

Meeting of the

COUNCIL

Wednesday, 20 February 2019 at 7.00 p.m.

BUDGET AMENDMENTS PACK

	PAGE NUMBER	WARD(S) AFFECTED
5. BUDGET AND COUNCIL TAX 2019/20	3 - 18	All Wards
Containing proposed amendments from the Conservative Group and Councillor Puru Miah		
Also attached is the Mayor's response to the Overview and Scrutiny Committee's budget recommendations.		

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact:

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Agenda Item 5

Conservative Budget Amendment

Proposed: Cllr Andrew Wood

Seconded: Cllr Peter Golds

This Council supports:

- A 2% Council tax increase (not 3.4%)
- That greater resources be:
 - Allocated to areas that will improve the quality of life for residents and reduce Anti-Social Behaviour (ASB)
 - Allocated to areas that will generate more savings or increase income in the future allowing us to spend more on services in the future
 - Allocated to area that will more quickly deliver the infrastructure our growing population needs
- That less resources be spent on those areas that do not directly benefit the community as a whole
- A reduction in the £22.3 million of reserves that will be lost through inflation over three years

This Council believes that Council tax increases should be more explicitly tied to wage increases. That Council tax increases should not exceed wage growth and ideally be less than average wage growth so that Council tax becomes more affordable over time.

This Council notes that:

- That London wage growth last year was at least 2.6% although nationally wage growth was 3.5% (Median full-time weekly earnings increased 3.5% in 2018 compared with 2017)
- That this April the government are introducing the following changes in the National Minimum Wage.

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
April 2018 (current rate)	£7.83	£7.38	£5.90	£4.20	£3.70
Apr-19	£8.21	£7.70	£6.15	£4.35	£3.90
Increase year on year	4.9%	4.3%	4.2%	3.6%	5.4%

The London Living Wage is increasing from £10.20 to £10.55 an hour this April, a 3.4% increase.

With inflation now at 1.8% a 2% Council tax increase we believe will ensure that the Council receives a real cash increase but that it declines as a % of resident's income making it more affordable.

With such large year on year wage increases our residents will be enjoying above inflation pay increases ensuring that they are benefitting financially.

This Council notes:

The need to spend money before it is lost to inflation

This Council notes that the Council has substantial reserves and that we are currently earning less interest than is lost to inflation which means that over time our reserves are declining in value.

Below is an estimate of those losses:

	31-03-2018 £m	31-03-2019 £m	31-03-2020 £m
Total value of reserves	515.7	492.4	414.4
Loss in Reserves value due to inflation	(6.8)	(10.1)	(5.4)

(The General Fund working balance should not fall below £20 million)

We can reduce those losses by earning more from our investment, a process currently underway. But we can also speed up the construction of the infrastructure our growing population needs spending the money before inflation impacts its purchasing power.

We have therefore allocated £273,396 to increase the size of the Infrastructure Planning Team. We also believe it would be appropriate to spend Community Infrastructure Levy & S106 funds on programme delivery teams.

For example, Be First, the Barking and Dagenham's Council urban regeneration company, was advertising last year for contractors to join a brand-new development framework, estimated to be worth £1bn over the next four years which will help deliver the infrastructure required to support the growing population in that Borough. There is much more development happening in Tower Hamlets but we have no equivalent.

Locally the GLA/TfL/LBTH Isle of Dogs and South Poplar Development Infrastructure Funding Study (DIFS) finalised in November 2017 had these forecasts of monies that needed to be spent on the Isle of Dogs and South Poplar. Very little of this money has been spent except for some work on the new South Quay pedestrian bridge. This work should be prioritised based on the recommendations from the GLA.

Category £'000	2017/18	2018/19	2019/20	2020/2021
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Utilities	£2,728	£11,088	£8,838	£11,838
Transport & Local Connections	£139	£9,806	£18,756	£23,830
Education	£28,946	£28,946	£28,946	£28,946
Fire, Ambulance, Police,	£2,930	£0	£0	£0

CCTV				
Health	£1,526	£1,526	£1,526	£1,526
Leisure	£4,764	£4,764	£4,764	£4,764
Community facilities	£738	£738	£5,411	£5,411
Total Low	£41,771	£56,868	£68,241	£76,315

Priority of Spending - Low growth option

Critical	£2,450	£17,310	£20,310	£18,185
Essential	£35,974	£39,141	£47,314	£55,313
High	£3,347	£417	£417	£917
Desirable	£0	£0	£200	£1,900
	£41,771	£56,868	£68,241	£76,315

This Council believes it is better to be building new schools, GP surgeries, playgrounds, leisure facilities, community centres, youth centres then having money sitting in the bank losing value.

Communications

In total we spend more than £604k on the budget for the salaries of the External Communications team alone. This is more than we spend on the ASB and CCTV teams combined, this is the wrong priority.

However, we propose to increase the budget of the social media team by £50k to reflect the importance of communicating with residents rather than the external press.

Police, ASB & Security & Out of Hours Service improvements

We believe that there needs to be a substantial investment in services that improve the safety of residents and or their quality of life. We propose to increase funding as follows:

Extra police funding	£100,000
Youth centres	£100,000
Out of hours service increase	£150,000
CCTV	£201,093
Community Safety Team	£128,050
ASB Investigation Officers	£100,000
	£779,143

The out of hours service increase should allow 7 day a week working when added to the proposed budget increase.

Fireworks & Celebration

Bonfire night is held on the border of Hackney but currently LBTH pay for all of these costs. This is iniquitous, that Hackney residents attend but do not contribute. We propose that this year Hackney pay the full cost for a change and that in future years we share the costs equally of this event. If they think this event is valuable, we are sure they will agree.

Inflation

When the budget was written inflation was 2.4%, in January 2019 it fell to 1.8%. This should give us some leeway in our budget.

We have not budgeted for any benefit though.

Language

The Casey review into “opportunity and integration” said on page 94

“6.51. In relation to integration and economic success, one factor that stands out strongly as a barrier to progress is proficiency in English. English language is a common denominator and ensuring everyone is able to speak English enjoys strong public support. Lack of English skills presents a clear barrier to social and economic mobility – going for a job interview, writing a letter to a bank or understanding the country you live in.”

In Tower Hamlets 27% of adults of Bangladeshi origin cannot speak English well or at all.

We therefore propose an increase of £300,000 in funding for English for Speakers of Other Languages (ESOL). This will be provided by the Community Language Team.

Given that at school pupils are able to learn a variety of modern languages we believe that it is unnecessary for the Council to fund the teaching of another language after school. We therefore propose to remove this funding.

Commercialisation

For some years now we have discussed launching a strategy on finding new ways of generating an income to help cover the cost of Council services. No strategy has resulted. Although the monies generated from filming show what is possible.

By contrast Barking & Dagenham Council have agreed to hold the lease on a new Travelodge hotel to be built only yards from the Tower Hamlets Town Hall. Another example Spelthorne Council for example have commercial assets valued at over £1 billion generating an income for the Council.

The budget includes £100k for a new team to start developing an income strategy for Tower Hamlets.

Joint Working

With a few exceptions like Audit and Animal Wardens LBTH has generally not shared services with other local authorities or public bodies.

We propose a budget of £60k to help investigate options.

Special Responsibility Allowances

There was a substantial increase in SRA Allowances last May which substantially increased the number of Councillors who received an SRA.

It is not clear that those increases have contributed to any improvements noticeable to residents of LBTH. We therefore propose to remove those allowances and to budget for the Conservative group proposal submitted last May which will save £93k.

By-elections

We believe that it is prudent based on the information we have to budget for more by-elections and a referendum during the next year.

Cost £30k

This Council amends the Mayor's budget as follows:

Implement the following reductions in expenditure:

Description	2018/19 Impact	Detail
Smoking cessation	£1,300,000	Transfer of budget internally to mental health, given wide availability of information on how to quit smoking
Communication budget	£151,093	Reduction of staff in the external Comm's team who deal with external journalists, this does not directly benefit residents
Mother tongue/Community Language Support	£684,000	Remove budget for Mother Tongue / Community Language Support – move £300k into ESOL
SRA Allowance	£93,300	Reduction of SRA Allowances to reflect proposal made by Conservative group last May to better match allowances
Bonfire night	£120,000	Until agreement sought to share costs with Hackney Council
One Tower Hamlets	£327,000	Reduction in external payments budget for One Tower Hamlets
Trade Union Facility Time	£258,000	Removal of funding for full time staff
Celebration events	£100,000	Removal of four celebration events
Town hall	£31,000	Removal of subscriptions & use of external

subscriptions & external venues		venues
Non-statutory translation	£82,000	Stop non-statutory translation of documents into foreign languages in order to promote cohesion, and follow DCLG best practice (see ESOL below)
Media monitoring	£25,000	Ending external cost of monitoring THC news, this can be got for free
Staff costs	£1,078,746	25% reductions (or internal transfers) in various departments including Whitechapel Vision, Executive Mayor, Economic Development, Rapid Response, Local Plan team in 2nd half of year.

2. Implement the following increases in expenditure:

Description	2018/19 Impact	Detail
Mental Health	£1,300,000	Transfer from smoking cessation
Police extra funding	£100,000	To be left to Borough Commander whether to invest in additional officers, stations or overtime allowing SNT's team to do more night work
Youth centres	£100,000	To increase funding for youth centres
Community Safety & ASB Investigation	£228,050	Extra resources in the teams that deal with community safety and ASB
CCTV control staff	£201,093	Extra operators to staff control room
Out of hours	£150,000	To make a 7-day service not just 4 days a week
Joint working project	£60,000	Project to investigate opportunities to reduce costs by working more closely with other Boroughs
Commercialisation team	£100,000	Team look at generating other income sources
Digital communications	£50,000	Extra resources for the social media team to improve communication with residents
By-election & referendum costs	£30,000	Prudent reserve in case there are more by-elections in TH
ESOL classes	£300,000	Fund extra ESOL classes in order to promote cohesion in the borough and employability
Infrastructure Planning	£273,396	Increase in budget

OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE CONSERVATIVE GROUP

The following sets out comments by the Section 151 Officer and the Monitoring Officer on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

Comments of the Chief Financial Officer

The proposals are considered to be cost neutral in 2019/20, although there are some additional one-off costs associated with potential redundancies or the termination of contracts. These costs could be met from reserves.

Where savings involve redundancies staffing changes, or service decommissioning, they will be subject to the council's organisational change procedures and are unlikely to be implemented by 1 April 2019. As a result, full year savings will not be realised in 2019/20. In order to mitigate this, additional spending proposals could be delayed, or general reserves used to deal with the financial impact.

Comments of the Monitoring Officer

The process for submitting and considering amendments to the Administration's Budget Motion are set out in the Council's Constitution (Council Procedure Rules). I can confirm that the process that has been followed for the submitted amendments meets those requirements.

Pursuant to Section 32 of the Local Government Finance Act 1992 the Council is required to set a balanced budget. The indicative figures set out in these proposed amendments appear to meet that requirement however, if any of the amendments are adopted by Council, officers will need to undertake further work to determine whether the proposals can be achieved at the savings/expenditure levels set out.

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Budget Amendment 2019/2020

Proposed: Cllr Puru Miah

Seconded: Cllr Gabriela Salva Maccallan

This Council welcomes:

1. The vibrant debate around the future of the future structure of the Community Language Service, lead by ordinary parents and service users.
2. The the recognition by all participants in the debate that the Community Language Service is a vital anti poverty measure, by providing enrichment to children for decades in Tower Hamlets, a borough with one of the highest child poverty rates in the United Kingdom.
2. This Council welcomes the proposals put forward and the willingness of service users of the Community Language Service to work with the Council to come up with alternative plans to make the Community Language Sustainable in light of cuts to Council Funding by the Conservative Government.

This Council believes:

1. That there should be a year delay in any restructuring allowing for an establishment of demand for the service and actual facts about the service users. Also, to allow for proposals to be tabled by service users and other interested parties for a sustainable Community Language Service.

This Council further believes:

1. To allow for one year delay to consider proposals, a £30,000 increase to fund a community lead consultation, to be funded out of the general reserves.
2. The Medium Term Financial Strategy (MTFS) removed from the Budget, allowing the service to maintain its current size and structure so facts could be established, which will provide the basis for any proposals for a sustainable Community Language Service (CLS)

This Council amends the Mayor's budget as follows:

1. £30,000 increase for the Community Language Service Budget 2019/2020
2. £30,000 reduction in the general reserve to fund the increase for the Community Language Service in 2019/2020.
3. Remove the Medium Term Financial Strategy (MTFS) with regards to the Community Language Service from the Annex of the Budget.

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OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY COUNCILLOR PURU MIAH

The following sets out comments by the Section 151 Officer and the Monitoring Officer on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

Comments of the Chief Financial Officer

The budget proposal is deliverable and cost neutral for 19/20. The MTFs from 20/21 onwards will require a sustainable solution that maintains a cost neutral position. This will be considered as part of the 20/21 budget setting process.

Comments of the Monitoring Officer

The process for submitting and considering amendments to the Administration's Budget Motion are set out in the Council's Constitution (Council Procedure Rules). I can confirm that the process that has been followed for the submitted amendments meets those requirements.

Pursuant to Section 32 of the Local Government Finance Act 1992 the Council is required to set a balanced budget. The indicative figures set out in these proposed amendments appear to meet that requirement however, if any of the amendments are adopted by Council, officers will need to undertake further work to determine whether the proposals can be achieved at the savings/expenditure levels set out.

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Cllr Abdal Ullah
Chair of the Overview and Scrutiny Committee
Tower Hamlets Council

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15th February 2019

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Dear Cllr Ullah

Thank you for the Overview and Scrutiny Committee's recommendations following your scrutiny of my administration's proposed Budget.

I note that you have requested that I present a report to the Council meeting setting out a formal response to the recommendations. I thought it would be useful to instead write to you to set out my response ahead of the meeting so it can inform your comments at Full Council. This letter should be read in conjunction with my comments at the Cabinet meeting on 30th January.

Recommendation 1: *That the Council identifies potential savings proposals and engages businesses and local residents earlier in the year so service users and the Overview and Scrutiny Committee can better contribute to the development of budget proposals.*

The council is committed to consulting and engaging our residents in the setting of our Budget. This year the Your Borough, Your Future consultation resulted in over 2,000 residents, businesses and community organisations responding to share their priorities for how the council spends their money. While there is always more we can do I am proud we actively seek to involve local people in decision making, that's why we wrote to all our households inviting them to get involved. I will ask officers to explore whether the timeline for public consultation can be brought forward in future years. I would also highlight that, unlike some other councils, the three year Budget setting process we operate in Tower Hamlets allows our community sight of many of our plans years in advance of their implementation, many of which are then remarked upon or considered by the relevant Scrutiny Committee.

Recommendation 2: *That the proposed savings set out by the Executive be brought to the Overview and Scrutiny Committee individually at the appropriate times over the next three years to contribute to the oversight of savings proposals in year.*

I would encourage the O&S Committee to incorporate savings and growth proposals into their work programme each year as these are often key areas of focus for the administration and Directorates so it would make sense for them to also be the focus of scrutiny. I have been clear however that I do not think it is for the Executive to seek to set O&S's work plan and as such I would not want the Executive to refer items to the Committee to examine. Instead the Committee may wish to consider reviewing the budget proposals for the Directorates as part of their agenda planning meetings at the start of the municipal year.

O&S may also want to consider incorporating a greater focus on the previously agreed savings in their Budget scrutiny as I would be more than happy to consider their concerns should the context have changed since the original decision was taken. A tool which might be helpful in this would be the savings tracker which accompanies the budget monitoring reports each quarter and gives the Committee, and the wider public, the ability to scrutinise progress on individual savings each quarter.

Recommendation 3: *That the Council reviews its modelling for income projections and testing expenditure assumptions to ensure income growth is more accurately reflected than it has been in the past three years.*

Modelling income and expenditure is always fraught with challenge, particularly when Government have taken to releasing the Local Government Finance Settlement so late in the day. I am sure the Corporate Director for Resources would be more than happy to work with the Committee to better understand the methodology and where there may be scope for improvement. The unknowns of the Government's 'Fair Funding Review' however may make our income and spending projections more challenging.

Recommendation 4: *That the Council develops a more ambitious income generation strategy in collaboration with partners, businesses and residents.*

Better use of our assets to unlock income potential is a developing strand of the council's work. While there are many services we deliver which should and will remain free to residents, we have enviable assets which could be better utilised to bring in income for taxpayers when we are not using them. To this end this Budget includes an increased income generation target which we will seek to deliver over the coming years. This is broadly a new area for the council to expand, and as we develop it I share the O&S committee's view that we should be more ambitious in future. I note that this might be an area where a piece of detailed O&S scrutiny work might add significant value to help the council develop new ideas for income generation based on best practice elsewhere.

Recommendation 5: *That the Overview and Scrutiny Committee is provided with the Council's assumptions in modelling increases in fees and charges above the rate of inflation.*

I would be more than happy to ask the Corporate Director for Resources to provide any underlying modelling for increases in fees and charges for further scrutiny.

Recommendation 6: *That, in advance of the Council's February Budget meeting, the Council undertake and publish an assessment of the cumulative impact of proposals, including increases in Council Tax and fees and charges to better understand the impact of multiple decisions on particular groups of residents.*

Given the three year nature of the proposed Budget many of the proposals are in outline form. This means work will be done on the implementation strategies over the coming year. As you would expect, any savings proposals which would have a significant impact on residents, service provision or staffing that are subject to equality analysis will include consultation on the detail of these proposals. Once this process has taken place the decision will be agreed often through a Cabinet decision and following associated pre-scrutiny by the O&S Committee before implementation.

Set out at section four of the report is the council's approach to equality analysis. This is proportionate and includes setting out the borough's inequalities according to different protected characteristics. The report also sets out responses to our consultation on our budget proposals highlighting issues of concern in relation to policy areas and protected characteristics. In addition, the budget proposals set out where there is a need to undertake equality analysis before implementing any decision.

Recommendation 7: *The Council more proactively monitors how partners and service providers (whether through commissioned services or grants funding):*

- 1 • address inequality in the borough
- 2 • support access to employment
- 3 • support progression into leadership roles for under-represented groups, such as BME residents and women.

Since my re-election the Council has re-introduced robust partnership arrangements across the board. Many of these organisations have their own mandates and processes but we have come together to agree a joint borough-wide Tower Hamlets Plan setting out shared high-level aims and ambitions each of our organisations will work towards. The areas rightly identified by O&S are prominent features of the Tower Hamlets Plan and responsibility for monitoring progress sits with the Partnership Executive Group which I as Mayor Chair. The Partnership Executive Group is working with the Partnership sub boards to identify how they are addressing needs and addressing inequality through their Boards and Strategies. We will review progress on the four themes of the Plan on an annual basis and provide challenge and support to address areas where progress is not being made.

All commissioned providers and those that are grant funded are expected to support delivery of the council's priorities including addressing inequality which is a key outcome in our Strategic Plan. Through contract and grant monitoring providers are required to produce equalities monitoring data and contract managers review and work with providers to ensure services reach our most vulnerable residents.

Recommendation 8: *That the Council explores the option of means-testing Community Language Services.*

The Community Language Service is a valued but non-statutory service. With increased pressure on our budget and with the Government's Fair Funding Review likely to reduce our funding further in coming years we face significant challenges and tough decisions when it comes to our non-statutory services. Our aim is to move the service to a more sustainable long-term footing by supporting it over three years to operate as a self-funding, or substantially self-funding, model. Currently the council provides significant amounts of funding for a wide range of classes with varying levels of attendance. By reviewing the setup of the service, and in consultation with the groups supporting community languages, we are confident the service can be transformed with quality maintained but costs significantly reduced. While introducing a means test for a reduced contribution may be an option it would need to be managed within the new structure of the service and at least substantially self-funded.

Recommendation 9: *That the Council ensures it uses empirical evidence to assess the equalities impact of remodelled services on service users.*

The Budget report identifies savings proposals that will need to be to have full equalities analyses and as part of this will consider empirical evidence to assess impact on service users including actions to mitigate any adverse impact on particular equalities group.

You also in your verbal comments referred to the need for equality analysis to be undertaken at the formative stage to understand the potential impact on residents and feed into decision-making processes sooner as well as asking whether fees and charges alone can change behaviours or if they needed to align with education campaigns to have a greater impact. As you will have seen, an overarching equalities impact assessment of the budget has been undertaken and was included in the

Cabinet report of 30th January. Individual proposals which require them will then have to conduct analysis on the impact of these proposals before further they are implemented and where appropriate, make any necessary changes.

With regards to the ability of fees and charges to change behaviour, this is only one of a number of strands of our work. For example, over the last year the Breathe Clean campaign and outreach work has consistently highlighted the danger of air pollution and its impact. Our anti-idling policy and signage has helped to change behaviour around our schools, much like the 20mph limit we introduced on local roads. Financial incentives are an important tool in this process and help to provide a tangible recognition of choices which result in public benefits or in the case of the diesel surcharge, to disincentivise actions which result in public harm. Such is the scale of the air pollution crisis facing London that none of these measures alone would make the difference we need to see.

Finally, my Cabinet and I would like to thank you, the Vice Chair and your fellow committee members for your constructive scrutiny of this Budget. As we have discussed before, I know how much positive difference an active scrutiny committee can make to the way a council runs and the quality of the services we deliver, particularly in times of fewer resources.

I am happy that this response be considered a matter of public record and have as such asked for it to be published as an appendix paper for the Budget Council meeting.

Yours sincerely



Mayor John Biggs
Executive Mayor of Tower Hamlets