

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 6.32 P.M. ON MONDAY, 24 JANUARY 2022

**ROOM C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Mohammed Pappu (Chair)

Councillor Marc Francis

Councillor Denise Jones

Councillor Gabriela Salva Macallan

Councillor Leema Qureshi

- Scrutiny Lead for Health and Adults
- Scrutiny Lead for Resources and Finance

Councillor Andrew Wood

Co-opted Members Present:

Halima Islam

- Co-Optee

Other Councillors Present:

Mayor John Biggs

Councillor Candida Ronald

Apologies:

Councillor Bex White

- Scrutiny Lead for Children and Education

Councillor Faroque Ahmed

- Scrutiny Lead for Community Safety

Councillor Ehtasham Haque

- Scrutiny Lead for Housing and Regeneration

Councillor Zenith Rahman

Officers Present:

Daniel Kerr

- (Strategy and Policy Manager)

Nisar Visram

- (Director of Finance, Procurement & Audit)

Kevin Bartle

- (Corporate Director, Resources & Section 151 Officer)

Afazul Hoque

- (Head of Corporate Strategy & Policy)

David Knight

- (Democratic Services Officer, Committees, Governance)

Sharon Godman

– (Director, Strategy, Improvement
and Transformation)

Denise Radley

– (Corporate Director, Health, Adults &
Community)

1. APOLOGIES FOR ABSENCE

Nil items

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST AND OTHER INTERESTS

The following Member for transparency declared a potential interest in relation to:

1. **Items 4.1 and 4.2** Councillor Marc Francis due to his wife Councillor Rachel Blake being the Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing.

3. REQUESTS TO SUBMIT PETITIONS

Nil Items

4. REPORT/PRESENTATION FOR CONSIDERATION

4.1 The Council's 2022-23 Budget Report and Medium-Term Financial Strategy (MTFS) 2022-25

The Committee received and reviewed the Council's 2022-23 Budget Report and Medium-Term Financial Strategy (MTFS) 2022-25 as part of the 2022-23 budget setting process. The Committee examined the key issues and pressures facing the Council such as the growth pressures and the need for efficiencies to ensure financial sustainability going forward. The main points of the discussion may be summarised as follows:

The Committee:

- ❖ **Noted** that despite the Chancellor announcing departmental spending limits for Government departments on 27th October 2021 for three years, 2022-23 to 2024-25, the Local Government Finance Settlement (LGFS) was only announced for a single year covering 2022-23. Accordingly, the funding landscape for Local Government over the medium term remains highly uncertain.
- ❖ **Noted** that Core Grants such as the Revenue Support Grant, New Homes Bonus and the Improved Better Care Fund have been rolled forward for 2022-23, with additional funding received via the Social Care Grant, with much of this expected to contribute to additional costs

arising from Adult Social Care Reforms. In addition, there was also a one-year one-off Services Grant distributed to Local Authorities for 2022-23.

- ❖ **Indicated** that it want to be provided with modelling on the possible impact of any changes to income in the future will have on the Council's finances, this would need to include insight of the (i) worst-case, (ii) medium case, and (iii) best case scenarios. Thereby avoiding having poor-quality decisions that are based on poor quality information.
- ❖ **Noted** that the pandemic continues to have a significant adverse effect on the Council's cost of services and reductions in income. Whilst with the Omicron Variant, the pandemic shows no sign of abating. Current pandemic pressures are being met by one-off Covid grants. However, the ongoing scale of the impact on society, the economy and public finances resulting from Covid-19 in the medium to long term is at this point unknown.
- ❖ **Stated** that the Council needs to act prudently in setting aside funding as a reserve to (i) protect the Council against drops in income, or (ii) allow it to take advantage of new opportunities.
- ❖ **Agreed** that it must (i) not operate in isolation, (ii) be integrated; (iii) reflect on past projections.
- ❖ **Agreed** that consideration needed to be given to those savings that have had the greatest impact on (i) access frontline services; and (ii) vulnerable residents with particular reference to Libraries and Ideas Stores; Children with Special Education Needs and Disabilities; Drug and Alcohol Treatment Services; Day Opportunities Centre; Discretionary Housing Payment; Cost of energy; Utilities allowance (on social care charging); Contributions to food banks; Telecare services; and Support for residents to access services to help mitigate the move to digital services.
- ❖ **Agreed** that the Council should restructure its budget setting process having a greater focus on delivering priorities and asking the Borough's communities what they think about the Council's proposed budget spending at the beginning of each municipal year.
- ❖ **Stated** that it wanted to see an appraisal of modelling for income projections and expenditure assumptions so as to ensure income growth is more accurately reflected.
- ❖ **Agreed** that the Council should (i) have a more ambitious income generation strategy that cut across all of the Councils departments, not just Assets; and (ii) undertake and publish an assessment of the cumulative impact of proposals using those models tested across Local Government
- ❖ **Agreed** that given the additional resources available that (a) fees and charges for market traders should be reduced as this will have a significant impact on the market traders livelihood (**e.g.** Watney market, Columbia road, Whitechapel market, and Bethnal Green Road); and (b) review the fees and charges for hiring of venues such as community hubs, ideas store, Brady Centre to make them more affordable and accessible for local voluntary and community sector organisations.

Accordingly, as a result of discussions the Council's 2022-23 Budget Report and Medium-Term Financial Strategy (MTFS) 2022-25 report the Overview and Scrutiny Committee **agreed** that:

- ❖ The Committee should be provided with modelling of what possible impact changes to income in future years will have on the council's finances, providing insight of worst-case scenario, medium case, and best case.
- ❖ A funding approach should be established that included a refreshed Reserves' Policy that does not operate in isolation and is integrated to maintain and strengthen the Council's financial position to ensure that it has sufficient contingency sums, reserves and balances to address any future risks and unforeseen events without jeopardising key services and
- ❖ delivery of service outcomes for residents.
- ❖ In light of the additional funding the previously agreed savings should be reviewed alongside an equalities impact assessment and identify where the additional funding can be allocated. In particular savings which have had the greatest impact on access frontline services and vulnerable people must be reviewed. OSC recommends funding the following areas:
 - Libraries & Ideas Stores,
 - Children with Special Education Needs & Disabilities
 - Drug and Alcohol Treatment Services
 - Day Opportunities Centre
 - Discretionary Housing Payment
 - Cost of energy
 - Utilities allowance (on social care charging)
 - Contributions to food banks
 - Telecare services
 - Support for residents to access services to help mitigate the move to digital services.
- ❖ That the Council restructures its budget setting process so that it has a greater focus on delivering priorities and measuring impact.
- ❖ Conduct the Budget Consultation (which gauges public priorities) at the beginning of the municipal year
- ❖ Review modelling for income projections and expenditure assumptions to ensure income growth is more accurately reflected.
- ❖ That the Council restructures its budget setting process so that it has a greater focus on delivering priorities and measuring impact. Conduct the Budget Consultation (which gauges public priorities) at the beginning of the municipal year. Review modelling for income projections and expenditure assumptions to ensure income growth is more accurately reflected. Develop a more ambitious income generation strategy that cuts across all council departments, not just

Assets. Undertake and publish an assessment of the cumulative impact of proposals using models tested across Local Government.

4.2 Fees and Charges 2022-23

The Committee considered a report that detailed the proposed changes to fees and charges across the Council for the financial year 2022-23. The main points arising from considering the Cabinets deliberations and decisions on 18th January 2022 may be summarised as follows:

The Committee **noted**:

- ❖ that the level of inflation (Consumer Price Index - CPI 3.1% & Retail Price Index RPI 4.9% in September 2021), along with rounding up of the charge to the nearest 5p, 10p or other whole number for practical purposes have been key factors in determining the recommended changes.
- ❖ other factors such as service demand, the projected cost of providing the different services, benchmarking with other local authorities and the impact of general economic factors including Covid-19 on the Council's residents have also been considered.
- ❖ that fees and charges are reviewed annually as part of the Council's budget setting process. This ensures that they are set at the appropriate level for the prevailing economic conditions and represent good practice in terms of the Council's aim to provide value for money.

Accordingly, as a result of discussions the Overview and Scrutiny Committee **agreed** that:

1. the increase to market trader fees and charges should be reviewed as this will have a significant impact on peoples livelihood and ability to stay in employment (**i.e.** charges impacting market traders at Watney Market, Columbia Road, Whitechapel Market, and Bethnal Green Road); and
2. the fees and charges should be reviewed for hiring of venues such as community hubs, ideas store, Brady Centre to make them more affordable and accessible for local voluntary and community sector organisations.

5. ANY OTHER UNRESTRICTED BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

With no other business to discuss the Chair called this meeting to a close; thanked all those attending for their contributions and informed the Committee that the next meeting would be on Monday, 7th February 2022.

6. EXCLUSION OF THE PRESS AND PUBLIC

As the agenda circulated contained no exempt/ confidential reports and there was therefore no requirement to exclude the press and public to allow for its consideration.

7. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS THAT THE CHAIR CONSIDERS URGENT

Nil items

The meeting ended at 8.29 p.m.

**Chair, Councillor Mohammed Pappu
Overview & Scrutiny Committee**