



Meeting of the

CABINET

Wednesday, 13 February 2013 at 5.30 p.m.

BUDGET REPORT SUPPLEMENTARY

VENUE

Committee Room, 1st Floor, Town Hall, Mulberry Place, 5 Clove
Crescent, London, E14 2BG

Members:

Mayor Lutfur Rahman	– (Mayor)
Councillor Ohid Ahmed	– (Deputy Mayor)
Councillor Rofique U Ahmed	– (Cabinet Member for Regeneration)
Councillor Shahed Ali	– (Cabinet Member for Environment)
Councillor Abdul Asad	– (Cabinet Member for Health and Wellbeing)
Councillor Alibor Choudhury	– (Cabinet Member for Resources)
Councillor Shafiqul Haque	– (Cabinet Member for Jobs and Skills)
Councillor Rabina Khan	– (Cabinet Member for Housing)
Councillor Rania Khan	– (Cabinet Member for Culture)
Councillor Oliur Rahman	– (Cabinet Member for Children's Services)

[Note: The quorum for this body is 3 Members].

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:

Matthew Mannion, Democratic Services,

Tel: 020 7364 4651, E-mail: matthew.mannion@towerhamlets.gov.uk



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LONDON BOROUGH OF TOWER HAMLETS

CABINET

WEDNESDAY, 13 FEBRUARY 2013

5.30 p.m.

**10 .2 General Fund Capital and Revenue Budgets and Medium Term Financial Plan
2013/14-2015-16 (Pages 1 - 6)**

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Agenda Item 10.2

Committee: Cabinet	Date: 13 th February 2013	Classification: Unrestricted	Report No: Linked to: CAB 75/123
Report of: Interim Corporate Director of Resources Originating officer(s): Alan Finch- Service Head, Financial Services, Risk and Accountability		Title: Supplementary information: General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2013-2016. (Announcement of Final Local Government Settlement etc) Wards Affected: ALL	

Lead Member	Cllr Alibor Choudhury (Cabinet Member for Resources)
Community Plan Theme	One Tower Hamlets
Strategic Priority	Ensuring Value for Money across the Council

REASONS FOR URGENCY

The information the subject of this report was only made available on 4 February 2013. It is essential that this information be considered by the Mayor in Cabinet on 13 February 2013 in order to make a decision about the budget which is to go forward for consideration by full council.

1. FINANCIAL RESOURCES

- 1.1. On February 4th, the Secretary of State announced final figures for the Local Government funding settlement for 2013/14 and provisional figures for 2014/15. This supplementary information sets out the implications of that announcement
- 1.2. The detailed local government settlement providing authority-by-authority figures for 2013/14 was announced on 4th February and will be debated in Parliament on 13th February. The majority of grant figures have been confirmed and this report deals only with those that have changed.
- 1.3. In terms of the mainstream grant allocations, the figures for 2013/14 have changed only marginally, by £2,000, and this has been adjusted in the MTFP by reducing central contingencies by this amount. Indicative figures for 2014/15 have increased by £109,000 and this has been carried to general reserves to

reduce the savings target required in 2015/16. The following table sets out the revised figures.

	2013-14 Provisional £million	2013-14 Final £ million	2014-15 Provisional £million	2014/15 Final £ million
Top up/ tariff	4.229	4.228	4.358	4.358
Revenue Support Grant	146.443	146.442	118.501	118.610
Total funding	150.672	150.670	122.859	122.968
		-0.002		+0.109

- 1.4. With effect from 1st April 2013, local authorities take over responsibility for public health provision from the NHS. The final grant announcement confirms the ring-fenced grant of £31,382m for 2013/14. Officers managing the transition programme now indicate that £1.4m of the grant will not initially be required to meet existing Public Health commitments either in 2013/14 or 2014/15, and accordingly a total of £2.8m is available for one-off public health initiatives over these two years.
- 1.5. A revised Appendix 1.1 and 1.2 are attached reflecting these figures. Any further grant announcements will be reported during the year.

2. 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.

3. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

The legal comments are set out in the principal report on the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2013-2016, to which this information is supplemental.

4. ONE TOWER HAMLETS CONSIDERATIONS

The one Tower Hamlets considerations are as set out in the main report..

5. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

. The SAGE implications are as set out in the main report.

6. RISK MANAGEMENT IMPLICATIONS

. The risk management implications are set out in the main report.

7. CRIME AND DISORDER REDUCTION IMPLICATIONS

The crime and disorder reduction considerations are as set out in the main report.

8. EFFICIENCY STATEMENT

The Council is required to consider the value for money implications of its decisions and to secure best value in the provision of all its services. It is important that, in considering the budget, Members satisfy themselves that resources are allocated in accordance with priorities and that full value is achieved. The information provided by officers on committed growth and budget options assists Members in these judgments.

9. APPENDICES

Appendix 1.1 - Summary of the Medium Term Financial Plan (Revised)

Appendix 1.2- Detailed analysis of the Medium Term Financial Plan (Revised)

<p style="text-align: center;">Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012</p>
<p><u>Brief description of "Background Paper"</u></p>
<p>None Alan Finch, London E14, 2BG. 0207 7364 4915</p>

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Summary Draft Medium Term Financial Plan 2013-16

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Net Service Costs	310,960	293,865	297,804	301,117	
Growth (incl Public Health)	6,005	38,908	4,636	4,145	
CLG Grants transferring into baseline	0	23,717	0	0	
Savings					
Approved	(23,656)	(20,771)	(6,577)	0	0
New		(5,258)	(115)	0	0
Inflation	4,100	5,758	6,344	7,000	
Core Grants (incl Public Health)	(3,647)	(40,309)	(460)	(406)	
Earmarked Reserves (Directorates)	103	(530)	(565)	0	0
Funding Available for Mayoral Priorities	0	2,424	50	(2,474)	
Total Funding Requirement	<u>293,865</u>	<u>297,804</u>	<u>301,117</u>	<u>309,382</u>	
Government Funding	(211,835)	(150,670)	(122,968)	(105,876)	
Retained Business Rates		(96,361)	(98,763)	(100,232)	
Council Tax	(80,430)	(63,343)	(64,927)	(66,550)	
Collection Fund Surplus	0	(1,645)	0	0	
Total Funding	<u>(292,265)</u>	<u>(312,019)</u>	<u>(286,658)</u>	<u>(272,658)</u>	
Budget Gap (excl use of Reserves)	1,600	(14,215)	14,459	36,724	
Unallocated Contingencies	(8,117)				
General Fund Reserves	6,517	14,215	(14,459)	(12,653)	
Unfunded Gap	0	0	0	0	24,071
Balance on General Fund Reserves (£000s)	31/03/2012 26,380	31/03/2013 32,897	31/03/2014 47,112	31/03/2015 32,653	31/03/2016 20,000

Detailed analysis of the Medium Term Financial Plan by service area 2013/14 to 2015/16

Service	Base 2012-13 £'000	Savings Approved £'000	New £'000	Growth £'000	Adjustments	Total 2013-14 £'000	Savings Approved £'000	New £'000	Growth £'000	Adjustments	Total 2014-15 £'000	Savings Approved £'000	New £'000	Growth £'000	Adjustments	Total 2015-16 £'000
Adults Health & Wellbeing	100,813	(2,335)	(1,376)	3,344	(1,356)	99,090	(1,000)	(50)	1,571	(300)	99,311	0	0	1,697		101,008
Children, Schools and Families	82,838	(1,415)	(2,534)	16,482	(828)	94,543	(960)	0	(20)	(410)	93,153	0	0	(90)		93,063
Communities, Localities and Culture	78,855	(5,017)	(249)	4,557	(3,319)	74,827	(350)	(65)	885	(565)	74,733	0	0	538		75,271
Development & Renewal	20,192	(5,542)	0	1,720	(597)	15,773	(1,534)	0	0	0	14,239	0	0	0		14,239
Resources	11,811	(1,206)	(90)	1,250	(904)	10,861	(230)	0	0	0	10,631	0	0	0		10,631
Chief Executives	9,545	(187)	0	0	(909)	8,449	0	0	0	0	8,449	0	0	0		8,449
Public Health	0	0	0	31,382	0	31,382	0	0	0	0	31,382	0	0	0		31,382
Net Service Costs	304,054	(15,702)	(4,249)	58,735	(7,913)	334,925	(4,074)	(115)	2,436	(1,275)	331,897	0	0	2,145		334,042
Other Net Costs	10,010	0	(150)	1,000	0	10,860	0	0	1,000	0	11,860	0	0	0		11,860
Capital Charges	2,415	0	(399)	0	0	2,016	0	0	0	0	2,016	0	0	0		2,016
Levies	13,142	0	0	2,250	0	15,392	0	0	2,200	0	17,592	0	0	2,000		19,592
Pensions	(19,022)	(1,669)	(460)	640	2,642	(17,869)	(2,503)	0	(1,000)	0	(21,372)	0	0	0		(21,372)
Other Corporate Costs	6,545	(1,669)	(1,009)	3,890	2,642	10,399	(2,503)	0	2,200	0	10,096	0	0	2,000		12,096
Total Other Net costs	0	0	0	(31,382)	0	(31,382)	0	0	0	0	(31,382)	0	0	0		(31,382)
Public Health Grant	(14,312)	(32)	(11,179)	2,284	0	(23,239)	(2,000)	(1,000)	2,540	0	(23,699)	(2,000)	(1,000)	2,594		(24,105)
Core Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
General Fund (Corporate)	(2,317)	(3,400)	0	0	2,024	(3,693)	0	0	0	710	(2,983)	0	0	0		(2,983)
Earmarked (Directorate)	(105)	0	0	0	2,717	2,612	0	0	0	0	2,612	0	0	0		2,612
General Fund (Smoothing)	0	0	0	5,758	0	5,758	0	0	6,344	0	12,102	0	0	7,000		19,102
Inflation	0	0	0	2,424	0	2,424	0	0	50	0	2,474	0	0	(2,474)		0
Funding Available for Mayoral Priorities	293,865	(20,803)	(16,437)	39,285	(530)	297,804	(8,577)	(1,115)	13,520	(565)	301,117	(2,000)	(1,000)	13,739		309,382
Total Financing Requirement	(211,835)	0	0	61,165	0	(150,670)	0	0	27,702	0	(122,968)	0	0	17,092		(105,876)
Government Funding	0	(80,430)	(554)	(96,361)	0	(96,361)	0	0	(2,402)	0	(98,763)	0	0	(1,469)		(100,232)
Retained Business Rates	0	0	0	17,641	0	(63,343)	0	0	(1,584)	0	(64,927)	0	0	(1,623)		(66,550)
Council Tax	0	0	(1,645)	0	0	(1,645)	0	0	0	0	(1,645)	0	0	0		(1,645)
Collection Fund Surplus	(292,265)	(554)	0	78,806	0	(312,019)	(554)	0	26,118	0	(286,658)	0	0	15,469		(272,658)
Total Financing																