (Average 7 day LIBID)	Investment interest Earned	Average Cash Balance	Investment Interest Earned
0.53%	0.75%	£421.87m	£3.164m

- d) The above budget was based on investing upto £100m of core cash balances in pooled funds for 3-5 years earning investment rate of 2% per annum, unfortunately the market has been volatile and a more cautious approach has been adopted, to date £76m invested in pooled funds.
- e) Investments over 1 year is standing at £96m with £76m invested in pooled funds.

- f) The Council repaid £60m RBS loan, its only LOBO loan.
- g) The Council has borrowed £30m PWLB long term loan at average rate of 2.65% for its planned capital expenditure.

TREASURY MANAGEMENT STRATEGY FOR 2019/20

3.8 The strategy for 2019/20 covers three main areas:

Capital issues

- the capital plans and the prudential indicators.
- the minimum revenue provision (MRP) policy;

Treasury management considerations:

- economic and interest rates forecast;
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling.

Investments approach:

- the investment strategy;
- creditworthiness policy;
- service/policy investments.

3.9 The above elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Developing the Strategy for 2019/20

- 3.10 In formulating and executing the strategy for 2019/20, the Council will continue to have regard for the MHCLG's guidance on Local Government Investments and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectional Guidance Notes.
- 3.11 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 it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 3.12 The Council will also achieve optimum return on its investments commensurate with proper levels of security and liquidity. 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 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 adviser alerted officers to changes in ratings of all agencies.

- 3.14 If a downgrade means the counterparty or investment fund no longer meets the Council's minimum criteria, its use for further investment will be withdrawn immediately. If funds are already invested with the downgraded institution, a decision will be made by the Acting Corporate Director, Resources whether to withdraw the funds and potentially incur a penalty.
- 3.15 If an institution or fund is placed under negative rating watch (i.e. there is a probability of a rating change in the short term and the likelihood of that change being negative) and it is currently at the minimum acceptable rating for placing investments, no further investments will be made with that institution.
- 3.16 The Acting Corporate Director, Resources has delegated responsibility to add or withdraw institutions from the counterparty list when ratings change, either as advised by Arlingclose Limited (the Council's advisors) or from another reliable market source.
- 3.17 The minimum Fitch credit ratings for the Council's investment policy for this financial year remain the same as last year. Consideration has not been given to short term rating element and the long term credit rating minimum criteria is the same as 2018/19:
- Long Term: 'A-'
- 3.18 Other market intelligence will also be used to determine institutions' credit worthiness, such as financial press, financial broker advice and treasury management meetings with other authorities, e.g. London Treasury Officers Forum. If this information shows a negative outcome, no further investments will be made with that body.
- 3.19 The strategy will permit the use of unrated building societies or challenger banks with assets in excess of £1.5bn for investment purposes.
- 3.20 The strategy proposes the continued use of core cash of up to £150m to be held for investment over one year (longer term) into higher yielding asset classes during 2019/20.
- 3.21 The cash balances, not immediately required to finance expenditure, are lent to the money market for the most appropriate periods as indicated by the cash flow model and current market and economic conditions;
- a) Liquidity is maintained by the use of overnight deposits, MMF and call accounts;
 - b) The minimum amount of short-term cash balances required to support monthly cash flow management is £50 million;
 - c) The upper limit for investments longer than one year is £200 million;
 - d) The maximum period for longer term lending for banks, financial institutions and local authorities has been increased to 5 years;
 - e) All investment with institutions and investment schemes is undertaken in accordance with the Council's creditworthiness criteria as set out at section 7 of annex A attached to this report;
 - f) More cautious investment criteria are maintained during times of market uncertainty;

- g) All investment with institutions and investment schemes is limited to the types of investment set out under the Council's approved "Specified" and "Non-Specified" Investments detailed at section 7 of annex A, and professional advice continues to be sought where appropriate;
 - h) All investment is managed within the Council's approved investment/asset class limits.
- 3.22 The Acting Corporate Director, Resources and his officers have been investing in pooled funds. These investment funds are step up from simple money market funds, where the fund manager takes a modest increase in credit and/or duration risk in order to deliver a modest increase in return. The advantages of pooled fund investments are listed below:
- Potentially enhanced investment returns
 - Diversifies opportunity and risk
 - More appropriate to prevailing economic conditions
 - Access to experienced fund managers and their resources
 - Resource-efficient management
- 3.23 It is worth noting that these funds operate on a Variable Net Asset Value (VNAV) basis, so there is no guarantee that the sale price will be equal to or above the purchase price, not all the funds have credit ratings, although the majority do.
- 3.24 Most of the funds offer distributing (i.e. income paying) share classes but some only offer accumulating. Under IFRS9, the Council will need to make a provision available for possible credit losses.
- 3.25 The Government has accidentally legislated most money market funds (MMFs) and Pooled Funds to be Capital Expenditure for local authorities in England. If the legislation is not further amended, then the vast majority of MMFs and other pooled funds will become capital expenditure when the UK leaves the EU, currently scheduled for 29th March 2019. The Council currently has £76m invested in pooled funds and officers are having meetings with the Council's treasury adviser with the view of selling funds with substantial unrealised gains to crystallise capital gains into revenue.
- 3.26 On 30th June 2017, the European Union Regulation on money market fund (MMF) reform was published in the Official Journal of the European Union, introducing new rules for MMFs domiciled, managed or marketed in the EU. This reform is offering more protection to investors and requires most of the MMFs that operates has stable/constant Net Asset Value (NAV) to be label based on their true attributes.
- 3.27 So the existing MMFs are required to comply with a Public Debt Constant Net Asset Value (NAV), Low Volatility NAV or Variable NAV category by 21st January 2019. There was a technical arrangement that was withdrawn (connected to negative interest rates) with Euro denominated funds hence the transition date has been extended by two months, so the final transition date is now 21st March 2019.
- 3.28 All the Council's MMFs are branded as constant NAV products but the proportions of Government instruments in all these funds are very low to

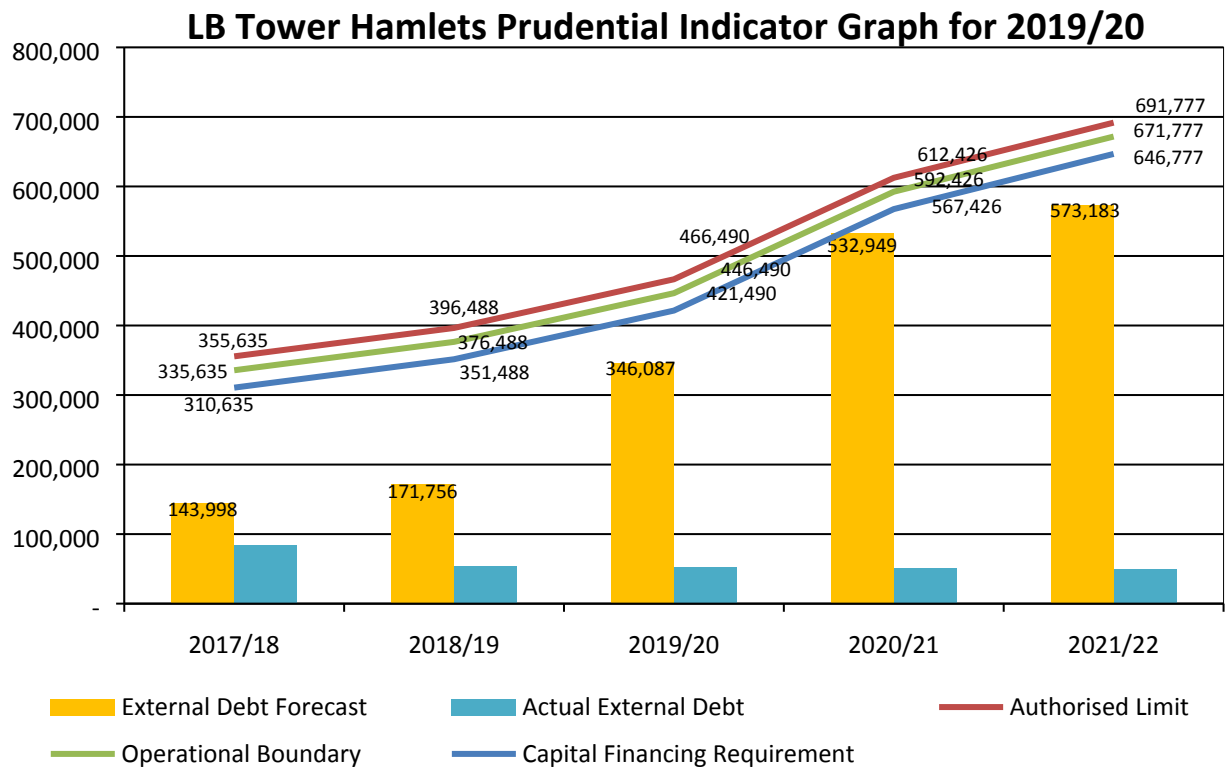
justify their NAVs to be stable or constant, hence they are all converting to LVNAV. However these money market funds have never exhibited price volatilities. We have been assured by the MMF managers and the Council's treasury advisor that stable price/NAV would still be maintained to avoid price volatility going forward.

Capital Programme and Prudential Borrowing

- 3.29 The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure £m	2017/18 Actual	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund	90.384	83.805	176.117	149.013	81.746
HRA	34.152	61.888	84.940	99.904	80.687
Total	124.536	145.693	261.057	248.917	162.432
Financed by:					
<i>Grant</i>	(26.924)	(31.161)	(9.736)	(6.773)	(6.030)
<i>Major Repairs Reserve</i>	(22.013)	(17.616)	(29.354)	(26.051)	(24.980)
<i>Capital Receipts</i>	(20.340)	(29.583)	(76.040)	(27.055)	(21.307)
<i>Developers Contributions</i>	(7.822)	(15.586)	(54.618)	(25.631)	(7.464)
<i>Direct Revenue Financing</i>	(10.573)	(0.406)	(6.564)	0.000	0.000
Prudential Borrowing	36.770	51.342	84.745	163.407	102.652

- 3.30 As part of the development of the prudential indicators attached as appendix 1 of annex A, which form part of the treasury management strategy, the Council must consider the affordability of its capital programme. In the past the programme has been financed by the use of capital resources such as receipts from asset sales and grants. The affordability of the programme is therefore calculated by the lost revenue income from the possible investment of the resources.
- 3.31 As shown in table above, there is a need to borrow up to £351m in total from 2019-2022. There is still a need to borrow £51m for 2018/2019 and £85m for 2019/20, £163m for 2020/21 and £102.65m for 2021/22 for financing of capital expenditure as included in the current capital programme and the current prudential indicators. If the Council is to borrow, the affordability of the capital programme has been included in assessing the cost of borrowing along with the loss of investment income from the use of capital resources held in cash.
- 3.32 The current long term borrowing rate from the Public Works Loan Board is 2.64% for 25 years. Were the Council to temporarily borrow the necessary resources from its own cash balances rather than complete a further one year investment it would save the equivalent of 1.84% of the amount borrowed. The affordability of the capital programme has been calculated based upon the assumption that internal borrowing would occur initially.
- 3.33 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash from the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.



- 3.34 From the above graph it can be seen that the CFR as at 31st March 2018 was £310.635m and the actual external debt was £84.3m, capital expenditure has been supported by internal borrowing of some £226.3m. For 2018/19, the CFR forecast is £351.488 and the external debt forecast is £171.756m but the actual external debt is £53.3m, if no further borrowing is done, this would be creating internal borrowing position of some £298.2m.
- 3.35 Under the current market and economic circumstances and given the risks within the economic forecast, a prudent approach will be adopted with the 2019/20 treasury operations. The Acting Corporate Director, Resources and his officers will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 3.35 Should rates move quicker than the forecast predicts, the current and proposed strategies do allow the Acting Corporate Director, Resources to take advantage of external borrowing. Any decisions will be reported to the appropriate decision making body at the next available opportunity.
- 3.36 The assumption is to borrow up to a maximum of £50m for 2018/19 and £100m for 2019/20, through the most economically advantageous method, as decided by the Acting Corporate Director, Resources, from internal borrowing of core cash balances; PWLB loans; or other reputable sources of lending.
- 3.37 In summary the Council's borrowing strategy will give consideration to new borrowing in the following order of priority: -
- a) The most cost effective borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing

against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years.

- b) Temporary borrowing from the money markets or other local authorities
- c) PWLB variable rate loans for up to 10 years
- d) Short dated borrowing from non PWLB below sources
- e) Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.
- f) PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt

3.38 The Council will continue to borrow in respect of the following:

- a) Maturing debt (net of minimum revenue provision).
- b) Approved unsupported (prudential) capital expenditure.
- c) To finance cash flow in the short term.

Investment Strategy

3.39 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £350m and £500m, and the levels are expected to reduce by £50m - £100m in the forthcoming year due to capital expenditure programme.

3.40 **Objectives:** 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.

3.41 **Negative interest rates:** If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could 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. This situation already exists in many other European countries. 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.

3.42 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated £150m that is available for longer-term investment. Majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds.

This diversification will represent a continuation of the new strategy adopted in 2018/19.

Investment Return Budget to 2021/22

- 3.43 The cash flow projection and the interest rates forecast for 2018/19 shows that anticipated investment income of £4m, based on average cash balance of £350m and average investment return of 1.10% is not on target due to the current market volatility. As at 31st December 2018 investment income receivable was £3.164m on average cash balance of £421.87m.
- 3.44 A cash flow projection up to March 2022 has been created reflecting the spending proposals in the Budget Strategy 2019/20 onwards. The anticipated investment income for 2019/20 is budgeted as £4.5m with average rate of 1.3% on cash balance of £350m, whereby £100m of core cash balances to be invested in pooled funds for over 3-5 years earning investment rate of 2% per annum. For 2020/21, £4.5m is the budgeted income, with average rate of 1.5% on average cash balance of £300m and for 2020/21; £4.5m is the budgeted income, with average rate of 1.5% on average cash balance of £300m. The Council may need to accept a higher level of risk in order to achieve these targets, whilst maintaining due regard for security of capital and liquidity.

Year-End	Estimated Average Cash Balance £m	Investment Income Forecast £m	Average Interest Rate
31 st March 2020	400.00	4.40	1.10%
31 st March 2021	350.00	4.50	1.30%
31 st March 2022	300.00	4.50	1.50%

- 3.45 With reference to the proposal to use internal borrowing to finance the capital programme, as set out in the Capital Programme and Prudential Borrowing in annex A, the investment income suggested by the cash flow projection may be provided in part from internal charges or through the surplus generated by commercialisation projects.

Minimum Revenue Provision 2019/20

- 3.46 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 total debt is identified as the capital financing reserve and ensures that the Council includes external and internal borrowing along with other forms of financing considered to be equivalent to borrowing.
- 3.47 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).
- 3.48 It is recommended that because of budget constraints in the medium term the continue adoption of the existing statutory calculation which is based on 4% of the aggregate assumed borrowing for general fund capital investment -

termed the Capital Financing requirement (CFR) as the basis of the Councils MRP relating to supported borrowing

- 3.49 The Council will use the asset life method for the calculation of the Minimum Revenue Provision on all future unsupported borrowing.
- 3.50 The Government abolished HRA debt cap and in order to ensure that all of the Council's capital expenditure funded from borrowing are prudent and sustainable. Officers are proposing that the Council Housing HRA should elect to adopt a Voluntary Revenue Provision (VRP) to be charged to revenue along with the interest cost of the borrowing over the lifespan of the asset funded from borrowing for HRA capital investment - termed the Capital Financing requirement (CFR), this is in-line with risks under consideration, the impact, and potential impact, on the Council's overall fiscal sustainability.
- 3.51 Based on the Council's latest estimate of its capital financing requirement, the budget for MRP for 2018/19 is £8.639m based on 2017/18 CFR of £310.635m and the budgeted MRP for 2019/20 is £8.754m based on estimated CFR for 2018/19 of £301.996m.

Other Treasury Management Issues

- 3.52 **Credit outlook:** The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.
- 3.53 The Bank of England (BoE) released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.
- 3.54 European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.
- 3.55 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several 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.

- 3.56 **Negative interest rates:** If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could 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. This situation already exists in many other European countries. 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.
- 3.57 **Accounting Standard:** Under the Regulations, local authorities must follow CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom, as amended or reissued, as a code of practice containing proper accounting practices. This Statutory Code is reissued in every financial year. The code applies only to principal authorities.
- 3.58 The Government can modify local authorities' duties to follow the proper practices as set out in the Code on Local Authority Accounting, by including specific provisions in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The Government regularly reviews all new accounting standards and how these have been introduced into proper practices, to see if any new statutory overrides are necessary. However, statutory overrides are only normally introduced by the Government in strictly limited circumstances where they are absolutely necessary.
- 3.59 Under the new IFRS 9 standard, the accounting for certain investments at fair value through profit and loss may introduce "more income statement volatility." And this may impact upon balanced budget calculations and may mean "less money available to fund services.
- 3.60 Local authorities previously made representations to Government, raising concerns that some of the provisions in IFRS 9 Financial Instruments will have negative impacts. The Government therefore consulted on potential mitigations to those provisions. The consultation lasted from 25th July to 28th September 2018, and the Government received a total of 107 responses.
- 3.61 Having considered the consultation responses the Government announced it will implement a five-year override, and keep the situation under review, therefore it will:
- Require local authorities to account for fair value movements in financial instruments in accordance with proper practices as set out in the Code on Local Authority Accounting published by CIPFA.
 - Introduce a mandatory statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from financial year commencing 1 April 2018
 - Extend the proposed period for which the statutory override applies to five years. The Government will keep use of the override under review.
 - Require Local Authorities to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override

- Introduce a 2 year extension of the unequal pay regulation.
- 3.62 There will be no override for the expected loss model or for the extra disclosures that the new standard requires.
- 3.63 Using its “Henry VIII” powers under the European Union (Withdrawal) Act 2018 to alter legislation without consultation, the government is changing which pooled funds are capital expenditure for local authorities in England. If the legislation is not further amended, then the vast majority of our money market funds and other pooled funds will become capital expenditure when the UK leaves the EU, currently scheduled for 29th March 2019. The Council’s treasury advisor – Arlingclose is currently in discussion with MHCLG about further amendments to these rules but cannot guarantee that any changes will be effective before Brexit.
- 3.64 Capital gains on capital expenditure funds are received as capital receipts instead of revenue income upon eventual sale. Hence the Council is considering selling the funds with unrealised gains to ensure the capital growth is taken to revenue.

4. **COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 4.1 This report provides Treasury Management budget for 2019/20 and forecasts for 2020/21 and 2021/22 financial year.
- 4.2 The Council held outstanding investments of £387.9m as at 31st December 2018. This portfolio has receivable interest of £3.16m to the date. However, the Council has an investment income target of £4m for 2018/19; this target might not be met due to current market volatility.
- 4.3 The Council has committed up to £54m of service investments in Seahorse Homes Ltd and Mulberry Housing Society for 2019/20.

5. **LEGAL COMMENTS**

- 5.1 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.
- 5.2 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.
- 5.3 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.

- 5.4 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.
- 5.5 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.
- 5.6 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.
- 5.7 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).

6 ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 Capital investment will contribute to achievement of the corporate objectives, including all those relating to equalities and achieving One Tower Hamlets. Establishing the statutory policy statements required facilitates the capital investments and ensures that it is prudent.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The Treasury Management Strategy and Investment 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.
- 7.2 Assessment of value for money is achieved through:
- Monitoring against benchmarks
 - Operating within budget

8 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no sustainable actions for a greener environment implication.

9 **RISK MANAGEMENT IMPLICATIONS**

- 9.1 There is inevitably a degree of risk inherent in all treasury activity.
- 9.2 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.
- 9.3 Treasury operations are undertaken by nominated officers within the parameters prescribed by the Treasury Management Policy Statement as approved by the Council.
- 9.4 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.

10 **CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 There are no any crime and disorder reduction implications arising from this report.

ANNEX & APPENDICES

ANNEX

[Annex A – Treasury Management Strategy Statement \(Working Document\) for 2019-20](#)

APPENDICES

- Appendix A – Counter Party Credit Rating List
- Appendix 1 – Prudential and Treasury Indicators
- Appendix 2 – Definition of Fitch Credit Ratings
- Appendix 3 – Treasury Management Policy Statement
- Appendix 4 – Treasury Management Scheme of Delegation
- Appendix 5 – Treasury Management Reporting Arrangement
- Appendix 6 – Glossary

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

Brief description of “background papers Name and telephone number of holder and address where open to inspection

Bola Tobun, x4733, Mulberry Place

Annex A

Working Document

Treasury Management Strategy Statement
Capital Strategy Report with Minimum Revenue
Provision Policy Statement and
Investment Strategy Report

London Borough of Tower Hamlets
2019/20

1. **BACKGROUND**

1.1 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 it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity primarily before considering investment return.

1.2 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.

1.3 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."

1.4 **REPORTING REQUIREMENTS** -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. **An annual treasury management strategy statement** (this report) – it covers:

- the capital plans (including prudential indicators);
- the treasury management strategy (how the investments and borrowings are to be organised and the parameters on how investments are to be managed) including treasury indicators; and
- an investment strategy (deatailing the Council's service and commercial investments).

II. **A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

III. **A treasury outturn report** – This provides details of annual actual prudential and treasury indicators and annual actual treasury operations compared to the annual estimates within the strategy.

1.5 **SCRUTINY** - The above reports are required to be adequately scrutinised before being recommended to the Council. This role is being undertaken by the Audit Committee and or Cabinet.

1.6 **TREASURY MANAGEMENT STRATEGY FOR 2019/20**

The strategy for 2019/20 covers two main areas:

Capital strategy issues and considerations :

- the capital plans and the prudential indicators.
- the minimum revenue provision (MRP) policy;

Treasury management strategy considerations:

- economic & interest rate forecast;
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- service/policy investments.

- 1.9 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

CAPITAL STRATEGY REPORT 2019/20

- 2.1 This capital strategy is a new report for 2019/20, giving 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.
- 2.2 Council's capital expenditure plans are the key driver of treasury management activity. The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.
- 2.3 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, and loans and grants to other bodies enabling the Council to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £50k are not capitalised and are charged to revenue in year.
- 2.4 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2021/22

- 2.5 **Estimates of Capital expenditure** - The table below summarises the Council's planned capital expenditure and how these plans are being financed by capital or revenue resources. Any shortfall of resources, results in a funding borrowing need.

Capital expenditure £m	2017/18 Actual	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund	90.384	83.805	176.117	149.013	81.746
HRA	34.152	61.888	84.940	99.904	80.687
Total	124.536	145.693	261.057	248.917	162.432
Financed by:					
<i>Grant</i>	(26.924)	(31.161)	(9.736)	(6.773)	(6.030)
<i>Major Repairs Reserve</i>	(22.013)	(17.616)	(29.354)	(26.051)	(24.980)
<i>Capital Receipts</i>	(20.340)	(29.583)	(76.040)	(27.055)	(21.307)
<i>Developers Contributions</i>	(7.822)	(15.586)	(54.618)	(25.631)	(7.464)
<i>Direct Revenue Financing</i>	(10.667)	(0.406)	(6.564)	0.000	0.000
Total	(87.672)	(94.351)	(176.312)	(85.510)	(59.781)
Prudential Borrowing	(36.770)	(51.342)	(84.745)	(163.407)	(102.652)
Total Financing Requirement	(124.536)	(145.693)	(261.057)	(248.917)	(162.432)

- 2.6 **Other long term liabilities** - The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 2.7 **The Council's borrowing need (the Capital Financing Requirement)** - The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The Council is asked to approve the CFR projections below:

£m	2017/18 Actual	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Financing Requirement					
CFR – General Fund	232.275	83.805	176.117	149.013	81.746
CFR – HRA	78.360	61.888	84.940	99.904	80.687
Total CFR	310.635	145.693	261.057	248.917	162.432
Movement in CFR	28.932	40.853	70.002	145.935	79.352
Movement in CFR represented by:					
Net in year financing need	36.864	51.342	84.745	163.407	102.652
MRP/VRP & other Financing movements	(7.932)	(10.489)	(14.742)	(17.471)	(23.300)
Movement in CFR	28.932	40.853	70.002	145.935	79.352

- 2.8 The CFR is forecast to **rise by £294m** over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.
- 2.9 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.
- 2.10 The Council has set the following **affordability prudential indicators** as prescribed by the code and these are set out below and detailed in Appendix 1.
- 2.11 **Ratio of financing costs to net revenue stream** - This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs (interest payable on loans and *MRP/loans fund repayments*), offset by any investment income receivable.

	2017/18 Actual	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund (GF)	1.03%	0.62%	0.59%	0.58%	0.54%
HRA	4.06%	5.39%	7.09%	9.61%	11.90%

- 2.12 **Incremental impact of capital investment decisions** - This indicator identifies affordability by showing the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme summarised earlier in this report. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2017/18 Actual	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
GF – Council tax increase in annual band D	19.623	35.908	42.112	46.770	50.602
HRA increase in weekly housing rent levels	5.669	7.821	10.346	14.155	18.114

2.13 **Knowledge and Skills** – The Council employs professionally qualified and experienced staff in senior positions with responsibility of making capital expenditure, borrowing and investment decisions.

- a. **Training** - 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.
- b. **Treasury management consultants** - The Council uses Arlingclose Ltd, 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. **MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT**

- 3.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP).
- 3.2 The Department of Communities and Local Government (DCLG) require Councils to establish a policy statement on the MRP and has published guidance on the four potential methodologies to be adopted.
- 3.3 The guidance distinguishes between supported borrowing which relates to assumed borrowing which is incorporated into the Government's Formula Grant calculation and consequently has an associated amount of government grant and unsupported borrowing. Unsupported borrowing is essentially prudential borrowing the financing costs of which have to be met by the Council locally.
- 3.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made pending finalisation of transitional arrangements following introduction of Self-Financing.
- 3.5 The DCLG guidance provides two options for the calculation of the MRP associated with each classes of borrowing.
- 3.6 The two options for the supported borrowing are variants of the existing statutory calculation which is based on 4% of the aggregate assumed borrowing for general fund capital investment - termed the Capital Financing requirement (CFR). The two options are:
 - **Option 1** (Regulatory Method): To continue the current statutory calculation based on the gross CFR less a dampening factor to mitigate the impact on revenue budgets of the transition from the previous system. This calculation is further adjusted to repay debt transferred to the Council when the Inner London Education Authority (ILEA) was abolished.
 - **Option 2** (Capital Financing Requirement Method): The statutory calculation without the dampener which will increase the annual charge to revenue budget.

- 3.7 The options purely relate to the timing of debt repayment rather than the gross amounts payable over the term of the loans. The higher MRP payable under option 2 will accelerate the repayment of debt.
- 3.8 The options purely relate to the timing of debt repayment rather than gross amounts payable over the term of the loans. The higher MRP payable under option 2 will accelerate the repayment of debt.
- 3.9 It is recommended that because of budget constraints in the medium term the existing statutory calculation with the ILEA adjustment be adopted as the basis of the Councils MRP relating to supported borrowing.
- 3.10 The guidance provides two options for the MRP relating to unsupported borrowing. The options are:-
- **Option 3 (Asset Life Method):** To repay the borrowing over the estimated life of the asset with the provision calculated on either an equal instalment or annuity basis. This method has the advantage of simplicity and relating repayments to the period over which the asset is providing benefit.
 - **Option 4 (Depreciation Method):** A calculation based on depreciation. This is extremely complex and there are potential difficulties in changing estimated life and residual values.
- 3.11 It is recommended that option 3 is adopted for unsupported borrowing.
- 3.13 The Government abolished HRA debt cap and in order to ensure that all of the Council's capital expenditure funded from borrowing are prudent and sustainable. The Council Housing HRA has elected to adopt option 3 above as Voluntary Revenue Provision (VRP) to be charged to revenue along with the interest cost of the borrowing over the lifespan of the asset funded from borrowing for its capital investment - termed the Capital Financing requirement (CFR), this is in-line with risk considerations, the impact, and potential impact, on the Council's overall fiscal sustainability.
- 3.14 The Council is required under regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 to determine for each financial year an amount of minimum revenue provision which it considers to be prudent.
- 3.15 **It is proposed that the Council makes Minimum Revenue Provision using Option 1 (Regulatory Method) for supported borrowing and Option 3 (Asset Life Method) for unsupported borrowing.**
- 3.16 **It is proposed that the Council Housing HRA makes a Voluntary Revenue Provision on its capital investments borrowing using option 3, since debt cap has been removed to keep the Council's overall fiscal sustainability in check.**
- 3.17 Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21. Based on the Council's latest estimate of its Capital Financing Requirement, the budget for MRP has been set as follows:

	31.03.2019 Actual CFR £	2019/20 Estimated MRP £
<i>Capital expenditure before 01.04.2008</i>	119,987,606	4,799,504

<i>Supported and unsupported capital expenditure after 31.03.2008</i>	52,485,574	1,331,037
<i>Finance leases and Private Finance Initiative</i>	46,058,716	2,173,770
<i>Loans to other bodies repaid in instalments</i>	Nil	Nil
Total General Fund	218,531,896	8,304,311
<i>Assets in the Housing Revenue Account</i>	68,782,301	Nil
<i>Supported and unsupported capital expenditure after 31.03.2008</i>	867,186	16,908
<i>Finance leases and Private Finance Initiative</i>	13,814,955	433,717
Total Housing Revenue Account	83,464,442	450,626
Total	301,996,338	8,754,937

4. **ECONOMIC & INTEREST RATE FORECAST**

- 4.1 The borrowing and investment strategy is in part determined by the economic environment within which it operates. The treasury advisor to the Council is Arlingclose Ltd and part of their service is to assist the Council to formulate a view on interest rates. The table below gives Arlingclose's overall view on interest rates for the next three years.

Underlying assumptions:

- 4.2 Since the MPC's November 2018 meeting, the near-term outlook for global growth has softened and downside risks to growth have increased. Global financial conditions have tightened noticeably, particularly in corporate credit markets. Oil prices have fallen significantly, however, this should provide some support to demand in advanced economies. The decline in oil prices also means that UK CPI inflation is likely to fall below 2% in coming months. The Committee judges that the loosening of fiscal policy in Budget 2018, announced after the November Inflation Report projections were finalised, will boost UK GDP by the end of the MPC's forecast period by around 0.3%.
- 4.3 Brexit uncertainties have intensified considerably since the Committee's November meeting. These uncertainties are weighing on UK financial markets. UK bank funding costs and non-financial high-yield corporate bond spreads have risen sharply and by more compared to other advanced economies. UK-focused equity prices have fallen materially. Sterling has depreciated further, and its volatility has risen substantially. Market-based indicators of inflation expectations in the United Kingdom have risen, including at longer horizons.
- 4.4 The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in November while lowering its forecast of rate rises in 2019 to two from the three previously projected.
- 4.5 A temporary truce in the ongoing trade war between the US and China was announced as the leaders of both countries agreed to halt new trade tariffs for 90 days to allow talks to continue. Tariffs already imposed will remain in place. The fallout continues to impact on economic growth and stock market volatility.

Forecast:

- 4.6 Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%.
- 4.7 The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly.
- 4.8 Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.
- 4.9 The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still

hangs over economic activity (at the time of writing this commentary in mid-December). Hence, the risks to the interest rate forecast are considered firmly to the downside.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.13
Downside risk	0.00	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-0.85
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.90	0.95	1.10	1.30	1.40	1.40	1.40	1.35	1.35	1.35	1.35	1.35	1.35	1.27
Downside risk	-0.20	-0.45	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.76
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.70	1.60	1.50	1.40	1.35	1.35	1.35	1.35	1.35	1.40
Downside risk	-0.35	-0.50	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.77
5-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.50	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.33
Downside risk	-0.50	-0.60	-0.65	-0.80	-0.80	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.66
10-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.50	1.65	1.70	1.80	1.80	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	-0.55	-0.70	-0.70	-0.80	-0.80	-0.75	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.71
20-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	2.00	2.10	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.18
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
50-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73

4.10 Gilt yields and long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

5. TREASURY MANAGEMENT CONSIDERATIONS AND DEVELOPMENT

5.1 The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The Council anticipates its cash balances in 2019/20 to average around £350m, if we persist with the policy of internal borrowing to fund the Council's underlying need to borrow.

5.2 The Pension Fund surplus cash will continue to be invested in accordance with the Council's Treasury Management Strategy agreed by Full Council, under the

delegated authority of the Corporate Director, Resources to manage within agreed parameters.

- 5.3 The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 5.4 **Core funds and expected investment balances** – The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.).

Detailed below are estimates of the year end balances of investments.

Year End Resources	2017/18 Actual	2018/19 Projected Outturn	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Expected Investments	£440.82m	£400m	£350m	£300m	£300m

- 5.5 **Current portfolio position** - The Council's treasury portfolio position at 31 March 2018, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	31 st March 2018 Actual	31 st March 2019 Projected Outturn	31 st March 2020 Estimate	31 st March 2021 Estimate	31 st March 2022 Estimate
HRA CFR	78.360	88.951	105.417	140.161	190.844
General Fund CFR	232.275	262.537	316.074	427.264	455.934
Total CFR	310.635	351.488	421.490	567.426	646.777
Less: Other debt liabilities *	(62.093)	(59.874)	(57.266)	(54.453)	(51.083)
Borrowing CFR	248.542	291.614	364.224	512.973	595.694
Less: External Borrowing Forecast	(84.966)	(154.821)	(207.893)	(370.297)	(472.193)
Internal Borrowing	163.576	136.793	156.331	142.676	123.501

- 5.6 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 5.7 The Acting Corporate Director of Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

- 5.8 **Investment treasury indicator and limit** - total principal funds invested for greater than 1 year. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.
- 5.9 **Investments Longer than a Year:** The Code of Practice requires the Council to give consideration to longer-term investment and set an upper limit for principal sums to be invested for longer than one year. The Council currently has £150m limit for investments invested for longer than one year.
- 5.10 Therefore taking all of the abovementioned into consideration, in order for the Council to have flexibility in investing in high quality and better returns pooled funds, to meet the Council's risk/reward requirements. The Council's treasury adviser focuses on pooled funds that offer consistency of income return and also preferred clients to invest across a range rather than concentrating on one or two as each fund has different risks, given the diversification, however the primary risk is market risk as some funds have volatile capital values. It is therefore recommended that the Council increase and set an upper limit for principal sums to be invested for longer than one year at £150m.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 1 year				
£m	2018/19	2019/20	2020/21	2021/22
Principal sums invested > 1 year	£150m	£150m	£150m	£150m

- 5.11 **Treasury Indicators: limits to borrowing activity for 2019-20 to 2021-22**
Treasury indicators are about setting parameters within which officers can take treasury management decisions. The Council measures and manages its exposures to treasury management risks using the following indicators and also detailed in Appendix 1 of this report.
- 5.12 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating or credit score 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.

	Target
Portfolio average credit rating	A

- 5.13 **Liquidity:** The Council 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.

	Target
Total cash available within 3 months	£100m

Investment returns expectations

- 5.14 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
- 5.15 Policy Rate is forecast to remain flat at 0.75%. Bank Rate forecasts for financial year ends (March) are:
- 2019/20 1.00%
 - 2020/21 1.25%
 - 2021/22 1.25%
- 5.16 There are downside risks to these forecasts (i.e. further reduction in Bank Rate) if economic growth weakens. However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.
- 5.17 Stated below are the estimated average rates of investment earnings for the next three years:
- 2019/20 1.10%
 - 2020/21 1.30%
 - 2021/22 1.50%
- 5.18 For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to 100 days), such as its Santander 95 days call account in order to benefit from the compounding of interest.
- 5.19 **Provision for Credit-related Losses** - If any of the Council's investments appear at risk of loss due to default, provision would need to be made from revenue for the appropriate amount.

6. **BORROWING STRATEGY**

- 6.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.
- 6.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Corporate Director, Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
 - if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.
- 6.3 Any decisions will be reported to the Audit Committee and the full Council at the next available opportunity.
- 6.4 The Council's borrowing strategy will give consideration to new borrowing in the following order of priority: -
- The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years.
 - Temporary borrowing from the money markets or other local authorities
 - PWLB variable rate loans for up to 10 years
 - Short dated borrowing from non PWLB below sources
 - Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.
 - PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt
- 6.5 The Council will continue to borrow in respect of the following:
- Maturing debt (net of minimum revenue provision).

- Approved unsupported (prudential) capital expenditure.
- To finance cash flow in the short term.

6.6 The type, period, rate and timing of new borrowing will be determined by the Corporate Director Resources under delegated powers, taking into account the following factors:

- Expected movements in interest rates as outlined above.
- Current maturity profile.
- The impact on the medium term financial strategy.
- Prudential indicators and limits.

6.7 **Treasury management limits on borrowing activity** - There are three debt related treasury activity indicators. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- **Upper limits on variable interest rate exposure** - This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- **Upper limits on fixed interest rate exposure** - This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- **Maturity structure of borrowing** - These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

	2019/20 £m	2020/21 £m	2021/22 £m
Interest rate exposures			
Upper limits on fixed interest rates based on net debt	425	570	650
Upper limits on variable interest rates based on net debt	0	0	0
Maturity structure of fixed interest rate borrowing 2019/20			
	Lower	Upper	
Under 12 months	0%	10%	
12 months to 2 years	0%	30%	
2 years to 5 years	0%	40%	
5 years to 10 years	0%	80%	
10 years and above	0%	100%	

6.8 The Council measures and manages its exposures to treasury management risks using the following indicators and also detailed in Appendix 1 of this report.

- **Authorised Limit for External Debt** – The upper limit on the level of gross external debt permitted. It must not be breached without Full Council approval.

The Council is asked to approve the following authorised limit:

Authorised limit £m	2018/19 Projected Outturn	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Borrowing & OLTL	376.488	446.490	592.426	671.777
Headroom	20.000	20.000	20.000	20.000
Total	396.488	466.490	612.426	691.777

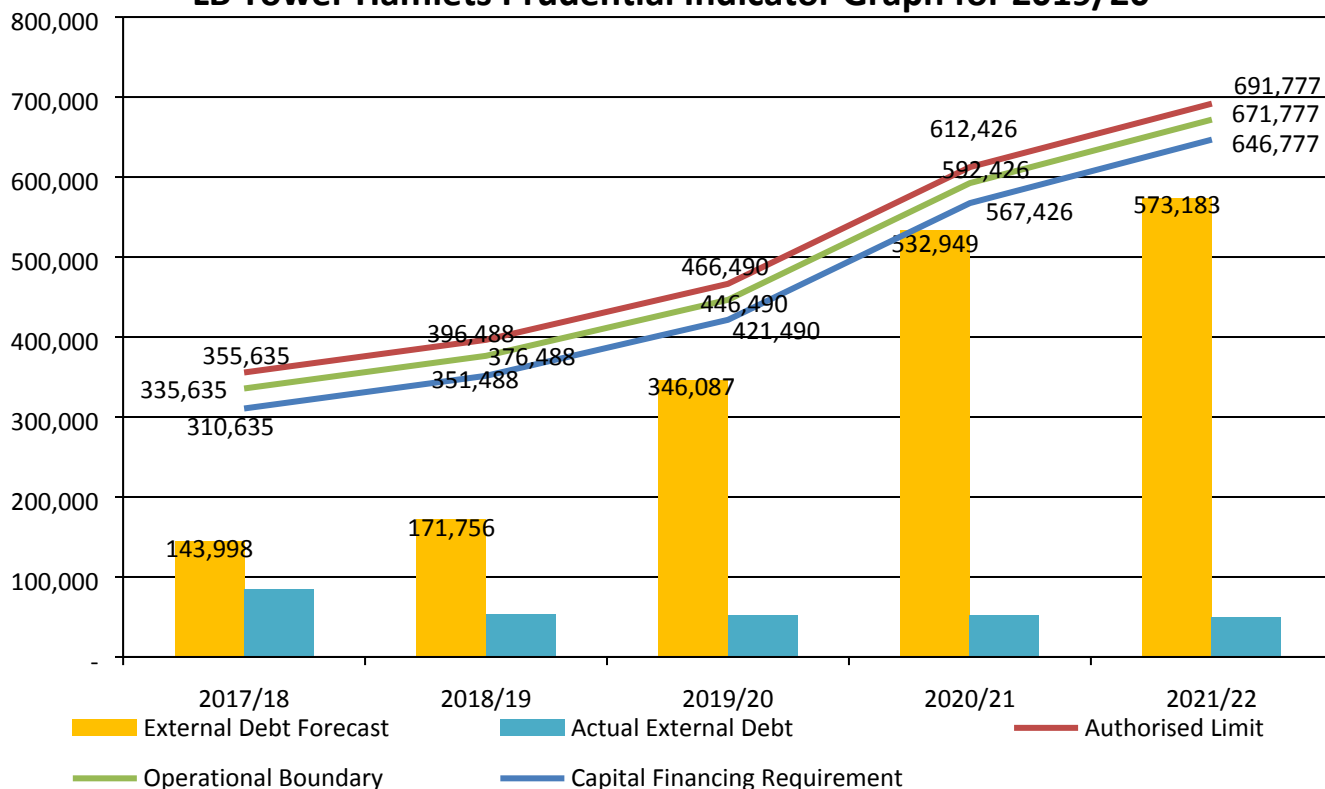
- **Operational Boundary for External Debt** – Most likely and prudent view on the level of gross external debt requirement. Debt includes external borrowings and other long term liabilities (OLTL).

Operational Boundary £m	2018/19 Projected Outturn	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	316.614	389.224	537.973	620.694
OLTL	59.874	57.266	54.453	51.083
Total	376.488	446.490	592.426	671.777

- **HRA Debt Limit** – The HRA debt cap has been abolished by the Government as at 29th October 2018. The Council is investigating other parameters to put in place for robust fiscal sustainability of housing programmes, however the cost of funding capital schemes would have to be financed from the HRA medium term plan.

HRA Debt Limit £m	2018/19 Projected Outturn	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
HRA CFR	61.888	84.940	99.904	80.687

LB Tower Hamlets Prudential Indicator Graph for 2019/20



- 6.9 From the above graph it can be seen that the CFR as at 31st march 2018 was £310.635m and the actual external debt was £84.3m, capital expenditure was supported by internal borrowing of some £226.3m. For 2018/19, the CFR forecast is £351.488 and the external debt forecast is £171.756m but the actual external debt is £53.3m, generating internal borrowing position of some £298.2m.
- 6.10 Under the circumstances and given the risks within the economic forecast, a prudent approach will be adopted with the 2019/20 treasury operations. The Acting Corporate Director, Resources and his officers will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 6.11 **Policy on borrowing in advance of need** - The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 6.12 Borrowing in advance will be made within the constraints that:
- It will be limited to no more than 75% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - Would not look to borrow more than 18 months in advance of need.
- 6.13 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual outturn reporting mechanism.
- 6.14 **Debt rescheduling** - As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 6.15 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 6.16 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 6.17 All rescheduling will be reported to the Cabinet and Council, at the earliest meeting following its implementation.

7. **TREASURY INVESTMENT MANAGEMENT STRATEGY**

- 7.1 **Investment policy** - The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

- 7.2 In order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- 7.3 Ratings will not be the sole determinant of the quality of an institution as it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. The Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- 7.4 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 7.5 Investment instruments identified for use and the criteria for selecting counterparty for this financial year are stated in section 7.7 to 7.34.
- 7.6 **In summary** – considering the factors set out in Paragraphs 4-7, the recommended Investment Strategy is that:
- I. The cash balances, not immediately required to finance expenditure, are lent to the money market or invested in pooled funds for the most appropriate periods as indicated by the cash flow forecast and current market and economic conditions;
 - II. Liquidity is maintained by the use of overnight deposits, MMF and call accounts;
 - III. The minimum amount of short-term cash balances required to support monthly cash flow management is £75 million;
 - IV. The upper limit for investments longer than one year is £150 million;
 - V. The maximum period for longer term lending is 5 years;
 - VI. All investment with institutions and investment schemes is undertaken in accordance with the Council’s creditworthiness criteria as set out at section 7;
 - VII. More cautious investment criteria are maintained during times of market uncertainty;
 - VIII. All investment with institutions and investment schemes is limited to the types of investment set out under the Council’s approved “Prime” and “Non-Prime” Investments detailed at section 7, and that professional advice continues to be sought where appropriate;
 - IX. All investment is managed within the Council’s approved investment/asset class limits.

Creditworthiness Policy

- 7.7 The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Prime and non-Prime investment sections below; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 7.8 The Corporate Director, Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either Prime or non-Prime as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
- 7.9 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. 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.
- 7.10 **Banks 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.
- 7.11 **Banks secured:** Covered bonds, reverse repurchase agreements (Repo) and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they 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 to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 7.12 **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 an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 7.13 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an internal or external credit assessment to a maximum of £5m per company as part of a diversified pool in order to spread the risk widely.
- 7.14 **Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing, formerly known as housing associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services; they retain the likelihood of receiving government support if needed.

- 7.15 Pooled funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as well as instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 7.16 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 7.17 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- 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.
- 7.18 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may 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.
- 7.19 **Other information on the security of investments:** The Council 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 and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 7.20 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council 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 Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt

Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

7.21 Prime investments: The Council defines Prime investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

7.22 The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AAA. For money market funds “high credit quality” is defined as those having a credit rating of AAA and for other pooled funds and enhanced cash funds “high credit quality” is defined as those having a credit rating of A- or higher.

7.23 **Non-Prime investments:** Any investment not meeting the definition of a Prime investment is classed as non-Prime. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-Prime investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

7.24 Credit rating information is supplied by Arlingclose Ltd, the Council treasury adviser, on all active counterparties that comply with the criteria mentioned above. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. This does not apply to the unrated building societies or banks whereby they are selected based on enhanced credit analysis.

7.25 The criteria for providing a pool of high quality investment counterparties (both Prime and non-Prime investments) are:

- 1) Banks with good credit quality – the Council will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AAA

And have, as a minimum, Fitch Long Term; ‘A-’, or Moody’s A3, or Standard and Poor’s A-.

- 2) The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- 3) Unrated/Challengers Banks – The Council will carry out an enhanced credit analysis in understanding the institution, its financials and credit capabilities.
 - I. The "RAG" framework will be used for Building societies as well as Banks, for the Council to evaluate and compare security and liquidity of investment opportunities.
 - II. The "RAG" (Red, Amber or Green) indicator framework is generally used to identify the strength of a company's financial numbers.
 - III. For example, all the financials there will be pre-set categories which will classify institutions outcomes as Red, Amber or Green. These pre-set categories are industry dependent; e.g. a retail company is expected to generate higher cash flow than a bank.
- 4) Building societies - The Council will use all building societies in the UK which:
 - iii. Meet the ratings for banks outlined above;
 - iv. Have assets in excess of £1.5bn; or meet both criteria.
- 5) Money Market Funds (MMF) – AAA
- 6) Enhanced Money Market Funds (EMMFs) – AA
- 7) Certificates of Deposits (CDs)
- 8) Floating Rate Notes (FRN), Corporate Bonds and Loans
- 9) Reverse Repurchase (Repo)
- 10) Pooled Funds (Property, Bond, Equity, Income, Growth & Diversified Funds)
- 11) Covered Bonds
- 12) Commercial Papers
- 13) Asset Backed Securities
- 14) Registered Social Landlord
- 15) UK Government (including gilts, treasury bills and the Debt management Account Deposit Facility, (DMADF))
- 16) Local authorities, parish councils, Police and Fire Authorities
- 17) Supranational institutions

7.26 **The Council is asked to approve the minimum credit rating required for an institution to be included in the Council's counterparty list as follows:**

Agency	Long-Term
Fitch	A-
Moody's	A3
Standard & Poor's	A-
Sovereign Rating	AAA
Money Market Fund	AAA

7.27 Country and Product considerations - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks above. In addition:

- No more than a maximum amount of £120m or 25% of the investments portfolio will be placed with any non-UK country with AAA sovereign rating at any time;
- limits in place above will apply to a group of institutions within a non UK country;
- Product limits will be monitored regularly for appropriateness.

7.28 Use of additional information other than credit ratings – Additional requirements under the Code requires the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information are for example Credit Default Swaps, negative rating watches/outlooks, these will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments

7.29 Prime Investments: It is recommended that the Council should make Prime investment as detailed below, all such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high credit' quality criteria where applicable. The Council will continue its policy of lending surplus cash to counterparties that have high credit ratings, defining 'high credit rating' as being A- Fitch long-term credit rating or equivalent Moody's or Standard and Poor's rating.

Prime Investments	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Term Deposits (Banks - higher quality)	<i>Long-term AA</i>	£30m	1 year
Term Deposits (Banks – medium (high) quality)	<i>Long-term A+</i>	£30m	1 year
Term Deposits (Banks – medium (low) quality)	<i>Long-term A</i>	£30m	1 year
Term Deposits (Banks - lower quality)	<i>Long-term A-</i>	£20m	6 months
Council's banker (not meeting lending criteria)	XXX	£30m	1 day
DMADF	N/A	Unlimited	6 months
Local authorities, Police & Fire Authorities and Parish Councils,	N/A	£30m	1 year

Treasury Bills (Non UK)	Long Term AA	£30m	1 year
UK Government Gilts	N/A	No Limit	1 year
Corporate Bonds & Loans, FRN and Asset Backed Securities	As Term Deposits above	As Term Deposits above	As Term Deposits above
Certificates of Deposits, Commercial paper & Repo	As Term Deposits above	As Term Deposits above	As Term Deposits above
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)			
	Fund rating	Money Limit (per fund)	Time Limit
Money market funds (Sterling)	AAA	£25m	Liquid
Enhanced Cash Funds	AAA/V1- AA/V2	£20m	Liquid
Pooled Funds (Bonds, Equity, Property, Diversified, Growth & Income Funds etc.)	N/A	£20m	Liquid

Non-Prime Investments:

- 7.30 All investments that do not qualify as Prime investments are termed non-Prime investments. The table below details the total percentage of the Annual Principal Sums that can be Invested for more than 1 year and can be held in each category of investment, for example 100% of the Principal Sums limit can be held with the UK Government at any one time.
- 7.31 **Unrated banks, building societies and other institutions** are classed as non-Prime investments irrespective of the investment period. When investing with this institution, the Council will carry out an enhanced credit analysis in understanding the institution, its financials and credit capabilities.

Minimum Criteria for considering Unrated Institutions with money and time limits:

	Institution Assets Value	Money Limit	Time Limit
Unrated UK Building Societies & Challenger Banks with assets in excess of:	£1.5bn £2.5bn	£3m £5m	6 months 12 months

- 7.32 It is considered that the maximum nominal value of overall investments that the Council should hold for more than one year and less than 5 years is £150m. (Investments with maturity over one year) **The prudential indicator figure of £150m is therefore recommended.**
- 7.33 **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 5 years	n/a	n/a
AAA	£20m 5 years	£30m 5 years	£30m 5 years	£20m 5 years	£20m 5 years
AA+	£20m 5 years	£30m 5 years	£30m 5 years	£20m 5 years	£20m 5 years
AA	£20m 4 years	£30m 5 years	£30m 5 years	£20m 5 years	£20m 5 years
AA-	£20m 3 years	£30m 4 years	£30m 5 years	£20m 4 years	£20m 5 years
A+	£20m 2 years	£30m 3 years	£20m 5 years	£20m 3 years	£20m 5 years
A	£20m 13 months	£30m 2 years	£20m 5 years	£20m 2 years	£20m 5 years
A-	£20m 6 months	£30m 13 months	£20m 5 years	£20m 13 months	£20m 5 years
None	£3m - £5m 6 -12 months	n/a	£20m 5 years	£5m 5 years	£20m 5 years
Pooled Funds	£20m per fund				
Money Market Funds	£25m per fund				

- 7.34 **Country limits:** The Council has determined that it will only use approved counterparties from non UK countries with a minimum sovereign credit rating of AAA from Fitch (or equivalent). A counterparty list will be compiled based on this sovereign rating of AAA and in accordance with the Council's minimum credit rating criteria policy for institutions and qualified institutions will be added to this list, and unqualified institutions will be removed from the list, by officers as deemed appropriate. Please see Appendix A for qualified countries and their institutions as of 31/12/2018.

8 **INVESTMENT STRATEGY REPORT 2019/20**

8.1 The Council invests its money for three broad purposes:

- because 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**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

8.2 This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of the above categories.

Treasury Management Investments

8.3 The Council typically receives its income in cash (e.g. from taxes and grants) 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 £300m and £450m during the 2019/20 financial year.

8.4 **Contribution:** The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

8.5 **Further details:** Full details of the Council's policies and its plan for 2019/20 for treasury management investments are covered in section 4-7 of this document.

Service Investments: Loans

8.6 **Contribution:** The Council lends money to its subsidiaries & associates, local charities and its employees to support local public services and stimulate local economic growth.

8.7 **Security:** 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 Council, upper limits on the outstanding loans to each category of borrower have been set as shown below:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2018 actual			2019/20
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved Limit £m
Subsidiaries & associates	0	0	0	54.0
Local charities	0	0	0	0.6
Employees	0.2	0	0.2	0.4
TOTAL	0.2	0	0.2	55.0

8.8 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. At the date of this report, only £20,000 of working capital loans had been advanced to the subsidiary and associate.

8.9 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans. Loans to subsidiaries and associates – these are two investments with recently created property companies (Seahorse Homes & Mulberry Housing Ltd). Legal and external advice was sought before the companies were created – these have been involved with the creation of similar organisations elsewhere. The companies will invest in tangible assets such as property to generate returns for the Council. Property has risks of short-term valuation falls but has been a strong long-term investment category. The investments are to generate long term returns. Regular valuations of the properties will be conducted and the financial health of the organisations will be monitored as part of normal financial monitoring and will be subject to audit.

8.9.1 **Seahorse Homes Ltd** – This is a Council wholly owned company with the commercial purpose of providing homes for rent and sale. At the date of this report, no properties had been acquired. No long term loans had been advanced, though a £10,000 working capital loan had been.

8.9.2 **Mulberry Housing Ltd** was created for the purpose of investing RTB receipts into housing developments to prevent the receipts being payable to Government. Mulberry Housing – The Council has approved a loan of up to £18.5m in addition to up to £9m of Right-To-Buy (RTB) receipts and £2.5m of s106 monies. Note, the RTB receipts would be payable to the Government plus interest if the Council does not make use of them. Loans to charities are secured on property charges. At the date of this report, no

properties had been acquired by the company and no long term loans had been advanced. A £10,000 working capital loan had been advanced.

8.9.3 The charitable loan of £600,000 is secured on the charity's property so is low risk.

Service Investments: Shares

8.10 **Contribution:** The Council invests in the shares of its subsidiaries to support the provision of housing into the local community. Seahorse Homes, Mulberry Housing and have been created for this purpose.

8.11 **Security:** 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 2: Shares held for service purposes in £ millions

Category of company	31.3.2018 actual			2019/20
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Seahorse Homes Ltd	£0m	N/A	£0m	£6.0m
Mulberry Housing	£0m	N/A	£0m	£0.0m
TOTAL	£0m	N/A	£0m	£6.0m

8.12 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding shares. The investments and loans to Seahorse Homes and Mulberry Housing will be into property backed assets that have a long-term track record of value appreciation, though there may be short-term value falls. Legal and independent advice was obtained before the companies were created.

8.18 **Liquidity:** these investments and loans are longer term in nature – up to five years. Therefore these investments will 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.

8.19 **Non-Specified Investments:** Shares are the only investment type that the Council 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 Council's upper limits on non-Specified investments. The Council has not adopted any procedures for determining further categories of non-Specified investment since none are likely to meet the definition.

Loan Commitments and Financial Guarantees

- 8.20 Between 1998 and 2010, the Council has historically provided financial guarantees on properties transferred to registered social landlords. No liabilities have been payable on these guarantees.
- 8.21 The Council is involved with joint housing ventures with other London Councils (PLACE Ltd and Capital Letters Ltd). These organisations will be grant funded so the Council will not have any material shareholdings or guarantees in the companies.

Investment Indicators

- 8.22 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 8.23 **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2018 Actual £m	31.03.2019 Forecast £m	31.03.2020 Forecast £m
Treasury management investments	440.82	400.00	350.00
Service investments: Loans	0	0	54.00
Service investments: Shares	0	0	6.00
TOTAL INVESTMENTS	440.82	400.00	410.00
Commitments to lend	0	54.0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	440.82	454.00	410.00

- 8.24 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2018 Actual £m	31.03.2019 Forecast £m	31.03.2020 Forecast £m
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
TOTAL FUNDED BY BORROWING	0	0	0

- 8.25 **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 they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2017/18 Actual %	2018/19 Forecast %	2019/20 Forecast %
Treasury management investments	0.75	1.1	1.3
Service investments: Loans	0	0	1.8
Service investments: Shares	0	0	1.8
Commercial investments: Property	0	0	0
ALL INVESTMENTS	0.75	1.1	1.4

APPENDICES

Appendix A – Counter Party Credit Rating List

Appendix 1 – Prudential and Treasury Indicators

Appendix 2 – Definition of Credit Ratings

Appendix 3 – Treasury Management Policy Statement

Appendix 4 – Treasury Management Scheme of Delegation

Appendix 5 – Treasury Management Reporting Arrangement

Appendix 6 - Glossary

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

Name and telephone number of holder and address where open to inspection - *Bola Tobun, x4733, Mulberry Place*

PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS FOR 2019/20

Prudential Indicators	2017/18	2018/19	2018/19	2019/20	2020/21	2021/22
Extract from Estimate and rent setting reports	Actual	Original Estimate	Revised Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Capital Expenditure						
General Fund	90.384	68.700	83.805	176.117	149.013	81.746
HRA	34.152	47.162	61.888	84.940	99.904	80.687
TOTAL	124.536	115.862	145.693	261.057	248.917	162.432
Ratio of Financing Costs to Net Revenue Stream						
General Fund	1.03%	0.85%	0.62%	0.59%	0.58%	0.54%
HRA	4.06%	6.58%	5.39%	7.09%	9.61%	11.90%
	£m	£m	£m	£m	£m	£m
Gross Debt and Capital Financing Requirement						
Gross Debt Forecast	84.966	210.222	316.614	389.224	537.973	620.694
Capital Financing Requirement	310.635	245.096	351.488	421.490	567.426	646.777
Over/(Under) Borrowing	(225.669)	(34.874)	(34.874)	(32.266)	(29.453)	(26.083)
In Year Capital Financing Requirement						
General Fund	28.932	(25.944)	(10.546)	(0.195)	63.503	21.965
HRA	0.000	(10.663)	51.400	70.197	82.432	57.386
TOTAL	28.932	(36.607)	40.853	70.002	145.935	79.352
Capital Financing Requirement as at 31 March						
General Fund	232.275	150.270	262.537	316.074	427.264	455.934
HRA	78.360	94.826	88.951	105.417	140.161	190.844
TOTAL	310.635	245.096	351.488	421.490	567.426	646.777
Incremental Impact of Financing Costs (£)						
Increase in Council Tax (band D) per annum	19.623	31.335	35.908	42.112	46.770	50.602
Increase in average housing rent per week	5.669	3.706	2.152	2.525	3.809	3.958

Treasury Management Indicators	2017/18	2018/19	2018/19	2019/20	2020/21	2021/22
	Actual	Original Estimate	Revised Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Authorised Limit For External Debt -						
Borrowing & Other long term liabilities	147.059	270.096	376.488	446.490	592.426	671.777
Headroom	20.000	20.000	20.000	20.000	20.000	20.000
TOTAL	167.059	290.096	396.488	466.490	612.426	691.777
Operational Boundary For External Debt -						
Borrowing	84.966	210.222	316.614	389.224	537.973	620.694
Other long term liabilities	62.093	59.874	59.874	57.266	54.453	51.083
TOTAL	147.059	270.096	376.488	446.490	592.426	671.777
Gross Borrowing Forecast	143.998	180.770	171.756	346.087	532.949	573.183
Upper Limit For Fixed Interest Rate Exposure						
Net principal re fixed rate borrowing / investments	100%	100%	£355m	£425m	£570m	£650m
Upper Limit For Variable Rate Exposure						
Net interest payable on variable rate borrowing / investments	0%	0%	£0m	£0m	£0m	£0m
Upper limit for total principal sums invested for over 364 days (per maturity date)	£100m	£100m	£150m	£150m	£150m	£150m

Maturity structure of new fixed rate borrowing during 2019/20	Upper Limit	Lower Limit
under 12 months	10%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%

Appendix 2

Definition of Fitch Credit Ratings

Support Ratings

Rating	Current Definition (December 2014)
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-term rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-term rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-term rating floor no higher than 'B-' and in many cases no floor at all.

Short-term Ratings

Rating	Current Definition (December 2014)
F1	Highest short-term credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good short-term credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair short-term credit quality. The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

Long -term Ratings

Rating	Current Definition (December 2014)
AAA	Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
BBB	Good credit quality - 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions is more likely to impair this capacity. This is the lowest investment-grade category.
BB	Speculative - 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.
B	Highly speculative - 'B' ratings indicate that material default risk is present, but limited margin of safety remains. Financial commitments are currently being met, however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	Substantial credit risk – 'CCC' Default is a real possibility.
CC	Very high levels of credit risk – 'CC' Default of some kind appears probable
C	Exceptionally high levels of credit risk Default is imminent or inevitable, or the issuer is in standstill. Conditions that are indicative of a 'C' category rating for an issuer include: a. the issuer has entered into a grace or cure period following non-payment of a material financial obligation; b. the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; or c. Fitch Ratings otherwise believes a condition of 'RD' or 'D' to be imminent or inevitable, including through the formal announcement of a distressed debt exchange. (RD – stands for restricted default and D – default).

Note:

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'.

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. Full Council / Cabinet

- receiving and reviewing reports on treasury management policies, practices and activities
- receiving the mid-year and annual (outturn) reports
- approval of annual strategy
- approval of capital strategy report.

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 policy and procedures and making recommendations to the responsible body.
- receiving and reviewing regular monitoring reports and acting on recommendations

Appendix 5

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	Full Council	Annually before the start of the financial year to which policies relate
Mid-Year Treasury Management Report	Full Council	Semi-Annually in the financial year to which policies relate
Updates or revisions to the Treasury Management Strategy Statement/ Annual Investment Strategy/ Minimum Revenue Provision Policy/Capital Strategy Report	Audit Committee or Full Council	As necessary
Annual Treasury Outturn Report	Audit Committee and Full Council	Annually by 30 September after the year end to which the report relates
Treasury Management Practices	Corporate Director, Resources	N/A
Scrutiny of Treasury Management Strategy Statement/capital Strategy Report/Annual Investment 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

Appendix 6 - 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 a time deposit, a financial product. CDs are similar to savings accounts in that they are insured and thus virtually risk free; they are "money in the bank." They are different from savings accounts in that the CD has a specific, fixed term (often monthly, three months, six months, or one to five years) and, usually, a fixed interest rate. It is intended that the CD be held until maturity, at which time the money may be withdrawn together with the accrued interest.
Commercial paper	Commercial paper is a money-market security issued (sold) by large corporations to obtain funds to meet short-term debt obligations (for example, payroll), and is backed only by an issuing bank or corporation's promise to pay the face amount on the maturity date specified on the note. Since it is not backed by collateral, only firms with excellent credit ratings from a recognized credit rating agency will be able to sell their commercial paper at a reasonable price. Commercial paper is usually sold at a discount from face value, and carries higher interest repayment rates than bonds
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. It is a bond that a corporation issues to raise money effectively in order to expand its business. The term is usually applied to longer-term debt instruments, generally with a maturity date falling at least a year after their issue date.
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; they do not have any bearing on the contractual cash flow to the investor, as is the case with Securitized assets.
Consumer Prices Index &	The main inflation rate used in the UK is the CPI. The

Retail Prices Index (CPI & RPI)	Chancellor of the Exchequer bases the UK inflation target on the CPI. The CPI inflation target is set at 2%. The CPI differs from the RPI in that CPI excludes housing costs. Also used is RPIX, which is a variation of RPI, one that removes mortgage interest payments.
Credit Default Swap (CDS)	A kind of protection that can be purchased by MMF companies from insurance companies (for their investment) in exchange for a payoff if the organisation they have invested in does not repay the loan i.e. they default.
Credit watch	Variety of special programs offered by credit rating agencies and financial institutions to monitor organisation/individual's (e.g. bank) credit report for any credit related changes. A credit watch allows the organisation/individuals to act on any red flags before they can have a detrimental effect on credit score/history.
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 that indicate the financial strength and other factors of a bank or similar Institution.
Creditworthiness	How highly rated an institution is according to its credit rating.
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.
Gilt	Gilt-edged securities are bonds issued by certain national governments. The term is of British origin, and originally referred to the debt securities issued by the Bank of England, which had a gilt (or gilded) edge. Hence, they are known as gilt-edged securities, or gilts for short. Today the term is used in the United Kingdom as well as some Commonwealth nations, such as South Africa and India. However, when reference is made to "gilts", what is generally meant is "UK gilts," unless otherwise specified.
Interest Rate exposures	A measure of the proportion of money invested and what impact movements in the financial markets would have on them.
The International Monetary Fund (IMF)	is an intergovernmental organisation which states its aims as to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
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.
Market Loans	Loans from banks available from the London Money Market including LOBOS (Lender Option, Borrowing Option) which enable the Council to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force.
Money Market Fund (MMF)	A ‘pool’ of different types of investments managed by a fund manager that invests in lightly liquid short term financial instruments with high credit rating.
Monetary Policy Committee (MPC)	Committee designated by the Bank of England, whose main role is to regulate interest rates.
Minimum Revenue Provision (MRP)	This is the amount which must be set aside from the revenue budget each year to cover future repayment of loans.
Non Prime Investments	Investments deemed to have a greater element of risk such as investments for longer than one year
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. The PWLB normally are the cheapest source of long term borrowing for LAs.
Prime Investments	Investments that meet the Council’s high credit quality criteria and repayable within 12 months.
Supranational bonds	Supranational bonds are issued by institutions that represent a number of countries, not just one. Thus, organisations that issue such bonds tend to be the World Bank or the European Investment Bank. The issuance of these bonds are for the purpose of promoting economic development
Treasury bills (or T-bills)	Treasury bills (or T-bills) mature in one year or less. Like zero-coupon bonds, they do not pay interest prior to maturity; instead they are sold at a discount of the par value to create a positive yield to maturity. Many regard Treasury bills as the least risky investment available.
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.

[illegible]

TIPTON & COSELEY BUILDING SOCIETY	GB											
YORKSHIRE BUILDING SOCIETY	GB	F1	A-	a-	5	STABLE	P-2	A3	baa1	STABLE	NR	NR
UK: LOCAL AUTHORITIES												
ABERDEEN CITY COUNCIL	GB							Aa3		STABLE		
CORNWALL COUNCIL	GB							Aa2		STABLE		
GREATER LONDON AUTHORITY	GB										A-1+	AA NEG
GUILDFORD BOROUGH COUNCIL	GB							Aa2		STABLE		
LANCASHIRE COUNTY COUNCIL	GB							Aa3		NEG		
NORTHAMPTONSHIRE COUNTY COUNCIL	GB											
TRANSPORT FOR LONDON	GB	F1+	AA-			NEG	P-1	Aa3		STABLE	A-1+	AA- NEG
WANDSWORTH LONDON BOROUGH	GB	F1+	AA			NEG						
WARRINGTON BOROUGH COUNCIL	GB							A1		STABLE		
UK: OTHER INSTITUTIONS												
LCR FINANCE PLC	EN		AA					Aa2		STABLE	AA	
NETWORK RAIL INFRASTRUCTURE	GB	F1+	AA			NEG	P-1	Aa2		STABLE		
UK GOVERNMENT	GB	F1+	AA			NEG		Aa2		STABLE	A-1+u	AAu NEG
WELLCOME TRUST FINANCE PLC	GB							Aaa		STABLE	AAA	STABLE
COMMONWEALTH OF AUSTRALIA	AU	F1+	AAA			STABLE		Aaa		STABLE	A-1+u	AAAu STABLE
AUST AND NZ BANKING GROUP	AU	F1+	AA-	aa-	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA- NEG
COMMONWEALTH BANK OF AUSTRAL	AU	F1+	AA-	aa-	1	NEG	P-1	Aa3	a2	STABLE	A-1+	AA- NEG
NATIONAL AUSTRALIA BANK LTD	AU	F1+	AA-	aa-	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA- NEG
NEW SOUTH WALES TREASURY COR	AU						P-1	Aaa		STABLE	A-1+	AAA STABLE
WESTPAC BANKING CORP	AU	F1+	AA-	aa-	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA- NEG
GOVERNMENT OF CANADA	CA	F1+	AAA			STABLE		Aaa		STABLE	A-1+	AAA STABLE
BANK OF MONTREAL	CA	F1+	AA-	aa-	2	STABLE	P-1	Aa2	a3	STABLE	A-1	A+ STABLE
BANK OF NOVA SCOTIA	CA	F1+	AA-	aa-	2	STABLE	P-1	Aa2	a3	STABLE	A-1	A+ STABLE
CAN IMPERIAL BK OF COMMERCE	CA	F1+	AA-	aa-	2	STABLE	P-1	Aa2	a3	STABLE	A-1	A+ STABLE
EXPORT DEVELOPMENT CANADA	CA						P-1	Aaa		STABLE	A-1+	AAA STABLE
ROYAL BANK OF CANADA	CA	F1+	AA	aa	2	STABLE	P-1	Aa2	a3	STABLE	A-1+	AA- STABLE
TORONTO-DOMINION BANK	CA	F1+	AA-	aa-	2	STABLE	P-1	Aa1	a1	STABLE	A-1+	AA- STABLE
KINGDOM OF DENMARK	DE	F1+	AAA			STABLE	P-1	Aaa		STABLE	A-1+	AAA STABLE
KOMMUNEKREDIT	DE						P-1	Aaa		STABLE	A-1+	AA+ STABLE
REPUBLIC OF FINLAND	FI	F1+	AA+			POS	P-1	Aa1		STABLE	A-1+	AA+ STABLE
MUNICIPALITY FINANCE PLC	FI						P-1	Aa1	a1	STABLE	A-1+	AA+ STABLE
NORDEA BANK ABP	FI	F1+	AA-	aa-	5	STABLE	P-1	Aa3	a3	STABLE	A-1+	AA- STABLE
OP CORPORATE BANK PLC	FI						P-1	Aa3	baa2	STABLE	A-1+	AA- STABLE
FEDERAL REPUBLIC OF GERMANY	GE	F1+	AAA			STABLE		Aaa		STABLE	A-1+u	AAAu STABLE
BAYERISCHE LANDESBANK	GE	F1	A-	bbb+	1	STABLE	P-1	Aa3	baa3	STABLE	NR	NR
DZ BANK AG DEUTSCHE ZENTRAL-	GE	F1+	AA-			STABLE	P-1	Aa1	baa2	STABLE	A-1+	AA- STABLE

FMS WERTMANAGEMENT	GE					P-1	Aaa	STABLE	A-1+	AAA	STABLE
KREDITANSTALT FUER WIEFERAUF	GE	F1+	AAA	1	STABLE	P-1		STABLE	A-1+	AAA	STABLE
LANDESBANK HESSEN-THURINGEN	GE	F1+	AA-		STABLE	P-1	Aa3	baa2	A-1	A	POS
LANDESKRED BADEN-WUERTT FOER	GE	F1+	AAA	1	STABLE	P-1	Aaa	STABLE	A-1+	AAA	STABLE
LANDESBANK BADEN-WUERTTEMBER	GE	F1	A-	bbb+	1	STABLE	P-1	Aa3	baa2	STABLE	NR
LANDWIRTSCHAFTLICHE RENTENBA	GE	F1+	AAA	1	STABLE	P-1	Aaa	STABLE	A-1+	AAA	STABLE
LAND SACHSEN-ANHALT	GE	F1+	AAA		STABLE	P-1	Aa1	STABLE	A-1+	AA+	STABLE
KINGDOM OF THE NETHERLANDS	NE	F1+	AAA		STABLE	P-1	Aaa	STABLE	A-1+u	AAAu	STABLE
BNG BANK NV	NE	F1+	AA+	1	STABLE	P-1	Aaa	a1	STABLE	A-1+	AAA
COOPERATIEVE RABOBANK UA	NE	F1+	AA-	a+	STABLE	P-1	Aa3	a3	STABLE	A-1	A+
NEDERLANDSE WATERSCHAPSBANK	NE					P-1		a1	STABLE	A-1+	AAA
KINGDOM OF NORWAY	NO	F1+	AAA		STABLE		Aaa	STABLE	A-1+	AAA	STABLE
KOMMUNALBANKEN AS	NO					P-1	Aaa	a1	STABLE	A-1+	AAA
REPUBLIC OF SINGAPORE	SI	F1+	AAA		STABLE		Aaa	STABLE	A-1+u	AAAu	STABLE
DBS BANK LTD	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+
OVERSEA-CHINESE BANKING CORP	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+
TEMASEK FINANCIAL I LTD	SI						Aaa	STABLE		AAA	
UNITED OVERSEAS BANK LTD	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+
KINGDOM OF SWEDEN	SW	F1+	AAA		STABLE	P-1	Aaa	STABLE	A-1+u	AAAu	STABLE
SWEDBANK HYPOTEK AB	SW					(P)P-1	(P)Aa2	a3	STABLE	A-1+	AA-
SVENSK EXPORTKREDIT AB	SW					P-1	Aa1	a1	STABLE	A-1+	AA+
SVENSKA HANDELSBANKEN-A SHS	SW	F1+	AA	aa	5	STABLE	P-1	Aa2	a2	STABLE	A-1+
UNITED STATES OF AMERICA	US	F1+	AAA		STABLE		Aaa	STABLE	A-1+u	AA+u	STABLE
JPMORGAN CHASE BANK NA	US	F1+	AA+	aa-	5	STABLE	P-1	Aa2	a2	STABLE	A-1
SUPRANATIONAL											
COUNCIL OF EUROPE DEVELOPMNT	FR	F1+	AA+		STABLE	P-1	Aa1	STABLE	A-1+	AA+	POS
EUROPEAN BANK FOR RECONSTRUC	GB	F1+	AAA		STABLE	P-1	Aaa	STABLE	A-1+	AAA	STABLE
EUROPEAN COAL & STEEL COMMUN	BE						Aaa	STABLE		AAA	STABLE
EUROPEAN INVESTMENT BANK	LX	F1+	AAA		STABLE	P-1	Aaa	STABLE	A-1+	AAA	STABLE
INTER-AMERICAN DEV BANK	US	F1+	AAA		STABLE	(P)P-1	Aaa	STABLE	A-1+	AAA	STABLE
INTERNATIONAL BANK FOR RECON	US	F1+	AAA		STABLE	P-1	Aaa	STABLE	A-1+	AAA	STABLE
INTERNATIONAL FINANCE CORP	US					(P)P-1	(P)Aaa	STABLE	A-1+	AAA	STABLE
NORDIC INVESTMENT BANK	FI					P-1	Aaa	STABLE	A-1+	AAA	STABLE

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<p>Non-Executive Report of the:</p> <p>Council</p> <p>Wednesday 20 February 2019</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Asmat Hussain, Corporate Director, Governance and Monitoring Officer</p>	<p>Classification: Unrestricted</p>
<p>Review of proportionality and allocation of places on committees and panels of the Council</p>	

Originating Officer(s)	Matthew Mannion, Committee Services Manager
Wards affected	All wards

Executive Summary

A change in the political composition of the Council has occurred recently with the election of Councillors Rajib Ahmed (Labour) and Harun Miah (Aspire) to the Council following by-elections held on Thursday 7 February 2019.

Consequent to this change, the Council must review the allocation of places on Committees and other bodies covered by the proportionality requirements in the Local Government & Housing Act 1989. The proposed new committee allocations are set out at paragraph 3.6 overleaf.

Recommendations:

The Council is recommended to:

1. Consider the review of proportionality as at section 3 of this report and agree the allocation of seats on Committees and Panels for the remainder of the Municipal Year 2018/19 as set out at paragraph 3.6.
2. Note the Committees set out for the municipal year 2018/19 listed in paragraph 3.6 as agreed at the Annual Council meeting held on Wednesday 23 May 2018.
3. Agree any changes to the memberships (and substitutes) of those Committees as submitted to Council for approval.
4. Agree that the Monitoring Officer be authorised to approve the appointment of Councillors required to fill positions that fall vacant during the municipal year in line with the proportionality arrangements set out in this report.
5. Agree that the Monitoring Officer be authorised to approve the appointment of ungrouped Councillors to any committee places not allocated by the Council to a political group, after consultation with those

Councillors and the Speaker of the Council.

1. REASONS FOR THE DECISIONS

- 1.1 Changes to the political composition of the Council require a review of the proportionality calculations for the Council's Committees.

2. ALTERNATIVE OPTIONS

- 2.1 Council could determine a different arrangement of Committees to perform the required decision making and scrutiny functions.

3. DETAILS OF THE REPORT

- 3.1 Section 15(1) of the 1989 Act requires the Council at, or as soon as practicable after, the Annual Meeting to carry out a review to determine the allocation to the political groups of seats on the Committees/ Panels of the Council. The principles which must be adopted are:
- (i) that in relation to each body covered by the Act, all seats are not allocated to the same political group;
 - (ii) that the majority of seats on each body must go to the political group with the majority on the Council (if any);
 - (iii) that subject to (i) and (ii) the number of seats on the total of all the ordinary Committees/ Panels of the authority allocated to each group bears the same proportion as that group's proportion of the seats on the full Council; and
 - (iv) that subject to the above three principles, the number of seats on each ordinary Committee of the authority allocated to each political group bears the same proportion as that group's proportion of the seats on the full Council.
- 3.2 Once the political groups have been allocated their places in accordance with the above rules, the Council may appoint ungrouped members to any remaining positions.
- 3.3 Neither the Cabinet, any executive sub-groups of the Cabinet, nor the Tower Hamlets Health and Wellbeing Board, are covered by the requirement for proportionality.

3.4 The political composition of the Council is as follows:

GROUP	SEATS (on Council)	PROPORTION ON COUNCIL	ENTITLEMENT (to seats on Committees)
Labour	41	91.11%	65.60 (66)
Conservative	2	4.44%	3.20 (3)
Ungrouped	2	0*	3 (remainder)
	45		72

* Ungrouped Councillors are not included in the proportionality calculation. As two Councillors are required to form a group the Liberal Democrat and Aspire Councillors are included in the 'ungrouped' designation above.

Allocation of Places on Committees

3.5 According to the above calculation the Labour Group would be entitled to 66 seats on these Committees, with the Conservative Group receiving 3 and a remainder of three which would be available for the ungrouped Councillors. However, as set out in Paragraph 3.1(i) above, no group can be allocated all the seats on a specific Committee. The allocations have been adjusted to meet that rule. Therefore the Labour Group has been allocated 64 seats. The two seats left over have been allocated to the Conservative Group as the other political group in the proportionality calculations.

3.6 Applying the above principles, the proposed allocation of places on the Committees established by the Council for the municipal year 2018/19 and covered by the requirement for proportionality, are listed below. The allocations for the remainder of the municipal year or until the next review of proportionality, whichever is the sooner, is as follows:

Committee	Total	Labour	Conservative	Ungrouped
Overview and Scrutiny Committee (plus 6 co-optees)	11	10	1	
Audit Committee	8	7	1	
Development Committee	7	6	1	1
Strategic Development Committee	8	7		1
General Purposes Committee	9	8	1	
Licensing Committee	15	14	1	
Pensions Committee	7	6	1	
Standards (Advisory) Committee (plus 5 Co-optees)	7	6		1
TOTALS	72	64	5	3

- 3.7 The above will result in the allocation of all committee places amongst the political groups in accordance with the rules set out in the 1989 Act.
- 3.8 It is for the Overview and Scrutiny Committee to agree arrangements for its own sub-committees. However, the expected Sub-Committee arrangements and memberships remain the same and are set out below.

Committee	Total	Labour	Conservative
Grants Scrutiny Sub-Committee	6	5	1
Health Scrutiny Sub-Committee	6	5	1
Housing Scrutiny Sub-Committee	6	5	1

4. EQUALITIES IMPLICATIONS

- 4.1 The purpose of the report is to ensure all political groups receive an appropriate allocation of Non-Executive Committee seats.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
- 5.2 None specific to this report.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are no direct financial considerations arising from this report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The legal considerations are set out in the main body of the report.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- None.

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- None.

Officer contact details for documents:

N/A

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