

Meeting of the

OVERVIEW & SCRUTINY COMMITTEE

Tuesday, 28 July 2009 at 7.00 p.m.

SUPPLEMENTAL AGENDA

	PAGE NUMBER	WARD(S) AFFECTED
8 .1 Financial Outlook (Time allocated – 15 minutes)	1 - 74	All Wards
10 .1 Overview and Scrutiny Work Programme 2009/10 (Time allocated – 15 minutes)	75 - 100	All Wards

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Agenda Item 8.1

Committee: Overview & Scrutiny Cabinet	Date: 28 th July 2009 29 th July 2009	Classification: Unrestricted	Report No.	Agenda Item 8.1
Report of: Corporate Director - Resources Originating Officer: Alan Finch, Service Head Corporate Finance		Title: Resource Allocation and Budget Review 2010/11- 2012/13 Ward(s) Affected All		

1. SUMMARY

- 1.1 In February 2008, the authority established its first ever three year budget, which set balanced budgets for the three financial years beginning in April 2008 and ending in March 2011. The three year budget was rolled forward last year, with the main focus of attention shifting to significantly improving service delivery in priority areas and further commitments to Service Improvement Growth and capital investment for the current financial year were made in setting the 2009/10 budget.
- 1.2 This report begins the budget process for 2010/11, the final year of the three year budget, with the intention of setting the Council Tax for that year on the 3rd March 2010. The report also considers how the Council can maximise the value it receives from public money through medium term planning, greater scrutiny of spending, and focusing resources on the priorities in the Community Plan 2020. The Council also needs to consider the medium term risks and issues that will arise during the course of the current three year strategy and which may impact upon the next.
- 1.3 We now face the most uncertain economic conditions for some years. Since last year's Financial Outlook report the country has entered a recession and the banking crisis has set in train events which are likely to lead to that recession being a particularly long and deep one. The public finances are now severely in deficit and all three main political parties have made it clear in their statements that growth in public spending will need to be curtailed from the levels experienced over recent years in order to bring public finances back into balance. In view of these emerging issues, and others set out in the report, it will be necessary to revisit assumptions in the three-year plan and to reassess risks. The report explains these issues in greater detail and concludes that an additional savings target will be necessary in 2010/11 in order to ensure a balanced budget and provide the opportunity for policy decisions around the budget.
- 1.4 The report also covers plans for capital investment in local assets and infrastructure, which are inseparable from those which concern the day-to-

day running of services, and considers that further asset disposals are likely to be necessary if targeted investment in local priorities is required.

- 1.5. As previously reported, the Comprehensive Spending Review and review of grant distribution which was implemented in 2008 leaves the authority at the Formula Grant floor for the foreseeable future. The annual increase in funding will not be sufficient to meet the cost of inflation and projected population growth. In addition, this year the Government has yet to make announcements about specific grants for 2010/11.
- 1.6. The report identifies the planning parameters which should apply to strategic and resource planning for 2010/11- 2012/13, with the overall aim of providing sufficient flexibility to deal with risk and provide scope for a degree of policy choice, and invites Cabinet to consider a strategy for meeting a balanced budget for the period.

2. RECOMMENDATIONS

Overview & Scrutiny Committee is recommended to consider the report and pass any comments it wishes to make to Cabinet

Cabinet is recommended to:

- 2.1. Consider the financial outlook and medium term projection set out in this report.
- 2.2. Note the comments on revenue budget inflation and determine an approach to funding inflation in the budget strategy.
- 2.3. Note the outcome of the review of the budget forecast for 2010/11 and officers advice on the risks of additional costs falling in 2010/11 which may not be covered by mitigating measures to be undertaken, and note the Medium Term Financial forecast for 2011/12-2012/13.
- 2.4. Note the resources provisionally available to fund the capital programme.
- 2.5. Note the position in relation to the Housing Revenue Account.
- 2.6. Determine a budget strategy for 2010/11 and agree that Corporate Directors prepare service and financial planning submissions in accordance with agreed parameters, and the outline process and timetable set out in section 9 of the report.

3. BACKGROUND

- 3.1 The Council operates a sound resource allocation process underpinned by an integrated strategic and resource planning framework. Processes are designed to ensure that:
- Service plans are developed against the background of forward looking financial forecasts
 - The financial consequences of proposed actions are identified and are seen as an integral part of service planning
 - Financial plans allocate resources to address changing community needs and priorities.
- 3.2. Medium term financial planning is an essential component of the Council's strategic and resource planning framework. While many key decisions, including the formal setting of Council Tax, will continue to be taken annually, those decisions need to be set in the context of a longer term planning horizon. Forward planning offers greater opportunity to link service and financial planning.
- 3.3 The Prudential Borrowing system also requires the Council to be clear about its proposed capital spending plans for three years ahead and explicit about the impact of the associated financing costs on Council Tax.
- 3.4 2010/11 is the final year of the Government's three year financial settlement covering the period 2008/09- 2010/11. This applied to the main Formula Grant and to Area Based Grant, and has enabled local authorities to plan ahead and ensure more effective and efficient use of resources. Unfortunately, so far there has been no announcement from Government of funding beyond 2010/11, and as a result local authorities will need to plan with greater caution.
- 3.5 The report is intended to provide the context for the development of the detailed budget proposals in the coming months.

4. REVIEW OF BUDGET FOR 2010/11- 2012/13

4.1 Process and Principles

This current report provides forecasts for a three-year plan covering 2010/11-2012/13, covering three main areas;

- Building 2008/09 financial results (known as 'outturn') into the three-year forecast, and;
- Reviewing the budgets already set for 2009/10 and 2010/11 and the forecast for 2011/12 and building in to forecasts issues which have emerged since the three year budget was set.

4.2 Financial Outturn 2008/09

- 4.2.1. Elsewhere on this agenda, the Cabinet is receiving a report setting out the financial outturn for the General Fund and Housing Revenue Account. These can be summarised as follows;

	2008/09 surplus	2008/09 deficit	Balances as at 31st March 2009
General Fund	£1.6m		£27.1m
Housing Revenue Account (HRA)		£11.9m	£23.3m

- 4.2.2. The surplus on the General Fund was largely brought about by actions taken during the year to contain expenditure. The HRA deficit was largely planned for and results from priority spending on environmental improvements to estates as well as costs associated with the reorganisation of the Housing Services that came with the setting up of Tower Hamlets Homes.
- 4.2.3 The Council's current financial position remains sound, but will require continuous assessment and vigilance in the light of the pressures and issues identified in this report.
- 4.2.4. The way this should be seen is that the Council's overall financial health places it in a good position to face the recession and to manage the fact that the authority's funding from Government will grow by less than the rate of inflation for the foreseeable future. The authority is in a strong position to face this situation providing key decisions are taken at the appropriate time.

4.3. Review of Budget and Medium Term Financial Plan 2009/10- 2011/12.

- 4.3.1. The three year General Fund budget established for 2009/10- 2011/12 is set out at **Appendix A**. The budget set by Council for 2009/10 on 4th March 2009 was £297.926m and this is therefore the base budget for all subsequent budget decisions.

4.3.2 Inflation

For 2010/11- 2012/13 estimates of the cost of funding inflation in the General Fund have been prepared on the following basis:

- ◆ 2.25% for pay, which is slightly above the Government's target for public sector pay increases of 2%.
- ◆ 2.50% for general costs.

The forecast breaks down as follows;

Figures in £m	2010/11	2011/12	2012/13
Pay	3.19	3.45	3.54
Non Pay	3.30	3.58	3.66
Total	6.49	7.03	7.20

- 4.3.3 The Government continues to maintain an inflation target of 2%, but inflationary pressures in the economy have become more unpredictable than they have been over recent years. Prices are currently falling, although not as quickly as in recent months, and there is the possibility that economic recovery when it comes will bring higher inflation. Forecasts at or close to Government targets would therefore seem to be appropriate for the Medium Term Financial Plan.
- 4.3.4. If inflation is higher than anticipated, the current level of general reserves currently held by the authority would allow risks to be managed in the short term. In view of this, officers recommend that, at this stage, the three year budget should not be amended to allow for higher inflation, but any increase in costs should be managed within the budgets set.
- 4.3.5. The 2009/10 budget includes provision for pay awards to staff of 2.25%. However, the Local Government Employers have made a pay offer of 0.5% for 2009 which as been rejected by the Unions. In view of this, pay inflation has not been allocated to Directorate budgets and it remains held centrally as a contingency.
- 4.3.6. Notwithstanding the prospects for inflation, in the event that savings are required in the early years of the Medium Term Financial Plan, one way of doing this would be reduce the provision for inflation in the budget. This would leave officers to manage within a budget cash limit which did not make full provision for inflation; however, inflation would still arise, so officers would need to make decisions in year which would bear down on the costs of services without affecting front line services.

4.4 Committed Growth Pressures

- 4.4.1. Committed Growth is the unavoidable cost of maintaining services at existing levels, taking account of demographic change, new legislation or other unavoidable factors.
- 4.4.2. The Committed growth that has been agreed in budgets for 2009/10 – 2011/12 is set out at **Appendix B1**. The main service areas of committed growth over the next three years are;
- Social Care Commissioning
 - Waste Management
 - Local Development Framework

4.4.3. The Medium Term Financial Plan for 2010/11 also includes the impact in that year of two items brought to Members' attention in setting the budget for 2009/10.

- A further tranche of the increase in the **levy to the London Pensions Fund Authority** in respect of the pensions deficit for former GLC and ILEA staff.
- The estimated impact of the downturn in the economy on **capital financing and investment income**, where as Members will recall the net cost is expected to increase, largely because of the loss of income from historically low interest rates. This forecast will be kept under review during the budget process.

4.4.4. As the Medium Term projections were produced some months ago, it is important to confirm that the assumptions behind them are still relevant. Officers have therefore been reviewing these assumptions over recent weeks to ensure that they are valid. It should be stressed that the figures for future years in particular remain provisional and could be understated.

4.4.5 The following issues have emerged which have an impact on the budget for 2010/11 and the committed growth forecasts for 2011/12- 2012/13 and details of these are provided at **Appendix B2**

4.4.6. **Adults, Health & Wellbeing**

Committed Growth projections for learning disabilities commissioning and older people with dementia have been revised downwards by £200,000 in 2010/11.

4.4.7. **Communities, Localities & Culture**

The Directorate has identified an additional growth item of £378,000 relating to the costs of the Anti Social Behaviour, which can no longer be charged to the Housing Revenue Account. The Directorate is in the process of identifying savings to cover this growth.

4.4.8. **Development & Renewal**

One savings item has been identified which will not be achieved;

	2010/11 £000s
Digitisation project	100
	100

The Directorate has identified alternative savings to the General Fund of £100,000 to match this as follows;

	2010/11 £000s	Comments
Energy management – charge for services	100	Further information is required as to the impact of these proposed charges on the rest of the organisation.

4.4.9. Resources/ Adult Services

	2010/11 £000s
Housing Benefits/ Homelessness: change in subsidy arrangements affecting homelessness	986
	986

It is expected that during the Summer the Government will introduce new rules for benefit subsidy which reduce the subsidy available on accommodation for the homeless. The proposals stem from the Government's belief that the market for homeless accommodation is distorted by the fact that landlords know they can recover rents up to a threshold through the benefits system. In practice, when these new rules are introduced, they will potentially need to be tackled by a combination of actions by Resources and Adults, Health & Wellbeing (which is now responsible for homelessness). The anticipated cost of this is £986,000.

The intention is to seek a response from landlords to accept reduced rents, bringing them more into line with the subsidy levels. It is not known how successful this will be, and for now it is prudent to assume that an additional cost will be incurred by the authority.

4.4.10. Corporate

	2010/11 £000s	2011/12 £000s
Office accommodation; inflationary pressures.	360	260
Office accommodation; risk of failing to deliver planned savings	1,420	1,420
	1,780	1,680

In relation to **Office Accommodation**, the budget pressure arises in two ways. The inflationary pressure is largely due to contractual rent reviews. In addition, the Medium Term Financial Plan currently allows for £1,420,000 in savings arising from the Office Accommodation Strategy over the next two financial years; 2009/10 and 2010/11. The budgets have already been

removed from facilities management as part of the office accommodation strategy. The service will however continue to incur spend unless or until the budgets are reinstated or the reason for the spend (ie the demolition or disposal of a property) occurs. However, the dramatic downturn in the property market among other factors has resulted in a delay in delivering these savings.

Officers are developing proposals to address this pressure and this issue has recently been discussed at the Capital & Asset Management Board. At this stage, however, Members are advised that the authority needs to plan on the basis that some or all of these proposals may not be deliverable within the short timescale required. A further update will be provided later in the budget process.

One further area has been identified where it is not possible at this stage to identify the financial impact;

	Comments
Carbon Management – risk of fines and losses on carbon trading	The authority becomes subject to the national Carbon Trading scheme with effect from 2010/11. Depending upon our performance relative to other organisations, the authority may either receive a fine or levy, or a reward. The maximum amount of fine anticipated in 2010/11 is £700,000, which potentially increases in later years.

It is not considered at this stage that funding be set aside explicitly in the budget; however, the risk assessment which informs decisions on the level of reserves will need to take account of the Carbon Management scheme. This is a matter for later in the budget process once a fuller picture of the risk is available.

4.4.11 Summary

The ‘due diligence’ exercise has therefore identified the potential for up to £2.566m worth of additional growth in 2010/11, and although actions are being undertaken to offset this growth, there is a substantial risk that these will not bear fruit. Members will need to consider these risks in determining a budget strategy and further officer advice in this regard is set out later in the report.

	2010/11 £000s
Adults, Health & Wellbeing	-200
Office Accommodation	1,780
Housing Benefits/ Homelessness	986
	2,566

4.5. Savings Identified for 2008/09 to 2010/11

As part of the budget process for 2007/08, Directorates were asked to identify savings proposals for further savings in 2009/10 and 2010/11. The approved savings for 2010/11 are listed at **Appendix C1**. Officers have reviewed these proposals and advise there are no serious and unmanageable risks affecting the delivery of these savings at present. However this position will be kept under review.

Two savings proposals previously put totalling £562,000 have been withdrawn by the Communities, Localities and Culture Directorate, one relating to parking and one to leisure, and these have been replaced with two alternative proposals in the same services. Details of these are attached at **Appendix C2**

4.6 Service Improvement Growth

Appendix D summarises the Service Improvement Growth agreed in the Three Year Budget.

4.7 Resource Projections

Formula Grant

4.7.1. The main grant contributing towards the authority's General Fund revenue budget is Formula Grant. A grant figure has been announced for 2010/11 and this is shown in the table below.

	2009/10 £m	2010/11 £m
Formula Grant	228.816	232.204
Annual Increase %	1.7%	1.5%

4.7.2. The authority's grant settlement is at the minimum level allowed for by Government, known as the 'grant floor'. This is because grant distribution changes introduced in 2007 had a severely detrimental effect on the authority's grant settlement. The floor is intended to protect the authority from the worst effects of this change by phasing in its impact. In this case it is estimated that the authority will remain at the grant floor until around 2014/15. This position may change subject to the latest review of grant distribution which is current underway and which is due to be introduced with effect from 2011/12. However there is nothing in the proposals at the moment to suggest that the Council will not remain at the grant floor for a period beyond the end of the current Medium Term Financial Plan.

4.7.3 The grant floor is normally set at a level below inflation. The practical impact of the floor, therefore, is that the authority is likely to receive grant increases

at below the rate of inflation for some years, and in practice no funding towards the costs of population growth.

- 4.7.4. No announcement has been made of Formula Grant figures for 2011/12 onwards. In view of the public spending forecasts included in the Chancellor's budget in April, the independent Institute for Fiscal Studies has calculated that there could be no grant increase in cash terms for most public services over the period of the next Spending Review. Medium term forecasts have therefore been prepared on the basis of no increase in Formula Grant for the three years 2011/12 - 2013/14, although this could also prove to be optimistic.

Area Based Grant

- 4.7.5 In 2008, the Government introduced a new form of grant called Area Based Grant. In practice this did not mean Councils received extra money, because the ABG was created by combining around 40 former specific grants. The Council's allocation for 2010/11, which has not been finally confirmed by the Government, is £18.815m, excluding the Working Neighbourhoods Fund.
- 4.7.6. Area Based Grant is not ring-fenced, and a review of services paid for from specific grants combined into ABG took place during 2008 to review how these grants are used to deliver services, to ensure that they are used efficiently and effectively, and are focused on Council priorities. This exercise resulted in savings of £3.5m in 2009/10 and £3.8m in 2010/11 which have been allocated to other priorities in the Medium Term Plan.
- 4.7.7 No Area Based Grant announcement has been made for 2011/12 or beyond.
- 4.7.8. The Working Neighbourhoods Fund is part of the ABG, but since tackling worklessness is a particularly high priority for the Council, especially in the current economy, the Cabinet decided to treat this grant separately. Consequently, a priority-led strategic commissioning process has been put in place to allocate this grant and in February 2009, Members made decisions to allocate £20.111m of grant in 2009/10 and 2010/11. This left a balance of £3.539m which is therefore available for other priorities, although because WNF is only allocated by the Government up to the end of 2010/11, this must be regarded as a one-off funding, and not ongoing. There are proposals elsewhere on this agenda to allocate up to £0.273m to support a bid to the Future Jobs Fund which if approved would leave £3.266m.

4.8 Other Specific Grants

A number of specific grants have been announced for 2010/11, but unlike Formula Grant, there is no commitment from the Government to stick with these pre-announced figures. The assumption built into these forecasts is that specific grants will continue to be available beyond the end of 2010/11 although again this will be subject to review. The availability of specific grants must therefore be considered a risk for this budget process. Final allocations for grant for 2010/11 will not be announced until November 2009.

4.9. Dedicated Schools Grant

The Government introduced the Dedicated Schools Grant to fund schools budgets in 2006/07. The grant is announced on an annual basis, with a provisional sum announced in November or December in the year before the start of the financial year to which it applies, and final figures the following May once the school census has taken place. The schools budget needs to be set in accordance with the grants allocated.

4.10 Local Area Agreement

4.10.1 The Local Area Agreement to deliver a broad range of outcomes agreed between the Tower Hamlets Partnership and the Government Office for London began in April 2006 and is now in its third and final year.

4.10.2. Success in achieving the Local Area Agreement results in the payment of a Reward Grant and the authority will receive £4.696m in two equal instalments in 2009/10 and 2010/11, half of which (£2.348m) will be paid as capital grant and is therefore available only for capital spending, and half of which is paid as revenue grant. This funding is also available for one-off spending priorities.

4.11 Parking Control Account

The Parking Control Account is in surplus by £957,000 as at 31st March 2009 and officers advise that this sum is also available for one-off purposes.

4.12. Council Tax

4.12.1. The three year budget includes a general assumption that Council Tax will rise by 2.5% a year throughout the period. In practice, the Council Tax is agreed by the Council on an annual basis and the 2.5% used in these forecasts is simply a planning assumption and will be subject to amendment by Cabinet and Council.

4.12.2. The marginal amount raised for each 1% increase in Council Tax in 2010/11 is estimated at £0.715m. Correspondingly, each 1% reduction in Council Tax would require additional savings to be made of this same amount.

4.13 Other Issues and Risks

4.13.1 Collection Fund

Council Tax collected on behalf of the Council and the Greater London Authority is paid into the Collection Fund. Any surplus on the fund is available to the authorities to reduce the Council Tax in future years; any deficit must in turn be recovered from Council Tax. It should be noted that the aim each year is to equalise the fund, so the amount required as a contribution or available from redistribution should be zero.

In recent years, historic surpluses and significant growth in the Council Tax base have ensured that the Collection Fund has been in surplus each year. However, this margin has been narrowing, and in 2008/09, the authority made a deficit on the Collection Fund of £0.8m, of which the Council's share is just under £0.6m.

Provision has been made in setting the Council Tax for 2009/10 for a deficit, and in fact the actual deficit was less than had been predicted at the time budget decisions were made. It is too early to say what the Collection Fund position for 2009/10 will be, and if there is a further deficit, this will need to be taken into account in setting budgets for 2010/11. The Collection Fund will be kept under review and further advice provided to Members at the appropriate time.

4.13.2 Decent Homes

In July 2008, the Council established its ALMO, Tower Hamlet Homes, with a view to completing the policy to deliver Decent Homes. The ALMO procures a range of support services and its office accommodation from the Council, but has the ability as a separate Company to go elsewhere for these services if this secures better value for money for housing services. This is likely to have the impact of reducing the extent to which services within the General Fund can recharge costs to the Housing Revenue Account (HRA).

The consequence of this is that corporate and support services currently charged to the Housing Revenue Account (HRA) may need to downsize over the next few years. The impact of this on the General Fund is subject to the speed of progress. In response to this, the authority has been setting aside resources into a Housing Choice Reserve for a number of years. The reserve was reviewed in setting the budget for 2009/10 and around £15m was released to contribute towards capital spending on the Overcrowding Strategy. The balance of around £8.5m is required to manage any necessary downsizing.

It should be noted, however, that no other budget provision has been made for these costs, and any support service costs which revert to the General Fund as a result of decisions taken by Tower Hamlets Homes, and which cannot be saved, will need to be provided within future budgets, adding to the savings target for the General Fund.

4.13.3 Local Authority Business Growth Incentives (LABGI)

The LABGI allows local authorities to retain part of the growth in revenue from business rates provided that it exceeds a specified level, determined on the basis of recent historic trends. At the moment, in view of the economic downturn, no assumption of further funding from this source has been made.

4.14 Reserves

4.14.1. General Fund Reserves stand at £27.1m as at 31st March 2009. This is slightly higher than the Council's historic guide range of 5.0-7.5%.

4.14.2. There are, however, a number of potential calls on reserves and a number of potential additions over the next few months and the projected position on reserves as at 31st March 2010 is set out at **Appendix E**. and will remain under review throughout the budget process.

5. REVISED MEDIUM TERM PLAN FOR 2010/11-2012/13

5.1. **Appendix F** sets out a revised forecast for 2009/10 to 2010/11 which brings into consideration the issues set out above relating to inflation, committed growth and the Collection Fund. All projections are based on an assumption of a 2.5% increase in Council Tax each year, although this is planning figure and not an approved target.

5.2. The principle difference between the revised Medium Term Plan and that agreed by Members in February/March is a more pessimistic Formula Grant forecast (see Section 4.7.4 above). However there are also risks associated with the current budget which are discussed above, but which are not directly reflected in this forecast and among these are;

- Loss of Housing Benefits Subsidy for homelessness
- The impact on the General Fund of delivering decent Homes
- Risks to the delivery of savings in office accommodation
- The potential loss of Specific Grants

5.3. The forecast suggests that, based on current projections, and an assessment of risk, and influenced by Members views as to an acceptable level a Council Tax for 2010/11 and/or the necessity to reprioritise expenditure, an additional savings target of between £3.0m- £4.0m would be prudent in 2010/11.

5.4. It should be noted that on the basis of the medium term forecast a minimum savings target of £27m for the period 2010/11-2012/13 is required and officers have been working to identify ways of meeting this target which will minimise the risk of reductions in services over the period of the Medium Term Plan and set balanced budgets in the next three year budget period.

6. CAPITAL PROGRAMME

6.1 Integrated Revenue and Capital Planning

6.1.1. The next section of this report sets out the outlook for Capital resources for the period 2110/11 to 2012/13.

6.1.2. Expenditure on services comprises a recurring, revenue element (eg. staff salaries, running costs, contract payments etc) and planned capital investment in assets and infrastructure (e.g. buildings, vehicles etc). Effective service delivery requires these resource elements to be considered together. The Capital Programme is concerned with planning for investment in assets and infrastructure necessary to deliver high quality services to residents.

6.1.3. The Capital Programme agreed by the Council invariably has revenue cost implications.

- Capital financing may be charged to revenue accounts either in the form of direct contributions to capital expenditure, or as costs of borrowing or other credit arrangements to finance capital expenditure.
- Building schemes normally carry with them ongoing running costs which in some circumstances cannot be met from existing resources.

It is therefore not possible to consider the Capital Programme and revenue plans in isolation from each other.

6.2. Tower Hamlets Capital Programme is divided into two elements;

- Mainstream Programme- which is funded largely from resources allocated by the Government and other funding bodies, and which follows the priorities of those funding bodies, although often with a high level of congruence with local priorities.
- Local Priorities Programme- which is funded from resources generated by the authority itself, from capital receipts, revenue contributions to capital budgets and prudential borrowing, and is allocated to the Council's own priorities.

Issues for the Mainstream Programme

6.3. Government support to the capital programme is subject to annual announcements of funding. Indications are that capital budgets will be under similar pressure to revenue allocations, and this is likely to impact upon the resources available for mainstream programmes. Theoretically, some of the funding allocated by Government is available to be spent on the Council's own priorities. However, it is thought that if Councils decided to allocate this money to areas other than those indicated, Government departments might be loathe to allocate capital resources to those authorities in future. The authority's past practice has therefore been to allocate mainstream resources to the services for which they were intended.

6.4. Some Government funding is allocated in the form of supported borrowing. In previous years, this has resulted in the allocation of additional Formula Grant to fund the borrowing cost. The fact that Tower Hamlets is now at the grant floor, however, means that it will not receive additional funding for supported borrowing. When it comes to setting the capital programme for future years, Members will need to consider whether the authority can afford to borrow this money. In the

meantime, General Fund revenue forecasts assume a provision for the estimated cost of supported borrowing.

Local Priorities Programme

- 6.5. The level of the capital programme is being sustained in 2009/10 largely through the planned realisation of major capital receipts and the use of reserves, but this approach cannot be relied upon in future years and carries a degree of risk.
- 6.6. Capital receipts have largely been allocated to fund the approved Local Priorities Programme for 2009/10 and the Blackwall Reach scheme. An amount of £0.574m remains anticipated in the current year from the sale of the former Bishop Challoner school in Christian Street and there may be further income from sale of Council house, albeit that the market is currently depressed. Any further funding relies upon further asset sales which have yet to be approved by Cabinet.

In relation to the £0.574m known to be available for 2010/11, most of this is likely to be required to meet the Council's contribution to Mandatory Disabled Facilities Grants in 2010/11 for which the provisional allocation of grant from the Government indicates a Council contribution of £0.412m.

- 6.7. Further funding may be available in receipts over the next three years from asset sales listed in the approved Asset Management Plan. This includes Right to Buy income from the sale of Council houses, and the disposal of further sites which have been identified in the Asset Management Plan but have not yet been formally sanctioned by Cabinet. Right to Buy receipts are assumed to continue at recent levels, although there are signs that this is being impacted by the current slow down in housing markets. Further capital receipts are contingent upon other decisions and successful .

Other Potential Sources of Funding

6.8 Prudential Borrowing

The Council is empowered to set its own level of borrowing and other credit arrangements to fund capital expenditure, providing that level is affordable, sustainable and prudent. The benefit of prudential borrowing is that it enables an authority to come to its own view as to the appropriate balance between revenue and capital spending, to undertake options appraisal for revenue-intensive and capital-intensive options on a consistent basis, and to borrow for capital purposes as needs arise instead of when Government gives its approval. The Council may decide to fund additional capital expenditure through prudential borrowing where the tests of affordability, sustainability and prudence are met, and where it appears to offer value for money to do so.

Prudential borrowing is only affordable if borrowing costs can be met from revenue funding in the long term. In view of the funding gap identified in the revenue forecast, prudential borrowing should therefore be restricted to invest to save schemes where ongoing savings are at least sufficient to fund borrowing costs.

6.9 Revenue Contributions to Capital Expenditure

The opportunity to use revenue funding in this way is clearly dependent upon the availability of revenue funding. The financial outlook for General Fund presented in this report suggests that some one-off funding from LPSA Reward Grant and WNF is available in revenue budgets in the earlier years of the three year budget for capital investment if Members so choose. However, it will important to ensure that this is not invested in schemes which have substantial ongoing revenue implications which will be difficult to fund.

6.10 Impact of the Capital Programme on Revenue Budgets

In developing a strategy for the capital programme, the link between capital and revenue budgets is of key significance. There has always been such a link because of;

- the revenue implications of the capital programme- running costs and borrowing costs.
- the funding of elements of the capital programme directly from revenue budgets.
- the trade-off between routine maintenance (which should normally be funded from revenue) and structural maintenance and renovation (capital).

7. HOUSING REVENUE ACCOUNT

7.1. Traditionally in Tower Hamlets, the Housing Revenue Account has been subject to a parallel but separate budget process. However, as resources become scarcer, there is a need to ensure that the implications of spending decisions are picked up in both the General Fund and HRA and that optimum advantage can be taken of such flexibility as exists between the HRA and the General Fund to meet the Council's priorities.

7.2. There is a close relationship between the General Fund and the HRA in that;

- the General Fund provides a range of support services to the housing management functions of the Council (as described elsewhere in this report)
- because of the way the capital financing and housing subsidy system in local government works, any borrowing decisions taken by the Council to fund capital expenditure can have an impact on both the General Fund and HRA

7.3. It is therefore proposed that the budget process for the General Fund and the HRA needs to be a single process for 2010/11.

- 7.4. The HRA is a statutorily ring-fenced account and expenditure must relate solely to the Council's landlord functions. Its turnover is currently some £97m. To maintain a balanced HRA, costs must be contained within the income generated from tenants rents (the majority of which is supported through housing benefit), non-dwelling rents, tenants and leaseholders (and freeholders) service charges. The Council is however also one of the small minority of authorities still in receipt of HRA Subsidy. A forecast Medium Term Financial Plan for the HRA is attached at **Appendix G**.
- 7.5. There are a number of factors bearing on the budget process for the HRA in the period 2010/11-2012/13.
- To achieve 2* status Tower Hamlets Homes must demonstrate delivery of value for money. Failure to do this will mean that the Council does not achieve access to up to £250m of additional capital investment for Decent Homes. Audit Commission data suggest the Council and its ALMO are in the highest spending quartile for housing management.
 - A Government review of the Housing Subsidy system is currently underway and is expected to take effect from 2011/12. As one of the few authorities still in receipt of positive subsidy, this is a concern to the authority and it is thought that the loss of subsidy could be as high as £9m. There is a high risk that the new housing finance system will address this perceived anomaly in the system.
 - Leaseholders have questioned the high charges they receive from the Council and challenged the value for money the Council delivers in this area. The Council has committed to tackle this issue with leaseholder groups.
- 7.6. The forecast at **Appendix G** suggests that the HRA will have a deficit and therefore an annual savings target of £9.1m by 2012/13, representing nearly 10% of turnover. However, since around one third of the turnover of the HRA relates to capital financing costs arising from past spending decisions, and is therefore not manageable in the short term, this probably translates to around 20% of manageable expenditure. This is a similar proportion to the savings target for the General Fund over the same period.
- 7.7. Members need to bear in mind their priorities in relation to the Council's housing management service and consider the HRA as part of their budget strategy for 2010/11.

8. SERVICE AND FINANCIAL PLANNING 2010 TO 2013 – PLANNING PARAMETERS AND OUTLINE PROCESS

Outlook Summary

- 8.1. The report sets out that there are some additional growth pressures and risks relating to the General Fund for 2010/11, and although officers are

seeking to take mitigating actions, the safest course at this stage is to assume that an additional savings target will be required of between £2.0m-£2.5m. However, Members may wish to seek a higher target in order to provide policy flexibility around the budget for 2010/11.

- 8.2. In general, funding available for capital investment in the form of capital receipts is very limited. However, there are funds available for one-off investments in revenue or capital schemes of up to £9.192m from the LPSA Reward Grant, Parking Control Account surpluses and Working Neighbourhoods Fund grant. Some of this (£2.348m) is only available for capital purposes.
- 8.3. The position on the HRA is that a savings target of just under £500,000 will be required for 2010/11.
- 8.4. Looking further ahead, resources for both the General Fund and the HRA are likely to become tighter in current economic conditions and as a result of distributional changes. Officers are planning for this eventuality.

Recommended Parameters

- 8.5. It is recommended that, as a minimum, Members request officers to;
 - Seek General Fund savings up to a target of £2.5m, with an additional target if Members wish to provide greater flexibility over policy setting.
 - Seek HRA savings of £500k, with an additional target if Members wish to provide greater flexibility over policy setting.
 - Identify budget priorities for one-off capital or revenue proposals for 2010/11 and ask officers to develop proposals for consideration later in the budget process.

9. NEXT STEPS

9.1 Budget Timetable

A timetable for the remaining stages of the budget process is shown at **Appendix H**.

9.2 Instructions to Officers

Following this meeting, the Corporate Director of Resources will issue instructions to officers to seek options for delivering the budget approach agreed by the Cabinet in accordance with the timetable.

10. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 10.1 The comments of the Chief Financial Officer are the subject of this report.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The absence of a forward financial forecast would expose the Council to the risk of making decisions which are not sustainable in the longer term, or of missing opportunities which might only be identified through a longer term planning horizon. Furthermore, inadequate integration of service and financial planning gives rise to the possibility of service planning without regard to affordability, or a budget that does not direct resources to service priorities.
- 11.2 This report, and its subsequent development, is intended to substantially address those risks.
- 11.3 The timetable includes provision to consider specific financial risks as part of the budget making process, initially in the Autumn. The Director of Resources will report further to Members throughout the budget process.

12. EFFICIENCY STATEMENT

- 12.1 Local Government is required to achieve a 3.0% efficiency target in 2008/09 and for each of the next two years. However, no target has been set for each individual authority and the priority for budget planning over the period which is the subject of this report will be to set balanced budgets which meet Council priorities.
- 12.2. The efficiency and value for money implications of individual budget proposals will be set out as part of the budget process as it progresses.

13. CONCURRENT REPORT OF THE CHIEF LEGAL OFFICER

- 13.1. The report provides Cabinet with information concerning the current financial outlook, the budget process and the housing revenue account. Cabinet is asked to determine a budget strategy and agree a budget process.
- 13.2. The setting of the budget falls to the Full Council under the Council's Constitution. The Council is required pursuant to section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The chief finance officer is responsible for that administration. It is proper for the chief finance officer to bring forward the information in the report to Cabinet, for Cabinet to determine a strategy for preparation of the budget and for Cabinet to agree a budget process.

14. ONE TOWER HAMLETS CONSIDERATIONS

- 14.1. The budget and Medium Term Financial Plan is one of the main instruments through which the Council delivers its Strategic Plan, including its objective to promote One Tower Hamlets. It is important that decisions taken as part of the budget process take account of equalities and diversity issues.

15. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

15.1 SAGE considerations have been taken into account in the forecasts.

16. INDEX OF APPENDICES

Appendix	Detailing the following:
A	Medium Term Financial Plan 2009/10 – 2011/12
B1	Committed Growth – agreed for 2009/10 – 2011/12
B2	Committed Growth – due diligence
C1	Savings – agreed for 2009/10 – 2010/11
C2	Savings – due diligence
D	Service Improvement Growth – agreed for 2010/11
E	General Fund Balances
F	Revised Medium Term Financial Plan 2009/10 – 2010/11
G	HRA – Medium Term Financial Strategy
H	Budget Timetable

LOCAL GOVERNMENT ACT 1972 (SECTION 100D) LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"

Tick if copy supplied for register

If not supplied, name and telephone number of holder

Held by Resources Directorate
5th floor, Mulberry Place)

Alan Finch 020-7364-4915

MEDIUM TERM FINANCIAL PLAN 2009/10 - 2011/12

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
Initial Budget		295,498	297,926	305,453
Inflation		6,222	6,494	7,026
Committed Growth		7,223	2,123	2,919
Savings		-5,674	-3,396	-195
Other Adjustments Required				
Facilities Management		2,950		
London Pensions Fund Authority Levy		411	353	235
Concessionary Fares		-800		
Capital Financing and Investment		-2,438	2,365	72
Pensions Fund				4,501
One off spending in 2008/09		-2,701	-317	
Changes in Contributions to Reserves				
Asset Management		-500		
Decent Homes		-1,978		
General Reserves		-1,200		
Changes in Contingency budget		-194		
Additional contribution from Parking Control A/c		-90	90	
Other Funding				
Prioritisation of Area Based Grant		-3,501	-295	3,796
Service Improvement Growth				
Service Improvement Growth approved during 2008/09		1,600		
LAP Budgets		2,380		-2,380
London Living Wage		260		
Tackling overcrowding		90	110	
Enforcement Officers		368		
Savings target for 2011/12				-9,910
Budget Requirement	295,498	297,926	305,453	311,517
Formula Grant	-224,997	-228,816	-232,204	-235,687
Collection Fund Surplus / Deficit	-1,505	2,000	0	0
	<u>68,996</u>	<u>71,110</u>	<u>73,249</u>	<u>75,830</u>
Recommended Band D Council Tax - Tower Hamlets	£865.64	£885.52	£907.67	£930.35
Greater London Authority - draft precept	£309.82	£309.82	N/A	N/A
Total Council Tax at Band D for the area	£1,175.46	£1,195.34	N/A	N/A
Change in Council Tax		1.69%		

NB Forecasts are incremental year on year, not cumulative

* Council Tax for 2009/10 and 2010/11 is indicative only and is not being approved at this stage

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COMMITTED GROWTH

APPENDIX B1

Reference	Description	Service Area	2010/11 £000
ADULTS HEALTH & WELLBEING			
GRO/AHWB/01 (08)	Learning Disabilities Commissioning Budget	Commissioning - Learning Disabilities	724
			724
CHILDREN, SCHOOL & FAMILIES			
GRO/CS/02 (08)	Disabled Children (Section 17)	Children's Social Care	157
GRO/CS/05 (08)	Primary Schools Transport	Resources	170
GRO/CS/01 (09)	Children's Fieldwork Budget		-186
GRO/CS/02 (09)	School Meals		-70
GRO/CS/03 (09)	BSF - Client Side		-100
			-29
COMMUNITIES, LOCALITIES & CULTURE			
GRO/CLC/01 (08)	Transportation, Treatment and Disposal of Waste	Street Management	1,031
GRO/CLC/02 (08)	Waste Collection – Developmental Growth	Street Management	44
			1,075
DEVELOPMENT & RENEWAL			
GRO/DR/02 (08)	Local Development Framework	Strategy & Innovation	300
GRO/DR/04 (08)	Barkantine Heating Scheme	Housing General Fund	13
			313
RESOURCES			
GRO/COR/05 (08)	Reduction in Office Running Costs	Facilities Management	-620
			-620
CORPORATE			
GRO/COR/02 (08)	Increased Employer Contributions resulting from Actuarial Revaluation	All	600
GRO/COR/03 (08)	Best Value Satisfaction Survey	Research & Scrutiny	60
			660
TOTAL			2,123

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ADULTS HEALTH & WELLBEING

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/AHWB/02

TITLE OF ITEM:	Learning Disabilities Commissioning			
DIRECTORATE:	Adults Health & Wellbeing			
SERVICE AREA:	Learning Disabilities Commissioning	LEAD OFFICER:	Cheryl Spencer	
FINANCIAL INFORMATION:				
	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund	19476	524	1,070	1,816
HRA				
Other				
TOTAL	19476	524	1,070	1,816
DESCRIPTION & JUSTIFICATION				
<p>Increase in care and support costs due to underlying demographic pressures.</p> <p>The majority of service users with learning disabilities are aged between 18 and 30. The average level of need of young people transferring from Children's Services has increased over the years, as more children with very complex needs survive into adulthood. In addition there is also some evidence that as people age, there is a higher incidence of dementia in people with learning disabilities than in the population as a whole, which can be expected to further intensify cost pressures.</p>				

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/AHWB/02

1. RISKS AND IMPLICATIONS:

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

This growth bid results from the increased number of young people with severe learning disability and often multiple needs transferring from children's to adults' services. This is a year on year driver of inescapable growth in learning disabilities services. The number of service users supported by the Learning Disabilities Commissioning Budget increases year on year, as a result of young people who have previously been supported by children's services in education and social care moving into adulthood ('young people in transition'), and an increased life expectancy at the other end of the age range.

The methodology used to project growth requirements in 2012/13 has been used now for several years in the annual budget process and is based on the following assumptions. The impact on the budget in any given year is dependent on whether the young person continues in a full time specialist college placement until they are 19, and the full impact for any cohort in transition can be spread across three financial years. The age at which funding responsibility transfers to Adult Services varies according to the circumstances of the young person. Young people with learning disabilities may remain at school until the age of 19 ('Year 14' in educational terms). For some young people, full responsibility transfers at age 18. For others who remain at school till 19, full responsibility will not transfer until they leave school. However, some costs (e.g. for holiday time care) will fall to adult services between the 18th and 19th birthdays. Because the school term finishes in July the full year financial effect of any care plan often does not impact until the financial year **after** that in which the young person has their 19th birthday (i.e. the year in which they turn 20).

Growth Calculation: [Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Until 2005/6 the numbers in transition were consistently running at 18 to 20 people a year. However, in recent years these predicted numbers increased very substantially. In 2007/08 33 young people reached the age of 18 and began the process of transferring to adult services. There were a further 42 such young people expected in 2008/09. However, the predicted numbers for subsequent years appear to be returning to the previous levels. The numbers currently identified to turn 18 in each of 2009/10, 2010/11, and 2011/12, and the projected additional costs, are shown in the table below. The projected additional costs for 2011/12 are based on the full year costs of those who will turn 18 in 2009/10, with part year full costs incurred for the first time in 2010/11; the part year full costs of those turning 18 in 2010/11 and leaving education in Summer 2011; and the first tranche of additional costs for those turning 18 in 2011/12, as follows:

Table 1: Predicted costs for 2011/12

Year	No. reaching 18 years	Cost 2009/10	Cost 2010/11	Cost 2011/12
2009/10	19	58	359	216
2010/11	20		150	400
2011/12	20			130
	Total			746

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/AHWB/02

It must however be noted that the figures for 2011/12 must be regarded as very provisional at this point. The young people who drive the majority of these costs are at the time of writing aged between 15 and 17 and considerable changes in both needs and numbers can take place over their remaining years in education. Not all of those predicted to transfer will incur spend from the learning disability commissioning budget for a wide range of reasons.

Recently we have carried out a due diligence exercise to compare the actual numbers and costs of those young people who had transferred to adult services during one year 2008/09. In summary the exercise identified that the actual gross expenditure in 2008/09 was at least 20% higher than the committed growth received in the budget. The exercise has highlighted a number of improvements that will be made to the process for use in future years. However due to the extremely successful negotiations with the PCT on continuing health care funding we have contained this additional spend within budget. Furthermore we have now assumed that future inescapable growth bids will be offset by £200K of PCT funding income each year and reduced the bids accordingly.

The annual review process that takes place between Children's and Adults' services during May to October is used to generate the data. The identification of the future number of potential adult service users is based on a view of the needs of the year 9 children (age 13-14). Between ages 15-16 a more detailed assessment is undertaken which indicates which services might be needed and then some estimated costs are apportioned.

Whilst further work to refine the accuracy of projections continues the current methodology has been used to estimate gross costs for 2012/13:

Table 2

Year	No. reaching 18 years	Cost 2010/11	Cost 2011/12	Cost 2012/13
2010/11	20	150	400	513
2011/12	20		130	357
2012/13	12			70
	Total			940

The committed growth bid for 2012/13 is reduced by £200K from this figure to account for PCT continuing care income.

2 | VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13****Item Ref. No:
GRO/AHWB/02**

As noted in previous years, rising costs in this area reflect a national and ongoing trend, and much of the available data is summarised in a report commissioned by the Association of Directors of Adult Social Services in October 2005. Local authority spending on learning disability services rose by 96% between 1995/6 and 2003/4. In the same period, NHS spending fell. 'Between 2001 and 2021, on a conservative estimate, there will be a 36% increase in the numbers of adults with learning disabilities aged over 60 in England. There will be an 11% increase in the total number of adults with learning disabilities'. The number of people with learning disabilities using Social Services increased nationally between 2001 and 2004 by 15%, and the numbers in residential and nursing care rose by 35% between 1997 and 2004.

On the most recent comparative data available (2006/7 – Audit Commission Value for Money Profile) Tower Hamlets is the second highest spender in London per head of the population on services for people with learning disabilities, due to the high levels of need being met. However, the unit costs of care provided are extremely competitive. Tower Hamlets has the 28th highest unit cost out of 33 boroughs in London for residential care placements for learning disabilities - £931 a week against a London average of £1133 a week. The cost of intensive social care for all adult user groups in Tower Hamlets is within the top band of performance as defined by the Commission for Social Care Inspection. According to the most recent published CSCI data, unit costs for intensive social care for adults in 2006/7 were £583 a week against a London average of £634, and the lowest in Inner London. Compared to other London authorities, we are a low user of institutional care. We are the 16th highest user of institutional care in this field per head of the population, but the 8th highest in terms of numbers receiving home care.

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/AHWP/01

TITLE OF ITEM: Demographic growth pressures – older people with dementia

DIRECTORATE: Adults Health and Wellbeing

SERVICE AREA: Older People's Commissioning **LEAD OFFICER:** Barbara Disney

FINANCIAL INFORMATION:

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund	21,085		2,145	2,860
HRA				
Other				
TOTAL	21,085		2,145	2,860

DESCRIPTION & JUSTIFICATION

As our population ages, the number of people with dementia will climb rapidly. Two thirds of all people with dementia are aged 80 and over (68%) and one sixth (17%) are aged 90 or over.

Research and data provided through the Alzheimer's Society's report *Dementia UK*, on the prevalence and economic cost of dementia in the UK produced by King's College London and the London School of Economics, estimates that one person in every 88 (1.1%) of the entire UK population now has dementia. This is likely to be a slight underestimate as it may not include people with learning disabilities or people with dementia in NHS continuing care facilities. 32.5% of people aged over 95 will have late onset dementia.

These figures are forecast to increase by 38% over the next 15 years and 154% over the next 45 years. Nationally, 62% of people with dementia live in care homes and it is estimated that 36.5% of people with late onset dementia live in some form of institutional setting.

Based on Office for National Statistics (ONS) data, the Projecting Older People Population Information system (POPPI) identifies that there are currently 16,200 people aged over 65 in a total population of 219,800, in Tower Hamlets (7.37% of the total population). A slight decrease in the over 65 population is anticipated for 2009-10 and 2010-11 with the older population increasing again from 2011 onwards. However, the numbers of people over 85 in Tower Hamlets will continue to rise steadily throughout this period i.e. the population group most at risk of dementia. In 2010, it is anticipated that in Tower Hamlets there will be 1,900 people over 85, increasing to 2,100 in 2015 and 2,200 by 2020.

Growth Calculation: [Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

These are set out in the following section

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

**Item Ref. No:
GRO/AHWB/01**

1. RISKS AND IMPLICATIONS:

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.

As a consequence of the population changes described above we are already experiencing a significant experience in placement rates for EMI (elderly mentally infirm) residential and nursing home care in 2008/09. In the first four months of 2008/09 the number of placements in residential or nursing home care of older people doubled compared to the same period a year before. This increase has overwhelmingly been linked with an increase in the number of placements of older people with dementia. A rigorous management action plan was implemented in 2008/09 and has been successful in reducing the level of placements. Officers believe that factors that led to the increase included pressures elsewhere in the health and social care system, including pressure on beds and waiting times at BLT, which may have precipitated a number of people into institutional care without full consideration of the alternatives. All proposed placements in institutional care are now being very rigorously scrutinised, and if necessary referred back for fuller assessment if the need for placement is not fully supported by the information presented. This means that we are achieving what has been recognised as the goal of best practice for many years now – that except in the most exceptional of circumstances, nobody should be placed direct into long term institutional care from an acute hospital bed. People should not be expected to make a decision that is likely to determine where they spend the rest of their lives in the middle of an acute hospital episode, and without the opportunity to fully explore whether, with support, they are able to maintain their independence in the community.

Therefore we are confident that the total increase of 25 placements (1 in residential care and 24 in nursing home placements) over 2008/09 represents the underlying and inescapable increase in need. Without the management actions taken the increase in placements was projected to be an additional 55 placements per year.

Using an average cost of £28,600 per placement this still represents an additional cost of £715,000 a year, year on year.

At the end of the first quarter in 2008/09, the older people's commissioning budget was projected to overspend by £480k. The actions outlined above meant that the overspend at the year end was £142K. This overspend was contained within the overall commissioning budget for 2008/9 as a consequence of our success in negotiating NHS Continuing Care agreements with the PCT, which have resulted in significant transfers of recurring costs to the PCT and which are at the moment projected to deliver underspends in the learning disabilities and mental health budgets to balance the overspend in older people's services. A further factor was efficiencies achieved through greater use of block contracts.

It would not however be prudent to assume that further growth in expenditure in 2009/10 and beyond can be balanced in the same way. For 2009/10 and 2010/11, there are currently unallocated non-recurring funds available as a result of the one off payments negotiated with the PCT at the end of 2007/8, totalling £1.33m. These funds can be utilised to support the bulk of the additional cost of care for people with dementia in 2009/10 and 2010/11.

However, by 2011/12 these non-recurring funds will be exhausted, and the additional costs of growth in placements and expenditure over the previous two years, plus continuing growth in 2011/12, will need to be met from recurring resources. This submission therefore assumes a growth requirement for 2011/12 of £715,000*3) £2.145m and a further £715,000 in 2012/13.

The Department of Health published the first National Dementia Strategy in February 2009. The strategy provides a clear steer that increased concentration and investment in early diagnosis and intervention could begin to reduce demand for institutional care, but with a four year lead in time. The Council, the PCT, and the East London Foundation Trust are now working closely together to develop a local strategy and implementation plan. No specific additional resources from Government or local NHS commissioning have yet been identified to support implementation. The Joint Strategic Needs Assessment refresh will include a specific piece of work on the level of need in Tower Hamlets which will inform the next PCT commissioning round.

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

**Item Ref. No:
GRO/AHWB/01**

Extra care housing is a key alternative to institutional care and has been very successfully developed in Tower Hamlets. However, current provision is not on the whole suitable to meet the needs of people with dementia. There are, however, two new schemes in development. The Peabody scheme in Shipton St / Nags Head Estate will provide up to 19 intensively supported units specifically for people with dementia; the St Thomas' Gateway scheme will include some specialist provision for people with dementia, currently estimated at 10 units. From 2011/12 these developments will contribute to further slowing the growth in residential and nursing care admissions.

2 | VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements

On the most recent comparative data available (2006/7 – Audit Commission Value for Money Profile) Tower Hamlets is the highest spender in London per head of the population on services for older people, due to the high levels of need being met. However, the units costs of care provided are extremely competitive. Tower Hamlets has the 26th highest unit cost out of 33 boroughs in London for residential care placements for older people - £504 a week against a London average of £554 a week. The cost of intensive social care for all adult user groups in Tower Hamlets is within the top band of performance as defined by the Commission for Social Care Inspection. According to the most recent published CSCI data, unit costs for intensive social care for adults in 2006/7 were £583 a week against a London average of £634, and the lowest in Inner London. Compared to other London authorities, we are a low user of institutional care. We are the 21st highest user of institutional care in this field per head of the population, but the highest in terms of numbers receiving home care. As a key measure of efficiency, the ratio of intensive home care provided to the total volume of all care, including institutional care, is the second highest in London.

The development of extra care housing as an alternative to institutional care, at an average annual cost of £9,676 per service user against £28,600 per institutional placement, is another efficiency driver.

COMMUNITIES, LOCALITIES & CULTURE

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/CLC/

TITLE OF ITEM: Reinstatement of Funding ASB Service

DIRECTORATE: CLC

SERVICE AREA: Community Safety

LEAD OFFICER: Andy Bamber

FINANCIAL INFORMATION:

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund	695	378	378	378
HRA	545			
Other				
TOTAL	1,240	378	378	378

DESCRIPTION & JUSTIFICATION

This bid seeks the reinstatement of funding for the ASB service previously provided from Housing General Fund resources.

The ASB Case Investigation team within Community Safety provides an anti social behaviour service to borough residents which includes:

- Receiving the initial report of ASB from the Customer Contact Centre, making telephone contact with the complainant to determine the priority of the ASB and hate crime cases and carry out an initial safety check.
- Investigation of those cases deemed as priority to case completion and closure.
- Providing support and advice to residents experiencing ASB and hate crime.
- Provision of monitoring information to include reports based on the governments RESPECT standards
- Preparation and delivery of civil remedies including presentation of cases at court
- Advice and support on ASB issues
- Working as a key partner to reduce the fear of crime for Tower Hamlets residents.

The service is partly funded from the HRA (£545k) via an SLA with Tower Hamlets Homes for the provision of the above service with the balance provided historically via Housing General Fund (£378k) and General Fund (£317k).

A review of Housing Budget during 2008/09 following the establishment of THH identified that in previous years charges for the ASB service had been made exclusively and incorrectly to the HRA, and that no Housing General Fund Budget provision had been made.

As a consequence if replacement funding is not identified the service faces having to make reductions which will impact on the following:

- The ability to provide the full range of services offered to residents experiencing ASB and hate crime
- Increase in the perception of ASB and youth disorder being a problem for the borough
- Decrease in the amount of ASB enforcement actions taken to address ASB and hate crime.

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

**Item Ref. No:
GRO/CLC/**

- Reduction in the amount of low level interventions carried out, leading to a need to a greater increase in the incidents of ASB
- Loss of confidence from residents in the Council's ability to deal with ASB.

Growth Calculation: [Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Budget for team is almost exclusively related to employee costs, growth requirement equates to approximately 8 posts.

1. RISKS AND IMPLICATIONS:

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.

Failure to provide necessary funding could result in the Council being unable to meet LAA targets relating to:

- NI 21** Dealing with local concerns about ASB and crime by the Council
- NI 23** Perceptions that people in the area treat one another with respect and consideration
- NI 33** No. of arson incidents
- NI 17** Perceptions of ASB
- NI 22** Perceptions of parents taking responsibility for the behaviour of their children
- NI 24** Satisfaction with the way the police and local council dealt with ASB
- NI 25** Satisfaction of different groups with the way the police and local authority dealt with ASB
- NI 27** Understanding of local concerns about ASB and crime by the local council and police.
- NI41** Perceptions of drunk or rowdy behaviour as a problem
- CSS 001, Priority 001** The percentage of hate crime cases with identified perpetrators investigated by CSS resulting in formal action.

2 VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements

Information from the Annual Residents Survey shows that the Council is performing above target in relation to ASB indicators. The support of the ASB team is crucial to achieving and maintaining this level of performance and is a good indicator that Value for Money is being achieved.

RESOURCES

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/

TITLE OF ITEM: Rent Review – Office Accommodation

DIRECTORATE: Corporate

SERVICE AREA: Facilities Management **LEAD OFFICER:** Claire Symonds

FINANCIAL INFORMATION:

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund		360	260	260
HRA				
Other				
TOTAL		360	260	260

DESCRIPTION & JUSTIFICATION

Growth Calculation: [Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Rent reviews on Council office accommodation are programmed for 2010. Negotiations on the rent review for July 2010 will start in the Autumn and will be led by the Property Services Team in D&R. The Property Services Team estimate that based on current information this increase could be in the region of £260,000 per annum. The Property Services Team also indicate that they will require a one off payment of £100,000 in regard to fees for the negotiation. This figure is based on recent experience with the Anchorage House rent review.

1. RISKS AND IMPLICATIONS:

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

The Head of Property Services is currently developing a comprehensive asset strategy for the Council which will include, through its development, an options appraisal for the future of the office accommodation. Given the nature of the contractual commitments we have in respect of both Mulberry Place and Anchorage House these options and proposals will be medium term in nature. As it currently stands therefore, the agreed lease requires a rent review to take place and current indications are that this will only increase the rent payable.

COMMITTED GROWTH BUDGET 2010/11- 2012/13

Item Ref. No: GRO/

2	VALUE FOR MONEY/EFFICIENCY
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<p>Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/inspection judgements</p>
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<p>The Property Services Team has a very clear mandate to ensure the rent negotiation achieves the very best value outcome for the Council. It is for this reason that they are indicating that they require external assistance to support the rent negotiation process.</p>

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/

TITLE OF ITEM:	Housing Benefit Subsidy changes for Homeless households		
DIRECTORATE:	Resources		
SERVICE AREA:	Customer Access	LEAD OFFICER:	Claire Symonds

FINANCIAL INFORMATION:

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund		986	986	986
HRA				
Other				
TOTAL		986	986	986

DESCRIPTION & JUSTIFICATION

Growth Calculation: [Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Assumptions used in forecasting the potential impact of the DWP's proposals to link Non HRA Benefits Subsidy to the LHA include;

We are using May 2009 LHA rates for Tower Hamlets to estimate subsidy for the whole of 2010 -11. However LHA rates change on a monthly basis and we have no way of estimating the correct rates for 2010/11.

We have used Tower Hamlets LHA rates for properties outside the Borough however the DWP have advised we may have to use LHA rates applicable to the Broad Market Rental Area in which the property is located.

We have assumed that the properties will be occupied throughout the year and that the occupants will qualify for 100% Benefit throughout the year.

The snapshot of rents used was taken on 20th May 2009. We have assumed that the number of properties and the level of rents will remain unchanged throughout 2010/11.

The applicable LHA rate is based on the correct property size for the number of occupants and not the size of the property.

The shortfall between *current* Benefit Subsidy payable and the *estimated* Benefit Subsidy payable under the new proposals is £986k.

1. RISKS AND IMPLICATIONS:

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.

The Department of Work and Pensions are currently consulting on possible changes to the way Benefit Subsidy is paid to Local Authorities in respect of Temporary Accommodation for homeless households (Non HRA Subsidy). Discussions suggest the DWP is considering implementing the change from April 2010.

Currently Non HRA subsidy is based on a cap and threshold formula. The new proposals suggest Subsidy will be room based as it is with Local Housing Allowance (LHA). The proposal is to replace 'thresholds and caps' (which currently apply to homeless customers living in Private Sector Leased (PSL), licensed and Bed

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/

and Breakfast accommodation) with a new funding scheme, to come into force from April 2010.

For PSL and self-contained licensed accommodation, the new formula will combine two elements (to form a single subsidy cap), as follows:

- The Local Housing Allowance (LHA) rate less 10% for the size (up to 5 bedrooms) and location of the *property* in which the household has been placed; plus either -
- £40pw towards management costs if the placing local authority is in London; or
£60pw towards management costs if the placing local authority is outside of London.

For customers living in non self-contained licensed and B&B accommodation, the new subsidy cap will be the appropriate one-bedroom LHA rate.

Further details are awaited and it must be noted that the LHA does fluctuate; it changes on a monthly basis (LHA rates can go up or down), it is set on an area basis and LHA rates outside of Tower Hamlets may need to be used and in addition, the number of Homeless households are demand driven making forecasting difficult especially in the current economic climate. As a consequence, our estimate is based on a snapshot of current homeless households, current rents and current LHA rates.

2 | VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPI's, unit costs comparisons, benchmarking exercises or audit/inspection judgements

The proposed increase in expenditure in the Housing Benefit budget will occur if all other things stay equal – i.e. similar volumes of homeless families or individuals present themselves to the Council, and if the Homeless Service continues to have to place those families or individuals in properties that cost as they do now to rent. The hypothesis of the Government is that Local Authorities should be able to leverage the market to reduce the cost of homelessness accommodation.

The rationale for the changes has been cited as the ability of any council, as a bulk purchaser of accommodation, to demand discounts from that bulk buying activity. Officers suggest that is a flawed principle because the suppliers of accommodation source it from many individual owners. This 'atomisation' of supply would make identification of 'bulk discounts' particularly difficult.

However, a much more appropriate reason for testing the ability to achieve rents below LHA relies on the separation of duties / risks in the current arrangement between Homeless Services and the supplying Managing agents.

In the wider private sector, properties are let on an Assured Shorthold Tenancy. That sees the managing agent as inheriting responsibility for marketing the properties, managing the tenancy and collecting the rent. For homeless temporary accommodation, the occupying homeless family is a licence of Homeless Services. The agent therefore does not incur any marketing costs although, with the standards set for temporary accommodation, is likely to incur more in the way of repair and maintenance costs. However, the one risk of all landlords, that of rent arrears, is not borne by the managing agent but, instead, Homeless Services, the licensor/licensee relationship refers.

It is therefore considered appropriate to present the subsidy changes to the property suppliers, remind of the LHA maximums available and develop a discount arrangement based on where the risks sit in homeless accommodation over Assured Shorthold Tenancies. Such a discount though, if closely reflecting LHA – 10%, would have a significant impact on rents for 1 & 2-bedroom properties and this is important because these form the bulk of the portfolio. Threats to success will be influenced by reduced supply following buy-to-let limitations and opportunities to rent in LBTH at above LHA levels anyway. The demand associated with needing alternatives to B&B may also adversely affect negotiations. More positively though, suppliers have

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

**Item Ref. No:
GRO/**

worked with the Council for many years and are doubtless keen to preserve that relationship. Appreciating that the ceiling on rents is a Government-imposed agenda may also make discussion more successful.

Officers intend to plan how and when to make overtures regarding future reductions in the level of rent capable of being paid but early scoping suggests commencing these discussion before the autumn with a period of consultation and negotiation taking approximately 3 months.

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/

TITLE OF ITEM: No reduction in Office Running Costs

DIRECTORATE: Corporate

SERVICE AREA: Facilities Management

LEAD OFFICER: Claire Symonds

FINANCIAL INFORMATION:

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund		1,420	1,420	1,420
HRA				
Other				
TOTAL		1,420	1,420	1,420

DESCRIPTION & JUSTIFICATION

Growth Calculation: [Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

The Councils Accommodation Strategy (the savings for which were re-profiled in the 2009/10 budget process commits the authority to save £800k from corporate accommodation budgets in 2009/10 and a further £600k in 2010/11.

The Council now has in place a permanent head of Property Services. The Capital and Asset Management Board is now operational and has had the opportunity to scrutinise options for the delivery savings. The Board has also helped to unblock some of the strategic and operational issues that were historically holding up decisions about particular sites. Notwithstanding the economic down turn, which is making opportunities to dispose of properties problematic, the proposals do present a way forward to deliver the savings required.

**COMMITTED GROWTH
BUDGET 2010/11- 2012/13**

Item Ref. No:
GRO/

1. RISKS AND IMPLICATIONS:

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.

The costs relate to the unavoidable costs associated with the ownership of surplus properties whether vacant or not. The Office Accommodation Strategy (2005) presumed the disposal of a number of properties. The facilities management budget was reduced on the assumption that properties would be disposed in accordance with the strategy, which subsequently were not. The facilities management budget has also had to contain increases in expenditure associated with the EID complex that were not identified when the Accommodation Strategy was conceived. Responsibility for Facilities Management transferred to the Resource Directorate in February 2007. The Directorate undertook a root and branch review of the service and delivered £1.2 million of savings during 2008/9. However, the FM budget remained under pressure (for the reasons outlined above) and as a consequence the 2009/10 budget process re-profiled the delivery of savings. The economic down turn has required the Council to re-visit these plans, but not withstanding these external factors proposals to deliver the required savings are contained within the bundle of CMT papers.

2 VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements

The expenditure does not represent value for money in the sense that expenditure is tied up with properties that are surplus to requirement. The proposals set out in the bundle elsewhere in the CMT report are designed to address this overspend.

Reference	Description	Service Area	2010-11 £000
ADULTS HEALTH & WELLBEING			
SAV/AHWB/02 (08)	Improved efficiency of procurement of Supplies & Services	Home Care	150
SAV/AHWB/05 (08)	Business Process Reengineering	Disabilities & Health	-34
			116
CHILDREN, SCHOOLS & FAMILIES			
SAV/CS/02 (08)	Streamlining Support for Families in need		56
SAV/CS/03 (08)	Children's Social Care Commissioning	Children's Social Care	100
SAV/CS/04 (08)	Organisational Restructure YPL	Young People and Learning	40
SAV/CS/05 (08)	Invest to Save - Attendance Welfare Service	Early Years, Children & Learning	78
SAV/CS/06 (08)	Non-Statutory Support to Schools	Early Years, Children & Learning	25
SAV/CS/08 (08)	Vendor Managed Service	All	30
SAV/CS/10 (08)	Young People Outside School	Youth & Community Learning	40
SAV/CS/12 (08)	Review of non & statutory provision	Children's Social Care	250
SAV/CS/13 (08)	Early Years Advisory Team	Early Years, Children & Learning	50
SAV/CS/14 (08)	Streamlining Extended Provisions	Early Years, Children & Learning	70
SAV/CS/15 (08)	Restructure Quality & Audit Team	Performance	24
SAV/CS/16 (08)	EYCL Efficiencies	Early Years, Children & Learning	197
SAV/CS/01 (09)	Staffing review	All	375
SAV/CS/02 (09)	Unit Cost Analysis	All	228
			1,563
COMMUNITIES, LOCALITIES & CULTURE			
SAV/CLC/04 (08)	Reduce Street Light Maintenance	Street Management	30
SAV/CLC/11 (08)	Reprovision of Leisure Facilities	Culture	230
SAV/CLC/12 (08)	Parking Revenue	Parking Services	332
SAV/CLC/15 (08)	Trade Waste	Street Management	200
			792
DEVELOPMENT & RENEWAL			
SAV/COR/01 (08)	Horizontal Savings - D & R	All	5
SAV/DR/04 (08)	Corporate Match funding	Resources - External Funding	20
SAV/DR/05 (08)	Digitisation Project	Development Decisions	120
SAV/DR/06 (08)	Improved Efficiency in the administration of benefits	Benefits Administration	100
SAV/COR/01 (08)	Horizontal Savings - Housing General fund	All	7
SAV/DR/02 (09)	Technical Support to Planning & Building Control	Development Decisions	49
SAV/DR/03 (09)	Review of Housing Related Employment Initiatives	Strategy, Regeneration & Sustainability	50
			351
CHIEF EXEC'S			
SAV/CE/06 (08)	Reduction in Communications Expenditure	Communications	81
SAV/CE/07 (08)	Registration of BD & M	Democratic Services	20
SAV/CE/11 (08)	Directorate Wide continuous Improvement	All	151
			252
RESOURCES			
SAV/CE/05 (08)	Procurement of agency staff through vendor management	Resources	20
SAV/CE/11 (08)	Directorate Wide continuous Improvement	All	302
TOTAL AGREED 27-02-08 - Resources			322
TOTAL			3,396

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COMMUNITIES, LOCALITIES & CULTURE

**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:
SAV/ /

TITLE OF SAVING OPTION: Leisure Management Contract Efficiency Savings

DIRECTORATE: CLC

SERVICE AREA: Sport and Physical Activity **LEAD OFFICER:** Heather Bonfield

FINANCIAL INFORMATION:

	Current Budget	Saving £000s		
	2009/10 £000	2010/11	2011/12	2012/13
General Fund		200	200	200
HRA				
Other				
Implementation Cost (see below)				
TOTAL		200	200	200

1. **Outline/ details of saving proposal**, including indications of stage of development, and work and timescales needed to finalise proposal:

Following a detailed review of the Leisure Management Contract conditions (managed on behalf of the Council by GLL) undertaken by Atlantic solutions, negotiations have taken place with GLL in relation to the Profit Share element of the contract. These negotiations have proved beneficial to the Council with agreement by the contractor to alter the profit share allocations from 2009/10, resulting in the Council having access to 75% of any surplus accruing, compared to the previous agreement which gave the Council access to only 25%. A recent review of contract performance has identified that from 2008/9 the contract is projecting to return a surplus which is estimated to provide an incremental benefit to the Council of approx £200k pa from 2010/11. As a consequence it is proposed that £230k saving can be utilised from the surplus to reduce the management fee from 2010 onwards.

2. **Service implications of saving:**

There are no specific service implications arising from the revised contractual arrangements.

3. **Actions required to achieve saving:**

Negotiations with contractor have been completed signed agreement from Managing Director, deed of variation in preparation. New conditions operative for 2009/10 Financial Year.

Resource	Nature of costs including whether revenue	Cost of	Of which, from
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**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:

SAV/ /

requirement for implementation (if any)	or capital	implementation £000s	within existing resources £000s
In 2009/10			
In 2010/11			

Provide further detail on nature and any costs of implementation

No additional costs.

Rough implementation timetable. Indicate in a sentence the stage of development you would anticipate for the proposal at six monthly intervals.

As at March 2010	End of trading year annual surplus to be calculated.
As at September 2010	
As at March 2011	
As at September 2011	
As at 1 st April 2012	

Anticipated date for full implementation:

April 2010

Implementation Risks/ Issues including management/ mitigation issues

The increasing costs of energy and downturn in the economy may impact on the short and mid-term sustainability of a continued surplus in line with Atlantic Solutions projections for continued surplus. If the surplus reduces then the saving could be achieved by considering other related options e.g. reducing the operational hours of leisure centers and reviewing pricing policy.

Payback calculation (where applicable):**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

No specific implications

5 Other risk factors which could prevent this saving being achieved following implementation

GLL cease trading and the contract is required to be re-tendered. This is an unlikely scenario.

6 Efficiency/ value for money. How will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?

Cost per user will be reduced. The service currently has a subsidy of £1.07 per user which is a mid range London position and represents good performance has Tower Hamlets offers a range of concessions for hard to reach groups.

**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:
SAV/ /

TITLE OF SAVING OPTION: Management of Estate Parking Enforcement

DIRECTORATE: CLC

SERVICE AREA: Environmental Control

LEAD OFFICER: John Chilton

FINANCIAL INFORMATION:

	Current Budget	Saving £000s		
	2009/10 £000	2010/11	2011/12	2012/13
General Fund		360	360	360
HRA				
Other				
Implementation Cost (see below)				
TOTAL		360	360	360

1. Outline/ details of saving proposal, including indications of stage of development, and work and timescales needed to finalise proposal:

In the last 12 months the Parking service has expanded its enforcement role to undertake the management of estate parking for a number of RSL's within the Borough, which include Poplar HARCA, East End Homes, THCH, and Swan. The management agreement is based on a management fee for provision of the service plus fee income from removals and parking notices.

Opportunities to extend the service are currently under investigation, with a further 2 RSL's currently expressing interest. Management of Parking Enforcement for RSL's in 2008/09 resulted in net income of approximately £300k which was contributed to the Parking Control Account and a similar level of income is anticipated in future years.

2 Service implications of saving:

Restructure of Parking Service underway to streamline and improve efficiency of service delivery via the combination of estate parking and abandoned vehicle service management.

**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:

SAV/ /**3. Actions required to achieve saving:**

Formation of group to tender for or negotiate RSL contracts and costings.
Consider increasing permit and ground works charges to RSL.
Actively seek RSL partnerships.

Resource requirement for implementation (if any)	Nature of costs including whether revenue or capital	Cost of implementation £000s	Of which, from within existing resources £000s
In 2009/10			
In 2010/11			

Provide further detail on nature and any costs of implementation

Possible increase in appeals will be dealt with via existing resources.

Rough implementation timetable. Indicate in a sentence the stage of development you would anticipate for the proposal at six monthly intervals.

As at March 2010	New contracts let. RSL contracts negotiated.
As at September 2010	Pound issue resolved.
As at March 2011	
As at September 2011	
As at 1 st April 2012	

Anticipated date for full implementation:

April 2010

Implementation Risks/ Issues including management/ mitigation issues

Vehicle Removal Contract is due for re-tendering and therefore:

- Possible change of contractor leads to loss of income during bedding in period and additional staff input needed on training.

Mitigation. Ensure that new contract and specification clearly states what is required of the contract. Seek contract initiation plan as part of the tendering exercise

Payback calculation (where applicable):**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Review of Parking Service aims to streamline current methods of service delivery and may result in structural changes.

**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:

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5.	Other risk factors which could prevent this saving being achieved following implementation
	<ul style="list-style-type: none"> • Local political decision making resulting in RSLs withdrawing from contracts. • Compliance levels rise resulting in lower income levels where income is dependent on activity.
6.	Efficiency/ value for money. How will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?
	<p>Review of Parking Service is aimed at streamlining structure and more cost effective service delivery of which estate parking is a significant element.</p>

DEVELOPMENT & RENEWAL

**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:
SAV/ /

TITLE OF SAVING OPTION: Energy Services

DIRECTORATE: Development and Renewal

SERVICE AREA: Asset Management **LEAD OFFICER:** Andy Algar

FINANCIAL INFORMATION:

	Current Budget	Saving £000s		
	2009/10 £000	2010/11	2011/12	2012/13
General Fund	100	100	100	100
HRA	154			
Other				
Implementation Cost (see below)				
TOTAL	254	100	100	100

1. **Outline/ details of saving proposal**, including indications of stage of development, and work and timescales needed to finalise proposal:

The Energy Services team transferred from the Housing Revenue Account to the Development and Renewal General Fund on the 1st April 2008. The team's role consists of two key elements: Energy Procurement and Energy Surveying. At the present time there is an SLA with Tower Hamlets Homes for £154,000 (£86,000 Energy Procurement and £68,000 for Energy Surveying). Schools are charged on an annual basis at approximately £200 each.

The Association of London Treasurer's along with the Head of Procurement and Programmes are pushing towards flexible procurement as opposed to spot purchasing as we currently practice. This is for both electricity and gas supplies. The likely cost in engaging a third party procurement agency (through an OGC framework) is approximately £82,000 – £149,000 per annum. This extra expenditure must therefore be passed on to the end client.

The clients involved within the current contract are:

Internal Client i.e. Facilities Management, Social Services, Education, Libraries, Parks and Open Space

Registered Social Landlords – East End Homes, Tower Hamlets Community Housing

Schools – 63 schools along with 20 PFI Schools (Nurseries to Secondary)

Others – Tower Hamlets College, Bethnal Green Technology College, Tower Hamlets Homes, Glenkerry Co-Operative

The proposal is therefore to operate the Energy Procurement function at an anticipated cost of £254,000 (2009/2010 forecast) as a trading account with all the costs being recovered from the clients. The exact mechanism for providing this is yet to be finalised, however based on energy

**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:

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consumption, the net impact on the clients is likely to be:

Registered Social Landlords - £47,000 (this is currently not being charged for)

Schools - £37,259 (£10,000 is currently recovered per annum)

Internal - £23,629 (this is currently not being charged for, and therefore shall have an impact on other Directorate's general fund).

Tower Hamlets Homes - £32,147

The Energy Surveying element of the team is anticipated to cost £100,000 in 2009/2010. This element ensures compliance with legislation in providing Energy Certificates for public buildings and Energy Performance Certificates for domestic properties. The authority has a statutory duty to complete these for all its public buildings as soon as possible, and by not fulfilling this role there is a penalty scheme for non compliance.

It is proposed that a unit cost to ensure cost recovery is formulated for both an Energy Survey and an Energy Performance Certificate. The cost of each is like to be £500 - £1,000 and £50 retrospectively.

The Tower Hamlets Homes service level agreement, currently has £68,000 at a fixed price and therefore will have to be reviewed. Based on the anticipated number of voids and Right to Buys this would see a reduction of £33,000 in the SLA value with Tower Hamlets Homes. However, this income can be recovered through the marketing of the service and advertising of the services available to Housing Associations and Schools.

Both steps given above, should ensure the services breaks even, however, there is risk around the Energy Surveying due to buy in from external clients and also resourcing.

In 2009/2010 the team will begin working on the Carbon Reduction Commitment due to come into force in 2010/2011 and this will predominantly be reflected in the Energy Procurement element of the team.

2. Service implications of saving:

There should not be any implication on services within the authority as the services are currently being delivered. There shall however be a financial implication as the Energy Procurement function and Energy Surveying function are provided free of charge to internal and some external clients.

3. Actions required to achieve saving:

Resource requirement for implementation (if any)	Nature of costs including whether revenue or capital	Cost of implementation £000s	Of which, from within existing resources £000s
In 2009/10	Establish revised contracts with clients and set fees and charging		
In 2010/11	Advertising and Marketing / Revision of fees and charging	30	

**SAVINGS PROPOSALS
BUDGET 2010/11- 2012/13**

Item Ref. No:

SAV/ /

Provide further detail on nature and any costs of implementation

Advertising and marketing will be required to promote the services being provided in particular the Energy Surveying element as well as seeking new clients to buy into the authorities Energy Procurement contract.

Rough implementation timetable. Indicate in a sentence the stage of development you would anticipate for the proposal at six monthly intervals.

As at March 2010	Revised contracts drawn up and fees set
As at September 2010	
As at March 2011	
As at September 2011	
As at 1 st April 2012	

Anticipated date for full implementation:

1st April 2010

Implementation Risks/ Issues including management/ mitigation issues:**Payback calculation (where applicable):****4. Potential implications for staff, contractors, partners, assets and other Directorates:**

The Energy Procurement element of the team is currently provided for free to a number of clients, mainly internal of which this will have an impact on their service financially.

5. Other risk factors which could prevent this saving being achieved following implementation

Current external clients exiting the Energy Procurement contract as well as clients not buying into the Energy Surveying service

6. Efficiency/ value for money. How will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?

If the Energy Procurement element is charged based on energy consumption, then we should see a drive down in consumption therefore providing efficiency savings and also contributing toward the Carbon Reduction Commitment.

Through marketing and advertising of the service, this should ensure that the Energy Services charges are in line with private providers and therefore shall drive the service to reduce costs.

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SERVICE IMPROVEMENT GROWTH

APPENDIX D

Reference	Description	Service Area	2010-11
			£000
COMMUNITIES, LOCALITIES & CULTURE			
(fallout of Service Improvement Growth agreed in previous years)			
SIG/CLC/01 (08)	Recycling Improvement Plan	Street Management	-66
SIG/CLC/04 (08)	CCTV Control Centre		-25
			-91
DEVELOPMENT & RENEWAL			
SIG/DR/04 (08)	Subsidy of burials	Housing General Fund	10
SIG/DR/05 (08)	Olympic & Paralympic Engagement	Housing General Fund	40
less: funding from LPSA Reward grant			-40
			10
CORPORATE			
SAV/COR/01 (09)	Tackling Overcrowding	Public Realm	110
			110
TOTAL			29

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APPENDIX E

GENERAL FUND BALANCES

	£ million	£ million
Balance as at 31st March 2009		27.1
Projected under spend for 2008/09 as at 30 th June 2009	NIL	
Sundry risks subject to confidential negotiations The authority is currently engaged in confidential contractual negotiations which are likely to result in payments by the Council which would need to be met from reserves.	-2.4	
Carbon Management (see report paragraph 4.4.10)	-0.7	
		-3.1
Projected Balance as at 31st March 2010		24.0

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MEDIUM TERM FINANCIAL PLAN 2010/11 - 2012/13

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £000s
Initial Budget		297,926	305,453	308,035
Inflation		6,494	7,026	7,201
Committed Growth		2,301	2,719	4,000
Savings		-3,774	-195	
Other Adjustments Required				
Facilities Management				
London Pensions Fund Authority Levy		353	235	
Concessionary Fares				
Capital Financing and Investment		2,365	72	1,500
Pensions Fund			4,501	4,500
One off spending in 2008/09		-317		
Changes in Contributions to Reserves				
Asset Management				
Decent Homes				
General Reserves				
Changes in Contingency budget				
Additional contribution from Parking Control A/c		90		
Other Funding				
Prioritisation of Area Based Grant		-295	3,796	
Service Improvement Growth				
Service Improvement Growth approved during 2008/09				
LAP Budgets			-2,380	
London Living Wage				
Tackling overcrowding		110		
Enforcement Officers				
Additional Growth (see report)				
Office Accommodation		1,780	-100	
Homelessness		986		
To be met from mitigating measures or savings target		-2,566		
Savings target for 2011/12			-13,092	-14,139
Budget Requirement	297,926	305,453	308,035	311,097
Formula Grant	-228,816	-232,204	-232,204	-232,204
Collection Fund Surplus / Deficit	2,000	0	0	0
	<u>71,110</u>	<u>73,249</u>	<u>75,831</u>	<u>78,893</u>
Recommended Band D Council Tax - Tower Hamlets	£865.64	£907.67	£930.36	£953.62

NB Forecasts are incremental year on year, not cumulative

* Council Tax for 2010/11, 2011/12 and 2012/13 are indicative only and is not being approved at this stage

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APPENDIX G

**HOUSING REVENUE ACCOUNT
MEDIUM TERM FINANCIAL STRATEGY -
2009/2014**

HEADING	2009/10 Budget £'000	2010/11 Budget £'000	2011/12 Budget £'000	2012/13 Budget £'000
HRA Income				
Base Budget	-	-	-	-
Inflation	97,351	99,353	101,684	104,085
	2,002	2,331	2,401	2,473
HRA Expenditure				
Base Budget	102,116	103,802	105,539	107,327
Inflation	1,686	1,737	1,789	1,842
Initial Base HRA Budget	4,449	3,855	3,242	2,612
Committed Growth				
Approved In February 2008 - Estate Improvement Programme	1,181			
Approved in July 2008 - Housing Priority Areas	2,350			
Approved In February 2009 - Overcrowding Strategy	4,950	4,950		
Approved In February 2009 - THH Service Improvement	750			
	13,680	8,805	3,242	2,612
Approved Savings				
Estate Improvement Programme - 2008/09 only	5,610	1,181		
Housing Priority Arrears - 2008/09 only	400	2,350		
Reduced Rent Rebate Subsidy Limitation Contribution	1,480			
Reduction in Capital Financing Charges	1,096			
THH Service Improvement		750		
Reduction in Bad Debt Provision		200	200	200
Other Adjustments Required				
Reduction in Supporting people Contribution	372			
Reduction in Rent & Service Charge Income	2,719			
Difference between interest paid and subsidy received	1,085	2,704	6,933	7,504

Changes in Contributions to Reserves

Major Repairs Reserve	-	-	-	-
	789	789	789	789
Housing Choice Reserve	-	-		
	4,181	3,000		
General Balances	-	-		
	4,300	2,750		

Savings Required to Maintain Balances and a Balanced Budget

-
489 -
9,186 -
9,127 -

Balanced Budget

-	-	-	-
0	0	0	0

HRA Balances**General Balances**

Balances at beginning of year	12,050	7,750	5,000	5,000
Balances at end of year	7,750	5,000	5,000	5,000

Housing Choice Reserve

Balances at beginning of year	11,181	7,000	4,000	4,000
Balances at end of year	7,000	4,000	4,000	4,000

Total Reserves Available to the HRA

14,750	9,000	9,000	9,000
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APPENDIX H

BUDGET SETTING TIMETABLE FOR 2010/11

Financial Outlook report for 2010/11-2012/13 to Cabinet Budget priorities and parameters for 2010/11 set	29 th July 2009
Identification by officers of efficiency savings for 2010/11	July-September 2009
Preparation by officers of one off spending proposals	July-September 2009
Development of savings proposals for 2011/12- 2012/13	July- November 2009
Scrutiny by leading Members of savings proposals and bids and any other budget request made in July Cabinet report	Sept-November 2009
Anticipated Local Government Finance Settlement	Late November- early December 2009
Draft budget submitted to Cabinet	13th January 2010
Overview & Scrutiny Committee consideration of budget	9 th February 2010
Final budget recommendation to Council made by Cabinet	10 th February 2010
BUDGET COUNCIL	3rd March 2010

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Agenda Item 10.1

Committee	Date	Classification	Report No.	Agenda Item No.
Overview and Scrutiny	28 th July 2009	Unrestricted		10.1
Report of: Assistant Chief Executive Originating Officer(s): Michael Keating, Service Head Scrutiny & Equalities, Afazul Hoque, Acting Scrutiny Policy Manager Judith Colvin, Communities in Control Project Co-ordinator		Title: Overview and Scrutiny Committee Work Programme 2009/10 Ward(s) affected: All		

Special Circumstances and Reasons for Urgency

The report was unavailable for public inspection within the standard timescales set out in the Authority's Constitution, because of the continued dialogue between Scrutiny Leads and Cabinet Members and Directorates on areas for scrutiny reviews. It is important that the Overview and Scrutiny Committee agrees their work programme as soon as possible to ensure the work can be completed within the municipal year.

1. Summary

- 1.1 This report outlines the work programme for the Overview and Scrutiny Committee for the municipal year 2009/10 with proposals for implementing a pilot for the Councillor Call for Action.

2. Recommendations

- 2.1 Overview and Scrutiny Committee is asked to consider and comment on the proposed work programme.
- 2.2 Comment on proposals for developing a local model for the Councillor Call for Action which is linked to an improved analysis of all issues of concern raised by public. The aim is to strengthen how we demonstrate our 'duty to involve' and 'promote democracy' by focussing on problem-solving that utilises the community leadership of Members and the managerial responsibilities of officers in a more sophisticated manner. See paragraphs 4.1 – 4.11, Appendix 3.
- 2.3 Comment on proposals to improve working relationship with our partners both in terms of how they use and engage with the scrutiny process as well as how they may themselves be the subject of scrutiny. See paragraphs 4.5-5.5.
- 2.4 Authorise the Head of Scrutiny and Equalities after consultation with the Chair of Overview and Scrutiny Committee, to finalise the work programme.

LOCAL GOVERNMENT ACT, 2000 (SECTION 97)

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

Background paper

N/A

Name and telephone number of and address where open to inspection

Afazul Hoque
020 7364 4636

3. Background

3.1 Over the last three years, the Overview and Scrutiny Committee (OSC) has agreed and largely delivered on its annual work programme. This has helped:

- Strengthen scrutiny's contribution to the Council's improvement agenda and achieve outcomes that benefit the community
- Improve the co-ordination, management and continuity of work both of the Committee itself and its reviews and investigations.

3.2 In 2008 this strength was recognised by the Audit Commission in the Council's Corporate Assessment. The inspectors assessed that scrutiny in Tower Hamlets makes a real and positive difference. This judgement validates how scrutiny has grown and flourished locally and also should give us the confidence to build and develop this year's and future years' work programmes.

3.3 In 2008/09 OSC work programme included the following reviews/ challenge sessions:

Reviews

- Early Intervention, Child Protection
- Child Poverty
- Parental Engagement in Secondary Education
- Alcohol Misuse amongst Young People
- Affordable Homeownership
- End of Life Care

Challenge Sessions

- Joint Strategic Needs Assessment

3.4 The Committee also considered a number of issues at its monthly meetings including:

- Performance monitoring reports such as the Strategic Plan Monitoring, Diversity and Equality Action Plan, Members Enquiries and Complaints
- Budget and policy framework items including the Tower Hamlets Community Plan 2020 and Crime and Drugs Reduction Partnership Plan 2008-2011
- Submitted pre-decision questions on 38 Cabinet reports
- Considered 5 call-ins all of which confirmed Cabinet's original decision after considerable debate.

3.5 As both an evaluation of last year and a preparation for this, a Members' session was held in May. A short note of the event is attached as Appendix 1. Members of OSC and the Health Scrutiny Panel were generally positive about the work undertaken last year. They were keen to improve public engagement and awareness of the scrutiny process in particular through arranging review working group meetings outside the Town Hall. In addition, they wanted to see further engagement and involvement of all Members to ensure that scrutiny is truly a Member-led process. Furthermore, the Scrutiny Policy Team undertook evaluation surveys with the review Directorate lead officers and a short note of this is attached in Appendix 2. Colleagues in directorates raised similar issues in regards to public engagement and Member-led scrutiny. These issues have been addressed in the development of this year's programme.

4. COUNCILLOR CALL FOR ACTION (CCfA)

- 4.1 Section 119 of the Local Government and Public Involvement in Health Act 2007 includes provisions for CCfA that came into force on 1st April 2009. This means the Council is now under statutory obligation to provide Members the opportunity to refer to an Overview and Scrutiny Committee (OSC) any local government matter where other methods of resolution have been exhausted.
- 4.2 In its aspiration to empower local councillors to respond more effectively to the needs of their communities, the CCfA fits closely with our realisation of the Community Plan, particularly its overarching theme of 'One Tower Hamlets'. CCfA offers a key opportunity to coordinate activity across the three objectives of One Tower Hamlets: reducing inequality, strengthening cohesion, and strengthening community leadership. Looking ahead to CAA, CCfA will also be a key tool in building a sense of people and place, and helping to deliver better outcomes for residents.
- 4.3 It has been a key piece of work for the Communities in Control project board to explore what CCfA should look like locally to realise these objectives by setting a workable system within the wider context of how residents can raise their concerns with us and further enhance how we 'involve' them more widely. This gives us the opportunity to:
- Improve how residents can get a say in what's happening particularly about what's not working
 - Refine and refresh our systems for raising concerns to improve their operation and ensure that they actually produce better results
 - Improve the information we provide to councillors about what is not working and the major issues arising from this in order to use their community leadership as part of the problem-solving process
- 4.4 At the same time it is important to avoid the creation of a bureaucratic process. Success will also be dependent on the willingness of officers and Members to adopt a problem-solving approach that recognises their different perspectives. Getting this right would enable us to have a more sophisticated way of tackling problems and recognising that finding sustainable solutions is often complex. One of the lessons from the pilot Members' Diversity and Equality Working Group has been how this approach can be more energising.
- 4.5 Key guidance from the Centre for Public Scrutiny suggests that the best authorities will use this opportunity to look more generally at all the ways in which Councillors are empowered to resolve problems local to their ward, with CCfA as a last resort once all other processes have been exhausted. At the same time we need to be mindful that this 'last resort' is itself relative to the effectiveness of how services respond overall.
- 4.6 In larger terms, this necessitates clarifying what all the processes for raising concerns are, how they relate to each other, and making sure they are as effective as possible. The aspiration is for a robust process to exist as an entirety, with issues that would benefit from extra attention from scrutiny being able to rise to the surface, whilst those issues which are best dealt with through others means being signposted accordingly. Consideration of CCfA therefore needs to be set in this context. The production of good quality management information from which Councillors can work in a problem-solving capacity to understand and solve important issues for the community is crucial to ensure that CCfA does not end up as something used all the time. Not only could

this expend a considerable amount of additional energy it also could undermine what services should be doing all the time – put right what is not working.

- 4.7 This will enhance the power of CCfA as a last resort if no feasible solution can be found. The Ward Member would be a clear champion for an issue raised directly from their ward, where all established grievance have failed to solve the problem.
- 4.8 A proposal for the system in its entirety is included at Appendix 3. The Council needs to ensure that the right processes and structures are in place to help implement the CCfA appropriately. It will be important however to pilot these models to evaluate and reflect on their functionality before full implementation. It is therefore suggested that any structures and processes described below are piloted for the remainder of 2009/10, with a view to full implementation beginning after April 2010.
- 4.9 It is proposed that the joint information gleaned from complaints, petitions, members' enquiries and FOI requests is pooled into one performance report that can be used both corporately and by councillors to spot patterns and problem-solve on behalf of the community. The aspiration is that this tool allows analysis of these issues of concerns to go further than a description of numbers and types, and moves instead towards a more holistic understanding of resident satisfaction and their views of services. The report would be prepared at six-monthly intervals for use at OSC to consider issues strategically. A local version of the same report would at the same time be presented to the LAP Steering Groups. The combination of the two would aim to ensure that both neighbourhood and borough-wide aspects are covered. A key concern is that the report is conducive to problem solving analysis and is accessible to Councillors and community representatives. This information should be framed around residents' satisfaction rather than a prescriptive description of number and type of complaints. It is proposed that OSC will consider the first joint performance report in December 2009.
- 4.10 The link with the LAP Steering Groups is important because it enables a quick and direct way to respond to local needs. The potential strength of the system is to ensure that a proper all-embracing attempt has been made to deal with issues. This would ensure that the CCfA process is used to address those issues which are truly intractable and highlight their significance more strongly.
- 4.11 Production of this report may pose challenges in terms of streamlining IT systems and coordinating reporting schedules across different service areas. However this type of joined-up understanding of residents' concerns informed by all our mechanisms is unparalleled currently, and poses a huge opportunity for the Council to understand more precisely the concerns of the community.

5. SCRUTINY OF PARTNERSHIP

- 5.1 Sections 19 and 20 of the Police Justice Act 2006 require every local authority to have a Crime and Disorder Committee with the power to review or scrutinise decisions made by Crime and Disorder Reduction Partnerships (CDRP). The Council's constitution has been amended to incorporate this function to the OSC's terms of reference. This came into force in April 2009 with the publication of guidance for local authorities and CDRPs. Over recent years the OSC has already undertaken work looking at the CDRP. For instance when the Cabinet Member for Cleaner, Greener and Safer is the subject of the Scrutiny Spotlight the Borough Commander has also attended alongside the Corporate Director for Communities, Localities & Culture. A number of scrutiny reviews have also focused on the work of the CDRP and the Committee comments on key policy documents as well as monitoring performance targets of the CDRP within the LAA

targets and TH Index. Work is currently underway to formalise this relationship and build on the work undertaken so far.

- 5.2 “Communities in Control” looks to enhance the visibility of scrutiny within the Council and the wider partnership. Over the last few years the scrutiny function has developed good working relations with local health partners. In a similar vein to the performance analysis described above work is in train to improve complaints information presented at Health Scrutiny Panel to enable a more co-ordinated and comprehensive analysis of the types of complaints and develop a more holistic understanding of key health issues facing local residents.
- 5.3 The changing role of community leaders with more emphasis on leadership of place rather than services highlights the potential for scrutiny in influencing and shaping the local area. With many services being jointly provided or commissioned scrutiny of partnership will be an area of growing interest for non-executive councillors looking to improve the overall quality of life for residents. Furthermore, for CAA strengthening the role of scrutiny in improving outcomes and bringing service providers to account is vital to our performance management framework. The ongoing work of the Communities in Control Board as well as the proposed review by the Scrutiny Lead for One Tower Hamlets on community leadership will provide greater understanding about how we make this happen.
- 5.4 In looking to improve partnership working it is proposed that as part of this year’s review on reducing youth offending the Young Mayor and the Deputy Young Mayor will be co-opted onto the Working Group to work with Members. Discussions have already been held with colleagues in Children’s Services and this is an area where the Young Mayor is also keen to get involved with Members.
- 5.5 The Safe and Supportive Delivery Group at their meeting on 9th July 2009 considered the implications of Sections 19 and 20 of the Police Justice Act 2006 and the draft proposals for CCfA. The Group welcomed the proposals but felt further discussions were needed with the Partnership Executive to ensure the wider partnership were aware if this new responsibility.

6. OVERVIEW AND SCRUTINY COMMITTEE

- 6.1 A draft 2009/10 “Forward Plan” for OSC is attached at Appendix 4. This is based on the schedule of reports and issues considered in 2008/09. Amongst the issues the Committee will consider are:
 - Regular monitoring reports such as the Tower Hamlets Index and the six-monthly Strategic Plan monitoring report;
 - Budget and policy framework items such as the Gambling Policy and Revenue Budget preparation
- 6.2 Call-ins and pre-decision scrutiny are dependent on Cabinet decisions and reports and these need to be programmed in when they arise. OSC also considers the reports arising from its investigations and reviews before they are passed through to Cabinet and again, these will be added when they arise. Twice a year the Committee will also monitor the recommendations arising from scrutiny reviews through their recommendation tracking report. This year each Scrutiny Lead will identify within their portfolio a review from a previous year to meet with officers and check progress.

- 6.3 The Committee has a monthly Scrutiny Spotlight session for all Lead Members which was highlighted as an excellent way of holding the Cabinet to account in the evaluation sessions over the last few years. The relevant Cabinet Member and Directors attend to present the key performance challenges within their individual portfolios, focusing on issues arising from the TH Index. This assists in meeting CAA criteria by demonstrating how OSC is holding the Executive to account but there remains further work to do in ensuring that the Scrutiny Leads are themselves proactive in understanding the performance issues within their own portfolio areas.

Reviews and Challenge Sessions

- 6.4 To help develop this year's work programme Members held an Away Day in June to discuss areas for scrutiny reviews. Seven Members of the Committee attended and considered the challenges facing scrutiny in light of new legislation and the implications for managing this during the final year of the current administration. Creating a realistic timetable to complete the work programme will be one of the challenges.
- 6.5 Appendix 5 outlines the investigations, reviews and challenge sessions that Overview and Scrutiny could undertake this year. As last year, these will focus on the Council's improvement agenda and contribute to achieving outcomes that benefit the community. In addition, the topics aspire to help address the Council's value for money agenda and build the community leadership role of non-executive councillors. They are based on performance issues raised throughout 2008/09, outcomes from the Committee's own work and an analysis of the Strategic and Community Plans among other key documents. Discussions have taken place between the Scrutiny Leads and Directorates to explore challenges faced by services where OSC could add value to existing work. The outcome of these discussions and analysis is reflected in the proposed programme.
- 6.6 Research into effective scrutiny has highlighted the importance of members' commitment and enthusiasm to undertaking their work. They need to believe that their work will impact positively upon their constituents' lives and help solve the problems presented at their surgeries and other community forums. The Work Programme therefore aspires to address the objective criteria as described in Appendix 5 as well as reflecting the members' consideration of their respective OSC work areas.
- 6.7 It is envisaged that over the next year there will be up to six reviews and three challenge sessions with others added throughout the year, subject to resources. This represents a manageable work programme which allows all the OSC portfolio holders to be involved as well as ensuring there is joint working. It is worth stressing that there is some flexibility built into the programme. This ensures capacity if the regular monitoring at OSC indicates a need to either remove or add items. This includes the following reviews and challenge sessions which are explained further in Appendix 5:

Reviews

- Community Leadership – Scrutiny Lead One Tower Hamlets (Cllr Ann Jackson)
- Reducing Youth Offending – Scrutiny Lead Safe and Supportive (Cllr Denise Jones)
- Reducing Worklessness Amongst Young People 16-24 – Scrutiny Lead Prosperous Community (Cllr Abdul Aziz Sardar)
- Private Rented Sector – Scrutiny Lead Great Place to Live (Cllr Alex Heslop)
- Childhood Obesity – Focusing on Prevention – Scrutiny Lead Healthy Communities (Cllr Tim Archer)

Challenge Sessions

- Dangerous Dogs – Scrutiny Lead Excellent Public Services (Cllr Bill Turner)
- Council's Strategic Relationship with RSLs – Scrutiny Lead Great Place to Live (Cllr Alex Heslop)
- Bullying in Schools – Scrutiny Lead Safe and Supportive (Cllr Denise Jones)

- 6.8 The Scrutiny Lead for Excellent Public Services is currently considering topics for his review. In the discussions with the Scrutiny Team he has indicated he would like to undertake some work in a number of areas including the recruitment and retention of children's social care workers which could assist us in responding to the national Social Work Task Force. Once a topic is selected discussions will be held with the relevant Corporate Director to agree the work programme.
- 6.9 In all cases, once the issues are agreed, the scope of the work and timing will be developed in close consultation with the relevant services. This will also ensure that the investigations are focused and can deliver on their objectives. As with the proposed performance analysis, a greater focus will be placed on the problem-solving nature of the work.
- 6.10 The merging of the scrutiny and equalities function has also provided an opportunity to address issues of inequalities more precisely through understanding how Members' community leadership role relates to scrutiny. All scrutiny reviews will consider the equalities and community cohesion implications to contribute to the development of One Tower Hamlets.

7. HEALTH SCRUTINY PANEL

- 7.1 The Health Scrutiny Panel has met twice this year and has undertaken induction visits to all the local health trusts. Discussions are also underway with health colleagues to identify key issues which may be useful for the Panel to consider in this municipal year. This includes looking at mental health services for older people and development of health centre in St Andrews site. Following this, a work programme will be developed for the Panel's consideration at their next meeting on 20th October 2009. This will build on the four year work programme agreed in 2006/07 with the key theme of reducing health inequalities. Following the previous reviews on access to GP / Dentistry Services, Tobacco Cessation and End of Life Care the Panel Chair has agreed to undertake a review on Childhood Obesity focusing on prevention work. This will build on the previous scrutiny review on childhood obesity undertaken in 2005/06 which focused on increasing understanding of issues around obesity and actions that can be taken to deal effectively with reducing childhood obesity within the borough.
- 7.2 As with previous work programmes it will include service visits, briefings on key issues, consultation on reviews or changes to services as well participation in the Annual Health Check process which is an assessment of local health trusts by the Healthcare Commission. The development of Tower Hamlets Involvement Network also provides further opportunity to engage local residents in the work of the Panel and two members from the Network have been co-opted onto the Panel.
- 7.3 The Panel will be involved in a Joint Overview and Scrutiny Committee alongside Newham, Hackney and City of London which will consider the proposals from clinical review of health services for North East London. This will include recommendations on how local health services can be strengthened to improve clinical quality and outcomes and deliver the aspirations set out in "A Framework for Action", Lord Darzi's review of

healthcare services in London. Three Members from Tower Hamlets will be appointed to the Joint Committee.

- 7.4 At the end of this municipal year the Panel will evaluate the work of Health Scrutiny over the last four years to consider how it has contributed to reducing health inequalities and more importantly whether their recommendations have translated to change in services for local residents.

8. COMMUNICATION AND PROFILE OF SCRUTINY

- 8.1 To maintain good communication about Overview and Scrutiny's work, it is proposed to circulate regular updates on the Work Programme considered by Overview and Scrutiny Committee to Corporate Management Team and Cabinet. This is provisionally scheduled for November and April 2009. The update will cover all aspects of the Overview and Scrutiny Work Programme including call-ins, performance monitoring and Budget and Policy Framework items. A short summary of the OSC and Health Scrutiny Panel meetings will also be placed in the Members Bulletin.
- 8.2 All Scrutiny Reviews will be publicised through East End Life and seek to engage and involve local residents in the process. In addition, scrutiny meetings will be held outside the Town Hall where appropriate to improve access for local residents.
- 8.3 As a number of the reviews cut across the work of the Tower Hamlets Partnership, discussions have taken place around presenting the review reports to the relevant Community Plan Delivery Groups. Over the last few years this proved useful when the Living Well and Learning Achievement CPAGs were consulted prior to the beginning of the reviews on Choice Based Lettings Scheme and Young People's participation in Sports Leading up to the Olympics.
- 8.4 A number of review meetings and Challenge Sessions will be held outside the Town Hall to encourage local residents' involvement. The Dangerous Dogs Challenge Session has been arranged for 4th August 2009 at the Tramshed in Digby Street and has been publicised widely amongst local residents and the partnership. This will increase the profile of scrutiny amongst local residents.
- 8.5 At Full Council Meeting on 15th July 2009 a deputation was received regarding the cuts in Tower Hamlets College. This matter has been referred to OSC for their consideration and a Challenge Session will be arranged to consider the issues highlighted by the deputed.

9 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 9.1 The Local Government Act 2000 places a duty on the Council to deliver a robust and effective overview and scrutiny function. The Committee's work programme is a contributory element towards discharging that responsibility. There are no other immediate legal implications.

10 COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 10.1 This report details the proposed work programme of the Overview & Scrutiny Committee. All costs involved in achieving this work programme will need to be met from within existing budgetary provisions.

10.2 The reviews will also consider value for money issues which will enable members to contribute to monitoring the use of resources as part of the Council's wide efficiency programme. This work programme will also provide evidence of the Council's value for money arrangements for the purposes of the Audit Commission's use of resources assessment on how well the Councils is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.

11 ONE TOWER HAMLETS CONSIDERATIONS

11.1 Equalities consideration are central to the work of the Overview and Scrutiny Committee and this is reflected in the monitoring the Council's progress in its Diversity and Equality Action Plan twice a year. Furthermore all scrutiny reviews will give specific consideration to One Tower Hamlets issues. In particular the review on community leadership will focus on how we can further develop our community leaders to reduce inequalities and the review on reducing worklessness will partly focus on unemployment amongst women.

12 RISK MANAGEMENT

12.1 There are no direct risk management implications arising from this report.

Overview & Scrutiny (O&S) Evaluation 2008/09 19th May 2009

Present

Cllr Abdul Asad – *Chair of Overview and Scrutiny Committee*

Cllr Stephanie Eaton – *Scrutiny Lead for Healthy Communities and Chair of the Health Scrutiny Panel*

Cllr Alex Heslop – *Member of Health Scrutiny Panel*

Cllr Ahmed Hussain – *Overview and Scrutiny Committee*

Cllr Sirajul Islam – *incoming Chair of Overview and Scrutiny Committee*

Cllr Waiseul Islam – *Scrutiny Lead for a Great Place to Live*

Cllr Denise Jones – *Member of 2 Scrutiny Reviews*

Cllr Oliur Rahman – *Overview and Scrutiny Committee*

Cllr Abdul Aziz Sardar – *Scrutiny Lead for Prosperous Communities*

1. Background

In keeping with evaluations of Overview and Scrutiny carried out in previous years, the aims of the session were to consider:

- areas where the O&S function performed well
- areas where there further development would increase effectiveness
- how to improve participation in and ownership of scrutiny
- how to improve stakeholder satisfaction with the scrutiny process

2. Key statistics and comparative information

The group were presented with key statistics about Overview and Scrutiny's work programme for 2008/09 and Members' participation in the scrutiny process, and a summary of the areas highlighted for improvement in 2008/9. This enabled an assessment to be made about where changes had been made and where action was required in the future. Views expressed on each are incorporated in the sections below.

3. Scrutiny's work programme

Reviews

In line with the previous year's proposal, there was one review fewer in 2008/9, but Members still felt that the workload was not spread sufficiently across the year. Reviews were perceived as starting later this year than previously, possibly because of capacity issues. A further dissatisfaction with reviews generally lay with the amount of time that it could take (up to six weeks) before a topic and its work programme could be finally agreed with officers, which some Members saw as time lost.

There was also some concern about the choice of review topics and whether there was more scope for the process being both more Member-led and more responsive to residents' concerns – although it was noted that the 'Alcohol Misuse Amongst Young People' review, for example, was an important issue for residents, and that the choice of review topics is based on residents' satisfaction survey data.. This review was also cited as an example where it would have been useful to have greater clarity at the outset of a review as to what its outcomes were intended to be, given the likelihood that most recommendations for action would be directed to external partnership agencies rather than the Council.

Other reviews specifically mentioned as examples of working well were 'Child Poverty', with its innovative methods of interviewing local residents which had opened up lots of questions;

'End of Life Care', which had made a number of site visits to gather information; 'Early Intervention, Child Protection', which had visited children's homes; and 'Parental Engagement in Secondary Education', which had offered opportunities for engaging with parents.

The final point raised about reviews was the view that once a report had been drafted, it should be widely consulted on before being submitted to the OSC. Against this, it was noted that there is the provision for deputations to the OSC should residents or groups feel that they wish to challenge a report (or part of it), and that consulting widely in order to be fully transparent would take some time.

4. Scrutiny processes

Call-ins

The number of call-ins fell this year to 5, compared to 16 in 2007/8 and 19 in 2006/7, which may have addressed the problem raised by Members last year about overwhelming the scrutiny agenda, although no specific comments were made on this point.

Spotlight sessions

It was noted that during spotlight sessions, which Members last year agreed to continue, Cabinet members (with one notable exception) sometimes relied too much on officers to answer questions on policy and strategy, thus undermining political accountability. In order to maximise the usefulness of the sessions for OSC, it was recommended that a report or briefing should be made available to OSC members about the Cabinet member's areas of responsibility, with relevant monitoring data, in advance. This would enable Committee members to focus on areas for scrutiny and prepare lines of questioning, and begin this straight away as soon as the agenda item is taken.

It was also noted (by e-mail correspondence) that:

- Performance monitoring data is now presented in a much more user friendly and helpful way
- Some Members appeared to be using prepared questions not shared with other Members, but using their own experience might be a way of providing a stronger 'critical friend' challenge
- Preparing for spotlight sessions is hampered when Cabinet reports are listed as 'to follow', cutting down on the amount of time available for Member preparation

5. Members' needs and participation

Support for Members

There was praise for officers for their work in compiling information for Scrutiny Leads and facilitating the scrutiny reviews, and for support given to the OSC.

Members' participation

The key point was how to increase Member participation in scrutiny. Members acknowledged the picture presented to them at the start of the meeting: that in a few of the reviews, the workload was falling on two to three who regularly attended all the meetings, while in other variable attendance meant that all Members were unable to fully consider all the evidence being submitted. A factor identified here was clearly the large number of council meetings that Members had to attend – despite the intention of the Local Government Act 2000 which set up the Executive-Scrutiny system – and the number of external/ ward meetings that they also have to attend.

The Chair of Overview & Scrutiny explained how much time he had to devote to ringing and e-mailing Members to try to ensure sufficient attendance at OSC. The Conservative Group had also not been represented at OSC for about the first half of the year, thus losing an alternative perspective at the meetings, which some saw as weakening performance during 2008/09.

It was noted that chasing Members to attend meetings was probably something the new Chair and the Scrutiny Leads would continue to need to do this year, given competing demands on time and the fact that 2010 is an election year. When they do this, it was recommended they focus on why Members should attend, the purpose of a particular meeting and its potential impact and outcome.

A number of other suggestions were made to tackle the problem of Member participation:

- While there was no desire to see all scrutiny agendas circulated to Members, it was noted that the Members' Bulletin does not mention the OSC and challenge sessions. While the old Bulletin was seen as more successful at providing information, it was recommended that the new Bulletin could be better used to explain very briefly the purpose of meetings and 'hook' people in
- The issue needs to be discussed with the Party Whips - it was noted that Opposition Members need to be convinced that scrutiny is a genuinely non-partisan process in order to maximise their participation
- Chairs of reviews need to continue to be flexible in arranging meetings

These steps would need to be taken in order to address fully one of last year's recommendations, 'Ensure consistency in membership of different panels so Members can build on expertise in areas e.g. Health Scrutiny Panel'.

6. Public engagement and publicity

The previous year's evaluation had recommended two improvements in this field:

- *Engage more residents by arranging O&S review meetings outside of Town Hall, including the use of community buildings, and encourage deputations*
- *Increase publicity of O&S and its role within the Council, e.g. through road shows and publicity in East End Life*

It was noted that there had been evidence sessions arranged externally but that more could be done in this regard. Ideally, it was felt, external evidence sessions should be held early in a review in order to engage people locally, so that they might be more willing to travel to the Town Hall to attend further review sessions, and this should be scoped into the review's work programme at an early stage to help with publicity.

A number of proposals were made to increase publicity for scrutiny work and public engagement:

- Have more scrutiny publicity materials available
- Use East End Life – but not just this paper
- Use also different media – including radio – with a particular emphasis on BME-targeted media which would be keen to take material
- Use local networks, including 3rd sector networks, to publicise scrutiny reviews,
- Publicise the opportunity residents have to make representations to O & S on items
- The Council's Communications function ought to be assisting Scrutiny's need to engage and link with local residents and communities, as could the Consultation and Engagement Team

- A 'Getting Involved' register of residents willing to serve on things like a 'Citizens' Jury' was also suggested

Co-optees

There was praise for the success of linking the "Future Councillor" initiative with scrutiny, whereby some participants in that initiative, although not formally co-opted onto reviews, attended meetings. They were recognised as being open-minded and unafraid of asking basic questions, as well as tough and critical ones.

It was recommended that co-optees onto O & S should be better integrated into scrutiny, for example by:

- asking them to speak first on some items
- inviting them to give feedback as part of the annual evaluation

7. Considerations for next year's work plan

- the workload should be spread across the year, with reviews starting in a timely manner
- consideration should be given as to how the process might be both more Member-led and more responsive to residents' concerns
- reviews should have greater clarity at the outset as to intended outcomes
- for spotlight sessions, OSC members should receive an advance report or briefing about the Cabinet member's responsibilities, with monitoring data
- Cabinet reports to OSC should arrive on time, so Members can prepare
- the new Members' Bulletin could be better used to interest and engage Members in scrutiny
- scrutiny needs to check it is a genuinely non-partisan process in order to maximise all Members' participation
- Chairs of reviews need to encourage Members to get involved and participate, by contacting them and continuing to arrange meetings flexibly
- more evidence sessions should be arranged externally and scoped into review' work programmes at an early stage to help with publicity
- other, various means to publicise scrutiny work should be used
- co-optees onto O & S should be better integrated

Tim Young
Facilitator
20 May 2009

Overview & Scrutiny (O&S) Staff Evaluation 2008/09

1. Background

This report presents findings of the 2008/09 staff evaluation of scrutiny undertaken with 5 Directorate Lead Officers on scrutiny reviews. The aim of the survey was to consider areas where the O&S function performed well and where further development would increase effectiveness. The report is divided into four sections as outlined below:

2. Preparation for scrutiny meetings and visits

- Overall, officers understood the aims and objectives of the reviews of which they were part. One officer particularly welcomed the review and thought it was a fantastic opportunity for the team and other partners to get involved.
- Only one officer was dissatisfied with the support received from the scrutiny team with the rest being very satisfied or satisfied.
- Generally, officers said that they were satisfactorily briefed prior to meetings. One said that "preparation was comprehensive". However, another felt that there was no briefing. Also that some partners were ill equipped for the meeting and some attendees were not sure of the topics being discussed.
- On the whole, officers felt that they were given enough time to prepare for meetings and were clear as to when and where the meetings would take place.
- However, two said that they did not receive the agenda and relevant paper work at least one week before the meeting.

3. Presenting evidence at scrutiny meetings

- Overall, officers were very satisfied or satisfied that their contribution received full attention by the Working Group.
- All officers understood how their contribution at meetings helped the Working Group meet its objectives.

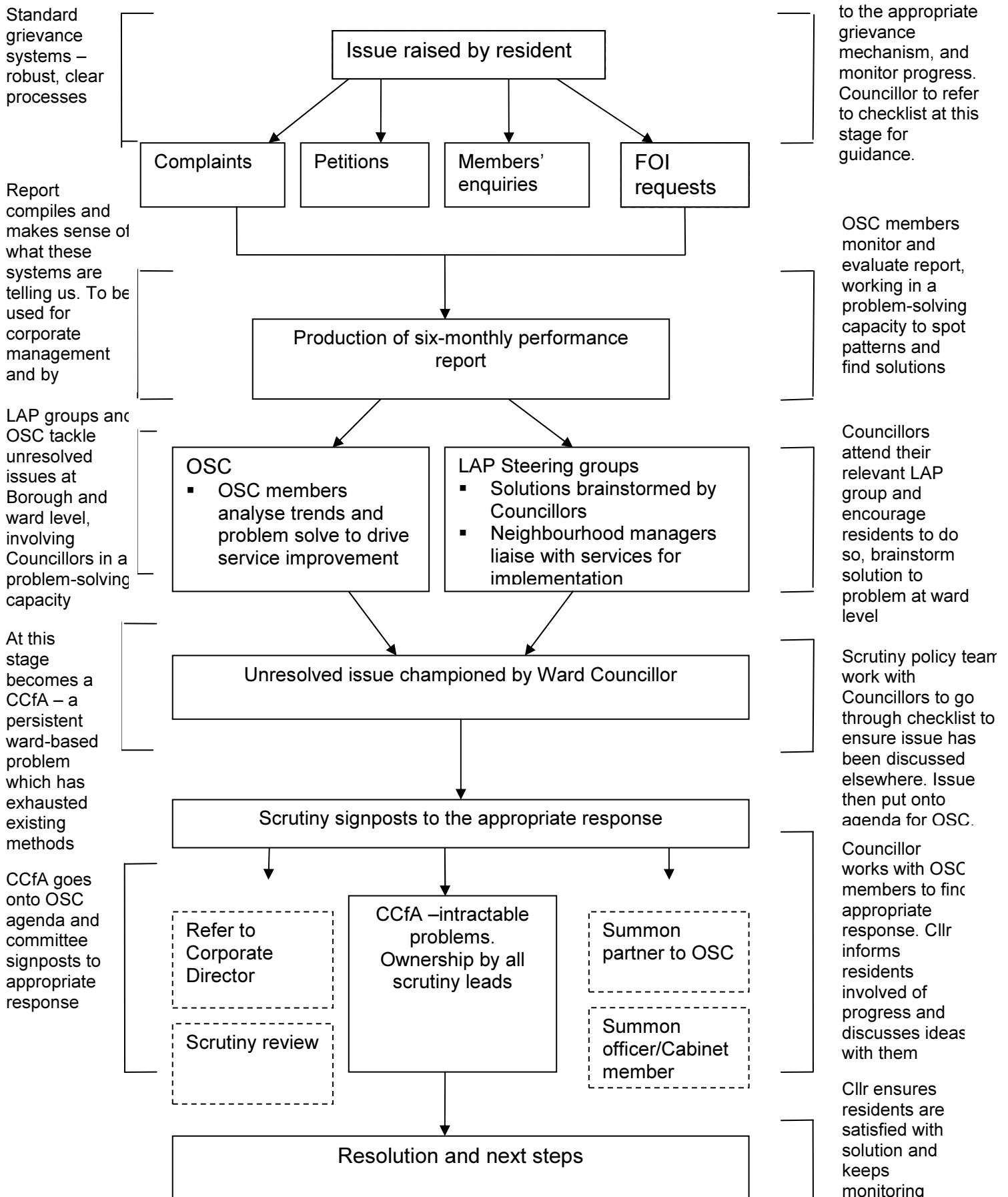
4. Report and recommendations

- Three officers said that they were satisfied that recommendations would improve service delivery. Another felt that recommendations could have been better as nothing new was identified. One officer was not satisfied.
- Overall, all Officers felt that recommendations reflected discussions taken place at scrutiny meetings.
- All Officers agreed that the final report did meet aims and objectives of the review.

5. Considerations for next year's work plan

- More residents to be involved
- A fuller attendance at meetings
- Better planning of review
- Increase liaison with departmental lead officers.

Figure 1 - Overview of revised grievance structure



Implementation of Councillor Call for Action

1. Procedures currently in place

Complaints

- 1.1 Complaints are reported to OSC, CMT, PRG and the Standards Committee and this is a statutory process.
- 1.2 The Complaints process has been externally commended for its clarity. However, differentiation needs to be made between complaints of an individual or one-off nature (i.e., “my bin has not been collected this week”) and those of which are more wide-ranging (i.e., “the bins in my street are never emptied”). This would allow a more sophisticated understanding of the concerns of residents, and the way in which local services are working in different areas.

Petitions

- 1.3 The Local Democracy Bill obliges every Council to devise a Petitions Scheme, and to offer an e-Petition facility. All local service providers will be affected by the forthcoming ‘duty to respond’ to petitions, and community groups and citizens will have a powerful new tool at their disposal.
- 1.4 The Council’s current petitions procedure is in need of revising as it is cumbersome and unclear to those looking to submit a petition. The procedure as it currently stands is confusing to residents, and there is also a lack of tracking of petitions. A facility also needs to be put in place for e-petitions.

Members’ enquiries

- 1.5 The Members’ enquiry system includes tracked information that is fed to Overview and Scrutiny. Members are generally well-versed in the system for putting forward a Member’s enquiry, and use these robustly in this borough – we compare very highly to the rest of London on numbers of enquiries.

Freedom of information requests

- 1.6 Currently the Council is experiencing a dramatic growth in numbers of requests. This information is possible to compile into a performance report, so long as requests are referenced by subject only – complete anonymity would be required.
- 1.7 The merits of compiling these requests would need to be considered. Freedom of Information requests can be made for a variety of reasons, and neither the identity of the applicant nor the purpose for making the request need be known in order to process and answer the request. Some requests are from journalists looking for specific local issues, or to place the local authority in a league table with others. Some will come from commercial organisations looking for competitive advantage at a future procurement. A large number obviously come from residents concerned over a specific issue either affecting them directly or of interest. Motive can be any number of things, from a desire to embarrass the Council, to wanting to gather evidence for a complaint. Currently an informal mechanism where current FOI request subject matter is raised with Corporate Communications means that we can be more prepared for follow up questions on disclosures that are made through this route. All FOI disclosures are reviewed by CMT members prior to issue.

2. Proposed new procedures

Production of performance report

- 2.1 The production of a performance report as discussed in paragraph 3.9 and 3.10 of the report outlines the aspiration that with a robust and innovative process for interpreting issues of concern that is linked integrally to the Tower Hamlets Partnership and is focused on driving service improvement, the need for CCfAs will be limited.

LAP steering groups

- 2.2 There are currently steering groups for each of the 8 LAPs, and paired LAP meetings 6 times a year (3 closed and 3 public meetings). The key link between the steering groups and Council services is through the Neighbourhood Manager, who takes emergent issues from the steering group to the appropriate Council officer. There is currently no clear link between Democratic Services and the steering groups.
- 2.3 The performance report from complaints, members' enquiries and petitions under the proposed model would go to the LAP steering groups either twice at the public meetings, or else on a more ad-hoc basis. This would give ward Councillors an active role in problem-solving before matters go to scrutiny, which would serve to further empower backbench Councillors in solving problems local to their wards. This would also tie the Partnership meaningfully into the new model, and would allow the Council and Ward Councillors to work more closely with partner agencies in a problem-solving capacity.
- 2.4 This model would require legitimising the LAP steering groups to undertake this work. The model would also require ward Councillors to attend every LAP steering group, which should prove to be a knock-on effect from entrenching the groups in overall process.

Scrutiny

- 2.5 The Overview and Scrutiny function would take on a dual role. Firstly, it would monitor and evaluate the performance report from complaints, members' enquiries and petitions that would be presented on a quarterly basis. This would enable Members to maintain an oversight of issues of concern, which could be used to inform the scrutiny work programme more generally.
- 2.6 The second function relates more specifically to the CCfA. Backbench Councillors would refer to Overview and Scrutiny Committee any matters that they cannot find a solution at ward level. The use of checklists used by Councillors to decide whether to champion an issue will be incorporated again at this stage to verify and provide transparency to the process.
- 2.7 Where a problem is really an individual complaint, or sits better with one of the other mechanisms, it will be referred back to these. The Overview and Scrutiny committee will then signpost the issue on to the best method of solution amongst those available to it. Examples of these methods include: referring the issue to the relevant service area for response; undertaking a scrutiny review into the issue; summoning an officer, Cabinet member or external partner to the Overview and Scrutiny Committee.

3. CCfA – Intractable issues

3.1 CCfA is in place where all existing mechanisms to solve a problem have been exhausted. This issue can then be championed by that Councillor and brought to the Overview and Scrutiny Committee.

3.2 It is important that an issue is relevant, appropriate, and that existing procedures are exhausted before an issue is referred to Overview and Scrutiny Committee. Working with officers if necessary, councillors will determine how best to champion the issue, which could include:

- Advising a resident to make an individual complaint
- Raising a Member's enquiry on behalf of resident [s]
- Supporting residents to submit a petition
- Taking the issue to their LAP steering group
- Seeking an apology from the Council/local service involved
- Collecting evidence from their ward to support the issue
- Raising the issue with relevant agencies
- Signpost to relevant Council Committee, if appropriate

This process is similar to that in place currently. However if an issue remains unresolved after comprehensive efforts to deal with the problem through existing grievance procedures, it can be referred to the Overview and Scrutiny Committee.

3.3 Once on the Scrutiny agenda, Members will decide what the appropriate response should be. Although brought as a ward-based issue, the solution will be jointly owned by all the scrutiny leads. An example may be a review or challenge session owned jointly by all the Scrutiny Leads, or a one-off scrutiny spot-light session on a particular local service or service provider.

3.4 Checklists would be used to help manage the process. Effectiveness would of course be enhanced if the improvements to the grievance system are in place. It would also be important to determine how officers would help councillors to use the checklists. Given that the referral is to Overview and Scrutiny it makes sense for the Scrutiny Policy Team to take on this responsibility in the first instance.

Overview and Scrutiny Committee 2009/10 Forward Plan

9 th June 09	<ul style="list-style-type: none"> • Council's Strategic Plan 2006 to 2011 (BPF) • Diversity and Equality Action Plan – End of Year Monitoring Report (PM) • Affordable Homeownership Scrutiny Review Report • Terms of reference and Protocol (OSMM) • Membership / Appointment of Scrutiny Leads (OSMM)
30 th June 09	<ul style="list-style-type: none"> • Diversity & Equality Action Plan 2009/10
28 July 09	<ul style="list-style-type: none"> • Financial Outlook (BPF) • Annual Complaints Report (PM) • Annual Report 2008/09 – Joint Performance and Financial End of Year Report (PM) • Scrutiny Spotlight – Lead Member Finance and Resources • OSC Work Programme (OSMM)
1 Sep 09	<ul style="list-style-type: none"> • Strategic Plan and Corporate Revenue Monitoring Report 2009-10 – Quarter 1 (PM) • Review of Burial Subsidy Scheme • New Executive Arrangements • Scrutiny Spotlight – Lead Member Regeneration, Localisation and Community Partnerships
6 Oct 09	<ul style="list-style-type: none"> • Tower Hamlets Index (PM) • Third Sector Strategy • OSC Recommendation Tracking Report Update (OSMM) • Scrutiny Spotlight –Lead Member Cleaner, Greener, Safer • OSC Work Programme (OSMM)
3 Nov 09	<ul style="list-style-type: none"> • Gambling Policy (BPF) • Scrutiny Spotlight – Deputy Leader of the Council
1 Dec 09	<ul style="list-style-type: none"> • Strategic Plan Half Year Monitoring Report 2009-10(PM) • Joint Performance Digest Report- (PM) • Scrutiny Spotlight – Lead Member Employment and Skills • Scrutiny Spotlight – Lead Member Health & Well Being • OSC Work Programme (OSMM)
12 Jan 10	<ul style="list-style-type: none"> • Diversity and Equality Action Plan- six month report (PM) • Scrutiny Spotlight – Lead Member Children's Services
9 Feb 10	<ul style="list-style-type: none"> • Revenue Budget and Capital Programme (BPF) • Budget Requirement and Council Tax (BPF) • Tower Hamlets Index (PM) • Scrutiny Spotlight – Lead Member Culture • OSC Work Programme (OSMM)
9 Mar 10	<ul style="list-style-type: none"> • Strategic Plan and Corporate Revenue Monitoring Report 2009-10 – Quarter 3 (PM) • Scrutiny Spotlight – Lead Member Development and Housing • OSC Recommendation Tracking Report Update (OSMM)
6 Apr 10	<ul style="list-style-type: none"> • Children and Young People Plan Refresh 2010-11 (BPF) • Tower Hamlets Index (PM) • Scrutiny Spotlight – Leader of the Council • Annual Report (OSMM)

BPF - Budget and Policy Framework PM - Performance Management OSMM - Overview and Scrutiny Monitoring and Management

Call-ins will be added where accepted. Pre-decision questions are a standing item on the agenda
The Committee will also consider reports arising from the investigations and reviews conducted by the Scrutiny Leads

Criteria and types of review

Against each item on the draft Work Programme, objectives and areas for analysis are indicated and include:

- Methodology – the approach used for the scrutiny investigation
- Performance and Improvement - the links to performance improvement issues and Value For Money (VFM)
- Planned Work – work either currently underway or scheduled, which the scrutiny review may feed into.
- OSC Criteria – how the topic and Members' contribution could improve services

Scrutiny topics are prioritised against defined criteria to ensure that the work:

- would assist in tackling an area of poor or challenging performance (bottom quartile or equivalent) that has priority within the Strategic Plan
- would assist with sustaining high performance that has priority within the Strategic Plan
- would assist in addressing an area of national policy development that has significant implications for the Council and where member input would be valuable
- relates to a planned service inspection and member input would be valuable in providing a robustness test before inspection (or submission of self-assessment)
- would help address a gap between community perception or concern and objective performance by utilising the members' leadership role
- would contribute particularly toward improving VFM

The work will follow one of three different approaches, as follows:

- **Scrutiny Challenge Sessions**
These are one-off sessions chaired by Scrutiny Leads which have to date have proved useful for improving members' understanding of new policies or guidelines or as part of the preparation for an inspection or report. There is potential for these to develop aspects of a particular policy on the subject for future service development work.
- **Reviews**
These are more extensive pieces of work spanning several months. They enable more in-depth research to be undertaken, visits to see practice elsewhere, participation of external experts, etc.
- **Developing the Scrutiny Lead champion role**
In addition to the more formal settings above, it is important for the Scrutiny Leads to develop expertise in championing issues within the work of OSC and with fellow frontline councillors. This would be particularly useful for topics where it is more challenging to engage councillors, such as VFM/ efficiency. Potentially each Scrutiny Lead would undertake this role within their portfolio. It is probably better decided on a topic base rather than a matter of course.

One Tower Hamlets (Lead: Cllr Ann Jackson)

Issue	Community leadership in Tower Hamlets	Method	Review
Lead officer	Lutfur Ali – Assistant Chief Executive		
Objective/outcome	<ul style="list-style-type: none"> • To identify the policies, practices and services which impact upon Community Leadership role. • Establish the role and responsibilities of community leaders based on local needs. • Improve mechanisms for support, training and development and thus empower the local community. • Evaluate the role of partners in supporting community leadership roles. 		
Performance Improvement	<ul style="list-style-type: none"> • 2008-09 Strategic Plan target is to improve the response time to members' enquires. • Local Government Act 2000 enshrined in law the role of local authorities as community leaders. It placed a duty on local authorities to produce community strategies for promoting or improving the economic, social and environmental wellbeing of their areas and to achieve sustainable development. 		
Other Drivers	<ul style="list-style-type: none"> • Evaluate the Tower Hamlets Partnership to see how it encourages community involvement through the LAP steering groups. • Identify learning and development needs to see what is required to improve councillor's leadership role. • Councillors' Commission and other national initiatives to empower community leaders. 		
Other issues	<ul style="list-style-type: none"> • Look at ways to improve the support given to councillors that are in employment. • Address management and leadership role of third sector representatives. 		
OSC Criteria	<p>Meets criteria:</p> <ul style="list-style-type: none"> • would assist in addressing an area of national policy development that has significant implications for the Council and where member input would be valuable • Where there is gap between community perception or concern and objective performance and members adopting a more community leadership role would assist in managing this. 		

Safe and Supportive Community (Lead: Cllr Denise Jones)

Issue	Reducing Youth Offending	Method	Review
Lead officer	Mary Durkin – Children’s Services		
Objective/outcome	<ul style="list-style-type: none"> Establish how effective the work of the YOT has been with regard to youth crime prevention, Examine the effectiveness of the Partnership working in crime prevention. 		
Performance Improvement	<ul style="list-style-type: none"> Key performance indicator shows that more work is required to reduce first time entrants to the youth justice system. Target in 2007 was -5%, actual figure was -7.7%. Areas for improvement identified by the 2005 joint inspection of the YOT included strengthened performance management, victim and restorative justice work, and equality issues. Areas for improvement identified by assessment of performance in 2007-8, highlighted the following strategic issues: parenting interventions, victim work, education, employment and training and over-use of custody. 		
Other Drivers	<ul style="list-style-type: none"> GLA population predictions show that there will be an increase of over 14,000 14-18 year olds by 2010 across the borough. Since 2003-4 the numbers of young people receiving a conviction, or admitting guilt and receiving a reprimand or final warning has risen from 435 to 543 in 2004-5, 573 in 2005-6 and 586 in 2006-7. The outcomes for Children outlined in Every Child Matters, emerging agendas under Care Matters, Targeted Youth Support, and the forthcoming legislation related to children, young people and crime. 		
OSC Criteria	<p>Meets criteria:</p> <ul style="list-style-type: none"> Would assist in addressing an area of national policy development that has significant implications for the Council and where member input would be valuable. Would help address a gap between community perception and concern. 		

Issue	Bullying in Schools	Method	Challenge Session
Lead Officer	Helen Jenner / Liz Vickerie – Children’s Services		
Objective/outcome	<ul style="list-style-type: none"> Consider the local authority’s anti-bullying policy Establish the nature of the problem in Tower Hamlets compared to other areas Focus on the work carried out by the Council and its partners in tackling bullying; Consider anti-bullying policy around hate crime Examine reasons for bullying 		
Performance Improvement	<ul style="list-style-type: none"> A key priority in the Children and Young People’s Plan theme of staying safe 		
Other Drivers	<ul style="list-style-type: none"> Members’ suggestion National and local area of concern 		

Prosperous Community (Lead: Cllr Abdul Aziz Sardar)

Issue	Reducing Worklessness Amongst Young People 16-24	Method	Review
Lead officer	Nick Smales - Development & Renewal		
Objective/outcome	<ul style="list-style-type: none"> • Examine policies in place at national and local level aimed at reducing worklessness • Further develop understanding of barriers to employment for specific group • Examine how private sector organisations could be more involved in the employment of local people. • Examine the barriers faced by young women seeking employment • Analyse the impact of the recession on young adults locally 		
Performance Improvement	<ul style="list-style-type: none"> • Remains a key priority for improvement amongst Members. • Employment a key issues identified by a number of reviews. • SP308 a local performance indicator on percentage of young people aged 16-24 claiming unemployment-related benefits went up by 4.2% between 2007/08 and 2008/09. 		
Other Drivers	<ul style="list-style-type: none"> • Tower Hamlets has had one of the fastest growing local economies, with a 48 per cent increase in jobs since 1998 but local people have not benefited as much as they could from this. • Unemployment remains high, and residents have one of the poorest level of health and life expectancy, and third highest level of deprivation in England. • Large investment in Working Neighbourhood Funding to reduce worklessness 		
Other issues	<ul style="list-style-type: none"> • Tower Hamlets has one of the youngest and most diverse populations in the country. • Over half of the residents are classed as white British with the remainder from a range of ethnic minorities. The largest group of which is people of Bangladeshi origin. 		
OSC Criteria	<p>Meets criteria:</p> <ul style="list-style-type: none"> • Would assist in tackling an area of poor or challenging performance that has priority within the council. • Where there is gap between community perception or concern and objective performance and members adopting a more community leadership role would assist in managing this. 		

A Great Place to Live (Lead: Cllr Alex Heslop)

Issue	Private Rented Sector	Method	Review
Lead officer	<ul style="list-style-type: none"> Aman Dalvi / Jackie Odunoye – Development and Renewal 		
Objective/outcome	<ul style="list-style-type: none"> Consider the Council policy on private rented sector Develop proposals to improve assistance available to tenants Consider whether the Council should support private sector leasing Establish issues around private sector landlords 		
Performance Improvement	<ul style="list-style-type: none"> Improving housing a key priority in the Community Plan Percentage of total private sector homes vacant for more than 6 months target not met in 07/08 with data not yet available for 08/09 		
Other Drivers	<ul style="list-style-type: none"> National credit crunch impact High levels of overcrowding in the borough High number of leasehold properties rented out 		
OSC Criteria	<p>Meets criteria:</p> <ul style="list-style-type: none"> would assist in addressing an area of national policy development that has significant implications for the Council and where member input would be valuable would help address a gap between community perception or concern Would contribute particularly toward improving VFM 		

Issue	Council's Strategic Relationship with RSLs	Method	Challenge Session
Lead officer	<ul style="list-style-type: none"> Aman Dalvi / Jackie Odunoye – Development and Renewal 		
Objective/outcome	<ul style="list-style-type: none"> Consider the Council's role in ensuring RSLs honour stock transfer terms Issues faced by local residents in dealing with RSLs 		
Other Drivers	<ul style="list-style-type: none"> A number of representation made at full Council by local residents regarding RSLs Member suggestion 		
OSC Criteria	<p>Meets criteria:</p> <ul style="list-style-type: none"> where member input and understanding would assist with sustaining high performance that has priority within the Strategic Plan would assist in addressing an area of national policy development that has significant implications for the Council and where member input would be valuable would help address a gap between community perception or concern 		

Excellent Public Services (Lead: Cllr Bill Turner)

Issue	Dangerous Dogs	Method	Challenge Session
Lead officer	<ul style="list-style-type: none"> • Andy Bamber - Communities, Localities & Culture 		
Objective/outcome	<ul style="list-style-type: none"> • To evaluate the reasons for the increase in dangerous dogs • To evaluate the partnership approach to tackling the issue • Raise awareness and amongst all stakeholders 		
Performance Improvement	<ul style="list-style-type: none"> • Dealing with local concerns about anti-social behaviour and crime issues a key national indicator 		
Other Drivers	<ul style="list-style-type: none"> • Area of rising local and regional concern • Member suggestion 		
OSC Criteria	<p>Meets criteria:</p> <ul style="list-style-type: none"> • would help address a gap between community perception or concern and objective performance by utilising the members' leadership role • would assist in addressing an area of national policy development that has significant implications for the Council and where member input would be valuable 		

Healthy Community (Lead: Cllr Tim Archer)

Issue	Preventing Childhood Obesity	Method	Scrutiny Review
Lead officer	<ul style="list-style-type: none"> • Owen Whalley – Development & Renewal • Tim Madelin – NHS Tower Hamlets 		
	<ul style="list-style-type: none"> • Examine the regulatory environment surrounding fast food outlets • Evaluate current potential actions the Partnership is considering to improve the impact of fast food outlets on health • Consider best practice examples from other local authorities in managing fast food outlets 		
Performance Improvement	<ul style="list-style-type: none"> • Strategic Plan 08-09 makes specific reference to improving people’s health and promoting healthy lifestyles. • (LAA) 51: Tackle obesity among primary school age children in year 6 		
Other Drivers	<ul style="list-style-type: none"> • ‘Healthy lives: A cross Government Strategy for England’ to tackle the rise in obesity makes mention of using “planning powers to manage the number of fast food outlets” • Improving health and reducing differences in people’s health by promoting healthy lifestyles to slow down the increase in obesity is a key Community Plan priority • There are currently over 200 fast food outlets in the borough • Develop capacity of OSC to challenge and examine in detail performance information • Tower Hamlets part of healthy borough initiative 		
OSC Criteria	<p>Meets criteria:</p> <ul style="list-style-type: none"> • Would assist in tackling an area of poor or challenging performance that has priority within the strategic plan • would assist in addressing an area of national policy development that has significant implications for the Council and where member input would be valuable • would help address a gap between community perception or concern and objective performance by utilising the members’ leadership role 		