

Meeting of the

CABINET

SUPPLEMENTAL AGENDA

BUDGET 2011/2012

**DOCUMENT PACK
Supplemental 1**

**Overview and Scrutiny Committee
(08 February 2011)**

**Cabinet
(09 February 2011)**

**Council
(23 February 2011)**

Please Note

It is important that all members of the Council attending the above meetings bring this supplement to the main Budget document pack with them.

LONDON BOROUGH OF TOWER HAMLETS

CABINET

WEDNESDAY, 9 FEBRUARY 2011

5.30 p.m.

10 .1 General Fund Revenue Budget and Medium Term Financial Plan 2011/2012-2013/2014 - Addendum Report (CAB 097/101) (Pages 1 - 8)

Agenda Item 10.1

Committee/Meeting: Overview & Scrutiny Committee Cabinet	Date: 8 th February 2011 9 th February 2011	Classification: Unrestricted	Report No: CAB 097/101
Report of: Corporate Director – Resources Originating officer(s): Chris Naylor, Corporate Director-Resources & Alan Finch, Service Head – Corporate Finance		Title: General Fund Revenue Budget and Medium Term Financial Plan 2011/2012- 2013/2014: Addendum Wards Affected: All	

Lead Member	Cllr Alibor Choudhury, Lead Member Resources
Community Plan Theme	One Tower Hamlets
Strategic Priority	All

1. SUMMARY

1.1. This addendum;

- a. reports the final grant settlement announcement made by Ministers on 31st January 2011.
- b. reports the results of the formal budget consultation process attached at **Appendix H**.

2. FUNDING FOR 2011/12 and LATER YEARS

Formula Grant

- 2.1. On 31st January 2011, the Local Government Minister announced the final local government finance settlement for 2011/12. This confirms the Formula Grant and specific grant figures provided for consultation in December and set out in the main report.
- 2.2 For consultation purposes, the Transition Grant has been calculated to ensure that no authority's 'revenue spending power' reduces by more than 8.9% across all funding streams, including Council Tax, Formula Grant and specific grants. For the final figures, the Government has slightly increased this minimum level to 8.8%. As a result, Tower Hamlets will receive £4.143m in Transition Grant in 2011/12, which is £376,000 more than originally announced. This is a one-off amount in 2011/12 and the authority will receive no further Transition Grant in 2012/13. Thus it cannot be used to reduce the £72m savings target over three years, although it does provide slightly more funding in 2011/12 and thus marginally softens the front-loading effect of the grant cuts.

Specific Grants

- 2.3. Specific grant allocations for 2011/12 announced in the provisional settlement are all confirmed as set out in Table 8.9 of the main report.

Ministerial Statement in relation to Council Tax

- 2.4. In his settlement statement, the Local Government Minister confirmed that a Council Tax Freeze Grant will be paid to those authorities which set their Council Tax increase at 0% or below in 2011/12, and added;

“Where authorities opt to increase their council tax instead the Government is prepared to take capping action against excessive increases. The Secretary of State will set out the capping principles that he intends to use to compare authorities’ budgets in the next few days, leaving ample time for authorities to consider their budgeting before the deadlines for setting their council tax”.

Further information will be provided to Members when it becomes available.

3. BUDGET CONSULTATION

- 3.1. The results of public consultation are set out at **Appendix H (attached)**. The Cabinet should consider the results of these consultations in allocating resources and recommending the total budget requirement and Council Tax for 2011/12

4. COMMENTS OF THE CHIEF FINANCIAL OFFICER

The comments of the chief financial officer have been incorporated into this report of which he is the author.

5. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

The principal report was published in accordance with access to information requirements. It indicated that further information of the kind contained in this report would or may be forthcoming. On that basis it is considered there is no barrier to publication of this addendum.

6. ONE TOWER HAMLETS CONSIDERATIONS

The approach to consultation of residents is set in Appendix H

7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

There are no additional implications

8. RISK MANAGEMENT IMPLICATIONS

There are no additional implications

9. CRIME AND DISORDER REDUCTION IMPLICATIONS

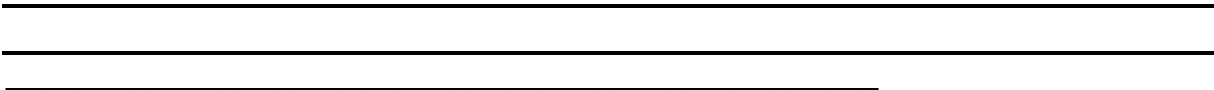
There are no additional implications

10. EFFICIENCY STATEMENT

There are no additional implications

11. APPENDICES

Appendix	Title
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Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
Focus Group Notes	Glen Ocsko Ext 4576

CONSULTATION ON THE BUDGET 2011/12

1. Resident Focus Groups – Summary Report

Four focus groups were held with local residents from 9 – 13 January 2011 to discuss key issues for the forthcoming budget.

Participants were asked a series of questions, best grouped into three main subject areas. The first part of the session aimed to establish the level of awareness about the forthcoming cuts amongst residents; the second part to develop a better understanding of the ways in which participants felt that the cuts will impact on local people; and the third part of the session was to explore the ways in which local people and organisations can work more effectively together in order to achieve results with less funding.

Throughout the week we spoke to a total of 34 residents, who highlighted a range of key issues for consideration in the budget decision-making process. These issues included: the lack of information available; the importance of starting the cuts with middle and senior managers rather than frontline staff; and the potential for better partnership working to deliver important services.

There was an overwhelming degree of agreement that cuts will bring negative consequences to the community, although some participants were unsure as to the consequences. There was little positive reception for the prospect of cuts.

Awareness of cuts

One of the strongest messages made clear in the sessions was that residents felt there was a lack of information regarding the budget cuts. This is perhaps inevitable given the speed at which the Council has needed to respond to the national agenda and the timing of the Mayoral election in the middle of budget process.

There was a level of scepticism about the effectiveness of the changes which the organisation might be undergoing, with one residents stating that *'a fortune is being spent on consultants – but they are being called interim managers'*. Word of mouth was the most common source from which the participants had obtained any information which they had about the cuts, with most people citing neighbours or colleagues as their sources of information. This led to further confusion around what might be rumour, with many participants reporting that they were aware of various organisations having to make considerable savings but not knowing how this would affect the services provided.

Continuing with the theme of Council-based communications, there was criticism for East End Life in its current form, with many participants calling for it to be reviewed and run less frequently, at a lower cost.

Perceptions of impact of cuts

There was a strong and clear message from all focus groups that middle management should bear much of the brunt of the cuts in the first instance. Participants were critical of the layers of management present in the Council, and many felt that services could continue to be provided at a similar level without so many middle managers. There was also criticism for senior management, with several participants pressing the importance of protecting frontline staff and services over senior managers.

When asked which services they felt should be prioritised, several services were highlighted, but one above all else. The majority of participants saw Sure Start as an essential service to many people across the Borough,

Other key services that were highlighted included street cleaning, rubbish collection and recycling facilities. One participant argued for the importance of these services, noting that *'addressing street-level issues can help to keep morale high'*.

There was also a fear for certain groups within the community, with one participant reflecting the concerns of many, stating that *'older and vulnerable people will suffer more.'* The fear over older people suffering the most through cuts was widespread, and was further amplified through a further discussion over the potential impact of the cuts on carers.

Concern was expressed over the impact of possibly cutting the provision of support services for unemployed people at a time of increasing unemployment. It was felt that this could result in a double blow to people losing their jobs and people who have been out of work for a longer period of time, given that there are fewer job opportunities along with less support to access pathways back to employment.

There was fear that crime may increase as a consequence of reduced Police numbers, increasing poverty and rising unemployment. There was also concern about the lack of opportunities available for young people, and education – in a variety of forms, not just schools – was identified by some as a service which must be protected.

Several participants suggested the adoption of means testing for a wider range of benefits and services, in order to ensure those most in need were prioritised. However, other participants were wary of the previous problems and stigmas associated with means testing, and were hesitant to endorse such proposals.

Partnership working and service delivery

Suggestions were put forward for a greater exploration of the potential of joint service provision across neighbouring boroughs. Whilst there were concerns over how this might impact on other services and boundaries, it was felt that this could lead to a more practical way of continuing to provide key services on a tighter budget.

There was also considerable support for more effective partnership working across sectors. Whilst there were one or two positive ideas with regards to the potential of working with the private sector, there was strong and widespread support for closer partnership working with the third sector.

Participants identified scope for merging existing departments, noting their preferences for providing limited or combined services rather than seeing services disappear altogether. It was also noted that the Council could play a greater role in supporting residents to play a more active role in the community, including volunteering and helping to provide and deliver services. Ideas floated here included supporting unemployed people into volunteering and work experience opportunities, and in leading by example through offering apprenticeships for young people, and encouraging businesses in the area to do the same.

There were mixed feelings throughout the various groups on the potential to deliver more services online. Arguments were put forward for the potential to reduce costs whilst continuing to provide services where this was possible, and several participants highlighted the fact that every Tower Hamlets residents has free access to the internet via the computers at Ideas Stores across the Borough. However, several other participants were reluctant to support such a move, noting that many people in practice are not computer literate, and have little desire to learn, as well as preferring a more traditional type of service delivery.

Suggestions were made that any 'prestige projects' or new developments in the pipeline could be cancelled in order to free up money for more urgent or essential projects and services. There were also arguments that more services could be more demand-led, increasing and decreasing provision as and when necessary. However, a number of participants were eager to list those projects which they hoped to see completed.

Arguments were presented for a need to work more closely with social housing providers, with some participants fearing a double-hit of a reduction in services with a rise in rents. This could be seen to reflect a wider fear of being hit by several different cuts or reforms through different organisations, and highlights the importance of effective co-ordination and partnership working in order to best protect local residents.

2. *Business Consultation*

Statutory consultation with the business community is carried out by sending a copy of the budget proposals to six local business representative groups. No responses have been received at the time of writing.

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