



Meeting of the

TOWER HAMLETS COUNCIL

Tuesday, 8 March 2011 at 7.30 p.m.

S U P P L E M E N T A L A G E N D A

MAYOR'S REVISED BUDGET MOTION

AGENDA ITEM 4: BUDGET AND COUNCIL TAX 2011/12

The revised proposals of the Mayor and Executive in relation to the Council's Budget and Council Tax 2011/12, shown as 'to follow' on the agenda for the above meeting, are attached.

REPORT TO BUDGET COUNCIL 8TH MARCH 2011

GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2011//12 CAPITAL PROGRAMME 2011/12 – 2013.14 TREASURY MANAGEMENT, BORROWING AND INVESTMENT POLICIES 2011/12.

Mayor's Revised Budget Motion

1 INTRODUCTION

- 1.1 At the first Budget Council meeting on 23rd February, the Council considered three amendments to the Cabinet's budget approved on 9th February, and heard the Mayor's proposals for a revised budget combining elements of the amendments.
- 1.2. The Mayor agreed the Liberal Democrat and Respect amendment .which then became part of the Mayor's budget. That new substantive budget was then amended by the Labour motion which was agreed by the majority of councillors at the meeting.
- 1.3. The effect of this is that the substantive motion before Members this evening is the Cabinet's approved budget of 8th February, amended by the Labour Group amendment and incorporating those elements of the Liberal Democrat and Respect amendment that are not superseded by the Labour Group amendment.
- 1.4. A financial statement setting out the substantive motion as revised is set out at **Appendix 1.** It results in a Budget Requirement of £310.960m and a Tower Hamlets Council Tax at Band D of £885.52, no change on 2010/11
- 1.5. Officer advice on the proposals in the budget has been received by Members in the Budget Council Document Pack and papers tabled at Council on 23rd February. In the interests of economy these papers are not reproduced in this report but Members are requested to bring these with them to the meeting and to take account of these in making their decisions.

2. MAYOR'S COMMENTS ON THE REVISED MOTION

The Mayor of Tower Hamlets comments;

- 2.1. I have considered the detail of the budget amendment passed by Council on 23rd February and set out below my comments item by item, and my own revised proposal for Member consideration.

2.2. Employment Initiatives

I accept the proposal put forward by the Liberal Democrat and Respect Members to spend an additional £1.040m to support apprenticeships, leadership training and new graduate initiatives over 3 years, funded from earmarked reserves.

2.3. Affordable Housing

I accept the proposal put forward by the Liberal Democrat and Respect Members to allocate £3.5m to increase affordable housing, including social rented accommodation and address overcrowding by increasing the buy-back of family-sized homes and knockthroughs in the Borough funded by £0.600m from earmarked reserves and £2.900m from available capital receipts.

2.4. Housing Link

I accept the proposal by the Labour Group to maintain the Housing Link Service with a 25% reduction in funding and a requirement to work with the Council including the supporting people team to review caseloads, costs and the interaction with other services.

2.5. Support to Mayor and Councillors

I accept the proposal by the Labour Group as set out in their amendment to replace my proposals for savings in this area and instead to reduce non-staffing budgets by £82,000 and staffing budgets by £230,000.

2.6. Extended Schools

I note proposals from the Labour Group that provide £406,000 to continue the Junior Youth Service in at least eight schools for working and non-working parents.

My initial proposals allocated £120,000 to provide the service in at least eight schools. At the meeting I accepted the Lib Dem and Respect amendment that extended these proposals to non-working parents and retained charges at current levels by allocating £60,000 in extra funding (or £5,000 per school). I was also pleased to announce the participation of a ninth school.

The view from officers is that my proposals, as amended by Lib Dem and Respect Members, provide substantially the same outcome as those put forward by the Labour Group at a substantially lower cost.

I therefore propose to amend the motion to accept the Liberal Democrat and Respect proposal in place of the Labour Group amendment. Under this proposal

the saving CSF/5 Extended Schools would be taken but an additional £60,000 would be allocated in 2011/12 to assist schools in taking on the service.

2.7. East End Life

My position on East End Life is the same as that stated at the budget meeting on 23rd February 2011. The review of the operation of East End Life which I asked officers to undertake in January is under way and is due to report in May. The Labour Group amendment voted through at the first Budget Council would be to save £200,000 by moving to a quarterly publication.

Officers advise that there are financial risks associated with accepting these proposals as the savings generated by moving to a quarterly publication may be offset by lost income from advertising. Officers have also indicated that at this stage of the review, there is little to choose between the various options financially.

In the light of this advice, I am unwilling to pre-empt the outcome of the review. I therefore propose to set a saving of at least £200,000 to be achieved as a result of the review of East End Life but will not make a decision on the frequency or format of the review until the review has reported back with fully costed proposals.

2.8. Community Safety

The Labour Group amendment proposes to add one Police Officer per ward to the Safer Neighbourhood Teams, and to fund this by deleting the current team of Tower Hamlets Enforcement Officers with effect from 1st July.

I very much welcome more police on our streets, but the THEOs enhance and complement the work of the police and are also a valuable community safety resource to Tower Hamlets, especially in relation to the management of anti-social behaviour.

As I announced at Budget Council on 23rd February, I have been in discussion with the Borough Commander to enhance police provision by providing 21 new officers, using a combination of funding from the new Community Safety Fund allocated to each Borough by the GLA and drugs action funding.

Negotiations with the Borough Commander are at an advanced stage, though as members will be aware, the Police reserve for themselves issues of operational detail.

On the basis of the discussions so far, I am confident that the Council will have a considerable say in how the new officers are utilised. This proposal allows us to

put in place four more police officers than the Labour Group's proposals without the need to cut THEOs.

I am therefore unable to accept the Labour proposal as it is not the best use of our increasingly scarce resources and I am unwilling to sanction a cut to our overall community safety capacity

2.9 **Adventure Play**

I have allocated £50,000 to Bartlett Park and Whitehorse Road adventure playgrounds. In addition, I accept a £60,000 saving from the Communications department to add to the resources for adventure play.

2.10 **Reduce Allocation to Reserves**

I accept officers' advice on the risks to the Council of not maintaining reserves at a safe and prudent level and the amendments I set out above would mean that there is no need to reduce the planned contribution to General Reserves of £3m recommended by officers. In fact, the proposals above produce a small additional surplus of £0.035m which can be retained in General Reserves.

2.11 **Council Tax**

My proposals confirm a Tower Hamlets Council Tax of £885.52 at Band D for 2011/12, which is no increase on 2010/11. My revised proposal is set out at **Appendix 2.**

3. **OFFICERS' ADVICE ON COMMUNITY SAFETY FUNDING**

- 3.1. Officers' advice has been provided on the proposals in the Budget Pack and tabled as amendments at Council on 23rd February 2011.
- 3.2. At the 23rd February meeting, the Mayor announced ongoing negotiations with the Borough Commander on the provision of 21 additional police officers for 2011/12. Five of these officers are being provided from funding available to the Borough Commander, and the cost of the remaining 16 officers is £640,000 per annum.

Funding for 2011/122 has been identified from three primary sources;

- **Community Safety Fund allocation from the Greater London Authority**, which is indicated to be in the region of £460,000. The availability of this money was notified to the Mayor by the GLA on 17th February 2011. The money must be spent on community safety and crime reduction and is subject to a plan submitted to the GLA by 4th March 2011. This resource (previously known as the Safe and Supportive Fund) has always been

allocated by the Community Safety Partnership Board and has never formed part of the Council Core Budget Setting process.

- £130,000 from existing **DAAT (Drug and Alcohol Action Team)**. This funding is managed by the DAAT Board which comprises all 5 statutory partners including the Borough Commander. Every year the Board carries out a needs assessment and ensures that all the budgets are aligned to deliver our priorities.
- § £50,000 **MPA** funding allocated by the Borough Commander in consultation with the Council.

It is a risk that the Community Safety Fund is provided for one year only. Future funding is likely to be reduced and will be allocated to the Elected Police Commissioner for London. However, it is important to note that any agreement for extra police officers with the Borough Commander will include a break clause to be activated in the event that funding is not available for more than a one year commitment. It is the Mayor's intention to review available budgets in the course of the year to address any gap that may appear in Year 2.

4. RECOMMENDATION

- 4.1. Agree a total Budget Requirement for Tower Hamlets in 2011/12 of £310.960m
- 4.2. Agree a Council Tax for Tower Hamlets in 2011/12 of £885.52 at Band D.
- 4.3. Approve the statutory calculations of this Authority's total Budget requirement in 2011/12, detailed in **Appendix 3**, undertaken by the Chief Financial Officer in accordance with the requirements of Sections 32 to 36 of the Local Government Finance Act 1992.
- 4.4. Subject to the amendments in the revenue budget, approve the Capital Programme, Treasury Management Strategy, and Investment Strategy as set out in the Budget Council Document Pack.

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APPENDIX 1

AMENDMENT APPROVED AT BUDGET COUNCIL 23rd FEBRUARY 2011 BUDGET AMENDMENTS 2011/12 BUDGET COUNCIL

		£m
Budget Requirement (as per pack)		310.960
	Budget increases	Budget reductions (funding)
Use of Earmarked Reserves		1.640
Employment initiatives	1.040	
Contribution to Capital (*)	0.600	
Delete AHWB/1 Housing Link	0.252	
Delete CE/2 Democratic Services	0.243	
Delete CSF/5 Extended schools	0.753	
Housing Link revised saving		0.078
Support to Mayor & Councillors		0.082
Support to Mayor & Councillors		0.230
Junior Youth Service		0.347
Bartlett Park	0.060	
Communications Service		0.060
East End Life		0.200
Community Safety		0.025
Reduce contribution to reserves		0.286
Net change		0.000
Revised budget requirement		310.960
Formula Grant		-229.673
Collection Fund		-2.549
Council Tax Requirement		78.738
Council Tax Base		88917
Council Tax		
	Band A	590.35
	Band B	688.74
	Band C	787.13
	Band D	885.52
	Band E	1082.30
	Band F	1279.08
	Band G	1475.87
	Band H	1771.04

(*) in addition to £2.9m capital receipts, for affordable housing measures

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MAYORAL PROPOSAL FOR SECOND BUDGET COUNCIL MEETING
BUDGET AMENDMENTS 2011/12 BUDGET COUNCIL

		£m
Budget Requirement (as per pack)		310.960
	Budget increases	Budget reductions (funding)
Use of Earmarked Reserves		1.640
Employment initiatives	1.040	
Contribution to Capital (*)	0.600	
Junior Youth Service	0.060	
Delete AHWB/1 Housing Link	0.252	
Delete CE/2 Democratic Services	0.243	
Housing Link revised saving		0.078
Support to Mayor & Councillors- non pay		0.082
Support to Mayor & Councillors- staffing		0.230
East End Life		0.200
Bartlett Park	0.060	
Communications Service		0.060
Allocation to reserves to balance	0.035	
Net change		0.000
Revised budget requirement		310.960
Formula Grant		-229.673
Collection Fund		-2.549
	Council Tax Requirement	78.738
	Council Tax Base	88917
Council Tax		
	Band A	590.35
	Band B	688.74
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BUDGET COUNCIL

8th March 2011

BUDGET REQUIREMENT & COUNCIL TAX 2011/12

**BUDGET MOTION FROM COUNCILLOR ALIBOR CHOUDHURY, CABINET
MEMBER FOR RESOURCES**

That Council: -

General Fund Revenue Budget Requirement and Council Tax 2011/2012

1. Agree a total Budget Requirement for Tower Hamlets in 2011/12 of £310,960,000;
2. Agree a Council Tax for Tower Hamlets in 2011/12 of £885.52 at Band D;

- a) Resulting in a Council Tax for all other band taxpayers, before any discounts, and excluding the GLA precept, as set out in the Table below:-

BAND	PROPERTY VALUE		RATIO TO BAND D	LBTH COUNCIL TAX FOR EACH BAND £
	FROM	TO		
A	0	40,000	$\frac{6}{9}$	£590.35
B	40,001	52,000	$\frac{7}{9}$	£688.74
C	52,001	68,000	$\frac{8}{9}$	£787.13
D	68,001	88,000	$\frac{9}{9}$	£885.52
E	88,001	120,000	$\frac{11}{9}$	£1,082.30
F	120,001	160,000	$\frac{13}{9}$	£1,279.08
G	160,001	320,000	$\frac{15}{9}$	£1,475.87
H	320,001	and over	$\frac{18}{9}$	£1,771.04

3. Agree that for the London Borough of Tower Hamlets in 2011/12:-

- (a) The Council Tax for Band D taxpayers, before any discounts, and including the GLA precept, shall be **£1,195.34** as shown below: -.

	£
	(Band D, No Discounts)
LBTH	885.52
GLA	309.82
Total	1,195.34

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

BAND	PROPERTY VALUE		RATIO TO BAND D	LBTH £	GLA £	TOTAL £
	FROM	TO				
A	0	40,000	$\frac{6}{9}$	£590.35	£206.55	£796.90
B	40,001	52,000	$\frac{7}{9}$	£688.74	£240.97	£929.71
C	52,001	68,000	$\frac{8}{9}$	£787.13	£275.40	£1,062.53
D	68,001	88,000	$\frac{9}{9}$	£885.52	£309.82	£1,195.34
E	88,001	120,000	$\frac{11}{9}$	£1,082.30	£378.67	£1,460.97
F	120,001	160,000	$\frac{13}{9}$	£1,279.08	£447.52	£1,726.60
G	160,001	320,000	$\frac{15}{9}$	£1,475.87	£516.37	£1,992.24
H	320,001	and over	$\frac{18}{9}$	£1,771.04	£619.64	£2,390.68

- 4 Approve the statutory calculations of this Authority's total Budget requirement in 2011/12, detailed in **Appendix A** to this motion, undertaken by the Chief Financial Officer in accordance with the requirements of Sections 32 to 36 of the Local Government Finance Act 1992.
- 5 Approve the Capital Programme, Treasury Management Strategy, and Investment Strategy as set out in the Document Pack.

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 23RD FEBRUARY 2011
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

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

1. That the revenue estimates for 2011/2012 be approved.
2. That it be noted that, at its meeting on 12th January 2011, Cabinet calculated 88,917 as its Council Tax base for the year 2011/2012 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.
3. That the following amounts be now calculated by the Council for the year 2011/2012 in accordance with Section 32 to 36 of the Local Government Finance Act 1992 as amended and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2011:
 - (a) £987,896,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of The Act. [Gross Expenditure]
 - (b) £676,936,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of The Act. [Gross Income]
 - (c) £310,960,000 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 32(4) of The Act, as its budget requirement for the year. [Budget Requirement]
 - (d) £232,222,000 Being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant and additional grant increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and reduced by the amount of any sum which the council estimates will be transferred from its general fund to its collection fund pursuant to the Collection Fund (Community Charges) directions under Section 98(5) of the Local Government Finance Act 1988. [Government Grants and Collection fund Adjustments]
 - (e) £885.52 Being the amount at 3(c) above, less the amount at 3(d) above, all divided by the amount at 2 above, calculated by the Council, in accordance with Section 33(1) of The Act, as the basic amount of its Council Tax for the year. [Council Tax]

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 23RD FEBRUARY 2011
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

(f)	VALUATION BAND	LBTH £
	A	£590.35
	B	£688.74
	C	£787.13
	D	£885.52
	E	£1,082.30
	F	£1,279.08
	G	£1,475.87
	H	£1,771.04

Being the amount given by multiplying the amount at 3(e) above by the number which, in the proportion set out in Section 5(1) of The Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of The Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2011/12 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below.

VALUATION BAND	GLA £
A	206.55
B	240.97
C	275.40
D	309.82
E	378.67
F	447.52
G	516.37
H	619.64

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 23RD FEBRUARY 2011
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

5. That, having calculated the aggregate in each case of the amounts at 3(f) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2011/12 for each of the categories of dwellings shown below:-

VALUATION BAND	TOTAL COUNCIL TAX £
A	£796.60
B	£929.71
C	£1,062.53
D	£1,195.34
E	£1,460.97
F	£1,726.60
G	£1,992.24
H	£2,390.68