


Non-Executive Report of the:  <b>COUNCIL</b>  22 February 2017	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Budget and Council Tax 2017-18 – Report of the Cabinet Meeting, 7 February 2017 and Budget Proposals of the Mayor and Executive</b>	

<b>Originating Officer(s)</b>	Neville Murton
<b>Wards affected</b>	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 2017-18, as agreed at the Cabinet Meeting on 7<sup>th</sup> February 2017.

## 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 2017/20**

- (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 £338.896m and a Council Tax (Band D) of £966.80 for 2017-18 as set out in the motion attached at Annex 1 to this report. This incorporates a 1.99% general increase on the previous year and a 3% increase in respect of the Adult Social Care 'Precept' announced by the government during its recent budget announcements.
- (c) 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 which is due to be announced shortly after the 20<sup>th</sup> February 2017.
- (d) To agree a Capital programme and Medium Term Financial Plan as set out in the motion attached at Annex 1 to this report.

- (e) Note the Capital Strategy, and the intention to undertake a comprehensive review of the Council's approach to the prioritisation and governance of capital expenditure based on the outcomes based budgeting methodology already adopted for the revenue elements of the MTFS

**Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017-18**

- (f) To adopt (as also set out in the motion at Annex 1):
- The Treasury Management Strategy Statement set out in paragraph 3.12 – 3.36 of the report at Annex 4 to this report;
  - The Annual Investment Strategy set out in paragraph 3.37 – 3.38 of the report at Annex 4 to this report;
  - The Minimum Revenue Provision Policy Statement set out in paragraph 3.39 – 3.43 of the report at Annex 4 to this report, which officers involved in treasury management must then follow.

**Section 25, Local Government Act 2003**

- (g) 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 £31m and the level of reserves are adequate to meet the council's financial needs for 2017-18, 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 2017-18. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2016-17 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)**

- (h) To note that Full Council at its meeting of 18th January 2017 approved a revised Local Council Tax Reduction Scheme for 2017-18 which retains 100% support for working age households, but with the following amendments;:
- a) the period for which backdated claims for LCTRS can be made will be one month;
  - b) the length of time LCTRS claims can continue whilst the recipient is abroad will be 4 weeks;

- c) the Council will introduce a scheme in addition to LCTRS to help applicants suffering exceptional hardship;
- d) households with non-dependants income above £370.50 per week will be excluded from support
- e) non-dependant deductions will apply to all other non-dependants with income below £370.50 per week
- f) an assumed level of income will be made for self-employed earners where their self-employment earnings after one year is declared at below equivalent minimum wage levels,;
- g) the savings limit is to be lowered to £6k from £16k in order to qualify for LCTRS.

### **3. CABINET MEETING, 7<sup>th</sup> FEBRUARY 2017**

- 3.1 The Cabinet meeting received the report of the Corporate Director Resources on the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2017-20.
- 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 2017-18 (which had been published in the 10<sup>th</sup> January Cabinet agenda), from the OSC meeting held on 23<sup>rd</sup> January 2017.
- 3.3 The Mayor and Cabinet also took into account initial feedback from the budget consultation process and events.
- 3.6 The Cabinet on 7<sup>th</sup> February 2017 also considered the report of the Corporate Director, Resources on the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017-18; and agreed recommendations to the Council in that regard.

### **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 David Edgar, Cabinet Member for Resources

Annex 2: Report of the Corporate Director Resources: General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2017-2020

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

- Appendix 1a Summary of the Medium Term Financial Plan
- Appendix 1b Detailed analysis of the Medium Term Financial Plan by Service Area
- Appendix 2 Tower Hamlets Core Spending Power
- Appendix 3 New growth proposals 2017-2020
- Appendix 4 New Savings proposals 2017-2020
- Appendix 5 Reserves Policy
- Appendix 6 Risk Evaluation
- Appendix 7 Projected Movement in Reserves
- Appendix 8 Draft Housing Revenue Account Medium Term Strategy
- Appendix 9a Capital Strategy
- Appendix 9b Current Capital Programme 2017-2021
- Appendix 9c Indicative Schemes 2017-2022
- Appendix 9d Summary of Proposed Capital programme 2017-2022
- Appendix 10 Budget Consultation Feedback

Annex 4: Report of the Corporate Director Resources to the Cabinet on 7<sup>th</sup> February 2017: Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017-18 (Report presented to Full Council includes subsequent minor amendments made by officers).

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

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

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