

Transformation Advisory Board



Agenda

Tuesday, 17 October 2023 at 2.00 p.m.

Members:

Chair: Mayor Lutfur Rahman

Richard Penn	(Independent non-executive member)
Sir George Iacobescu CBE	(Independent non-executive member)
Martin Esom	(Independent non-executive member)
Sir Stephen O'Brien	(Independent non-executive member)
Dr Mahera Ruby	(Independent non-executive member)
Dr Kathleen McCarthy	(Independent non-executive member)
Alison Griffin	(Independent non-executive member)
Kate Herbert	(Independent non-executive member)
Hira Islam	(Independent non-executive member)
Stephen Halsey	(Chief Executive - Senior Responsible Officer SRO)
Denise Radley	(Corporate Director of Health, Adults & Community and Deputy Chief Executive - Deputy SRO)

Officers in Attendance:

Julie Lorraine	(Corporate Director Resources)
Robin Beattie	(Acting Director of Strategy Innovation and Transformation)
Amy Jackson	(Head of Mayor's Office)
Stephen Bramah	(Corporate Head of Strategy and Improvement)
Ayesha Hakim Rahman	(Acting Deputy Director of Strategy, Improvement and Transformation)

Contact for further enquiries:

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Refreshments

These will be available before the meeting and Members are encouraged to attend at this time for informal networking and engagement.

Agenda Papers

Hard copy agenda papers will be available at the meeting if requested in advance.

Officers of the Council who are Members of the Board will also be able to access electronic papers on their Mod.Gov Laptop Apps.

London Borough of Tower Hamlets



Transformation Advisory Board

Tuesday, 17 October 2023

2.00 p.m.

ITEM TITLE	TIME	PRESENTER	PAGES
1. Welcome and Apologies	14:00 to 14:15	Chair	
2. LGA Corporate Peer Challenge	14:15 to 14:45	Head of Corporate Strategy and Improvement	(5 - 32)
3. Transformation Dashboard Proposal	14:45 to 15:15	Acting Deputy Director Strategy, Improvement and Transformation	(33 - 34)
4. New Target Operating Model	15:15 to 15:45	Acting Deputy Director Strategy, Improvement and Transformation	(35 - 44)
5. Annual Residents Survey	15:45 to 16:15	Head of Corporate Strategy and Improvement	(45 - 82)
6. Any Other Business			(83 – 146)

6.1 Quarter 1 Budget Monitoring Report to Cabinet

Cabinet report presented for information and any initial comment. A full presentation and discussion will follow at the next meeting of the Transformation Advisory Board.

Next Meeting of the Transformation Advisory Board

Monday, 11 December 2023 at 2.00 p.m. to be held in the Council Chamber, Whitechapel Town Hall



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Briefing title	LGA Corporate Peer Challenge
Prepared for	Transformation Advisory Board
Date	17 October 2023
Author	Stephen Bramah, Corporate Head of Strategy and Improvement

Introduction

The LGA Corporate Peer Challenge (CPC) took place 18th – 22nd September. The peer review team fed back their initial findings on Friday 22nd September (slides attached).

This contained **17 initial recommendations** and we expect a full report from the LGA by **20th October**.

At the feedback session, the peer team were particularly impressed with the development of the Transformation Advisory Board (TAB), and have therefore advised that the TAB are well placed to oversee and monitor the council's action plan, responding to the CPC recommendations.

We await the full report. We want to get Transformation Advisory Board's early input into the initial feedback and will work with services, staff, members and residents to embed the recommendations into our action plan.

Timeline of next steps

- **20 October 2023** – draft report provided to the council.
- Report published within three months of the CPC (no later than **22nd December 2023**)
- Action plan published within five months of the CPC (no later than **22nd February 2024**).
- Progress Review around 10 months after the CPC – **around July 2024**
- Progress Review report published (no later than **18th September 2024**)
- Next Corporate Peer Challenge no later than September 2028
- As well as working with the Transformation Advisory Board, the action plan is scheduled to be taken to Corporate Management Team and Cabinet by 31 January 2024.

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London Borough of Tower Hamlets Corporate Peer Challenge

Feedback from the peer challenge team

Page 18 – 22 September 2023

22 September 2023

The purpose of peer challenge

Corporate Peer Challenge is a robust and rigorous assurance and improvement tool managed and delivered by the sector, for the sector. It is designed to complement and add value to a council's own performance and improvement focus.

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The peers used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read. The team provide feedback as critical friends, not as assessors, consultants or inspectors.

The peer challenge team

- Lead Peer: Carolyn Downs CB, Former Chief Executive, LB Brent
- Independent Member Peer: Cllr Jim McKenna, Cornwall Council
- Labour Member Peer: Sir Steve Bullock, Former Mayor, LB Lewisham
- Officer Peer: Mark Wynn, Executive Director of Resources, Lancashire County Council
- Officer Peer: Tasnim Shawkat, Director of Corporate Services, LB Bromley
- Officer Peer: Ben Mosley, Head of Corporate Engagement, Bristol City Council
- LGA Principal Adviser (regional improvement lead) Claire Hogan
- LGA Regional Adviser: Harry Parker

The process of peer challenge

- Peers reviewed a range of information to ensure we were familiar with the council, the challenges it is facing and its plans for the future
- The peer team gathered information and views from more than 75 meetings, in addition to further research
- We spoke to more than 175 people including a range of council staff together with members and external stakeholders

Scope and brief for the peer challenge

We have considered the core components looked at by all corporate peer challenges, namely:

1. Local priorities and outcomes
2. Organisational and place leadership
3. Governance and culture
4. Financial planning and management
5. Capacity for improvement

Overall messages and observations

- The council has a clear set of priorities which are widely understood by members, officers and partners. The Mayor, members and officers should be commended for the delivery against these election promises to date.
- There is an impressive sense of ambition, with evidence of good practice – and lots of great people!
- The council's communications strategy for both internal and external comms is impressive.
- The council has gone through a period of significant change: a new Administration, Chief Executive and move to new council offices. The organisation is still adjusting to those changes.
- The new Administration has brought a fresh impetus and energy with a strong desire for delivering manifesto commitments and prioritising Tower Hamlets residents.
- Officers are committed to delivering on the Mayor's priorities and to ensuring the best outcomes for the residents of Tower Hamlets.

Overall messages and observations

- It is positive that the council is developing three-year financial plans which will enable the investment in services and priority areas once completed. However, the strategic vision needs to be set and the MTFS should reflect that strategy.
- The creation of the external Transformation Advisory Board is a positive step - the Chief Executive should report improvement against this Corporate Peer Challenge to that board.
- There is evidence to show that the working practice with the Mayor's Office and the corporate centre is creating a bottleneck, resulting in delays to decision-making. The council should look to remove unnecessary bureaucracy whilst retaining good governance.
- Trust is an issue. It is clear to the peer team that there is mistrust from both members and officers, and this undermines the delivery of the Mayor's vision.
- There is evidence of some very positive relationships with external partners (and some less so).
- As it would be in any council, it is concerning to see that there is no female representation on cabinet. This impacts on the views that women have of the council.

- The council has delivered on many of the Mayor's manifesto commitments, e.g. free school meals for school-age children and EMA.
- The current Strategic Plan 2022 - 2026 reflects the Mayor's priorities. This plan is complimented by annual delivery plans. A longer-term strategic vision for the council is required which should be a collaborative exercise by the council involving the community and partners.
- Children's Good Ofsted (2019); the important focus remains on delivering safe and effective Children's services. The educational outcomes and youth provision are clear priorities for the administration.
- Priority of insourcing services such as leisure and Tower Hamlets Homes is well understood. This is both an opportunity and a challenge. Important to learn lessons from insourcing of waste and ensure sufficient capacity (e.g. HR, facilities and comms).

- The borough has a good record on building homes. The council has set very ambitious plans for house building e.g. 1,000 social rent homes each year for the next four years.
- Encouraging findings from the 2023 Residents' Survey e.g. all services show an improvement in satisfaction from service users compared to 2019.
- To assist with the focus on delivery of the council's priorities the council should enhance the existing performance framework, making better use of data to inform decision making and policy development. Consideration should be given to how the impact of decisions and priority areas is captured.
- Level of corporate and political capacity being directed to the council's priorities must not deflect from the delivery of business-as-usual activity.

- Staff are passionate about working for Tower Hamlets and understand the Mayor's agenda, his priorities and their role in its delivery.
- We have met some extremely committed and capable senior managers.
- The Mayor is seen as approachable by both officers and partners.
- Cabinet are enthusiastic and passionate about delivering the council's priorities.
- Staff appreciate the Chief Executive's roadshows and acknowledge that positive steps are starting to be taken to develop ideas to improve the organisation at all levels e.g. Innovation Month.

- The mistrust between members and officers is problematic. Both need to be communicating in an open and collaborative fashion with clear and established pathways to decision making.
- Significant level of churn at the senior management level. Considerable number of agency and interim staff. Vacancies in key positions which need high quality permanent appointments.
- There is a desire for senior managers to be more visible to frontline staff.
- Review the approach to the council's corporate forward plan to allow for stronger collaboration between the political and managerial leadership.
- The council invests huge amounts of resource into mayoral and member casework but there is frustration from many members that it is not meeting their needs. Not a criticism of staff who are working very hard wherever they are based in the council, but they too have expressed their frustrations.

- The Mayor is very visible in the community e.g. meeting with around 450 residents each month.
- There is a dedicated voluntary and community sector in Tower Hamlets.
- The members we have met are community champions which brings strength to the council.
- Statutory and health partnerships are strong. Health partners in particular have referenced the excellent working relationships that are in place with Adult Social Care. The impact of this can be demonstrated with the exemplary performance on DToCs.
- Some business partnerships are very strong, but space needs to be created on a regular basis to have more strategic conversations and wider engagement.
- The council's community safety work is considered "*sector leading*". And the partnership between the council and the police is highly valued by the police.
- Meetings which are organised with partners need to happen as planned in order to retain strong relationships.



- Governance is an area of great sensitivity for TH. There is evidence that the council want to get this right and it is understandable that control and decision making has been centralised. However, the council needs to achieve the right balance between control and timely decision making.
- It is very positive that the three statutory officers meet regularly to consider governance issues. This arrangement could be further strengthened by direct discussion with the head of internal audit.
- We have heard consistently there are ‘two councils’ in operation and this directly links to the issue of trust. Whilst priorities are being delivered it is detrimental to the delivery of the council’s wider business and needs to be addressed as a matter of urgency.
- Internal board structures need urgent review as bottlenecks have developed due to the expectation that the Mayor or Chief Executive have to have sight or sign off on all issues. This is not sustainable nor desirable.
- The council should consider best practice in relation to the chairing, membership and cross party working in and of key committees such as Overview and Scrutiny and Audit. And including Full Council. External training for these committees should be arranged.

- The council has conducted a comprehensive grant review process and a clear framework established for the implementation of the Mayor's Community Grants. Internal and external auditors have given assurances regarding the robustness of the processes. A similar process now needs to be established for the implementation of the Small Grants Programme and the Emergency Grants Fund
- Despite the new processes some third sector organisations do not feel they have been properly involved in the co-design effectively and as a result their confidence is low. This needs resolving and you have an opportunity to address this in development of the further grant programme design.
- In common with some other councils the annual accounts have not been signed off and as a result the annual governance statement (AGS) has also not been signed off. This needs addressing urgently as the AGS should be prepared and signed off regardless of the position regarding the accounts.
- The council statutory accounts from 2018/19 onwards remain unsigned due to an outstanding technical issue. Again, this needs addressing urgently.

- The majority of officers and members the peer team have spoken to have described a welcoming and friendly culture and are passionate about delivering quality services to the residents of the borough.
- Annual staff awards are well received, and the celebration of staff achievements is good to see.
- Unions report that to resolve issues they have to go direct to members. This is an unusual way for the unions and a council to interact and indicates that the relationship needs resetting.
- Some staff are feeling demotivated about the manner and use of language about the justifiable need to improve the pace of delivery. They perceive new governance arrangement as disempowering and frustrating their ability to deliver at the required pace. It's clear that the administration and staff want the same outcomes for residents and therefore it is imperative to build a relationship of trust both ways.



- EDI agenda is well supported and is valued as a recognised priority by the members, workforce and the community, particularly in the context of recognising and celebrating the diversity of Tower Hamlets.
- Your staff networks feel well supported by the council and particularly value the senior management sponsorship.
- We have heard from numerous sources that equal levels of respect need to be afforded to all members and officers regardless of gender or other protected characteristics.
- The council has a laudable ambition that its workforce and service provision reflects the diversity of the borough. It would be good practice for Overview & Scrutiny to be given responsibility for overseeing performance against this ambition..
- In order to deliver against this priority within the workforce there needs to be an understanding that this will take time and the council needs to consider investment in its own workforce through proactive talent management and associated development programmes

- Maximise the advantages of the current financial standing whilst retaining a robust financial discipline and delivery of efficiency and value for money.
- The council's financial position has improved due to changed financial assumptions on the timing of government changes to the business rates model. In this context a 3 year MTFS plan is being developed which is no more challenging than the challenges being faced by most other councils within the sector at present. Regular comparisons are undertaken with other London Boroughs.
- It is imperative that the council delivers on the savings assumptions contained within the MTFS and they release the funds for the growth plans across the Borough. Specific Governance has been put in place to identify, approve and deliver these savings
- The risk management framework needs further development and to be reviewed regularly. Corporate ownership is very important.

- There needs to be 'one narrative' about the financial picture facing the council and its coordinated response to delivering it aligned to the strategic plan, annual delivery plan and the workforce strategy i.e your transformation strategy
- Need to guard against a blurring of member and officer roles and responsibilities. For example, it is understandable members want to carry out deep dives into budget lines. However, this is not sustainable and can be damaging.
- The council should look to introduce standard contract terms and conditions for its contract awards.
- It is imperative that the development of the annual audit plan is representative of the key financial and governance risks fact in the council and is developed collaboratively between the internal audit team and senior managers within the council and signed of by audit committee
- An external review of the HRA is being undertaken to accommodate financial pressures associated with inflation, interest rates, stock condition and planned housing growth of 800 houses. The HRA review is reviewing all financial assumptions against affordability constraints. It is important the council has a clear view on the prudence of any changes to these assumptions and the associated borrowing costs on the HRA business plan. The council should review the external report when it arrives.

- There is evidence that Tower Hamlets is a learning council e.g. Innovation Month and commitment to external reviews, peer challenge and the Transformation Advisory Board. As issues have been raised this week, the council is actively responding which is positive.
- There is a clear communications strategy to ensure residents and staff are well informed. Further work is needed to ensure the communications channels reach across the entire workforce.
- A member development programme is in place. There is a need to introduce dedicated training and support for lead members in their particular roles, such as Cabinet Members and committee chairs. Members have engaged in the sector training offer which is positive.
- A co-ordinated workforce strategy is required. Considerable churn at senior level which often happens following the appointment of a new Chief Executive. Need to ensure that you recruit the best available and retain your excellent staff. Staff must feel valued, trusted and empowered.

Capacity for improvement

- The 'People First' programme at present is underdeveloped. An overarching transformation plan is essential. There are numerous different projects running concurrently and the council needs to bring these together into a coherent strategy with a clear narrative.
- There needs to be clear alignment between the 'People First' programme and the emerging MTFs, given the latter relies on savings from the transformation programme.
- There is clear evidence to show that the working practice with the Mayor's Office and the corporate centre is creating a bottleneck, resulting in delays to decision-making.
- Corporate support services should be strategic enablers. At present, these services and their processes are largely transactional and that is causing frustration for staff
- Invest more in technological solutions to streamline processes, improve efficiency and make best use of resources. E.g. Just fix your Wi-Fi which will relieve so much organisational stress!
- The council should consider further investment in online digital services, for those residents that have the ability to access services this with. E.g. 2021 Census suggests 97 per cent have digital access and over 130,000 have a digital council account. This investment should sit alongside the Resident Hubs in a complimentary fashion.

Some other key quotes ...

“officers go out of their way to help us”

“need to trust people to do the right thing”

“real focus on education from the Mayor and his team”

“The Mayor has an inspirational vision for the borough”

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[innovation month]
“affirming that the organisation was open to new ideas and to change”

“I know my job inside out, but I have to check with the Mayor’s office”

“you can have bad bureaucracy or good governance”

“everything can’t be a priority”

“the Mayor’s priorities make it an exciting council to work for”

“Wi-Fi is awful”

“I haven’t seen the quality and sophistication of TH [community safety] officers elsewhere”

“ultimately push back and challenge is respected”

Recommendations

1. **Strategic vision** – develop a more comprehensive longer-term strategic vision for the borough and the council which is co-produced in partnership with the community.
2. **Medium Term Financial Strategy**– develop a MTFS, including the HRA, which can demonstrate the future financial sustainability of the council, and which is aligned to the longer-term strategic vision of the council once developed.
3. **Performance management** – to assist with the focus on delivery of the council’s priorities the council should enhance the existing performance framework, making better use of data to inform decision making and policy development. Consideration should be given to how impact of decisions and priority areas is captured.
4. **Workforce strategy** – develop a refreshed workforce strategy to address recruitment and retention challenges. This is particularly important given the current vacancies in key senior management positions and the Mayor’s stated priority of the workforce representing the community.

5. **Mayor's Office** - review the roles, functions and deployment of officers within the Mayor's Office. This should be done to ensure streamlined decision making, removing barriers and duplication elsewhere in the council.
6. **Internal governance** – conduct an urgent review of the internal governance arrangements including the board structures to ensure focus on the delivery of priorities, clarity of reporting and clear lines of accountability. This should seek to speed up decision making, and delegate business-as-usual decisions to an appropriate level.
7. **Working with partners** – To ensure more effective partnership working the council may wish to consider reviewing current partnership governance arrangements.
8. **Grant allocation** – building on the framework for the Mayor's Community Grant scheme introduce a robust process for the Small Grants Programme and the Emergency Grants Fund; demonstrating links to the corporate priorities, ensuring openness and transparency and reset relationships

9. **Cabinet Member responsibilities** – to speed up the pace of decision-making consideration should be given, as part of the constitutional review, to reviewing the delegated responsibilities from the Mayor to both Cabinet Members and officers.
10. **Membership of committees** – the council should consider best practice in relation to the chairing, membership and cross party working in and of key committees such as Full Council, Overview and Scrutiny and Audit. External training for these committees should be arranged.
11. **Member development** - the existing member training and development offer should be strengthened with support initially focussed on Cabinet members and committee chairs.
12. **Diversity** – given the composition of the ruling administration consideration should be given to how the voices of women and those from different backgrounds are directly influencing policy through their lived experience. The team would strongly recommend that the council actively promote the LGA's 'Be a Councillor Campaign' to promote the opportunity for women and people from underrepresented groups across the borough.

- 13. Annual governance statement** – prepare and publish the Annual Governance Statement.
- 14. Outstanding accounts** – outstanding financial accounts going back to 2018/19 need to be resolved as a priority.
- 15. Organisational capacity** - develop the corporate centre so that it is genuinely a strategic enabler and provides the appropriate management information to support the transformation of the organisation.
- 16. Responsiveness** - review the council wide approach to handling member enquiries, complaints and FOI requests to ensure less duplication, faster responses and greater efficiency.
- 17. ‘People First’** - accelerate the ‘People First’ transformation programme and develop a clear narrative to ensure a common understanding. (This should be entwined with the development of the strategic vision)

Next steps

- O&A now.
- Report to be sent to the council 20/10/23
- Council to publish the report no later than 15/12/23 (In the spirit of openness and transparency)
- Report will be published on LGA website
- Action plan to be published by the council by 08/02/24
- Progress review to take place - July 2024
- Progress review report to be published by the Council - September 2024

Briefing title Transformation Dashboard Proposal
Prepared for Transformation Advisory Board
Date 17 October 2023
Author Ayesha Hakim Rahman, Acting Deputy Director of Strategy, Improvement and Transformation

Background

Based on the recommendation from the inaugural Transformation Advisory Board (TAB) held in August, this report presents a proposal for a transformation dashboard that aims to quantify the council's transformational impact.

The proposal is to undertake this in two ways:

1. TAB to oversee a set of 8 – 10 strategic transformation performance indicators
2. Transformation Management Office (TMO) to manage up to 20 Board transformation performance indicators (5 – 6 per Board)

The strategic transformation dashboard will enable TAB to make informed decisions in relation to the council's transformation and to identify any strategic areas where action is needed. Position against these indicators will be reviewed at each TAB.

The Board transformation dashboard will also be a valuable tool for the council, enhancing decision-making, increasing accountability and most importantly, measuring impact.

Recommendations

The Transformation Advisory Board are asked to:

1. Review and approve, or suggest improvements to, the proposed strategic transformation performance indicators, with consideration of:
 - a) How the proposed indicators would monitor and measure progress
 - b) The current availability of performance data against each of the nine suggested indicators
 - c) The level of importance and value given to the proposed indicators, from both the organisation and its residents

2. Note that the TMO will also build and manage additional Board transformation performance indicators – once developed, these will be circulated to TAB members for comment

Proposed strategic transformation dashboard

Transformation Advisory Board (TAB) will have oversight of the strategic transformation dashboard, measuring the impact of strategic transformation across the council. This will be reviewed at each TAB meeting. The dashboard will provide a position statement and RAG rating against the following proposed performance indicators:

1. Progress with the peer review improvement plan
2. Budget sustainability in terms of the in-year revenue position, use of reserves, and capital spend to profile
3. Progress with the Mayor's transformational priorities
4. Performance against Department for Levelling Up, Housing & Communities (DLUHC) data metrics
5. Resident satisfaction with delivery of the Mayor's priorities
6. Inward investment in the Mayor's priority areas
7. Progress with transforming the organisation's structure to address the Mayor's priorities and budget position
8. Progress with strengthening governance and performance
9. Confidence in retaining / improving the current OFSTED rating

Proposed Board transformation dashboard

The TMO will manage the Board transformation dashboard, ideally with a maximum of 5 – 6 indicators per Board. This will measure the impact across the entire transformation governance framework. Once indicators are developed, these will be circulated to TAB members for comment. When in place, if any Board-level indicator is flagged as RED rated, it will be escalated by exception to the Transformation Advisory Board to consider next steps.

New Target Operating Model

Draft proposal for a new TOM in Tower Hamlets



Overview of Tower Hamlets



Tower Hamlets is one of the UK's most high-profile boroughs, committed to delivering high-quality services to its diverse community. With the best of London in one borough, Tower Hamlets has a vibrant population of over 300,000 residents, from over 150 different nationalities. The council is committed to ensuring everything is based on user need, be it residents, businesses or partners.

Opportunities

Tower Hamlets Council has brilliant opportunities that make it a great place to live, work and visit. These include:

- **A diverse and multicultural community:** Diversity is a strength of the borough, providing a unique opportunity to work with, live with, and meet people from different cultures and backgrounds.
- **Education:** Tower Hamlets is home to a number of excellent schools and universities including Queen Mary University of London.
- **Jobs:** The borough is a major economic hub, with a diverse range of businesses and industries, including Canary Wharf.
- **Culture and entertainment:** Tower Hamlets is a vibrant and multicultural borough with a rich cultural heritage. Home to museums, galleries, theatres, music venues and festivals.
- **Sports and recreation:** Tower Hamlets has excellent sports facilities, including parks, playgrounds and sports centres. It is also home to several professional sports teams, including Leyton Orient Football Club and Tower Hamlets Netball Club.

Challenges

The challenges in Tower Hamlets are complex and interconnected. These include:

- **The cost-of-living crisis:** The cost of living in Tower Hamlets is rising faster than wages, making it difficult for many residents to afford necessities.
- **Pressure on Public services:** The borough's population is growing rapidly, putting pressure on key public services.
- **Inequality:** Residents are disproportionately affected by poverty and deprivation.
- **Housing shortage:** The borough's shortage of affordable housing leaves many living in overcrowded or substandard accommodation.
- **Crime and antisocial behaviour:** The borough has a high crime rate, with antisocial behaviour in key areas.
- **Climate change:** The borough is vulnerable to the effects of climate change and the diversity in its population makes this more difficult to tackle.



Census Key points



The 2021 census was carried out on 21 March 2021, in the midst of the COVID-19 pandemic. At the time, England was in its third national lockdown, with restrictions in place on gatherings and travel. Non-essential retail and hospitality venues were not able to open.

Despite these challenges, the census in Tower Hamlets was a success. The response rate was 98.5%, which is higher than the national average of 97.8%. This means that the census provides a comprehensive and accurate picture of the borough's population.

Fastest growing population

Most densely populated borough in England

Median age 30, the youngest of any area in England and Wales

These population trends reflect the borough's position as a major gateway for immigration and a centre for economic activity. Tower Hamlets is a vibrant and multicultural borough that is constantly changing:

- Tower Hamlets is a fast-growing, diverse, and young borough in East London. The borough's population has grown by 22.1% between 2011 and 2021, making it the fastest growing local authority area in England and Wales.
- The borough is also the most densely populated in England, with 15,695 residents per square kilometre. This is over 37 times higher than the national average.
- The median age in Tower Hamlets is 30, making it the youngest borough in England and Wales. The borough also has the smallest proportion of older people aged 65+.
- The most common countries of birth other than the UK are Bangladesh, Italy, India, China, and France. 14% of residents were born in a current European Union country.
- Population turnover is high in Tower Hamlets, with more than a fifth (20.8%) of residents having lived somewhere else a year prior to the census.



Previous Target Operating Model



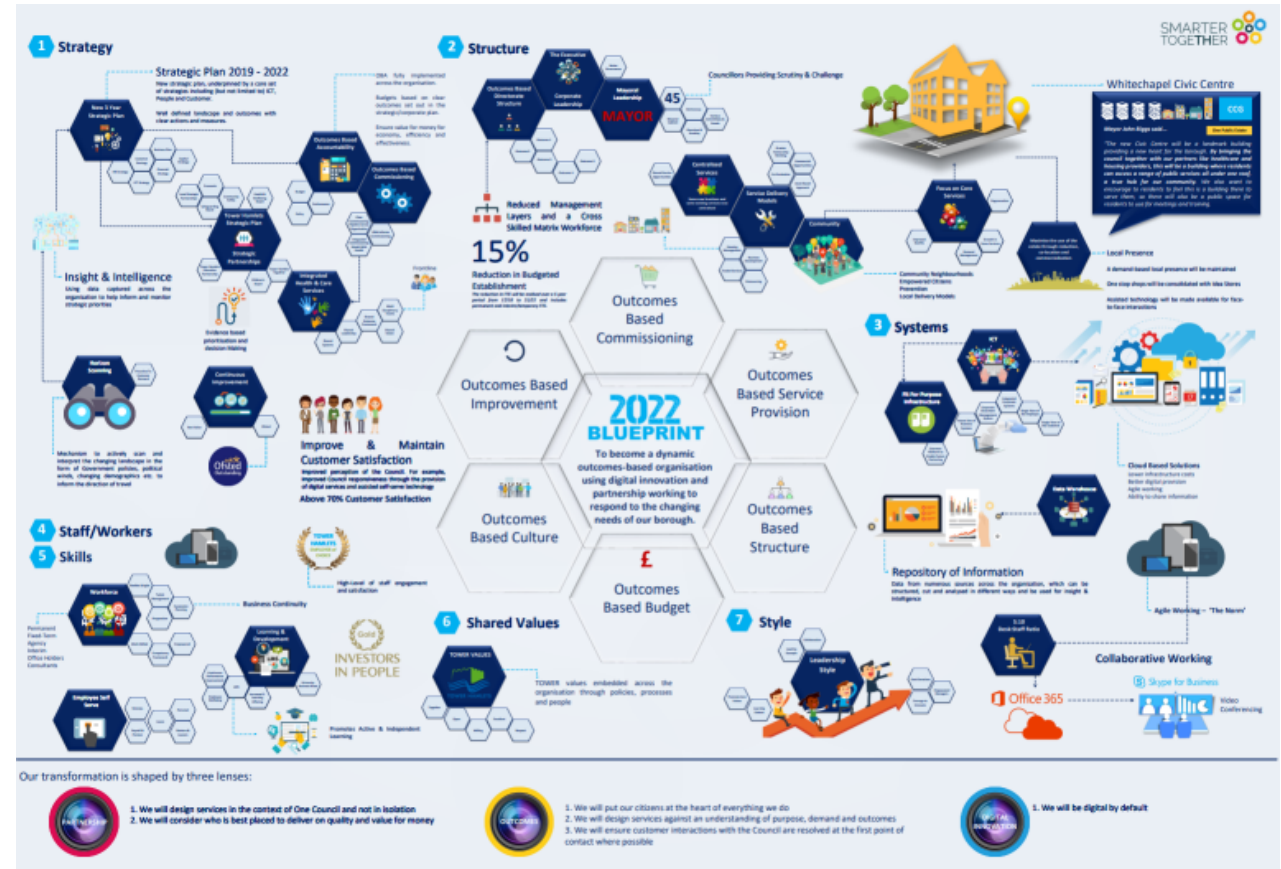
Previous Target Operating Model



The previous Tower Hamlets TOM 2019-2022 was based on the McKinsey 7S framework. This framework is a tool for organisational analysis and development that identifies seven key factors that influence an organisation's success: strategy, structure, systems, style, staff, skills, and shared values.

The blueprint was **focused on structure and was process-driven, as opposed to customer-driven**. The McKinsey 7S Model is typically used to help organisations improve their internal performance, so it does not generally consider external factors. This is evident in that the blueprint was internally focused and did not address some of the most pressing issues facing the borough, such as poverty, crime, and inequality.

The expiry of the blueprint provides an opportunity for the council to develop a new plan that is more focused on the needs of its community. The new plan should be based on the council's strategic priorities, which ultimately focus on investing in and improving public services, creating a fairer borough, and building a sustainable future.



New Target Operating Model



New TOM Vision



Create a more efficient, effective, and responsive public sector organisation that is better able to meet the needs of its communities.

Aligning with the Executive Mayor's Vision

- Addressing specific priorities and goals
- Creating a legacy of community empowerment
- Reinforcing commitment to progressive leadership



TOM Design Principles



The new strategic target operating model should be designed to address the considerations set out in the Strategic Plan for 2022 to 2026 and to help the council achieve its strategic goals.

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Value-driven and cost-effective

By designing the target operating model to be value-driven and cost-effective, the organisation can ensure that it is using its resources wisely and avoiding waste. This will help the organisation to achieve its goals and objectives.

User-centric

By designing the target operating model to be user-centric, the council can ensure that it is meeting the needs of its users. This will help the council to build trust and credibility with its users, and to improve the quality of its services.

Collaborative

By designing the target operating model to be collaborative, the council can ensure that it is working together to deliver services efficiently and effectively. This will help the council to achieve its goals and objectives.

Outward facing

By designing the target operating model to be outward-facing, the council can ensure that it is meeting the needs of its stakeholders and building relationships with them. This will help the council to achieve its goals and objectives.

Empowered to innovate

By designing the target operating model to be empowering, the council can create a culture of innovation and creativity. This will help all of the council's workforce stay ahead of the curve and deliver services that meet the needs of its users.

Accountable

By designing the target operating model to be accountable, the council can build trust and credibility with its stakeholders, including residents, businesses, partners and staff. This will help the council to achieve its goals and objectives.



Core Model Draft Visual



DESIGN PRINCIPLES

Value-driven and cost-effective; User-centric; Collaborative; Outward facing; Empowered to innovate; and Accountable

EMPOWERED COMMUNITIES

Direct and fair decision making, more budget allocation and building on digital transformation

Communities

Housing & Regeneration

Children's Services

Health & Adult Social Care

Resources

EMPOWERED DIRECTORATES

More creativity and innovation with relaxed control

SMALLER BUT STRONGER CORPORATE CENTRE

Chief Executive

Transformation Advisory Board

Corporate Management Team

MAYOR

DRIVEN BY STRATEGIC PLAN 2022 TO 2026
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PARTNERSHIP

1

Design principles. The TOM requires a set of design principles to articulate its vision. These are:

- Value-driven and cost-effective; User-centric; Collaborative; Outward facing; Empowered to innovate; and Accountable

2

Empowered communities. Currently there is a lack of focus on empowering communities. The core of the model is to genuinely empower communities, allowing for direct decision making and the potential budget allocation on an area basis, devolving associated decisions to residents.

3

More outward focus, engaging directly with partners. New ways of working with businesses, inviting external people by being more outward facing and approachable and willing explore partnerships that go wider than the public sector, i.e., private sponsorship for free school meals

4

Smaller but stronger corporate centre. This smaller center allows for more power to directorates, encouraging more creativity and innovation with relaxed control.

5

High profile executive. This represents the Mayor having a clear and focused relationship with the rest of organisation.



Proposed Engagement Plan

The dates represent engagement by the stated date. We are now also in the process of building in engagement with Members and residents.

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Briefing title Annual Residents Survey
Prepared for Transformation Advisory Board
Date 17 October 2023
Author Stephen Bramah, Corporate Head of Strategy and Improvement

Introduction

Tower Hamlets Council has been running an Annual Residents Survey since the 1990s. It is carried out annually, however this is the first survey since 2019 due to Covid.

There are two important elements to the context in which the survey took place. One is the four years since the last survey, the second is what has happened in that time, both within the council and the wider world, covering the pandemic and the cost-of-living crisis. Given the context within which Tower Hamlets has been operating these results show some real positives as well as giving us insight on areas of improvement for the council.

We are performing at or above LGA benchmarks (Slide 7). The survey is not a statutory requirement to carry out, but provides very helpful information about residents views.

The Borough (Place)

Satisfaction with **local area** is up 8 points on 2019 – 70% to 78%, and above national benchmark (76%). Residents' perception of the **Borough** as a place where people from different backgrounds get on well together increased (78% to 87%).

Thinking about your **local area/neighbourhood** those satisfied with the area as a place to live the Sum satisfied is up 8, net satisfied up 11 meaning fewer are dissatisfied. Residents are **generally positive about their local area**. When asked about their local area, fewer report problems with antisocial behaviour.

The Council (Services)

Despite a challenging period for the public sector, **overall satisfaction with the council** remains about the same compared to 2019 (60% to 63%, not statistically significant).

There have been **increases in user satisfaction with services** (Slide 15). In many areas, even **where there has been a drop in people being positive there has been a marked move to 'don't know' rather than a negative answer** e.g. 20% of residents Don't Know when asked whether the council is doing better than one year ago (Slide 11).

In response to the question 'Taking everything into account, how satisfied or dissatisfied are you with the way Tower Hamlets run things?' There is a 3 percentage point improvement (6 points on net satisfaction because fewer are dissatisfied).

Areas for improvement – initial draft of proposed actions

This is a very early draft of potential actions which we are still working on with council services and would welcome Transformation Advisory Board members feedback on:

ARS focus	Draft proposed actions for TAB input
<p>Cost-of-living being number one concern</p> <ul style="list-style-type: none">The survey highlighted the impact of the cost-of-living crisis on residents. The Annual Resident Survey has been running since the 1990s, and 2023 is only the second time crime has not come top, with	<p>One of the Mayor's key priorities is the cost of living and council has a number of existing schemes. Review if more can be done:</p> <p>The Council runs a food hub that provides food to VCS organisations for distribution, a network of food pantries, the resident support grant scheme and a team of officers who provide direct advice to residents.</p>

<p>concerns about the cost-of-living greatest instead.</p>	<p>Universal free school meals for children in the borough implemented.</p> <p>The council manages schemes such as the DfE funded Holiday Activities and Fun scheme, providing free food and activities across the three main school holidays and the DWP funded Household Support Fund, which is split between direct grants and projects.</p> <p>The Council runs an ongoing comms campaign on cost-of-living support and has dedicated website pages.</p> <p>The Transformation Team is in the process of finalising a review into work across the Council to prevent and alleviate poverty and will be making recommendations as a result of the findings.</p> <p>Impact on other agendas - Head of Communications attended a London Councils meeting which showed climate change has fallen to the bottom of priorities in favour of cost of living, all climate change is now through the prism of cost of living e.g. energy efficiency.</p>
<p>Younger people, those aged 18-34, are generally more positive about the council. Residents aged 35-54 are generally more negative, as are carers, those with health problems, and those living in the Borough for 10 years and more.</p> <ul style="list-style-type: none"> • For example, residents aged 35-54 are the most likely to disagree that their council is doing a good job and that it is efficient and well-run and that the council listens to residents. • Residents 35-54 have highest levels of concern on education, crime, and quality of healthcare. 	<p>Services to review how they engage with 35-54 year olds and those around them</p> <p>Services to work with corporate research team to understand the issue in greater depth, the differences in opinion, the needs of residents aged 34-54 and what is therefore driving their responses.</p> <p>A review of support for carers.</p>

<ul style="list-style-type: none"> When asked about their overall satisfaction with the council, just 9% of those aged 18-34 are dissatisfied, but the figure is 19% for those aged 55+.. This finding may be impacted by the close of one stop shops. 	
Trust in the council	<p>Review and strengthen Strategic Plan Priority 8: A Council that listens and works for everyone as part of Strategic Plan refresh.</p> <p>The Customer Experience Strategy supports this as well. The Strategy action plan will help improve this further.</p>
Perceptions of the council i.e. my council is doing a better job than a year ago	Review communications – media consumption survey or LGA review of comms?
My council listens to the concerns of local residents	Community Engagement Strategy being drafted
My council involves residents when making decisions	Community Engagement Strategy being drafted
My council responds quickly when asked for help	Customer Experience Strategy is live, the action plan is being developed. Information on whether staff are friendly and polite till be included in all surveys.
My council has staff who are friendly and polite	<p>Customer Experience Strategy being drafted</p> <p>Internal comms.</p> <p>Review training offer.</p> <p>More mystery shopping and further work to understand this.</p>
More 'Don't knows'	Review communications – media consumption survey or LGA review of comms?

All findings	Brief all staff
All findings	Host a session for staff
All findings	Review and discuss how results plug into the strategic plan.

Next Steps

1. Briefing staff at all levels
2. Ensuring that the Mayor's office, cabinet members and their directors, and services get bespoke briefings about their service areas.
3. Assigning SRO to actions and timeline for reporting back on draft Annual Residents Survey Action Plan above.
4. Reviewing this along with the LGA CPC improvement plan, performance data, benchmarking as part of council's continuous improvement.
5. Preparing for next Annual Resident Survey so we can compare year to year following the gap caused by the pandemic.

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Tower Hamlets Annual Residents' Survey 2023

Transformation Advisory
Board

October 2023

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Introduction



- First full Annual Residents Survey since 2019.
- Fieldwork took place in May and June 2023.
- The cost of living is the crucial context. More residents are worried about rising prices than ever before, more are worried about managing financially, and fewer report no financial concerns.
- The Annual Residents Survey (ARS) helps to fulfil Strategic Plan Priority 8 by listening to residents' views, informing services and highlighting possible improvements. Having run the ARS since the 1990s we can see trends over time.

About ARS 2023



- This is the first face-to-face survey since 2019.
- The 2021 edition was carried out by phone due to pandemic restrictions. The results from 2021 are therefore not directly comparable to the 2023 results and 2019 is used for comparison.
- Fieldwork and some analysis were undertaken by M-E-L Research, an independent research company.
- The survey involves a representative sample of residents (1,117 respondents). We compared the sample to the 2021 Census data to ensure the sample is representative, and cross-referenced LIFT (Low Income Family Tracker).

Further analysis and next steps



- This is our initial analysis at a top level. The report from the contractor provides an external view and greater depth, covering all survey questions.
- Review of survey content and how it can be used alongside other work will take place throughout Autumn 2023.

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Where results are presented as a total, e.g. Sum Positive, the number given is all the positive responses added together. The sum positive/sum good etc. is the way that these numbers have been grouped and presented in past editions of the ARS; presenting in this way provides continuity.

- For example, Q2 To what extent do you think these statements apply to your Borough...
My council is doing a good job: A great deal 5%, To some extent 51% will be a Sum good of 56%.

Highlights



- Satisfaction with local area up 8 points – 70% to 78% and above national benchmark (76%).
- Residents' perception of the Borough as a place where people from different backgrounds get on well together increased (78% to 87%).
- Despite a challenging period for the public sector overall satisfaction with the council remains about the same compared to 2019 (60% to 63%, not statistically significant).
- Concern about crime remains high, but residents' worries about various types of ASB in their local areas is down.
- Almost all services show statistically significant improvement among users e.g. the positive sentiment of users of parking services is up 19 percentage points compared to 2019.
- Many areas see significant increases in those who say they Don't Know. To the question "My council is efficient and well run" the Sum positive is down 12 %points, Don't Knows are up 9 %points.



Context and insights

Analysis



- Many of our key indicators have improved. The council is performing well against national benchmarked data and is emerging well from the Covid period.
 - Since the last comparable Annual Residents Survey in 2019, residents have faced two major crises with the pandemic and the cost-of-living.
- Page 57
- The survey results show that the current cost-of-living crisis appears to be having an impact on residents' lives and on concerns for the future.
- In 2019 more than half (55%) of residents reported that they were not concerned about any of the issues listed (paying bills, utilities, rent etc.). This figure has fallen to just 32% in 2023.

Analysis



- Residents' views of the council may be shaped by their financial circumstances. The 14% of residents who report that they are struggling financially are more likely to have negative views of the council across a range of measures.

Page 58 Those struggling financially are 10 % points more likely than those managing well to disagree that “My council is doing a better job now than one year ago”

- Managing well: 42% disagree council is better than a year ago, financial problems: 52% disagree council is better than a year ago.
- The ARS findings should be viewed in the context of the cost of living crisis and the continued impact on public services of the pandemic.

Analysis



- Younger people, aged 18-34. are generally more positive about the council. Residents aged 35-54 are generally more negative, as are carers, those with health problems, and those living in the Borough for 10 years and more.
- When asked about their overall satisfaction with the council, just 9% of those aged 18-34 are dissatisfied, but the figure is 19% for those aged 55+.
- Those with a health problem or disability are almost 10 % points more likely to express dissatisfaction – 14% overall are dissatisfied compared to 23% with a health problem suggesting perceptions of the council are linked to those of public health providers.

Analysis



- Residents who are more positive about the council are also more positive about the police and vice versa. Though the council and the police are separate, residents' views of one appear to influence their view of the other.
- When asked whether they are satisfied with the council overall, those who believe police / local services are dealing well with crime / antisocial behaviour are more likely to be satisfied (81% compared to 63% overall). Fewer than 6% of those who agree police / local services are dealing well with crime / antisocial behaviour are dissatisfied with how Tower Hamlets run things.
- This continues to indicate that crime is a determining factor when forming a view of the council.
- We see the same with health. Satisfaction with local health services is the lowest since 2004, and views of local health services correlate with views of the council. Residents who are positive about local health services are more likely to say that the council is doing a good job (58% compared to 50% overall).

Timeline



- Draft timeline

Fieldwork	Took place in April/May 2023
Top lines to Chief Executive	19 th July
Discussion with Director of Communications	18 th August
Present to CMT	12 th September
MAB	20 th September
Press release	4 th October
Overview and Scrutiny	5 th October
Present to TAB	10 th October
Sessions to explore the data and teach people how to find what they want.	Autumn 2023

Findings



Findings - positives

Findings – benchmarking against LGA



Topic area	Measure	Tower Hamlets	LGA
Thinking about your local area/neighbourhood, how satisfied are you with the area as a place to live?	Satisfied	78%	76%
How much do you trust Tower Hamlets Council?	Great deal/Fair amount	65%	59%
Taking everything into account, how satisfied or dissatisfied are you with the way Tower Hamlets run things?	Satisfaction	63%	60%
My council keeps residents informed about what they are doing	A great deal/To some extent	57%	57%
How safe or unsafe do you feel when outside in your local area during the day?	Safe	94%	92%
How safe or unsafe do you feel when outside in your local area after dark?	Safe	66%	71%

Tower Hamlets performs **above or at the national average for most key benchmarks**. Whilst the LGA's benchmarking club has been discontinued, it continues to run a quarterly survey of the whole country. The LGA figures are taken from the [February 2023](#) edition.

Findings - change over time

All these findings are statistically significant



To what extent do you think these statements apply to your Borough?	Measure	2023	2019	2019-2023	Significant?
How safe or unsafe do you feel when outside in your local area during the day?	Safe	94%	86%	↑8% points	✓
To what extent do you agree or disagree that this local area is a place where people from different backgrounds get on well together?	Agree	87%	78%	↑9% points	✓
Thinking about your local area/neighbourhood, how satisfied are you with the area as a place to live?	Satisfied	78%	70%	↑8% points	✓
How safe or unsafe do you feel when outside in your local area after dark?	Safe	66%	58%	↑8% points	✓

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- The benchmarked areas set out above show significant improvements in residents' perceptions of the borough.
- Residents in Tower Hamlets believe the borough is a place where people from different backgrounds get on well together, up 9 percentage points from the 2019 edition of the ARS.
- Residents are more satisfied with their local area as a place to live compared to 2019, up by 8 percentage points.
- Residents feel safer in the Borough than they did in 2019. For both during the day and after dark, feelings of safety have increased, both by 8 percentage points.
- 'Significant' refers to whether the result is statistically significant.

Findings - change over time



Thinking about this local area (within 15/20 minutes walking distance), how much of a problem do you think are...?	Measure	2023	2019	Difference	Significant?
Noisy neighbours or loud parties	Problem	18%	35%	↓17 %points	✓
People being drunk or rowdy in public places	Problem	29%	48%	↓19 %points	✓
Vandalism, graffiti and other deliberate damage to property or vehicles	Problem	29%	45%	↓16 %points	✓
People using or dealing drugs	Problem	49%	67%	↓18 %points	✓

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While crime and anti-social behaviour remain a concern for many, residents are notably less worried about ASB in their local area than they were in 2019

‘Significant’ refers to whether the result is statistically significant.

Findings



Areas for improvement

Benchmarking questions - results

The table shows the % of residents giving a positive response to each question and the % of 'Don't Knows'.



Whilst these indicators suggest a decline, much of this is based upon an increase in 'Don't Know' rather than an increase in dissatisfaction. Of the key benchmark questions, all in the table below saw an increase in Don't Knows, of which six increased by 10 % points or more. All the results below show a statistically significant change since 2019.

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To what extent do you think these statements apply to your Borough?	Measure	2023	2019	2019-2023 change % points	Don't know (2019)	Don't know (2023)
My council involves residents when making decisions	A great deal/To some extent	42%	57%	↓15%	4%	17%*
My council keeps residents informed about what they are doing	A great deal/To some extent	57%	72%	↓15%	2%	8%
My council is doing a good job	A great deal/To some extent	56%	69%	↓13%	3%	7%
My council is efficient and well run	A great deal/To some extent	53%	65%	↓12%	4%	13%
My council listens to concerns of local residents	A great deal/To some extent	48%	61%	↓13%	4%	16%*
My council responds quickly when asked for help	A great deal/To some extent	40%	56%	↓16%	7%	17%*
My council has staff who are friendly and polite	A great deal/To some extent	59%	79%	↓20%	6%	17%
My council doesn't do enough for people like me	A great deal/To some extent	42%	54%	↓12%	5%	19%*
My council provides good value for money for the council tax I pay	A great deal/To some extent	45%	57%	↓12%	3%	12%
My council is doing a better job now than one year ago	A great deal/To some extent	38%	59%	↓21%	5%	20%
My council is making the local area a better place for people to live	A great deal/To some extent	56%	72%	↓16%	3%	9%
To what extent do you agree or disagree that Tower Hamlets Council is open and transparent about its activities?	Total agree	45%	51%	↓6%	2%	11%*
How much do you trust Tower Hamlets Council?	Great deal/Fair amount	65%	69%	↓4%	2%	4%

Findings



Services

Findings - services

All residents' views of services



This table presents the views of all residents. A later slide presents the views of service-users only.

What is your opinion of...?	Good	Average	Poor	Don't know
Street lighting	69%	24%	6%	1%
Parks and open spaces	67%	23%	6%	4%
Refuse collection	63%	24%	9%	4%
Recycling services	62%	24%	9%	5%
Pest control	59%	16%	25%	0%
Housing benefit service	55%	32%	10%	3%
Street cleaning	54%	28%	17%	1%
Idea Stores/libraries	54%	18%	2%	26%
Local health services	50%	28%	16%	6%
Repair of roads and pavements	49%	32%	15%	4%
My Council Tax account	48%	25%	8%	19%
Leisure and sports facilities	47%	22%	6%	26%
Policing	36%	36%	20%	8%
Parking services	35%	22%	17%	27%
Council Housing	27%	18%	8%	47%
Social Housing	26%	20%	8%	46%
Youth Services	24%	18%	9%	50%

Findings - services

All residents' views of services



This table presents the views of all residents. A later slide presents the views of service-users only.

'Significant' refers to whether the result is statistically significant.

What is your opinion of...?	2023	2019	Difference	Don't know 2023	Significant?
Street lighting	69%	68%	↑1%	1%	X
Parks and open spaces	67%	66%	↑1%	4%	X
Refuse collection	63%	63%	0%	4%	X
Recycling services	62%	53%	↑9%	5%	✓
Pest control	59%	x	x	0%	x
Housing benefit service	55%	39%	↑16%	3%	✓
Street cleaning	54%	58%	↓4%	1%	X
Idea Stores/libraries	54%	62%	↓8%	26%	✓
Local health services	50%	59%	↓9%	6%	✓
Repair of roads and pavements	49%	53%	↓4%	4%	✓
My Council Tax account	48%	64%	↓16%	19%	✓
Leisure and sports facilities	47%	53%	↓6%	26%	✓
Policing	36%	41%	↓5%	8%	✓
Parking services	35%	32%	↑3%	27%	X
Council Housing	27%	36%	↓9%	47%	✓
Social Housing	26%	x	x	46%	x
Youth Services	24%	x	x	50%	x

Findings – service users only



Service	Good	Average	Poor	Don't know
Primary education (5 - 11 yrs)	79%	8%	2%	3%
Idea Stores/libraries	78%	17%	2%	3%
Parks and open spaces	73%	21%	4%	1%
Nursery education (under 5's)	73%	18%	1%	8%
Secondary education (11 - 18 yrs)	70%	20%	5%	6%
Children's centres	69%	19%	2%	9%
Leisure and sports facilities	67%	25%	4%	4%
Recycling services	65%	24%	9%	3%
Pest control	59%	16%	25%	0%
Housing benefit service	55%	32%	10%	3%
Parking services	52%	26%	20%	2%
Youth Services	47%	19%	25%	9%
Council Housing*	42%	33%	16%	8%

*For council housing the figures are the views on Council Housing of residents who said they rent from the council / through Tower Hamlets Homes

Findings – service users views over time



Service	Good 2023	Good 2019	Difference	Don't know 2023	Significant?
Primary education (5 - 11 yrs)	79%	74%	↑5%	3%	✓
Idea Stores/libraries	78%	74%	↑4%	3%	✓
Parks and open spaces	73%	70%	↑3%	1%	X
Nursery education (under 5's)	73%	65%	↑8%	8%	✓
Secondary education (11 - 18 yrs)	70%	65%	↑5%	6%	✓
Children's centres	69%	61%	↑8%	9%	✓
Leisure and sports facilities	67%	61%	↑6%	4%	✓
Recycling services	65%	57%	↑8%	3%	✓
Pest control	59%	x	x	0%	X
Housing benefit service	55%	51%	↑4%	3%	✓
Parking services	52%	33%	↑19%	2%	✓
Youth Services	47%	x	x	9%	X
Council Housing*	42%	40%	↑2%	8%	X

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Service users are more positive about all services than in 2019.

‘Significant’ refers to whether the result is statistically significant.

*For council housing the figures are the views on Council Housing of residents who said they rent from the council / through Tower Hamlets Homes

Findings



Cost of living

Findings: Personal concerns



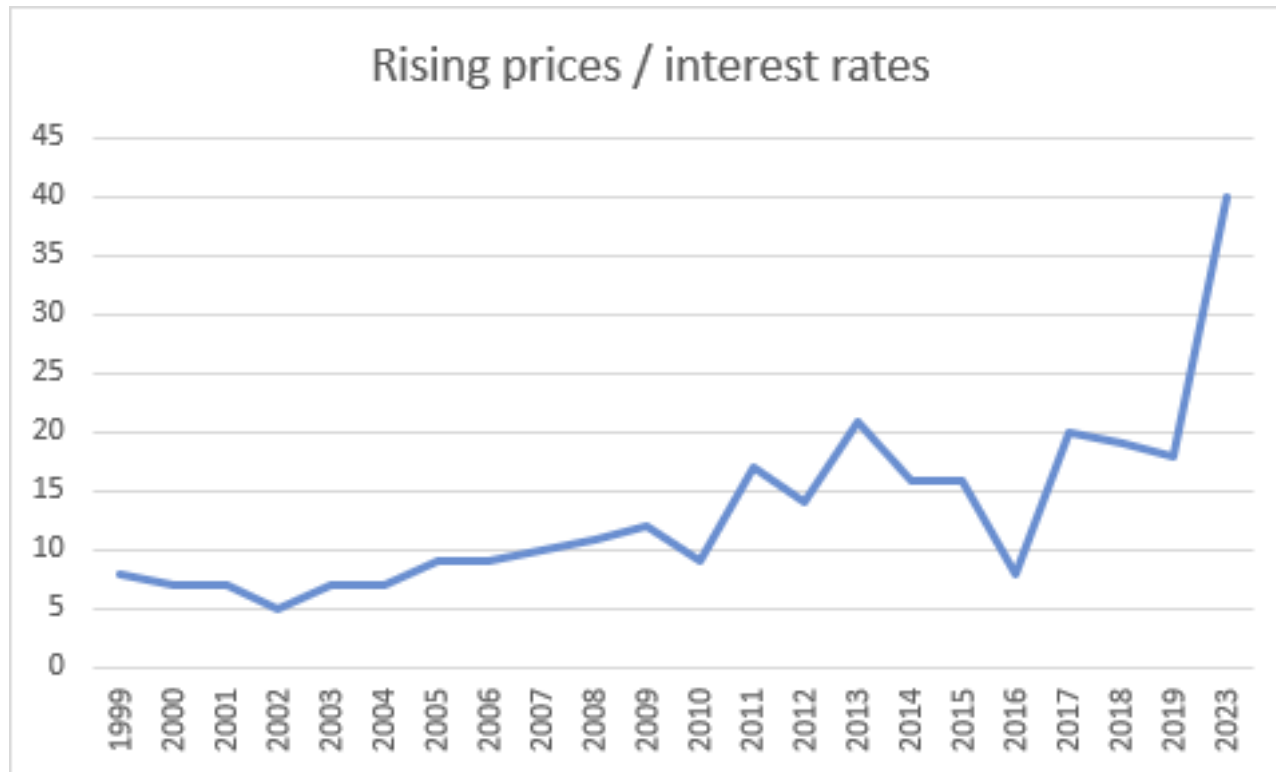
Which three of these are you personally most concerned about?	2023	2019	2019-2023	Statistically Significant?
Rising prices/interest rates	40%	18%	↑ 22%	✓
Crime and Anti-Social Behaviour	39%	48%	↓ 9%	✓
Litter/ dirt in streets	30%	28%	↑ 2%	X
Level of council tax	24%	14%	↑ 10%	✓
Quality of Health Service	23%	11%	↑ 12%	✓
Number of homeless people	17%	19%	↓ 2%	X
Traffic congestion	12%	11%	↑ 1%	X
Level of air pollution	11%	16%	↓ 5%	✓
Lack of jobs	9%	7%	↑ 2%	X
Not enough being done for elderly people	7%	6%	↑ 1%	X
Other	7%	6%	↑ 1%	X
Standards of education	5%	5%	0%	X
None of these	5%	8%	↓ 3%	✓
Poor public transport	3%	3%	0%	X
Don't know	1%	0%	↑ 1%	✓

There have been statistically significant changes in several areas, most notably Rising prices/interest rates, Level of council tax, and Quality of Health Service which all saw increases of 10 percentage points or more.



We have data on rising prices/interest rates since at least 1999. In 2023 40% of respondents put it in their top 3 concerns, an increase of 22 percentage points since 2019, double its previous highest level (21% in 2013). This graph shows the percentage who put rising prices/interest rates as a top 3 concern. 2023 is only the second year that crime has not been top. In 2017 availability of affordable housing overtook it.

Note: Not all of the concern areas are directly comparable with previous years as questions have been added or reworded.



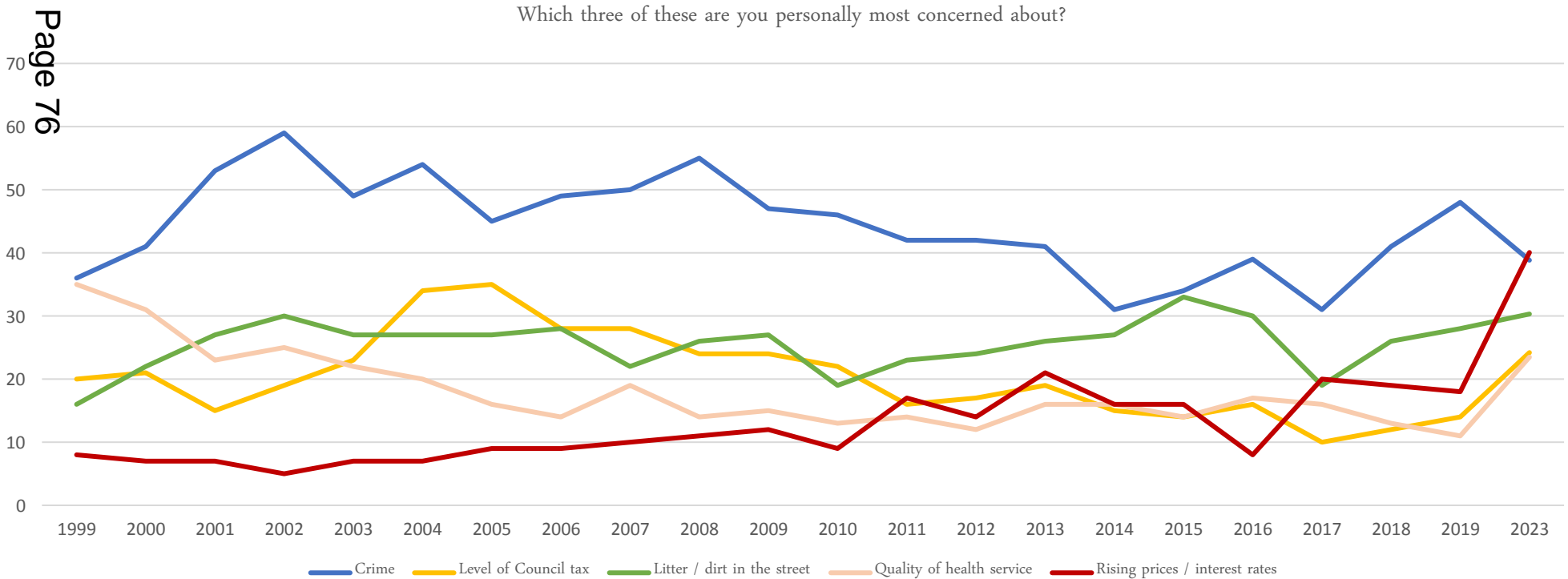
Key context: Personal concerns

In answer to which three of these are you PERSONALLY most concerned about?



The key context to this edition of the Annual Resident Survey is the cost of living. Each edition of the ARS has asked residents for their top personal concerns. The 2023 edition is the first to see the cost of living (framed as rising prices/interest rates) come top. In addition to the many who chose the cost of living, a further quarter selected council tax as among their top three concerns.

The chart below shows how concern about crime has fallen over time, and that cost of living and quality of local health services have become more salient.



Findings – key context: Personal concerns

In answer to which three of these are you PERSONALLY most concerned about?



Thinking about your finances, which, if any, of the following are you most concerned about at the moment:	2023	2019	Difference	Statistically Significant?
Paying fuel bills	50%	15%	↑35%	✓
Paying for food / grocery bills	32%	12%	↑20%	✓
Paying other bills or costs	30%	19%	↑11%	✓
Paying the rent / mortgage	29%	15%	↑14%	✓
Paying council tax	27%	15%	↑12%	✓
Paying credit card bills	8%	6%	↑2%	X
Paying loans	4%	4%	0%	X
I am not concerned about any of these issues	32%	55%	↓23%	✓
Don't know	2%	3%	↓1%	✓

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It is striking that the percentage of people not worried about any of the issues listed fell from 55% to less than one-third (32%).

Findings: Personal concerns – cost of living

LIFT data from May



Risk group	Count of households	% of all low income households
Coping	28,014	85%
Struggling	749	2%
At risk	3,243	10%
In crisis	809	2%
Grand Total	32,815	100%

We have compared the figures against the Low Income Family Tracker (LIFT) by working with the Poverty Insights Officer in the Growth & Economic Development team.

Combining the data from LIFT with the Annual Resident Survey on personal concerns, personal finances, and the question on concerns about paying bills we gain some insights into residents' financial situations. Combining all these implies that there is not currently widespread destitution in the Borough, but that residents are concerned about the future.

Of those in low-income households, 85% are coping financially according to the most up-to-date figures.



Methodology

About the survey and context



- All surveys, even the Census, are estimates. They are also snapshots at that time, and things change.
- Surveys are estimates of the results that we would get if we asked the same questions to every Tower Hamlets resident. The concept of **statistical reliability** is based on how confident we are that the sample of individuals we interviewed is representative of the general population.
- Our sample was drawn to be representative of the local population across the Borough. Surveys were conducted at over 100 locations.
- M-E-L interviewed 1,117 Tower Hamlets residents – our “sample”. With a sample of this size, at a 95% level of confidence, and on a 50% agreement score, the confidence intervals attached to the % ratings is $\pm 3.0\%$. This means that there is a 95% chance that the “true” value will (if we had interviewed all residents) fall within 47% and 53%. The confidence intervals depend as well on the result itself: the closer to 50% the wider the confidence interval; the further away from 50% (i.e., closer to 0% or 100%) the narrower the confidence interval.



• Who we interviewed

Age	Count	Percent
18-27	213	23.9%
28-37	274	30.7%
38-47	154	17.3%
48-57	116	13.0%
58-67	75	8.4%
68-77	42	4.7%
78-87	17	1.9%
88+	1	0.1%

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Gender	Count	Percent
Male	568	51%
Female	549	49%
Grand Total	1,117	100%
Sex	Count	%
Male	562	50%
Female	543	49%
Prefer not to say	12	1%

How would you describe your ethnic group?	Count	Percent
Asian: Bangladeshi	350	31.3%
White: British	338	30.3%
White: Any other White background	141	12.6%
Asian: Indian	53	4.7%
Black: African	49	4.4%
Asian: Chinese	30	2.7%
Asian: Any other Asian background	28	2.5%
Black: Caribbean	25	2.2%
Prefer not to say	21	1.9%
Other: Any other background	17	1.5%
White: Irish	9	0.8%
Mixed: Any other Mixed background	8	0.7%
Black: Somali	8	0.7%
Mixed: White and Asian	7	0.6%
Asian: Vietnamese	6	0.5%
White: Gypsy / Roma	4	0.4%
White and Black Caribbean	5	0.4%
White and Black African	5	0.4%
Asian: Pakistani	5	0.4%
Black: any other Black / African / Caribbean background	4	0.4%
Other: Arab	3	0.3%
White: traveller of Irish background	1	0.1%
Total	1,117	100%

What is your religion or belief?	Count	Percent
Muslim	399	35.7%
No religion or belief	312	27.9%
Christian	263	23.5%
Prefer not to say	69	6.2%
Hindu	36	3.2%
Agnostic	17	1.5%
Buddhist	7	0.6%
Jewish	5	0.4%
Prefer to self-describe	3	0.3%
Sikh	2	0.2%
Humanist	2	0.2%
Don't know	2	0.2%

Do you own or rent your current home?	Count	Percent
Rent privately	375	34%
Housing association	267	24%
Rent from council / through Tower Hamlets Homes	201	18%
Owner occupier	183	16%
Shared Ownership (part own, part rent)	32	3%
Other	30	3%
Prefer not to say	29	3%



To what extent do you think these statements apply to your Borough?

- My council is doing a good job
- My council is efficient and well run
- My council involves residents when making decisions
- My council listens to the concerns of local residents
- My council is easy to contact
- My council responds quickly when asked for help
- My council keeps residents informed about what it is doing
- My council has staff who are friendly and polite
- My council doesn't do enough for people like me
- My council provides good value for money for the council tax I pay
- My council is doing a better job now than one year ago
- My council is making the local area a better place for people to live

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Taking everything into account, how satisfied or dissatisfied are you with the way Tower Hamlets runs things?

To what extent do you agree or disagree that Tower Hamlets Council is open and transparent about its activities?

How much do you trust Tower Hamlets Council?

To what extent do you agree or disagree that this local area is a place where people from different backgrounds get on well together?

How safe or unsafe do you feel when outside in your local area after dark? And during the day?

Cabinet 20 September 2023	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director of Resources	Classification: Unrestricted
Budget Monitoring 2023/24 Quarter 1	

Lead Member	Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living
Originating Officer(s)	John Harrison – Interim Director of Finance, Procurement and Audit Ahsan Khan – Head of Strategic Finance (Chief Accountant)
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Strategic Plan Priority / Outcome	All Strategic Plan 2022-26 priorities

Reasons for Urgency

This report was not published within the statutory timescale. The publication was delayed to ensure review by the Council’s new permanent section 151 Officer, who joined the council on the 1st of September, in line with good practice. It is important Cabinet considers the report at this meeting to ensure the latest financial information is provided to inform decision making.

Executive Summary

This report presents the current forecast year end outturn compared to the budget as at 30th June 2023 (Period 3/Quarter 1) for the General Fund, Dedicated Schools Grant (DSG), Housing Revenue Account (HRA), progress against savings targets, the council’s capital programme and provides projections on General Fund earmarked reserves.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the council’s position and consequent forecast outturn as at 30th June 2023, against General Fund Budget (based on the previous

structures), Dedicated Schools Budget, Housing Revenue Account and earmarked reserves for 2023-24.

2. Note the actions taken to date to address the demand pressures as set out in Appendix A, Section 3.2.
3. Note the progress made against the 2023-24 savings targets, based on forecasts as of 30th June 2023.
4. Note the council's forecast outturn position against General Fund and Housing Revenue Account capital programme approved budgets for 2023-24, based on forecasts as of 30th June 2023.
5. Note that there are no equalities implications directly resulting from this report, as set out in Section 4.
6. Approve capital investment of £80k in the London Community Credit Union (LCCU) funded from the COVID reserve.

1 REASONS FOR THE DECISIONS

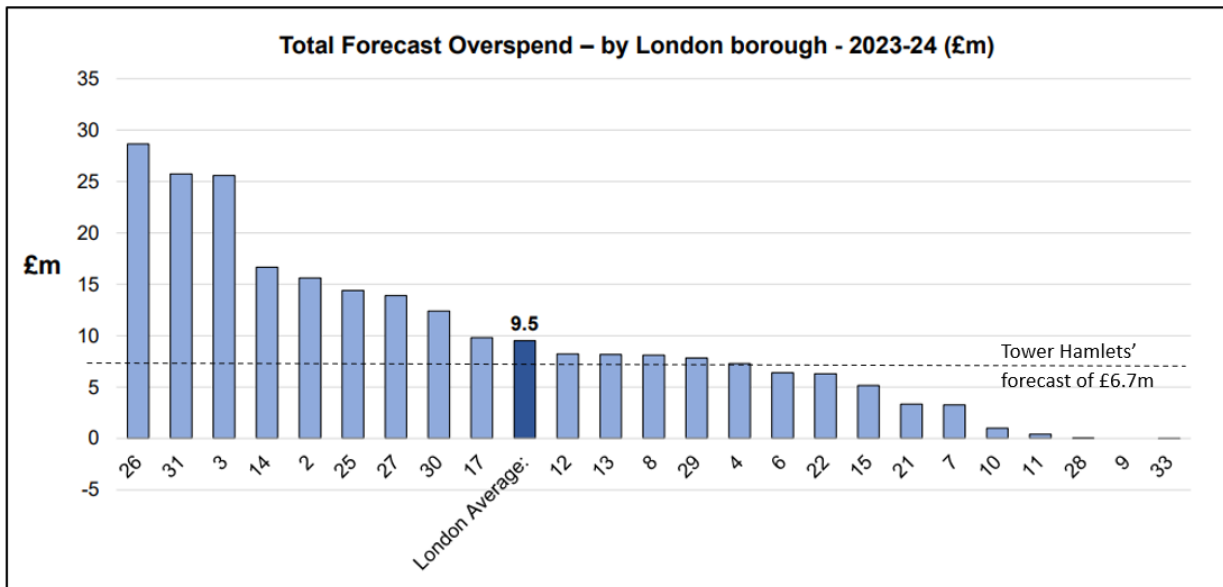
- 1.1 The regular, timely and accurate reporting of Revenue and Capital Budget Monitoring information through the year is a key financial control. It makes visible variations to budget to inform decision making and enable the council to take timely mitigating actions.
- 1.2 It is important that issues driving variations to budget are understood, challenged and addressed so that the council remains both within the approved budget envelope and on track to delivering the plans Members budgeted for.
- 1.3 Where there are underlying issues arising that cannot be contained by individual service management action, for example increasing costs of homelessness, which is an issue of national concern particularly so across London Boroughs, then alternative proposals can be developed. These then form realistic and acceptable solutions which address the financial impact; CMT and Members have a key role in approving such actions. Only as a measure of last resort should proposals represent potential changes to the budget originally approved.

2 ALTERNATIVE OPTIONS

- 2.1 The council could choose to monitor its budgetary performance against an alternative timeframe, but it is considered that the reporting schedule provides the appropriate balance to allow strategic oversight of the budget by Members and to manage the council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service directors and the council's CMT including approval of management action.

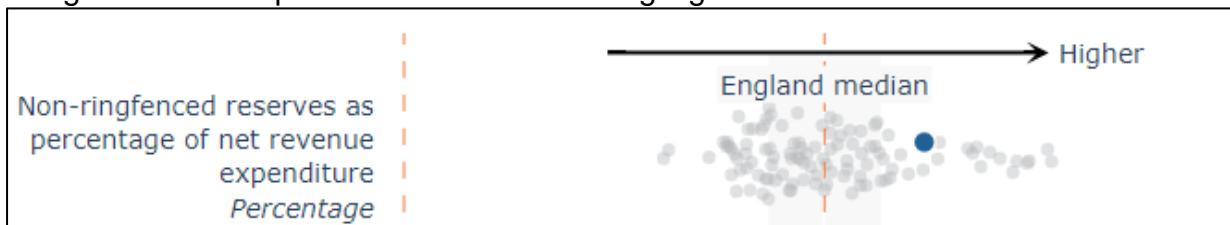
3 DETAILS OF THE REPORT

- 3.1 On 1 March 2023, council agreed a general fund budget of 445.5 million, which required delivering savings of £15.5m. The overall savings requirement included elements of slippage from previous years where the Council had been unable to deliver its savings targets during the period. The current progress made against savings targets is detailed contained in Appendix B.
- 3.2 The budget forecast at this early stage in the financial year, if accepted with no action taken, indicates a projected potential general fund overspend of £6.7m. This includes, but is not limited to, major overspend variances due to demand service-based pressures totalling £8.4 million arising from Homelessness (£3.6m) Adult Social Care (£3.3m), SEN Transport (£1.5m). Based on this forecast, total general fund balance and reserves without restrictions are projected to remain within tolerable limits in the short term at a total £83.9m by the end of the year as shown in Section 5 of Appendix A. Therefore, at this stage the council can demonstrate financial resilience which importantly provides time to progress corresponding recurring savings/ underspends to replace shorter term sources of funding which has helped offset much of the demand pressures to date. The council has experienced challenges in previous years relating to slippages and non-achievement of savings targets, leading to overspends for the council which have largely been mitigated thorough the use of savings/efficiencies generated elsewhere in the council or one-off reserves. This is not sustainable and savings targets will need to be closely monitored through the year to ensure urgent action is taken where savings are not being achieved through substitution of savings or reduced growth to maintain the robustness of the councils financial position moving forward.
- 3.3 The Council is undergoing a transformation programme to make sure we are achieving the council's agreed priorities, Mayor's ambitions for the borough and the objectives set out in the Strategic Plan in a more efficient and financially sustainable manner. Boards have been set up to drive the transformation and achieve those efficiencies detailed in our Medium-Term Financial Plan (MTFP). These boards have been set up to bring much more rigour to the financial management process and to introduce additional controls in the way the council spends its money.
- 3.4 By way of comparison and illustrative context the Quarter 1 Budget Monitoring Survey produced by London Councils shows similar significant external pressures being faced by local government. Due to a combination of strong financial oversight and the actions taken by the Council as set out in section 3.2 of Appendix A, Table 1 below demonstrates Tower Hamlets remains in a comparatively strong position with a same period forecast overspend projected well below the average of the 24 Councils who participated.



3.5 Government indicators from Oflog benchmark Councils' Non-ringfenced reserves. This data is for the 2021/22 financial year and shows Tower Hamlets in the top 25% of local authorities for the size of its reserves. This shows that the Council had a comparatively high level of non-ringfenced reserves in comparison to other authorities and as such was well placed to weather a storm with some short-term reliance on reserves to support revenue expenditure.

Oflog Indicator Graph with Tower Hamlets Highlighted:



3.6 The 2023/24 brought forward deficit on the DSG was £13.8m. The Deficit in the DSG has been built up over the last 5 years with increased demand for individual support for Children through Education Health and Care Plans. The DfE have recognised that levels of funding were not adequate to cover demand and the majority of Local Authorities are now in an accrued deficit position. In 2023/24. For Tower Hamlets current forecasts on the spend within the Dedicated Schools budget indicate an underspend of £1.0m, which will reduce the deficit to £12.8m by year-end. This budget is exceptionally volatile with the main variable related to spend on individual high needs arrangements. The prior years' deficit would be expected to be paid back over the longer term to ensure that provision for young people can be maintained.

3.7 The Housing Revenue Account is forecasting an overspend variance of £1.3m when compared with budget. This balance will be transferred from general HRA balances at year-end. Variances in the HRA relate to delegated budget, which is forecasting a year-end adverse variance of £2.2m, the THH management fee

is forecasting a break-even position, the non-delegated budget is forecasting a year-end adverse variance of £2.2m and technical adjustment budgets are forecasting a favourable variance of £3.1m. Further details are provided in Appendix A, section 4. It should be noted that one of the key areas of efficiencies yet to be incorporated into our forecast year end position and Medium-Term Financial Strategy relates to the integration of THH. This is an important element of future consideration for the council given the potential corresponding risks associated with investment requirements in existing stock, meeting new regulatory standards and delivering our housing growth agenda.

- 3.8 Further details of the period 3/ quarter 1 forecast outturn capital monitoring position at programme level is provided in Appendix A, section 10 as well as Appendix C.
- 3.9 A capital allocation of £80k is requested to support the LCCU. The credit union has been impacted by the pandemic and the cost-of-living crises. The union provides a vital source of credit for residents in need, and it is proposed the investment is funded from the COVID reserve which was created to support the impact of the pandemic. Further details are provided in Appendix D.
- 3.10 Our financial strategy remains focussed on securing long-term sustainability and as such delivery of our identified savings in parallel with the accelerated identification of future savings requirements remains a key area of action across the organisation, in order to achieve a sustainable balanced position across the medium term.

4 EQUALITIES IMPLICATIONS

- 4.1 There are no equality implications directly resulting from this report.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.
- 5.2 There are no other statutory implications contained in this report.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the report and its associated appendices.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The council's chief finance officer has established financial procedures to ensure the council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report
- 7.2 The monitoring of financial information is also a significant contributor to meeting the council's Best Value legal duty and therefore this report complies with that legal duty.
-

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix A: Budget Monitoring Report 2023-24 as at 30th June (Period 3)
- Appendix B: Summary MTFS Savings Tracker 2023-26
- Appendix C: 2023-24 Period 3 Forecast Outturn General Fund Capital Programme Monitor
- Appendix D: Credit Union Briefing

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

- None

Officer contact details for documents: N/A

Appendix A

Budget Monitoring Report 2023-24 as at 30th June (Period 3)

	Section	Page
Summary	1	2
<i>Directorate positions</i>		
Children and Culture	2.1	5
Resources	2.2	8
Chief Executive's Office	2.3	10
Health, Adults & Community	2.4	11
Place	2.5	15
Corporate Costs	3.1	26
Actions to Address the Forecast Overspend	3.2	28
Housing Revenue Account	4	29
General Fund and Earmarked Reserves	5	32
HRA, DSG and Capital Usable Reserves	6	33
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Savings	9	39
Capital GF and HRA	10	40

Circulated to	Cabinet
Date	20 September 2023
Classification	Unrestricted
Report of	Corporate Director of Resources
Lead Member	Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living
Originating Officer(s)	John Harrison, Interim Director of Finance, Procurement and Audit Ahsan Khan, Head of Strategic Finance (Chief Accountant)
Wards affected	All Wards
Key Decision?	No

General Fund (GF) forecast £6.7m overspend variance

Dedicated Schools Grant (DSG) forecast £1.0m underspend before the transfer to reserve

Housing Revenue Account (HRA) forecast £1.3m overspend before transfer from reserve

Period 3 Forecast Outturn as Overspend/(Underspend) (£m)						
	2023/24 Net expenditure budget	Actuals	Forecast outturn	Gross over / (under) spend	Transfer to / (from) reserves	Net variance over / (under) spend (impact on GF / DSG / HRA)
	A		B	C = B - A	D	= C + D
Children & Culture Resources	87.7	27.9	93.5	5.8	(3.7)	2.1
Chief Executive's HA&C	45.2	58.9	46.1	0.9	(0.8)	0.1
Place	17.6	5.2	15.9	(1.7)	(0.1)	(1.8)
	174.5	26.5	183.6	9.1	(6.7)	2.4
	73.2	18.7	87.4	14.2	(7.3)	6.9
Sub-total GF services	398.2	137.2	426.5	28.3	(18.6)	9.7
Corporate and Financing costs	47.3	16.3	44.3	(3.0)	0.0	(3.0)
Total General Fund	445.5	153.5	470.8	25.3	(18.6)	6.7
<u>Ringfenced Items</u>						
DSG Grant				(1.0)	1.0	0.0
HRA				1.3	(1.3)	0.0

General Fund

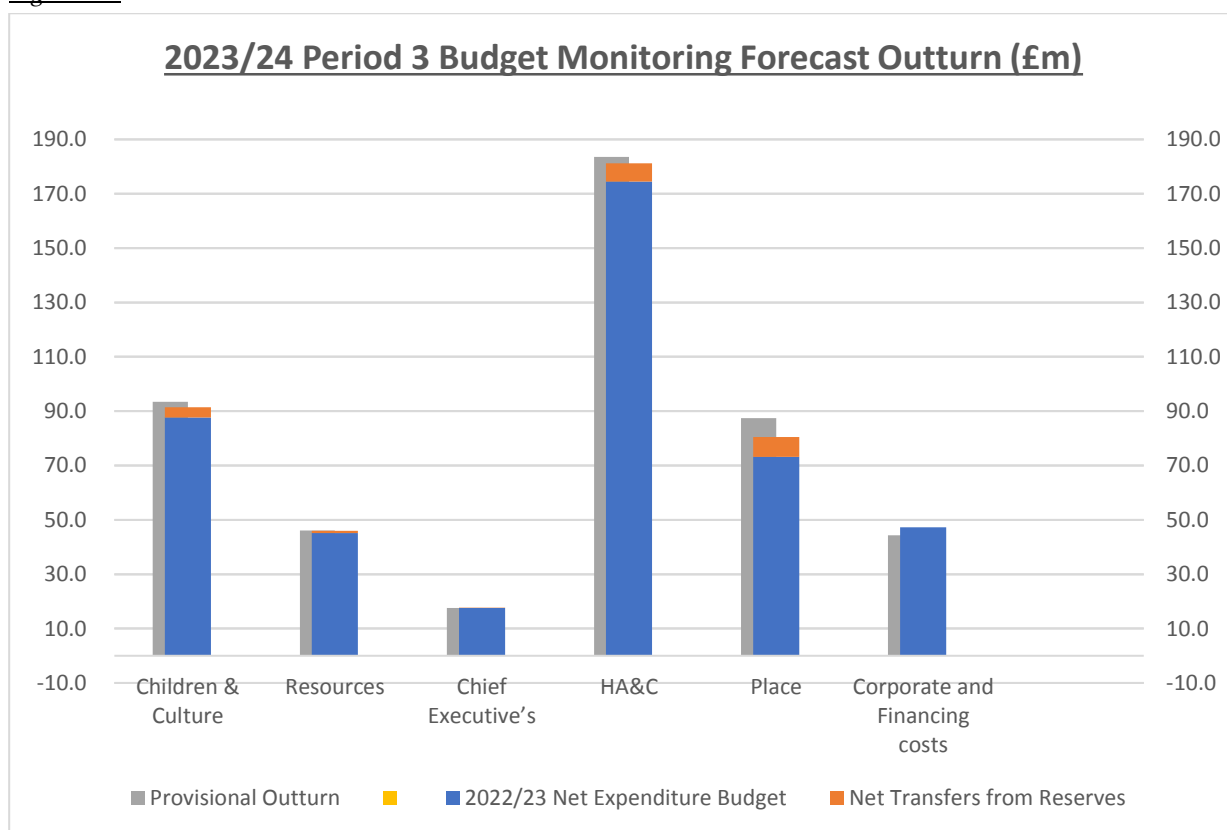
The total council approved revenue net expenditure budget for 2023/24 is £445.5m. The year-to-date actuals to period 3 (30th June) amount to £153.5m. The period 3, 2023/24 financial forecast is an underlying gross overspend of £25.3m. The position after the proposed net drawdown of earmarked reserves requested from directorates (subject to the approval of the CFO), totalling £(18.6)m, of which £2m was budgeted for in 2023/24, with the remainder of the reserve drawdowns being proposed from previously agreed reserves set aside in prior years, is an overall forecast £6.7m overspend variance (see figure 1.1 below).

The council's overall general and earmarked reserves are detailed in section 5. General and earmarked reserve allocations brought forward from previous years have been done so for three main purposes; the council maintains general balances in order to provide a contingency against unplanned or unexpected events and earmarked reserves are maintained to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing as well as setting aside funds to meet known or predicted future liabilities.

The detailed directorate monitoring, setting out the period 3 forecast outturn against revised budgets and the reasons for the variances are detailed within the body of this Appendix. The monitoring report will reflect the new departmental structures from Month 5.

Significant savings are still to be delivered in 2023/24 within a continuing challenging environment for the council. Any under/overspend at the year-end will be transferred to/funded from reserves.

Figure 1.1



General Fund and Earmarked Reserves

There is a forecast reduction in the year-end reserves position, this is summarised in the table below:

All in figures in £m	Draft outturn 31 March 2023*	Forecast in-year increase / (decrease)	Forecast 31 March 2024
General Fund balance	24.2	(2.5)	21.7
Reserves without restrictions	96.0	(33.8)	62.2
Sub-total	120.2	(36.3)	83.9
General Fund Restricted Reserves	98.9	(16.8)	82.1
Total	219.1	(53.1)	166.0

* updated 31 March 2023 position from provisional outturn 2022/23

Some reserve movements do not show on the 'Period 3 Forecast Outturn as Overspend/(Underspend)' table either due to the way they are accounted for or their balance movements do not directly impact service Directorates. A reconciliation between the above table and the 'Period 3 Forecast Outturn as Overspend/(Underspend)' table is detailed as follows:

	£m
Directorates movement in reserves	(18.6)
Contribution to fund MTFs (from the Mayor's Priority Investment Reserve) as approved by council 1st March 2023	(22.1)
Contribution to fund Collection Fund deficit costs (from Collection Fund Smoothing Reserve)	(2.7)
Contribution to fund ICT non capitalisable infrastructure	(2.0)
Contribution to fund Transformation across services	(1.0)
Contribution to fund overall forecast overspend position	(6.7)
Total General Fund and Earmarked Reserves movement	(53.1)

General Fund balances and reserves without restrictions are forecast to decrease by £(36.3)m, from £120.2m to £83.9m in 2023/24. We are in a hugely unpredictable environment and we are facing significant challenges over the medium-term thus it is important to maintain reserves at an adequate level to help mitigate and manage these significant risks and ensure the council remains on a sustainable footing going forward.

General Fund Restricted reserves are forecast to decrease by £(16.8)m, from £98.9m to £82.1m in 2023/24, this includes funds that are to be utilised for specific purposes, including grants received in advance pertaining to the Collection Fund, the council's self-insurance reserve, Public Health and other various revenue grants the council has received, which include conditions on the spend.

Collection Fund

For Business Rates, to the end of Period 3, we have collected £131m of £431m billed (30.29% in-year collection rate) compared to 28.74% for 2022-23, which is an improvement on last year. This includes collection of the Business Rate Supplement (BRS) for the London Crossrail development.

For Council Tax, to the end of Period 3, we collected £41.6m of the £176m Council Tax bills raised (25.8% in-year collection rate) compared to 24.9% for the same period in 2022-23, which is an improvement on last year but lower than pre-pandemic collection levels. Future years' collection rates could continue to be negatively affected by wider economic impacts being experienced by residents (including inflationary and market pressures on energy and food costs).

Dedicated Schools Grant (DSG) Budget

Current Forecast on the spend within the Dedicated Schools budget is an underspend of £1.0m in 2023/24, resulting in prior years' deficits of £13.8m reducing to £12.8m by year-end. This budget is exceptionally volatile with the main variable related to spend on individual high needs arrangements. The prior years' deficit would be expected to be paid back over the longer term to ensure that provision for young people can be maintained and the current DSG statutory override expires in 2025/26.

HRA

The Housing Revenue Account is forecasting an overspend of £1.3m when compared with budget. It is assumed that this balance will be transferred from general HRA balances at year-end. Variances in the HRA relate to delegated budget, which is forecasting a year-end adverse variance of £2.2m, the THH management fee is forecasting a break-even position, the non-delegated budget is forecasting a year-end adverse variance of £2.2m and technical adjustment budgets are forecasting a favourable variance of £3.1m. Further details are provided in section 4 of this appendix.

Children and Culture forecast overspend of £2.1m

Dedicated Schools Grant (DSG) forecast £1.0m underspend before the transfer to reserve

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Supporting Families	63.2	16.7	64.7	1.5	(1.7)	(0.2)
Commissioning and Culture	8.8	1.1	8.5	(0.3)	0.0	(0.3)
Education	11.3	3.8	13.6	2.4	0.0	2.4
Education Resources	4.4	6.3	6.6	2.2	(2.0)	0.2
Education Impact of School Closures and Amalgamations	0.0	0.0	0.0	0.0	0.0	0.0
Total	87.7	27.9	93.4	5.8	(3.7)	2.1

The Children and Culture Directorate is reporting a net overspend of £2.1m. The Supporting Families service is showing a net underspend of £0.2m, Commissioning and Culture an underspend of £0.3m, Children's Resources a net overspend of £0.2m, and Education a net overspend of £2.4m.

The budget position reflects that Supporting Families is managing these pressures however the position is after a significant use of grant bought forward from 2023/24 that was received later than anticipated. The service is becoming more reliant on specific grants with funding for family hubs as well as the specific social care grant, although the full allocation of this was not received by services in 2023/24.

As in the case in the majority of local Authorities across the country SEND pressures are the greatest concern and continue to increase with a clear link to the impact of the pandemic upon children's development, with unprecedented increases in the number of referrals for Education Health and Care Plans. Whilst the costs associated with the EHCPs are met from within the Dedicated Schools Grant (DSG) there are a number of services that relate to these increases that are met from within the General Fund. These costs have significantly increased with the need for additional staff in Education Psychology and SEN casework. Whilst growth for staffing was included for 2023/24 the need to use locums and interim staff continues to cause a pressure where there these staff are in high demand and short supply.

LBTH is currently part of the DfE sponsored DBV (delivering better value programme) looking at supporting the development of mitigations to reduce the ongoing cost pressures through identifying opportunities within current provision. This programme offers the opportunity of a £1m grant to support the work needed to understand where interventions are best targeted.

There continues to be significant increases in the Costs of SEN transport costs, both with increased volumes of Children accessing transport and the large increase in fuel costs and London ULEZ surcharges

for private hire vehicles. Whilst a number of mitigations have been introduced to facilitate personnel budgets and accelerate the programme of travel training this is not keeping up with the volume growth, We are still working with the place directorate to find a solution to the uncertainty and volatility of the internal transport budgets that are split with adult services, with a greater proportion and pressure now being met from Childrens service budgets.

Plans are being taken forward to see if the increased level of staffing need in SEND can be addressed through growth bids for 2024/25 as well as increases in Education psychology staffing. Growth bids will also be submitted in relation to SEN transport demands.

Use of reserves included funding bought forward from the prior year supporting families funding of £1.7m and £2.0m of reserves will be drawn down to support the costs of Primary Free School Meals in line with the agreed MTFS.

Provisional outturn on the spend within the Dedicated Schools budget is an underspend of £1.0m. This budget is exceptionally volatile with the main variable related to spend on individual high needs arrangements, also related to the increase in EHCPs.

Supporting Families £0.2m underspend

The Current overspends within the service are offset by an agreed carry forward of prior year grants of £1.7m.

No Recourse to Public Funds - £0.3m overspend

This continues to be a pressure with the requirement to support young people and their families who are unable to claim benefits or support.

Children Looked after - £0.6m overspend

There are currently additional Agency staff in this area supporting the work of the ASYE Social Workers. Staffing numbers are being reviewed and there may be the requirement for some level of budget realignment to support the additional staffing.

Residential Placements- £1m overspend

These are currently overspending by £1m broken down into several areas the main ones being £0.2m on external foster carers, £0.6m on residential placements and £0.2m on semi-independent placements.

Commissioning and Culture £0.3m underspend

Arts Parks and events - £0.2m underspend

There is additional income forecast to the current budget and an additional contribution from Thames Tideway

Sports and Physical activity - £0.1m overspend.

The primary area of concern is the additional costs of guarding in relation to the extended closure of St Georges Leisure centre.

Education £2.4m overspend

SEN Transport £1.5m overspend

Sen transport continues to be a pressure with both cost and volume pressures. Costs of internal transport have increased as the proportion of costs met by Childrens services have increases, while the demand for transport vehicles across London has pushed up the cost of individual transport arrangements. A growth bid is being considered for next financial year.

SEN Staffing £0.5m overspend

The increase in the number of EHCP plans and requests for assessments has meant that a number of temporary staff have been employed to reduce backlogs and maintain and revue the current plans in place. A growth bid is being considered for next financial year.

Education psychologists £0.4m overspend

With the increase in EHCP requests to assess comes a greater call on the psychology service. Previously the service was supported by additional income generated from offering non statutory support to Schools. This has not been possible with the demand on the service which has also needed to cover some posts on a temporary basis.

Forecast overspend of £0.1m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Customer Services	8.2	2.3	7.8	(0.4)	0.0	(0.4)
Finance, Procurement & Audit	8.8	8.5	9.6	0.8	(0.6)	0.2
ICT	13.3	7.2	13.3	0.0	0.0	0.0
Revenue and Benefits Service	2.9	38.2	3.4	0.5	(0.2)	0.3
Workforce, OD and Business Support Service	12.0	2.7	12.0	0.0	0.0	0.0
Total	45.2	58.9	46.1	0.9	(0.8)	0.1

*High actuals to date in Finance, Procurement and Audit due to Insurance Trading Account recharges to be processed, in Revenue and Benefits Service due to Housing Benefit income to come from government grant for reimbursement of costs and in ICT due to expenditure to be capitalised.

Summary

The Resources directorate forecast is a £0.1m overspend position after movements from reserves of £0.8m.

Customer Services – £0.4m underspend

An underspend of £0.4m underspend is anticipated for the service area. This is one-off to this financial year and is due to the late appointment against the newly created posts in both the Watney Market Idea Store and the Residents' Hub.

The breakdown by each of the five services within Customer Services is:

Customer Services Management £0.1m underspend. This is due to late appointments in the Residents' Hub partly counteracted by essential works at the various Resident Hub locations and the funding of the salary costs for the Customer Relations Manager programme.

Registrars – Break Even position.

Information Governance - £0.1m under primarily due to late appointment of new posts from the Growth Bid and other part-year vacancies.

Idea Stores - £0.2m underspend. This is due to the late appointment of staff in the Watney Market Idea Store

Idea Stores Learning – Break Even position.

Finance, Procurement and Audit – forecast £0.2m overspend

There is a forecast overspend in staffing for the Procurement Team of £0.5m due to the current high number of procurements occurring, including social care homecare contracts and a high level of agency staff usage. Permanent recruitment and a review of the structure is underway to fill posts covered by agency workers however it has been proving difficult to recruit in the current market.

Use of the £0.3m procurement reserve which was set aside in recognition of the pressures facing the service will be utilised to offset the majority of the overspend. There is also a movement in the Insurance Reserve for insurance team staffing of £0.3m.

Finance and Audit are currently forecasting a breakeven position after the contribution from reserves.

Information Technology – breakeven forecast position after reserves

A forecast breakeven position, following the drawdown from the ICT Transformation Reserve. IT equipment to support hybrid working; the carry forward of Cyber Security Grant required this year; and a drawdown of the ICT Transformation Reserve.

The IT service is experiencing inflationary pressures which could impact this year's position as contracts are renewed during the year. Additionally, there are budget pressures from a growing council where many costs and licences are charged to the Council on a per-user basis. While the IT service seeks to contain these costs, this may not be possible throughout the year.

Please also note that there will also be a drawdown from the ICT Transformation Reserve towards the funding of the ICT capital infrastructure improvements for revenue costs which cannot be capitalised - total to be determined and subject to agreement.

Revenues and Benefits Service – forecast £0.3m overspend

There is an underlying budget pressure of £0.8m in the service. This will be offset by underspends elsewhere in the service of £0.3m, due to part-year vacancies and an increased level of Dept of Work and Pensions Housing Benefits subsidy. The Actuals spend is high since we hold the DWP's grant received in the Balance Sheet.

A drawdown from reserves of £0.2m will help reduce the overspend. The reserve was created from New Burdens grant received in 22/23 in relation to administration of government support schemes.

Workforce, OD and Business Support Service – Breakeven

Learning and Development £0.1m underspend. This is due to combined savings from part-year vacant posts and an underspend in the Training budget.

HR £0.2m underspend. This has been caused by a combination of staffing vacancies and new appointments at the bottoms of the grades.

Business Support Service £0.3m overspend. This is on staffing salaries; the newly acting Head of Service is looking closely at the agency cover and to make savings later in the year.

Forecast underspend of £1.8m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Communications and Marketing	2.1	0.4	2.2	0.1	(0.1)	0.0
Strategy, Improvement and Transformation	7.9	1.5	6.2	(1.7)	0.0	(1.7)
Legal, Monitoring Officer, Democratic and Electoral Services	5.2	2.6	5.1	(0.1)	0.0	(0.1)
Corporate Management	0.3	0.1	0.3	0.0	0.0	0.0
Mayor's Office	2.1	0.6	2.1	0.0	0.0	0.0
Total	17.6	5.2	15.9	(1.7)	(0.1)	(1.8)

The Chief Executive's Office outturn indicates a forecast underspend of £1.8m following drawdown from the Communications Reserve totalling £0.1m.

Communications and Marketing – Breakeven after drawdown from reserves

Forecast breakeven position following the drawdown of the £0.1m Communications Reserve to support costs relating to the insourcing of Tower Hamlets Homes and leisure services.

Strategy, Improvement and Transformation – £1.7m underspend

Following the report to Cabinet on 21st June, Neighbourhood Community Infrastructure Levy (NCIL) will be used to support the Community Grants programme.

Legal, Monitoring Officer, Democratic and Electoral Services – £0.1m underspend

Democratic Services projecting an underspend due to the current Members Allowance pay scale of £0.1m. Legal Services although displaying a pressure currently have plans in place; to convert agency into fixed term contracts, rationalise service provision and review of billable hours and recharges are expected to bring the service to breakeven. Electoral Services are projecting an underspend of £0.03m which will be offered up as a MTFs saving for 2024-25 onwards.

Corporate Management – Forecast Breakeven

Budget is on track to break even.

Mayor's Office – Forecast Breakeven

The outturn position is on track to break even. Vacant posts offsetting the cost of consultant and interims.

Health, Adults & Community forecast overspend of £2.4m

Public Health (GF) forecast £2.0m overspend before the transfer from reserve

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Adult Social Care	112.0	18.1	116.1	4.1	(0.8)	3.3
Community Safety	10.2	1.4	9.4	(0.8)	0.0	(0.8)
Integrated Commissioning	14.6	3.6	18.4	3.8	(3.9)	(0.1)
Public Health	37.7	3.4	39.7	2.0	(2.0)	0.0
Total	174.5	26.5	183.6	9.1	(6.7)	2.4

The Health, Adults and Community Directorate's projected outturn at Period 3 is a £2.4m overspend position against a budget of £174.5m, after planned transfers from reserves of £6.7m. The primary reason for the forecast overspend is ongoing pressures in Adult Social Care with increased costs of care packages for disabled and older people provided under the Council's Care Act 2014 statutory duties. The full pressure is partly offset by additional, but short-term, grant funding – not all of this has currently been released to the service. Robust arrangements for scrutinising care and support plans with associated costs are in place within the Department including tiered sign off of packages and a Panel process.

Overall demographic trends impacts on 'demand' for Adult Social Care Services – we have seen around 27% more enquiries come in to the service over the last two years. Tower Hamlets has the 5th highest score for deprivation within London and the highest level of pensioner poverty in the country. In the 2021 Census, nearly half of females and two fifths of males aged over 65 reported they were disabled. The prevalence of mental health in Tower Hamlets is greater than is seen in London or England and above the London median. Short-term government grant funding is an ongoing concern nationally as well as the impact of changes to the hospital discharge process and NHS pressures which have added to funding pressures for Adult Social Care.

The Directorate is on track to deliver its savings in 2023-24.

The Adult Social Care Transformation and Improvement Programme has been put in place to reduce costs in the medium to long-term and achieve a more sustainable financial position for the service. Business cases for technology enabled care and increasing housing with support options will come through in the new year but will not impact significantly on this year's position.

Integrated Commissioning and Community Safety are both forecasting small underspends at Period 3, while Public Health is expected to draw-down on the Public Health ringfenced reserve to fund priorities to meet additional committed expenditure and to meet expenditure in other service areas.

Transfers to and (from) Reserves (£6.7m)

Use of reserves relates largely to partnership funding held in pooled budgets for use across health and social care.

- Costs of care provision for clients discharged from hospital for the first 4 weeks following discharge, and community equipment issued to clients on discharge, are accounted for separately and not included in the financial pressures outlined above for this financial year. Funding remaining in the agreed s75 pooled funding held in reserves amount to £1.28m. In addition to the use of the Local Authority allocation of the Adult Social Care Discharge Fund in 2023-24 in the amount of £2.4m and the ICB allocation of £927k (being fully utilised on meeting costs for the Royal London Hospital Integrated Discharge Hub), projected costs of discharges amount to £4.4m. Therefore, it is anticipated that £836k of the funding held in the reserves will need to be called upon in 2023-24.
- The ring-fenced Tower Hamlets Place Investment Fund has a joint pool of £6.0m funding and at period 3 it is anticipated that £3.9m will be drawn down for joint project funding during 2023-24.
- In agreement with the CCG, underspends against the Joint Funded Better Care Fund (BCF) for the Local Incentive Scheme Projects and Community Equipment Service that were transferred to Reserves are fully committed in 2023-24 in the amount of £1.17m.
- The Public Health Grant Reserve at the start of the financial year 2022/23 was £7.2m. Commitments against the reserve for 2023-24 currently stand at £1.98m, leaving a projected £5.2m at the end of this financial year. The final transfer to the Public Health Grant Reserve will be finalised at financial year-end based on final public health grant expenditure outturn.

Adult Social Care – Forecast £3.3m overspend at Period 3

At Period 3 Adult Social Care is forecasting an overspend position of £3.3m against a budget of £112.0m. The outturn position for 2022-23 for Adult Social Care was an overspend position of £2.2m against a budget of £108.9m. This overspend was after £4.4m was transferred from the s75 reserves funding held for costs associated with discharged clients and £2.2m from the ASC Discharge Grant.

(i) Employee Costs – Forecast (£0.8m) underspend

The Period 3 forecast for employee costs is a £0.8m underspend position against a budget of £22.6m, primarily due to vacancies during permanent recruitment to posts. There has been deliberate action to reduce agency costs, where possible, and there are some remaining vacancies with difficulties recruiting.

The projected underspend for Employee Costs is £0.6m less in 2023-24 than the outturn position in 2022-23 due to additional funding received last financial year that was used to offset additional agency costs, that is not available in this financial year.

(ii) Care Package Costs and other Service Costs – Forecast £3.7m overspend

Direct costs associated with care packages are projected to overspend by £3.7m at Period 3 against a budget of £106.0m.

Care and Support Plan Assurance Meetings (CSPAM) data clearly demonstrates the increasing needs and complexities of clients, with additional packages being required to meet growing demand. Data from the 1st of April 2023 to the end of June 2023 shows that the Panel process has approved 246 packages of care with increasing needs, representing a further £2.8m full-year cost. Against this, 78 cases assessed to date, resulted in a reduction or cessation in care package, amounting to a £0.6m reduction in full-year costs. 78

packages assessed resulted in no change in the level of care provided. The impact of these changes to date is a net increase of £2.2m (387 total packages reviewed).

The demographic growth budget is being held centrally and then allocated to the appropriate budgets on a quarterly basis, based on a calculation of the costs of new clients into a service area. The total allocated demographic growth budget for 2023-24 is £4.0m. A budget for inflationary uplifts, that is currently being projected to cost £6.3m in 2023-24, is yet to be allocated to directorates by the Corporate Finance Team.

Other Service Costs are in relation to a provision for bad debts and other supplies and services costs relating to Adult Social Service clients. These are projected to overspend by £2.0m at period 3 against a budget of £1.0m. The provision for bad debts (i.e., irrecoverable income against historic invoices raised for residential and non-residential income, has been estimated as £1.4m and will be finalised as part of the closing of accounts processes.

(iii) Income – Forecast £1.5m over achievement of income over budget

Income budgets are projecting an additional £1.5m in income at Period 3. This is due to projected additional client contribution income that will be recovered in this financial year from the work being carried out by the ASC Debt Panel.

Integrated Commissioning – Forecast (£0.1m) underspend at Period 3

Integrated Commissioning is forecast to underspend by £0.1m at Period 3, against a revised budget of £14.6m. The outturn position for 2022-23 was an underspend of £2.1m against a budget of £16.6m, primarily due to additional draw-down of TH Place Investment Funding from reserves.

The underspend for Integrated Commissioning is due to Community Equipment costs for discharged clients being funded via agreed s75 funding (partnership funding across the Council and NHS) for 2023-24, and therefore creating an underspend in costs for this area. Funding will be drawn down from the TH Place Investment Fund in 2023-24 held in reserves to meet partnership priorities and agreed funding.

An area of substantial risk in Integrated Commissioning is the Transport Services Unit (TSU) recharge, which has a budget of £2.0m for 2023-24. Currently estimates of the costs that will be recharged from the Place directorate to Health, Adults & Community are £2.7m due to current pressures in the fuel market.

Community Safety – Forecast (£0.8m) Underspend at Period 3

Community Safety is projected to underspend by £0.8m at Period 3 against a budget of £10.2m. The outturn position for 2022-23 was an underspend of £0.29m against a budget of £6.5m.

The Division has significant growth investment in 2023-24 for recruitment of additional Tower Hamlets Enforcement Officers (THEOs), and for investment in additional Metropolitan Police Officers for the Borough. A robust campaign and a dedicated recruitment and selection process has been undertaken to ensure the additional officers are recruited to the THEO service. Due to the number of THEOs required and to ensure the best outcomes the recruitment and selection process has been undertaken using a phased approach. Tranche 1 of this recruitment process concluded in June and the tranche of new staff selected will be on boarded in line with the Council's recruitment and selection policy. The recruitment and selection process is still ongoing. The Police have advised that they are unable to provide additional funded police officers this year due to London wide recruitment issues facing the Metropolitan Police Service. Discussions are ongoing with the local Met Police Basic Command Unit to seek to mitigate this situation. Therefore, this has resulted in projected underspends/reductions against the growth funding in 2023-24.

Public Health – Forecast Breakeven

The Public Health Grant allocation for 2023-24 is £38.6m and is fully committed on existing expenditure. At the end of 2022-23, the amount held in the Public Health Grant ring-fenced reserve was £7.16m. Committed expenditure during 2023-24 from the reserve stands at £1.98m, including expenditure on the Healthy Borough and Community First Programmes, funding on partnership posts and additional funding allocated to Children and Culture Directorate. Currently the reserve balance at the end of this financial year is projected at £5.2m.

Sexual Health Services

As a demand-led service, sexual health remains the main risk to the Public Health budget. However, the risk is managed through contract and financial monitoring, and the maintaining of a reserve to address any pressure in this area. Expenditure in the amount of £1.0m has been retained within the Public Health Grant budget to meet demand increases.

Forecast overspend of £6.9m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Property & Major Programmes	17.2	1	17.6	0.4	(0.2)	0.2
Resources	1.8	1.1	2.3	0.5	(0.7)	(0.2)
Public Realm	34.4	4	38.1	3.7	(0.8)	2.9
Growth & Economic Development	2.5	5	5.3	2.8	(2.5)	0.3
Planning & Building Control	2.3	0.9	3.3	1	(0.9)	0.1
Housing & Regeneration	15	6.7	20.8	5.8	(2.2)	3.6
Total	73.2	18.7	87.4	14.2	(7.3)	6.9

Draft Outturn Position

The Place Directorate is forecasting outturn position with an adverse variance of £6.9m after reserve adjustments. The main adverse variances are within Public Realm (Waste services) and Housing & Regeneration (Housing Options). The councils new departmental structure took effect in August 2023, a key driver being to address issues within the Place directorate in its inability to efficiently manage its resources, projects, people and direction given its size and subsequent budget monitors will be reported based on the new departmental structures.

The Directorate is proposing a number of drawdowns and top ups which are planned as part of its business-as-usual activities. These adjustments net to a £7.3m drawdown from specific earmarked reserves. This reserve figure includes Infrastructure Planning activities and £1.3m LIF funding for the Regeneration and Infrastructure Planning teams; £0.7m from the Mayoral Tackling Poverty reserve to fund the team; £1.3m contribution from the Flexible Homelessness Support grant reserve to mitigate cost pressures within the Homelessness service; £1.5m budgeted drawdown from the Parking reserve to fund Highways activities and £0.8m from the Barkentine PFI smoothing reserve primarily to fund ongoing work around the future of the scheme. The remaining drawdowns are from specific ringfenced reserves to fund one off projects across the Directorate.

The majority of the adverse variances relate to external factors outside of the control of the Place Directorate, for example challenges resulting from the pandemic and cost of living crisis increasing demand for Housing Options and Growth & Economic Development, reduced developer income within Planning & Building Control, reduced capitalisation of salaries relating to the capital programme (including the TFL programme) and assets deemed surplus to requirement transferring to the Directorate without budgetary provision. These unavoidable costs have placed pressure on service delivery or reduced the amount of income collected.

Savings Targets

The Directorate has a £7.2m savings targets in 2023/24, inclusive of slipped savings from the previous financial year. Of these savings it is projected that £4.9m will be delivered, with remaining £2.1m of savings slipping into the next financial year but remain deliverable and the remaining £0.2m is undeliverable. The slippage is primarily within the Housing Options service where service transformation is taking place, but the saving will not be realised until future years.

Property & Major Programmes – Forecast £0.2m Adverse

The Property & Major Programmes division is forecasting to outturn with a £0.2m adverse variance after reserve adjustments.

Corporate Property – £0.6m Adverse Variance

Four schools (Cherry Trees, Guardian Angels, Shapla and Bromley Hall) and Mile End playgroup are empty and declared surplus to requirements. Vacant property costs including security, insurance, utilities, rates and general maintenance are being incurred, creating a budget pressure of £0.6m without any financial provision being made as part of the decision-making process when declaring the buildings as surplus.

Facilities Management – (£0.6m) Favourable Variance

A £0.5m favourable variance against employee related budgets resulting from vacancies that have not been filled.

Favourable variance of £0.1m relating to an underspend on supplies and services budgets within the New Town Hall team.

Corporate Landlord Model (CLM) – (£0.2m) Favourable Variance

A favourable variance of £0.2m for business rates relating to John Onslow House and Rushmead, both of which are budgeted for in the general fund but are HRA assets.

Non-Operational Investment Estate – £0.4m Adverse Variance

Void units resulting from capital works at the Montefiore building is resulting in an adverse variance of £0.1m.

A £0.3m adverse variance resulting from vacant units and units currently under offer at Jack Dash House and Brady Centre.

New Town Hall – Nil Variance

Projected transitional costs totalling £0.2m relating to the move to the New Town Hall will be met from the New Town Hall reserve.

Resources – £0.2m Favourable Variance

The revenue costs relating to the Regeneration team are projected at £0.9m for the year, with £0.6m funded from LIF and £0.3m costs to be capitalised. There is no general budget and the service is projecting use this funding to meet its costs, resulting in a nil variance.

A £0.4m favourable variance within the Service Design & Improvement team resulting from vacant posts and part-year recruitment to fill vacancies.

Unbudgeted employee costs have resulted in a £0.2m adverse variance within the Place Director cost centre.

Public Realm – £2.9m Adverse Variance

Public Realm is forecasting an adverse variance of £2.9m against budget. This figure is inclusive of a proposed reserve movements netting to a £0.8m drawdown.

Public Realm Management – (£0.3m) Favourable Variance

Favourable variance resulting from underspend on employee related expenditure.

Highways and Traffic Management – £0.2m Adverse Variance

A £0.3m favourable variance relating to additional network management income. Increased development within the Borough has resulted in greater levels of road closures relating to the Council's footway and carriageway capital programme and issuing of scaffolding and hoarding permits.

Capitalisation shortfall projected at £0.8m is being offset by a corresponding underspend of £0.8m on salaries resulting from posts being held vacant.

Despite consumption levels reducing following the capital investment to implement low energy light bulbs, energy prices have risen resulting in an £0.6m adverse variance for on street lighting electricity charges. The unit rate has increased by 50% for street lighting when compared with the previous financial year.

A budget shortfall of £0.5m relating to sunk costs that cannot be capitalised resulting from the TFL capital programme not progressing. The budgets reflect funding assumptions at the pre-Covid level from TFL of £2.2m. TFL are withholding funding in the current year following uncertainty around the capital programme.

Balances relating to historic temporary structure income and s278 rechargeable works totalling £0.6m are forecast to be drawn down to revenue. This relates to unclaimed amounts of over six years old that cannot be reclaimed. This balance is planned to be used to mitigate the pressures detailed above in Highways & Traffic Management.

A £1.4m contribution towards the cost of Highways and Traffic Management from the Parking surplus (drawdown from the Parking Control reserve). This drawdown is budgeted, resulting in a nil variance.

Operational Services – Nil Variance

Favourable variance of £0.2m from unbudgeted income relating to the sale of recyclable materials.

Vacant posts within this Arboriculture service resulting in a £0.1m favourable variance.

A £0.2m adverse variance relating to demographic growth and customer behaviour post pandemic which is generating more household waste. An assumption has been made that the indexation uplift on the waste disposal contract will be met corporately.

A £0.1m adverse variance relating to increased costs of running plant and machinery, including fuel costs within the green team service.

There is likely to be a favourable variance for the excess revenue electricity share resulting from the creation of electricity from the residual waste. The higher selling price to the National Grid should result in a larger income share for the Council but there is no visibility of the amount at present. The Council's share was £0.6m in 2022/23.

Environmental Services Improvement – (£0.1m) Favourable Variance

A favourable variance of £0.1m resulting from vacant posts and secondments away from the team.

Waste Operations (Environmental Services) – £2.9m Adverse Variance

A favourable variance of £0.1m relating to third party expenditure resulting from reduced cleaning of Blackwall tunnel. TFL has not instructed for this work to take place post pandemic.

Cleaning related to external events and the late-night economy is forecast to generate additional income of £0.1m.

A favourable variance of £1m against salaries relating to vacant posts. This is being offset by additional costs of £2.2m for agency and overtime covering these vacancies, long-term sickness and additional public holidays. This resulted in an adverse variance for employee related costs of £1.2m. A recruitment campaign is planned to fill the vacancies and reduce reliance on overtime and agency staff.

Unachievable income target of £0.1m relating to charging for bulky waste collections. This income target formed part of a historic greater commercialisation saving allocated to Place in 2021/22. The charge either needs to be introduced in the current year or the saving written off as bulky waste collections remain a non-chargeable service.

A £0.4m adverse variance relating to an unachievable income target relating to a revised and reduced recharge to the markets service.

Unscheduled vehicle repairs, increased costs for scheduled maintenance and an increase in the cost of diesel has resulted in an adverse variance of £1.4m.

There are a number of mitigating actions that are being undertaken to manage this ongoing cost pressure. These include targeting illegal waste through increased enforcement activity; improve the commercial waste offer and increasing market share (whilst also targeting over production of waste by existing commercial waste customers through targeted enforcement activity to drive compliance and increase sales); reducing contamination through identification of hotspots followed by targeted communication (education/advice/enforcement); targeting rogue landlords through policy change/interventions; workforce recruitment of permanent staff to replace temporary staff and reduce overtime; and route optimisation and increased staff training to reduce vehicle damage / insurance claims.

Commercial Waste - £0.6m Adverse Variance

There is an under recovery of income totalling £0.6m for commercial waste. The service has lost customers during the pandemic. This forecast is based on the previous year's outturn position. There have been issues around the billing of income for commercial waste which are currently being resolved.

Fleet & Passenger Transport Service – Nil Variance

The majority of fleet costs are recharged to other services. There has been a significant increase in these costs, in particular fuel and repairs & maintenance which have been passed on to other Directorates where the pressure is being reported.

Concessionary Fares – (£1m) Favourable Variance

Although the cost of journeys has increased, Concessionary Fares is projecting a favourable variance for Freedom Passes as a result of fewer TFL journeys being undertaken during the pandemic. The current years calculation is based on the previous two year's average journeys where travel was restricted due to lockdown. This is a one-off saving and although budget was taken, the final settlement was lower than estimated.

Although there is a favourable variance in year, projections for future years are forecasting significant adverse variances (£2.3m in 2024/25 and a further £1.8m in 2025/26).

Parking services – Nil Variance

Parking services has a favourable variance of £1m against budget. This amount will be transferred to the Parking Control reserve and reallocated to fund other highways and transport related services and school crossing patrols.

The Enforcement service (PCN related income) has exceeded budgeted levels because of moving traffic cameras, which includes school street cameras. These cameras reduce the overall environmental impact along these roads and increase road user safety and wellbeing. This has resulted in an increase in tickets issued across the Borough, with forecasted additional income of £1.5m.

However, this is being offset by pressures on the Parking debt budget where there is an under recovery against the income target of £1.4m. This target relates to aged debt cases where the central debt collection team are falling short of the targeted debt recovery levels as some have been deemed irrecoverable.

Vacant posts within the Enforcement service resulting in a favourable variance of £0.2m. Staff retention is challenging and when vacant these posts are difficult to fill.

Bay suspension income is over-recovering by £0.4m with demand for the service continuing to be high.

Casual parking income is projected to exceed budget by £0.3m with demand being higher than that budgeted.

Environmental & Regulatory services – £0.6m Adverse Variance

Unbudgeted contract costs relating to the Coroner's, Undertaker and Pathology services are forecasting to result in a £0.3m adverse variance.

Landlord licensing is forecasting an adverse variance of £0.3m where there is no reserve to offset the costs incurred providing the service. The license fees are paid in advance and cover a three year period, the license fee covering the costs incurred administering the scheme over the life of the license period. HMO licenses are discretionary fees and are increased in line with inflation. This represents an accounting error where the reserve was taken several years ago and not the result of service provision.

Expenditure totalling £0.2m has been incurred to fund the additional HMO licensing scheme. These costs will be met from the Additional HMO licensing reserve, resulting in a nil variance.

There is an ongoing court case with legal costs of £0.1m forecast in year. These costs will be met from the Proceeds of Crime reserve.

Street Trading – Nil Variance

The Street Trading account is a ringfenced account and is forecasting a nil variance. This forecast includes a reduction in the cleansing and refuse collection recharge from waste services where it has been deemed that some costs cannot be passed on to the market traders.

Growth & Economic Development – Forecast £0.3m Adverse

Growth & Economic Development is forecasting an adverse variance of £0.3m against budget. This projection assumes approved s106 drawdown from reserves totalling £2.5m for core activities and approved projects across the division. There are further reserve drawdowns totalling £0.7m to fund the

Tackling Poverty team, £0.6m for the Residents Support Scheme and a further £1m from earmarked reserves for specific activities and projects, for example the Kickstart programme, 50+ programme, ESF programme and BAME Action Fund.

The cost-of-living crisis is a mayoral priority, and the new administration has approved additional spending of £0.4m for food hubs in year. This additional expenditure will be met from the Mayoral Priority reserve.

The Growth & Economic Development division are forecasting to receive grant funding totalling £11.5m in year. This includes £6m Household Support grant, Holiday Activity Funding of £1.7m, Energy Bill Support scheme funding of £2m, £0.7m SIP funding (LIFT and Inclusive Growth money), £0.3m UKSPF funding and a number of smaller grants across GED totalling £0.8m.

Employment & Skills – £0.2m Adverse Variance

The ITRES service has moved to be managed through Matrix, this movement means there is an unachievable income target where previously the E&S team would recharge their costs to the service receiving the ITRES agency staff. This income target remains but there is no recharge, resulting in a £0.2m adverse variance. Work is ongoing to mitigate this pressure in the new year.

The E&S service operates a number of externally funded programmes that complement the mainstream service provision and provide additional services that support residents without adding additional pressure on the General Fund, some of these schemes include ESF funded employment support; GLA funded LIFT Digital (tech) Hub; DWP Kickstart programme; DWP Local Supported Employment programme.

Growth – (£0.1m) Favourable

The Growth service has a favourable variance of £0.1m after reserve drawdowns. There are a number of projects being undertaken within the service, primarily around thriving high streets and creative enterprise zones and grant funding has been received to support this work.

The £0.1m favourable variance is within the Business Growth team and relates to a number of vacancies and some posts being budgeted at top of scale but recruited at lower grades.

Tackling Poverty – Nil Variance

Tackling Poverty has been awarded £6m in household support grant in 2023/24. This grant will be spent on specific activities on top of the team's core work. There is no general fund budget for the Tackling Poverty team and as a result a drawdown of £0.7m from the Mayor's Tackling Poverty reserve is projected to be required to meet this cost.

The service has also received £1.7m for the Holiday Activity Fund. This funds two posts to run the HAF scheme as well as funding other running costs, food and activities for children throughout the year.

A total of £2.3m has been received for the Energy Bills Support scheme. Vulnerable residents could apply for £400 grants towards the cost of their energy bills. The scheme supported residents who were ineligible for the £66 per month energy payments awarded last Winter, targeting residents who do not have mains gas, live on boats or live in accommodation where energy bills are included in the rent payments. This scheme has now come to an end. There were a low number of residents in Borough eligible for the Energy Bill Support Scheme when compared with the size of grant awarded. In total 1,200 claims were made for energy support, totalling £305k in grant support. As a result, £2m remained unspent. This amount will need to be repaid to the Department of Business Energy and Industrial Strategy.

Economic Development Management - £0.2m Adverse variance

Unbudgeted recharge for works undertaken by the Strategy, Policy & Improvement team.

Continuing Covid-19 and Cost-of-Living response.

The Tackling Poverty and Crisis Support team continue to undertake significant work in helping residents to recover from the pandemic and help them through the cost-of-living crisis, with rules around the resident support scheme being relaxed and some payments increased, and through the ongoing management of a food hub. Food vouchers have also been distributed to residents and eligible residents were also supported through the test and trace system. This scheme has now finished.

Planning & Building Control – £0.1m Adverse Variance

The Planning & Building Control service is forecasting an adverse variance of £0.6m from its general fund activities before applying additional CIL admin income. This is largely the result of an underachievement of statutory planning fees and local land charge income as a result of a downturn in both developments and the housing market.

This downturn in income was experienced in the previous financial year and is projected to continue in 2023/24. Development has slowed down for a number of reasons, including the state of the economy - the level of inflation and interest rates in particular impacting the housing market. This turbulence in the economy impacts all of Planning & Building Control income streams as the service covers the whole development pipeline. In addition, the proposed amendments to building regulations to require two staircases for residential buildings above 30m (recently announced to be applied to buildings above 18m) has caused a number of schemes to stall and reassess proposals, again reducing the number of applications and start on sites, impacting both Development Management and CIL income.

This position includes budgeted drawdowns of s106 funding totalling £0.5m to fund posts and activities within the Infrastructure Planning team and £0.3m to fund specific LIF projects again within Infrastructure Planning.

The Planning & Building Control service also utilises both Mayoral (MCIL) and Tower Hamlets (THCIL) CIL revenue funding. In 2023/24 projections for MCIL (£0.4m) and THCIL (£1.3m) funding total £1.7m. This represents an additional £0.5m against budgeted levels which it is assumed will be applied to revenue activities in line with legislation. The impact will reduce the adverse variance to £0.1m.

Building Control General Fund – (£0.2m) Favourable Variance

A growth bid of £0.4m was approved to restructure the existing team and recruit to five additional registered building inspector posts as part of the Council's response to the Building Safety Act. This approved growth represents only a part of the cost of the growth required. The restructure and recruitment is taking time and thus is not a full years cost. Spend against this growth will be monitored throughout the year and the forecast amended based on the ability to recruit.

Development Management - £0.6m Adverse Variance

There is no net General Fund budget within Development Management, with the service being entirely income funded. The service has vacant posts resulting in a favourable variance of £0.1m. This is being offset by a budget pressure of currently £0.3m for Consultant's and Counsel fees for the public enquiries that are taking place. A £0.4m shortfall against the planning income target for statutory fees where the volume of planning applications is projected to be less than budgeted levels.

Digital & Commercial Innovation Team – (£0.1m) Favourable Variance

This favourable variance is the result of vacancies within the team.

Planning & Building Control Divisional Support Team – (£0.1m) Favourable Variance

This is a new team created following a service redesign in the previous financial year. These new posts were budgeted at top of scale as they were deemed hard to fill but following a successful recruitment campaign, most of the posts were filled at lower grades resulting in the favourable variance.

Spatial Data Team – £0.4m Adverse Variance

A downturn in the property market due to the cost-of-living crisis and high interest rates has resulted in an adverse variance of £0.3m against the Local Land Charge income budget and a further £0.1m adverse variance in income for Street Naming & Numbering.

Strategic Planning – Nil Variance

The Plan Making team received growth of £0.4m in 2022/23 towards the cost of producing the new local plan. Spend in year is projected at £0.3m, with the balance being transferred to reserves to fund further work on the local plan in the next financial year.

Infrastructure Planning – (£0.5m) Favourable Variance

There is budgeted use of CIL revenue funding of £1.2m; £0.3m from LIF and s106 reserve drawdowns of £0.5m towards the running costs of the Infrastructure Planning team. Actual funding for CIL is forecast at £1.7m, representing a favourable variance against budget of £0.5m. This funding will be applied in line with legislation.

Building Control Trading Account – Nil Variance

The building control trading account has a £0.1m adverse variance before reserve drawdowns. This results from an income shortfall when compared with budget. The service is carrying a number of vacant posts that are being filled by agency staff whilst a recruitment campaign has been undertaken. As the building control trading account is ringfenced, this adverse variance will be mitigated through the trading account reserve, resulting in a nil variance. There are sufficient funds within the reserve to meet this cost.

Housing & Regeneration – £3.8m Adverse Variance

The Housing & Regeneration division is forecasting an adverse variance of £3.8m after reserve movements.

Housing Options – £3.6m Adverse Variance

The Housing Options (Homelessness and Rough Sleeping) service is forecasting to outturn with a £3.6m adverse variance against budget after applying grant and reserve drawdowns.

Subjective Analysis	Variance – Adverse / (Favourable) £m
Staffing Costs	(0.2)
Accommodation Costs	3.2
Bad Debt Provision	0.6
HB Income	(3.4)
Variance from Core Activity	0.2
Housing Benefit Subsidy Loss	6.5
Variance before Reserve Drawdowns & Grant	6.7
Homeless Prevention Top Up Grant	(1.5)
Drawdown from Reserves	(1.6)
Variance after Reserve Drawdowns	3.6

This position includes the use of £9.4m of grants (Homeless Prevention Grant £6m; Homeless Prevention Grant Top Up £1.5m (£0.5m of which is related specifically to Ukrainian refugees); Rough Sleeping Initiative £1.8m; £0.1m RSI additional pressures). The level of grant funding has exceeded that budgeted with the top up grants representing additional funding. Despite this, the service is projecting an adverse variance.

Homelessness numbers remain high and have risen since the start of the year. Current numbers in Temporary Accommodation are 2,800 (This compares with 2,568 households a year ago, an increase of 232. Numbers are rising due to the lifting of the evictions ban that has been in place since the onset of the pandemic resulting in the service experiencing an increase in the numbers of private evictions. There has been a 91% increase in the numbers presenting as homeless due to eviction from private sector rentals. The cost-of-living crisis has increased family exclusions and reduced accessibility of private tenancies. A greater number of individuals have contacted the service since it has been digitalised, the number of homelessness presentations increased from 172 (of which 168 were owed a prevention) in June 2022 to 244 (of which 204 were owed a prevention) in June 2023.

These high numbers place pressure on the use of expensive nightly booked and bed & breakfast accommodation and the use of commercial hotels at additional cost. There are currently 494 households not people? in B&B accommodation compared with 323 a year ago, an increase of 171. The number of room bookings and the cost of B&B accommodation are rising, putting further pressure on the budget. Rooms are now costing £70-£80 per night with current providers who were charging £35 per night during the pandemic and new providers are charging in excess of £100 per night and the cost of using commercial hotels is higher still. Competition for accommodation with the asylum seeker market and other Local Authorities is further driving up costs. The Council lost 211 family sized properties in Tower Hamlets to other London Boroughs from January to March..

Over the past six months the Council saw a 33% increase in T.A. placements, an increase of 39% on the use of B&B accommodation when compared with the same period in the previous year, a 34% increase in the number of families placed and an overall increase in demand for the service of 30%.

A lack of move on options in affordable housing within London is increasing this pressure, particularly for larger properties, making it very difficult for the Council to discharge its duty. The lack of move on options is resulting in the service failing to meet its suitability obligations for the first time since 2016 and not moving claimants from B&B accommodation within the six-week statutory target. The Council has withdrawn from Capital Letters and will be procuring its own accommodation from now on. Despite this, the budget variance is forecast at £0.2m before Housing Benefit Loss, with the higher accommodation costs being offset by increased income, primarily through Housing Benefit.

The Council incurs a Housing Benefit Subsidy loss on every placement. The Council can claim back Housing Benefit costs incurred up to 90% January 2011 LHA rates. Rents within Tower Hamlets and neighbouring Boroughs are higher than this rate, resulting in the Housing Benefit payment made being higher than the amount that can be claimed back. £4m of growth was added to the Housing Benefit Subsidy Loss budget in 2021/22 and despite this, there remains an adverse variance of £6.5m against this budget. This position is being made worse as a result of the increased use of nightly booked, B&B and commercial hotels, delays in setting up rent accounts and the need to house in borough or within close proximity of the borough.

The impact of the shortfall in temporary accommodation subsidy is a net charge to the Council's HB budget. This was previously accounted for in Housing Benefits but has recently transferred to Housing Options to allow the full cost of the service to be identified. In previous years the budget pressure was

managed by one-off grant, for example Covid grant. This is now unavailable, resulting in a budget pressure against the General Fund.

The estimated shortfall in the budget is forecast to be £6.5m (including the £2m transformation saving), which cannot be met from within existing budgets. The extent of the unadjusted increase in Subsidy loss since 2016/17 can be seen in the table below with increase of over 184% over the 7 years

2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
£3,903,546	£4,345,368	£5,131,048	£6,012,341	£7,431,645	£6,890,120	7,206,159

After taking account of the Housing Benefit Subsidy loss there is an adverse variance of £6.7m (£0.2m from core activities + £6.5m Housing Benefit Subsidy Loss). This budget pressure is being partly mitigated through the use of Homelessness Prevention Top Up grant (£1.5m) which was unbudgeted and planned reserve drawdowns totalling £1.6m from the Flexible Homelessness Support Grant reserve (£1.3m) to fund the increase in bad debt provision and PLA rent increases for in-borough properties and the Homelessness Prevention Grant reserve (£0.3m) to fund posts for the service transformation project, as approved by the Mayor . After these adjustments, the Housing Options service is projecting an adverse variance of £3.6m.

These budget pressures are not unique to Tower Hamlets and are being felt across London and the Country as a whole. There are a number of actions being undertaken across London and within Tower Hamlets to mitigate these pressures. Engaging with RPs on available properties/obsolete buildings, landlord forum, landlords offer find your own PRS, new procurement staff, review of incentives to landlords. Renegotiating with existing providers.

Locally, the Homelessness service are mitigating the budget pressures by embarking on an ambitious transformation programme with the aim of reducing both numbers and costs in Temporary Accommodation. Service redesign is underway to enable more work to be undertaken upstream to prevent homelessness occurring, bringing homeless people into employment, and moving them into cheaper accommodation to reduce the impact on the housing benefit subsidy loss. There was a £2m savings target attached to the programme as part of the previous MTFS and that has already been taken from the base budget and is contributing to the adverse variance.

The speed of Transformation is being hampered by the cost-of-living crisis which is increasing demand for the service and the lack of move on options available.

A Housing Away Day with Mayor will conduct a deep dive into homelessness; to understand the budget drivers, future trends, opportunities. This will help to feed into a new Homelessness Strategy which is a statutory strategy that we are required to have to replace the existing one.

Ongoing Covid-19 Response

Homelessness and Rough Sleeping are continuing their ongoing Covid-19 response at Luke House. Luke House is B&B accommodation that is being used to house rough sleepers brought from the streets as part of the Government's 'Everyone In' campaign. DLUCH have provided funding for this scheme in 2023/24 with LBTH receiving a total of £890k towards its costs as part of the Rough Sleeping Initiative grant settlement. This grant funding is projected to be spent in full during the year providing accommodation and support services at Luke House.

Lettings - £0.4m Adverse Variance

Adverse variance of £0.4m resulting from a reduction of the choice-based letting service recharge to the HRA. The evidence based revised recharge is based on the number of lets to Council owned property,

rather than a historic charge against which the budget was set. A growth bid to recover the income shortfall has been submitted.

Energy & Sustainability – (£0.2m) Favourable Variance

The £0.2m favourable variance relates to additional commissioning income from the energy suppliers contracted to the Council. The commission is based on the unit price of energy and recent increases in the unit price of gas and electricity has increased the commissioning income received.

A £0.1m adverse variance relating to the Barkentine PFI scheme will be mitigated through a drawdown from the smoothing reserve, resulting in nil variance. There is currently a balance of £1m in this reserve and is therefore sufficient to cover this cost. A further £0.7m is projected to be spent in securing the future of the provision once it expires. It is assumed that this will also be met from this balance on the smoothing reserve and work is ongoing with DLUHC to ascertain if there will be additional future costs.

Housing Supply – Nil Variance

Housing Supply is projecting to outturn in line with budget after reserve adjustments. The fire safety team received approved growth of £0.7m, delays to recruitment mean that projected spend will total £0.5m, with the balance transferring to reserve to fund the ongoing statutory work in the next financial year.

Forecast £3.0m underspend

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Corporate Costs	47.3	16.3	44.3	(3.0)	(0.0)	(3.0)
Total	47.3	16.3	44.3	(3.0)	(0.0)	(3.0)

Summary

A forecast underspend of £3.0m for Corporate Costs is reported for this period.

Pay inflation budget held centrally – £3.8m overspend

A pay provision of 4% was provided for pay inflation. The latest negotiations suggests that a 6% pay award is likely and therefore will exceed the provision by £3.8m.

Non-pay inflation budget held centrally – £2.5m underspend

A corporate provision of £16.6m for non-pay inflation was budgeted. We have now assessed the impact of contract inflation across the Council which has identified a saving of £1.2m. In addition, £1.3m is provided for to offset reported overspends in Children's and Culture related to contractual inflation. There remains a risk that the provision for energy price increases will not be sufficient, and this is being quantified.

Cross-Directorate Savings – breakeven

There are cross directorate savings of £1.1m and plans are being developed to deliver these. At this stage, the savings are being shown as being achievable.

Redundancy, Severance and Early Retirement – breakeven

An allowance of £2.5m is included in the budget for redundancy costs. This is to allow additional capacity for the Council to fund transformation. Due to the voluntary redundancies, it is anticipated it will be fully utilised this year. Any underspend will be transferred to reserves to provide funding for future years.

Pension Fund deficit repayment – £1.0m underspend

Forecast underspend against the budget allowed of £12.8m for the payment to the Pension Fund to meet the deficit estimated by the actuary.

Corporate contingency budget to cover unforeseen circumstances – breakeven

There is £3.1m included in the budget to cover unforeseen circumstances. This is shown as a breakeven position currently, although maybe available for release later in the year.

Corporate income and expenditure – forecast (£2.2m) Underspend

Forecast overachievement of income of £2.2m against corporate income target attributable to the receipt of £2.2m from the London mayor in respect of Free Healthy School Meals.

Treasury Management – forecast £1.1m underspend

An underspend of £1.4m is forecast on borrowing costs and Minimum Revenue Provision due to slippage in the capital programme.

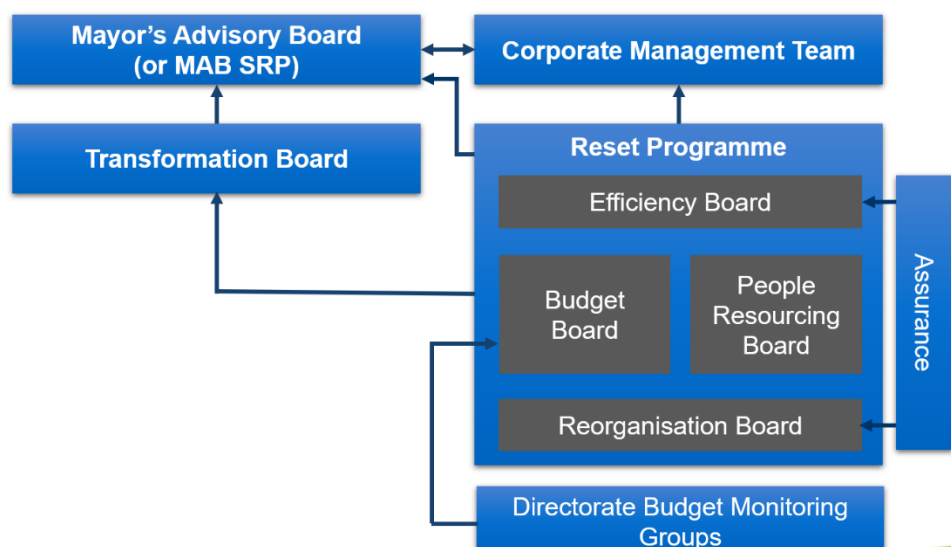
Interest and dividend income receivable in 2023-24 is estimated at £2.1m, net of interest payable on section 106 balances. This is £0.5m more than budgeted, principally due to interest rates being higher than forecast.

The HRA share of treasury management costs is £1.0m (Item 8 debit and credit), against a budget of £1.8m.

The Council is undergoing a transformation programme to make sure we are achieving the council's agreed priorities, Mayor's ambitions for the borough and the objectives set out in the Strategic Plan in a more efficient and financially sustainable manner.

Boards have been set up to drive the transformation and achieve those efficiencies detailed in our Medium-Term Financial Plan (MTFP). These boards have been set up to bring much more rigour to the financial management process, in part based on the annual underachievement of savings targets over a number of years and will help to reorganise and restructure the council and are subject to on-going quarterly review to ensure they are working as effectively as possible.

The diagram below shows how these new governance arrangements for the transformation of the Council operate:



A key element of these arrangements is the Budget Board, which is chaired by the Section 151 Officer and leads on approving budget efficiencies, including saving targets, budget growth requests and in-year variances.

In addition, the Council is also reviewing its Target Operating Model to guide the organisations evolution towards one that places more emphasis upon the needs and aspirations of the people of our Borough and the users of our services.

Directorates have been issued with additional savings targets to achieve and proposals will progress through the new governance framework to ensure they are deliverable, and all potential savings are identified. Savings that can be taken in year will be identified as part of this process.

A corporate savings target has also been set for the Corporate Restructure Initiative. There are three drivers that necessitate a review of the departmental structures for the Council's services. These are: -

- To ensure staff resource is better aligned to the Council's priorities.
- To ensure that the services we offer are as efficient and customer focused as they can be.
- To provide an accelerated contribution to the delivery of £40m of realisable recurring savings required over the coming medium term to secure a financially sustainable position in line with our financial strategy.

Forecast overspend of £1.3m before transfer from reserve

Service	Budget £m	Actual YTD £m	Year End Forecast £m	Forecast over/(under) spend £m
Housing Revenue Accounts (HRA)	(1.1)	36.4	0.2	1.3
Total	(1.1)	36.4	0.2	1.3

The Housing Revenue Account has an outturn position with an adverse variance of £1.3m when compared with budget. There are a number of favourable and adverse variances that make up the final outturn position:

Delegated Budgets – £2.2m Adverse Variance

The Delegated budgets cover income and expenditure where LBTH retain ownership of the budgets but delegate management responsibility to THH. The net Delegated budgets for 2023/24 is an income of £64.8m. There is an adverse variance of £2.2m against these budgets.

Income – (£0.2m) Favourable

A £1.5m favourable variance relating to leaseholder service charges. Income is projected to exceed budgeted levels due to an increase in the cost of energy and insurance, with this additional charge being passed on to Leaseholders. Although the budget was inflated, recent price increases have exceeded the level of inflation applied.

A £0.6m adverse variance in rental income due to properties being held void. A total of 164 properties are being held as void, primarily for respite / decant purposes from Maltings & Brewster (structural works being undertaken) and Bentworth House (following an explosion). Rents are not charged to the decanted tenants on these properties. These are in addition to the normal day to day voids occurring during the year.

A £0.4m adverse variance relating to tenant service charge income resulting from the high number of void properties where service charge income is not being collected.

Garage rents have an adverse variance of £0.2m. A number of garages have been decommissioned with the sites being included in the Mayor’s new build property programme.

A £0.1m adverse variance relating to the admin fee for major works.

Expenditure – £2.4m Adverse Variance

A favourable variance of £0.1m for NNDR costs associated with the non-dwelling properties.

Work relating to community investment projects was suspended during the pandemic and has been slow ever since resulting in a £0.2m favourable variance.

The repairs & maintenance budget is forecasting an adverse variance of £0.2m. This results from increases in the cost of labour and materials built into new contracts and legacy works being cleared from slippage from the previous contracts.

Building insurance is forecast to overspend by £2.2m, bringing the full forecast for this year to £6m. The insurance market is experiencing contraction, as the number of insurers has declined, and premiums are increasing. During the tendering process, the Council received only one proposal, and it was accepted.

Charges for Dame Collet and Poplar Baths are forecasting an adverse variance of £0.1m which is directly attributable to inflationary increases. Final charges were agreed post April after the budget had been set.

The Concierge service is forecasting an adverse variance of £0.2m with additional security costs (waking watch) at Latham and Anglia House, Maltings & Brewster and Odette Duval due to fire safety concerns.

Following an explosion at Bentworth Court, the Council has incurred costs totalling £0.5m in addition to those incurred previously of £4.4m. It is assumed that this additional cost will be met through insurance, resulting in nil variance.

Management Fee – Nil Variance

A nil variance is projected against the Management Fee. This does however assume a reserve transfer to meet the cost of the pay award once it has been agreed.

Non delegated budgets – £2.2m Adverse Variance

A £0.2m favourable variance relating to shop income. This relates to shop income for Ben Johnson Road which has not been budgeted for in the HRA. These shops previously sat in the General Fund but are HRA dwellings.

The Leaseholder Enfranchisements income has exceeded budget by £0.1m. The number of applications to extend leases is projected to be higher than budgeted.

A £1.3m adverse variance on repairs and maintenance costs relating to non-dwelling properties. This includes additional security costs on void properties, projected business rate charges on empty properties and unbudgeted responsive and programmed repairs.

A £0.2m adverse variance relating to projected lower than budgeted capitalisation of salary costs. This relates to expected slippage within the HRA capital programme.

A £0.3m adverse variance for support service recharges relating to additional recharges from the asset management team as they are undertaken additional HRA related works. The team supporting the HRA include agency staff at higher cost.

An adverse variance of £0.7m against insurance premiums for dwellings with costs rising at a higher percentage than was budgeted. Premiums are expected to increase by 40% in year due to reduced competition in the market driving up costs.

The Council are looking to enter into a development agreement to build out some sites which currently sit within the pipeline schemes but cannot be afforded within the HRA capital programme. There will be costs associated with this agreement but at present they are unknown as work to procure a partner developer is in its infancy. Any in-year revenue implications will be reviewed as this work progresses.

Technical Adjustments – (£3.1m) Favourable Variance

A favourable variance of £0.7m against the depreciation charge (£0.8m favourable for HRA dwellings and a £0.1m adverse variance against the HRA non-dwelling properties).

An adverse variance of £1m for the Item 8 debit and a favourable variance of £3.4m for the item credit resulting from increased interest rates. The item 8 charges are sensitive to changes in interest rates and will be monitored throughout the year.

The table shows forecast pressures on 2023/24 General Fund and Earmarked Reserves balances and how this might be managed by means of utilising earmarked reserves.

£m	Draft balances as per	Forecast	Forecast
	31 March 2023*	contribution to / (from) Reserve	balance 31 March 2024
	£m	£m	£m
GF balances (general reserve)	24.2	(2.5)	21.7
	24.2	(2.5)	21.7
Earmarked reserves consist of:			
Earmarked reserves with restrictions			
BAME	0.8	(0.3)	0.5
CIL Reserve	3.7	(1.3)	2.4
Collection Fund Smoothing**	43.7	(2.7)	41.0
Covid Recovery Fund	1.8	0.0	1.8
Covid-19 Grant	4.1	0.0	4.1
Free School Meals Reserve	1.8	(1.8)	0.0
HA&C Joint Funding Agreements	7.3	(4.7)	2.6
Insurance	7.9	(0.3)	7.6
Local Elections earmarked reserve	0.6	0.0	0.6
Parking Control	8.8	(0.5)	8.3
Public Health Reserve	7.2	(2.0)	5.2
Revenue Grants Unused	11.4	(3.3)	8.1
Earmarked reserves with restrictions – Subtotal	98.9	(16.8)	82.1
Earmarked reserves without restrictions			
ICT Reserve	9.3	(2.0)	7.3
Mayor Tackling Poverty Reserve	2.9	(0.7)	2.2
Mayors Priority Investment Reserve***	46.6	(26.7)	19.9
Risk Reserve	15.7	(4.2)	11.5
Services Reserve	18.4	(3.7)	14.7
Social Care Pressures Reserve***	0.0	4.6	4.6
Transformation Reserve	3.1	(1.0)	2.1
Earmarked reserves without restrictions - Subtotal	96.0	(33.8)	62.2
Total Earmarked Reserves	194.9	(50.6)	144.3
Total GF and Earmarked reserves	219.1	(53.1)	166.0

* updated 31 March 2023 position from provisional outturn 2022/23

**The Collection Fund Smoothing Reserve is restricted in its use as it is solely intended to deal with surpluses and deficits that arise on an annual basis in the collection fund

***The Mayor's Priority Investment reserve is forecast to reduce by £26.7m due to budgeted contributions to fund MTFs (22.1m) and budgeted creation of a Social Care Pressures Reserves (£4.6m) as approved by council on 1st March 2023

The table shows the 2023/24 forecast outturn position for the Housing Revenue Account, Dedicated Schools Grants and Capital Usable Reserves.

HRA and DSG reserves	Draft balances as per 31 March 2023*	Forecast contribution to / (from) reserves	Forecast balance 31 March 2024
	£m	£m	£m
Housing Revenue Account (HRA)	36.1	(13.1)	23.0
Dedicated Schools Grant (DSG)	(13.8)	1.0	(12.8)
Capital Grants Unapplied	191.1	(42.8)	148.3
Capital Receipts Reserve	148.8	(4.8)	144.0
Major Repairs Reserve (MRR)	8.1	(7.2)	0.9
Total Other Reserves	370.3	(66.9)	303.4

* updated 31 March 2023 position from provisional outturn 2022/23

Outside of reserves, the Council holds significant Developer Contributions (S106) to fund Capital Expenditure. These are held as creditors/receipts in advance on the balance sheet as they have to potentially be repaid if not used for a specific purpose. The total draft accounts balance as at 31 March 2023 was £94.3m and the total is forecast to be £76.2m at 31 March 2024.

The **Housing Revenue Account (HRA)** is not a separate fund but a ring-fenced account of certain defined transactions, relating to local authority housing, within the General Fund.

The **Dedicated Schools Grant (DSG)** is a ring-fenced specific grant that supports local authorities' Schools budget. Funding is allocated through four funding blocks, the Schools Block, the High Needs Block, the Early Years Block and the Central Schools Services Block.

The **Capital Grants Unapplied** reserve includes grants, S106 monies and Community Infrastructure Levy (CIL) payments received by the council with varying degrees of conditions on spend, which are utilised to fund capital projects and where expenditure is capital by nature and these reserves have been allocated where possible as part of the current 2022-25 General Fund and HRA approved capital programmes.

The **Capital Receipts** reserve includes capital receipts generated by the council (including HRA Right-to-Buy receipts) which are also utilised to fund capital projects and where expenditure is capital by nature and these reserves have also been allocated as part of the current 2022-25 General Fund and HRA approved capital programmes.

This section shows the amount of money we have collected from tax payers of the borough, and the split between the amount that is retained and the amounts paid over to central government and the GLA.

NNDR Business Rates

We are expected to collect £404m in 2023-24 for total Business Rates income (30% retained by the Council and 37% passported to the GLA and 33% central government), excluding business rates supplement. Collection levels continue to be impacted by the economic impacts from the cost of living pressures, although collection rates are starting to return to pre-pandemic levels.

There is a provisional (subject to audit) accumulated Business Rates Collection Fund deficit to the end of 2022-23, of which the estimated Council share is £17.0m. The Council is utilising its Collection Fund Smoothing Reserve to align the government grant funding of business rates reliefs with the timing of deficit payments over the three-year period 2021-24.

The accumulated deficit to the end of 2022-23 continues to include a significant loss allowance (bad debt provision) for potential non-payment of debts, of which the Council share is £4.9m, to allow for the ongoing potential impacts of cost of living pressures.

To the end of Period 3, we have collected £131m of £431m billed (30.29% in-year collection rate) compared to 28.74% for 2022-23, which is an improvement on last year. This includes collection of the Business Rate Supplement (BRS) for the London Crossrail development.

Council Tax

We are expected to collect £175.7m in 2023-24 (both GLA 27.5% and Council 72.5% shares). Collection levels continue to be impacted by the economic impacts of the cost of living pressures.

There is a provisional (subject to audit) accumulated Council Tax Collection Fund deficit to the end of 2022-23, of which the estimated Council share is £1.2m. There is a loss allowance (bad debt provision) of £13.7m to allow for the potential impacts of cost of living pressures.

The Covid-19 pandemic reduced the collection rate and increased significantly those claiming benefits including through the Local Council Tax Reduction Scheme (LCTRS). The cost of the LCTRS scheme rose from £26.7m in 2019-20 to £31.6m in 2020-21 and has continued to rise to £32.3m in 2023/24. The level of claimants has reduced slightly from the increased pandemic level (£32.3m cost in 2023-24 which includes the effect of the Adult Social Care precept increase). The 2023-24 forecast at Period 1 is £32.3m. The level of claimants has reduced from 29,989 (end of 2021-22) to 28,175 (end of Period 1).

To the end of Period 3 we collected £41.6m of the £176m Council Tax bills raised (25.8% in-year collection rate) compared to 24.9% for the same period in 2022-23, which is an improvement on last year but lower than pre-pandemic collection levels. Future years' collection rates could continue to be negatively affected by wider economic impacts being experienced by residents (including inflationary and market pressures on energy and food costs).

The Council actioned the government's Council Tax support Fund, administering the reductions in bills of £55 to eligible Council Tax payers in time for the annual demand notices.

Overall Position

The Council's investment at the end of June 2023 was £239.6m (an increase of £1.7m from March 2023) and a decrease of £29.3m from previous month). Capital loss from strategic and cash pooled funds was £5.2m making the market value of investments as £234.489m. External borrowing was £68.709m and no new external borrowing took place during the quarter. The Council's Q1 average investment balance remains higher than the Arlingclose pool of London Boroughs of 21 of £98.2m and pool of 128 local authority average of £82.5m.

The 2023-24 budget for investment income is £2m and the actual income is currently expected to be in the region of £5m due to reducing cash balances. Although this income forecast is same as last year's actual and interest rates are rising, the reduction in council's cash balances remains a huge factor in forecast. Externally managed strategic and cash pooled fund investments are expected to face a further fall in capital value of strategic and cash pooled fund however income from dividends is expected to increase during the year.

Investment Category	June 2023 Nominal Value £m	June 2023 Fair Value £m
Internally Managed Investments		
Banks	31.000	31.000
DMADF	69.169	69.169
Money Market Funds	63.512	63.512
Externally Managed Pooled Funds		
Cash Plus & Short Bond Funds	20.0m	19.507
Strategic Pooled Funds	56.0m	51.301
Total	239.672	234.489

Income Position

The yield of the internal portfolio at the end of the quarter was 4.82%. This was helped by the 2 Base Rate increases during the quarter thereby reflected on new fixed deposits placed with banks and Debt Management Office during the quarter. The income returns of the entire portfolio, including the Council's external investments during the quarter was 4.5% and the total return including impact of externally managed pooled fund losses was 3.51%. (Capital loss total on cash plus pooled funds was -0.73% and strategic funds -4.24%).

Benchmarking

According to the June quarter benchmarking information received from our advisors, Arlingclose Ltd, our June quarter ending average income return of 4.50% outperformed a group of twenty-one London councils (4.47%) average income return) and outperformed against 126 national local authorities (4.32% average income return).

The treasury benchmark is against a pool of Arlingclose clients. In respect of London Boroughs, Arlingclose benchmarks against their pool of London & Met Boroughs and a second pool of their local authorities' clients which may be London Boroughs, County council's district council etc.

In June 2023 this was 21 London & Met Boroughs Average investment balance of £98.2m and 126 Las average balance of £82.5m compared to Tower Hamlets.

Tower Hamlets council's investments comprises of DMO fixed deposits, money market funds, pooled and cash funds.

In the Arlingclose pool of London & Met Boroughs the average return was 3.47% against Tower Hamlets return of 3.51%. Compared with their LA average return this was 2.34% average. Tower Hamlets holds short dated cash in money market funds and has been able to receive the benefits of base rate increases faster compared to investments in fixed deposits where benefits in rate rises will only be received when existing investments mature. Council return also takes into account the pooled fund investments.

The council has also been able to place fixed deposits with the DMO on days when DMO rates have been high by tracking daily DMO rates.

Liquidity

28% of Council's funds at the end of the quarter is available within 7 days ensuring adequate cash is available to meet daily expenditure payments. This compared to the average London Borough of 68% and pool of Local Authorities in the Arlingclose pool of 54%.

49% of funds are available within 100 days of maturity compared with a London Borough average of 82% and local authority average of 71%. Overnight liquidity at the end of June was £63.512m which is 38.8% of the internal portfolio. The average days to maturity of the internal portfolio at the end of the quarter was 68 days (8 days March 2023) which continues to be influenced by the deposits with the DMADF, fixed bank deposits and the LA deposits.

Security

Both the time-weighted and value-weighted credit ratings was AA- representing a more secured portfolio compared to the average rating for Arlingclose pool of 21 London Boroughs of A+ and A+ average for pool of 126 local authorities.

The Council's largest unsecured exposure to a single financial institution aside of the DMADF is with ANZ Banking Group and Development Bank of Singapore (£15m each), the lowest credit ratings for ANZ Banking Group is A+, while DBS is AA+. The portfolio's bail-in risk decreased by 30% to 39% i.e., the portion that remains susceptible to bank bail-in risk partly due to the Council's decision to stop investing in local authorities.

The Bank of England published the results of its stress testing of UK banking system on 11 July. The latest results show that major UK banks would be resilient in the face of the FPC's severe stress scenario, a positive reflection of the strength these institutions have built up in recent years. At individual bank level, the results show that no institution is required to strengthen its capital position, indicating that major UK banks can withstand the severe macroeconomic stress while being able to support businesses and households.

Inflation

Inflation remains high but there are reasons to be hopeful about the near future. The headline CPI rate is expected to fall further in July when the reduction in retail energy price cap feeds into the equation. Reduction in producer price inflation should also start to feed through to the consumer over the next six months.

The latest update from the Office for National Statistics (ONS) puts the Consumer Prices Index (CPI) measure of inflation at **7.9%** in the year to June 2023, down from 8.7% in May 2023.

During the quarter, the Consumer Price Index (CPI), on a monthly basis, rose by 0.10% in June 2023, compared with a rise of 0.8% in June 2022. Falling prices for motor fuel led to the largest downward

contribution to the monthly change in both the CPIH and CPI annual inflation rates, while food prices rose in June 2023 but by less than in June 2022, also leading to an easing in the rates.

There were no large offsetting upward contributions to the change in the rate.

CPI (excluding energy, food, alcohol and tobacco) rose by 6.9% in the 12 months to June 2023, down from 7.1% in May, which was the highest rate since March 1992; the CPI goods annual rate slowed from 9.7% to 8.5%, while the CPI services annual rate eased from 7.45 to 7.2%.

The only upward contributors to the increase in CPI are communication and clothing footwear. Transportation was the largest downward contributor to the ease in CPI this month, driven by the falling price of motor fuel which fell by 2.7% this month but increased 9.3% in the same period last year. This is the first time that the reading turned negative after being positive since August 2020.

Interest Rate Forecast June 2023

	Current	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Official Bank Rate Central Case	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00
3-month MMF rate Central Case	5.40	5.60	5.60	5.60	5.30	4.80	4.30	3.80	3.30	3.05	3.05	3.05	3.10
5yr gilt yield Central Case	4.50	4.70	4.75	4.60	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.35	3.45
10yr gilt yield Central Case	4.26	4.50	4.55	4.30	4.20	4.00	3.60	3.50	3.50	3.60	3.60	3.70	3.80
20yr gilt yield Central Case	4.43	4.60	4.50	4.40	4.30	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
50yr gilt yield Central Case	3.96	4.15	4.15	4.15	4.10	4.00	4.00	4.10	4.10	4.10	4.10	4.10	4.10

Borrowing

The Council has Public Works Loan Board (PWL) loans totalling £51.21m and fixed rate bank loans totalling £17.5m. No external borrowing took place during the quarter because the capital program is temporarily funded using cash reserves there by saving on external borrowing costs in the short term.

Target for year £15.5m

£13.2m savings to be delivered

Services	£m	£m	£m	£m	£m	£m
	2023/24 Target	Prior Year Slippage	Saving Target	Forecast Savings	Slippage	Under Recovery
	A	B	C = A + B			
HA&C	2.6	-	2.6	2.6	-	-
Children and Culture	2.5	0.1	2.6	2.6	-	-
Place	7.1	0.3	7.4	5.1	2.1	0.2
Resources	0.9	0.2	1.1	1.1	-	-
Chief Executive's Office	0.3	-	0.3	0.3	-	-
Cross-Directorate	1.0	0.5	1.5	1.5	-	-
Total	14.4	1.1	15.5	13.2	2.1	0.2

Total savings target for 2023/24 is £15.5m. £10.0m relates to approved savings as part of the 2023/24 budget setting process, and £5.5m as a result of reconfiguration of previous years' savings (including slippages).

- £13.2m is identified as being on track to deliver savings;
- A net position of £2.1m is forecast to slip into future years due to timing issues;
- £0.2m has been identified as unachievable

Please refer to 'Appendix B – Summary MTFS Savings Tracker 2023-26' for a detailed breakdown and latest updates on the savings programme.

General Fund (GF) forecast outturn £117.7m against a revised budget of £143.4m
 Forecast Variance £25.7m - net slippage £23.6m, net underspend £2.1m

General Fund (GF) Capital Forecast

Theme	Directorate	Revised Budget £'m	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
Approved Programme	Children & Culture	59.3	5.2	50.9	(8.4)	86%	(8.7)	0.3
	Health, Adults & Communities	7.1	3.1	6.2	(0.9)	87%	(1.2)	0.3
	Place	46.7	2.1	33.6	(13.1)	72%	(10.4)	(2.7)
	Resources	1.4	0.0	0.3	(1.1)	21%	(1.1)	0.0
Approved Programme Total		114.5	10.4	91.0	(23.5)	79%	(21.4)	(2.1)
Approved Rolling Programme	Children & Culture	5.0	0.2	4.6	(0.4)	92%	(0.4)	0.0
	Health, Adults & Communities	0.3	0.0	0.0	(0.3)	0%	(0.3)	0.0
	Place	8.5	0.4	8.5	0.0	100%	0.0	0.0
	Resources	2.1	0.0	3.1	1.0	148%	1.0	0.0
Approved Rolling Programme Total		15.9	0.6	16.2	0.3	102%	0.3	0.0
Invest to Save Programme	Place	5.1	0.9	4.0	(1.1)	78%	(1.1)	0.0
Invest to Save Programme Total		5.1	0.9	4.0	(1.1)	78%	(1.1)	0.0
LIF Programme	Place	7.2	0.0	6.5	(0.7)	90%	(0.7)	0.0
LIF Programme Total		7.2	0.0	6.5	(0.7)	90%	(0.7)	0.0
Completed and Retentions Projects	Children & Culture	0.7	0.0	0.0	(0.7)	0%	(0.7)	0.0
Completed and Retentions Projects Total		0.7	0.0	0.0	(0.7)	0%	(0.7)	0.0
General Fund Capital Total		143.4	11.9	117.7	(25.7)	82%	(23.6)	(2.1)

Introduction

On 1st March 2023, Full Council approved a total GF capital programme for 2023/24 to 2025/26 totalling £238.6m, of which £122.3m related to the 2023/24 financial year. Subsequently, on 26th July 2023, Cabinet approved £20.8m of net capital slippage from the 2022/23 provisional outturn, resulting in a total revised GF capital programme budget for 2023/24 to 2025/26 of £259.4m, of which £143.4m related to the 2023/24 financial year.

The period 3 forecast outturn GF capital expenditure for the year is £117.7m, which represents 82% of the revised 2023/24 capital budget of £143.4m. The forecast variance of £25.6m, is due to expected net slippages of £23.6m and net underspends of £2.1m across the programmes. The total spend to date is

£11.9m, which will need to be kept under close review to ensure forecasts are materialising as expected for the year. The details of the programmes are set out below;

Approved Programme

Theme	Directorate	Revised Budget £ 'm	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
Approved Programme	Children & Culture	59.3	5.2	50.9	(8.4)	86%	(8.7)	0.3
	Health, Adults & Communities	7.1	3.1	6.2	(0.9)	87%	(1.2)	0.3
	Place	46.7	2.1	33.6	(13.1)	72%	(10.4)	(2.7)
	Resources	1.4	0.0	0.3	(1.1)	21%	(1.1)	0.0
Approved Programme Total		114.5	10.4	91.0	(23.5)	79%	(21.4)	(2.1)

The 2023/24 revised budget for the Approved Programme is £114.5m. The forecast outturn for the Approved Programme is £91.0m (79% of the revised budget) resulting in total forecast variance of £23.5m due to expected net slippages of £21.4m (19% of the revised budget) and net underspends of £2.1m (2% of the revised budget) across the programme.

Children's and Culture

The 2023/24 revised budget for the Children & Culture Approved Programme is £59.3m. The forecast outturn for the programme is £50.9m (86% of the revised budget) resulting in total forecast variance of £8.4m due to expected net slippages of £8.7m and net overspends of £0.3m across the programme.

The major programme under the Children & Culture Approved Programme is the Schools Basic Need and Expansion Programme. The total revised budget for this programme is £49.2m for the year, current forecast against revised budget is spend of £45.0m, due to expected net slippages of £4.4m and net overspends of £0.2m within the year. Within this programme there are several large schemes which are at differing stages of their project life cycles and further details of significant schemes are provided as follows;

The 2023/24 revised capital budget for the London Dock School Expansion programme is £37.0m. The forecast spend is £37.5m due to expected accelerated spend of £0.5m. Though the project has been subjected to delay due to difficulties in appointing the contractor, it is now expected this hurdle (entry into the contract) will be crossed in August 2023. The Department for Education (DfE) have requested for a change in the design specification relating to the heating source on site which is now to be switched from the district heating network to a heat pump before the approval of the grant. The design change will lead to an increase in cost and negotiations on funding are on-going with the DfE.

Harpley School Key stage 1&2 Accommodation is slipping its entire £1.1m budget allocation for 2023/24 into future years. Following several issues with planners on the existing design of the London East Alternative Provision (LEAP) Harpley site, the project is undergoing a masterplan review for provision to best determine the utilisation of space. Until the design is put forward and agreed, no spend is anticipated.

The Arnhem Wharf - Damp Permanent Resolution project budget allocation of £2.9m is forecast to slip by £2.7m into future years. This budget is to cover the safety of the site and essential capital works only.

The forecast spend for the year is £0.2m to safeguard against the immediate impacts of the on-site damp issue.

The George Green/West Ferry school re-build project with a 2023/24 budget allocation of £0.6m is forecast to spend £0.1m in-year, resulting in slippages of £0.5m of spend into future years. The project has been paused subject to further reviews and the remaining fees from feasibility stage will need to be re-profiled subject to the completion of the review.

The Wood Wharf Expansion project, with a revised budget of £3.3m for the year, is forecasting spend of £3.2m in-year with works progressing on site with final completion now expected in December 2023.

The council is also investing £0.7m to ensure schools have the correct equipment and resources to increase their catering capacity first to support extending free school meals to all secondary school pupils up to the age of 16, which was approved by Cabinet in May 2023.

The other significant programme within the Children & Culture Approved Programme is the Parks Programme, with has a total revised budget allocation of £6.3m for the year. The forecast outturn for the year is £4.2m, resulting in forecast variance of £2.1m due to net slippages of £2.2m and net overspends of £0.1m at year-end. There are several smaller schemes forming this programme and further details of these schemes are provided as follows;

The 2023/24 revised budget for Quality Parks projects is £2.9m, with forecast spend of £1.3m anticipated at year-end. The budget for this programme has been reconfigured several times to ensure that it meets the councils priorities for the Parks Programme. In particular, there is £1.0m earmarked for Allen Gardens that has been held back subject to approval (which has now been received) of match funding from central government with plans being finalised before the project can formally commence. Other aspects of this programme were only approved in late 2022, and as the funding was intended to be spread out over several years, aspects of the programme will need to be profiled for future years.

The Inclusive Playgrounds project budget allocations of £0.7m for the year are forecast to spend £0.1m in-year, resulting in expected net slippages of £0.6m into future years. Of the £0.7m budget, £0.3m has been earmarked for specific projects that will be delivered in future years. The John McDougall Gardens project (£0.2m) requires consultation and will be commenced after the summer holiday programme, which means the construction won't commence until spring 2024 and the St George's project (£0.1m) cannot move forward until plans are confirmed alongside the new leisure centre project.

The Christ Church Garden project budget allocation of £0.5m is forecast to spend £0.1m in-year, resulting in expected slippages of £0.4m into future years. The original plan was to procure a design team last autumn, with works expected to complete by year-end. However, the Community Advisory Group in charge of the project has decided to make more modest changes and to resume the procurement process at a later date, this position will be kept under review through the year.

The net overspends of £0.1m in the Parks Programme is from a number of various other smaller projects within the programme, where spend profiles have been revised based on latest project plans.

The St George Leisure Centre project is a significant capital project being delivered within the councils Children & Culture Approved Programme . The project has a budget allocation of £3.9m and forecast spend for the year is £1.6m due to expected slippages of £2.3m of spend into future years. The design team is due to commence work for the leisure centre at the end of September 2023. Employers' agent will commence late September/early October 2023, with the expectation that the main contractor will be on board by early 2024. a hard strip out is expected to start in September 2023, with demolition planned for late 2024, subject to planning approval. Main construction should start early 2025.

Health, Adults and Communities (HA&C)

The 2023/24 revised budget for Health, Adults & Communities Approved Programme is £7.1m. The forecast outturn for the programme is £6.2m (87% of the revised budget) resulting in total forecast variance of £0.9m due to expected net slippages of £1.2m and net overspends of £0.3m across the programme.

The majority of capital projects in the HA&C Directorate, which had earlier paused due to the pandemic, have been reinstated. Projects in the approved programme are monitored via the HA&C Capital Oversight Group, which meets monthly.

Public Health projects have a combined capital budget of £4.7m with spend forecast to slip £0.6m into future years. These projects are led by the NHS and they are very slow at invoicing for works completed. The project managers will continue to press for prompt invoicing which will reflect stage of project and spend.

The Sewardstone Road project within the Adult social care programme with a budget of £0.6m is forecasting a slippage of £0.2m. The project is near completion. Day provision Antill Rd with a budget of £0.5m is projecting a slippage of £0.4m due to delay and the forecast spend is a provision for consultants' costs to be incurred within the year. Norman Grove which has a revised budget of £0.4m for 2023/24 is forecasting a spend of £0.7m, resulting in an accelerated spend of £0.3m.

The Protective Security project within the Community Safety security programme is projecting to fully slip the budget of £0.3m into future years as the project is currently paused awaiting decision. Transformation of the CCTV Public Space Infrastructure and 24/7 Control Room re-provision and redesign Programme with a budget of £0.4m is planning to spend £0.7m thereby overspending by £0.3m. This Programme includes the redesign, fit out and re-provision of a new CCTV 24/7 control room. The costs of the building works are higher than original estimates due to inflationary increases to materials, generator, acoustic housing and overall building works. A recovery plan and options to mitigate overspend are being explored.

Place

The 2023/24 revised budget for Place Approved Programme is £46.7m. The forecast outturn for the programme is £33.6m (72% of the revised budget) resulting in total forecast variance of £13.1m due to expected net slippages of £10.4m and net underspends of £2.7m across the programme.

There are various key projects that are driving the forecast variance of £13.1m, detailed as follows;

The New Town Hall project budget allocation for the year of £5.9m is forecast to slip of £1.5m at year-end into future years. The slipped budget is the withheld retention fees, and the end of defects will be June 2024 when this is expected to be released to the contractor.

The High Street and Town Centre Programme which includes Middlesex Street, Brick Lane, Roman Road West regeneration and the Middlesex Street Art Trail projects is forecast to underspend by £0.5m against an in-year total budget allocation of £1.8m. This is in line with the reduction in scope of the project following review.

The New Infrastructure Programme with a budget of £3.6m is forecast to slip by £1.7m into future years. The originally capital works to the northern footway on Whitechapel Road were programmed for 2023/24. However, this will now likely go ahead in 2024/25, with design development continuing this financial year, hence the expected slippage for the year.

Spend for against the Waste, Recycling and Fleet programme budget allocation for the year of £7.6m is forecast to slip into future years by £3.4m. The slippage is mainly due to the Electric Waste Vehicles project

within the programme. The project is experiencing delays with charging infrastructure and power supply which have a direct impact on the replacement schedule for the electric vehicles. In order to operate electric vehicles charging points need to be installed. Site surveys have been required to confirm if electric power supplies are sufficient to provide enough power at each site. There have been delays in completing these surveys, which in turn has led to delays in starting procurement for electric vehicles.

The Carbon Offsetting project with a budget allocation of £3.6m for the year is forecasting spend of £2.4m in 2023/24, thereby slipping a budget of £1.2m into future years. The budget needs to be re-profiled across future years in line with the latest project plans and spends where projects are largely currently looking at being procured.

The Asset maximisation programme within the Place Programme, is forecasting a net slippage of £0.8m and an underspend of £0.3m against a budget of £2.7m. The 'Montefiore Centre Refurbishment' project, with an in-year budget allocation of £1.3m is forecast to slip by £1.0m into future years. The project has been paused to explore the addition of residential units within the refurbishment. The Indicative Feasibility Schemes - Asset Maximisation project with an in-year budget allocation of £0.3m is forecast to underspend its full budget. This is a pool of funds for project feasibility studies across the council and since spends on feasibility studies are classified as revenue, this has been withdrawn from the capital programme.

TFL funded schemes with an in-year budget allocation of £1.9m is forecast to underspend against the full budget. The key contributor to this forecast underspend is the Improving Air Quality project, which accounts for the majority of the in-year budget. This project was previously planned to be funded by external grant, which has not been subsequently secured, hence no spend can be incurred.

There were additional capital growth projects which were approved by Full Council in March 2023, subject to sign off through the council's capital governance process including agreement that schemes funded by future grants, capital receipts, s106 and/or CIL will not go ahead until such funds have been received by the Council. The Temporary Coroner's Court project (£0.3m) and Contingency 15% Uplift project (£0.5m) are capital projects which though have been approved are still progressing through the council's capital governance process and for period 3 monitoring purposes, a nil forecast has been made against these projects for 2023/24 as they are not yet live. This will be kept under review throughout the year, and forecasts updated accordingly.

Resources

The 2023/24 revised budget for Resources Approved Programme is £1.4m. The forecast outturn for the programme is £0.3m (21% of the revised budget) resulting in total forecast variance of £1.1m due to expected net slippages of £1.1m across the programme.

The Idea Store Whitechapel/Cultural Campus project with an in-year budget allocation of £1.0m has been paused pending review to ensure the project meets the administrations priorities as there may be significant additional costs.

Annual Rolling Programme

Theme	Directorate	Revised Budget £ 'm	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
Approved Rolling Programme	Children & Culture	5.0	0.2	4.6	(0.4)	92%	(0.4)	0.0
	Health, Adults & Communities	0.3	0.0	0.0	(0.3)	0%	(0.3)	0.0
	Place	8.5	0.4	8.5	0.0	100%	0.0	0.0
	Resources	2.1	0.0	3.1	1.0	148%	1.0	0.0
Approved Rolling Programme Total		15.9	0.6	16.2	0.3	102%	0.3	0.0

The 2023/24 revised budget for the Annual Rolling Programme is £15.9m. The forecast outturn for the Approved Programme is £16.2m (102% of the revised budget) resulting in total forecast variance of £0.3m due to expected net accelerations of £0.3m across the programme.

Children's and Culture

The 2023/24 revised budget for the Children & Culture Annual Rolling Programme is £5.0m. The forecast outturn for the programme is £4.6m (92% of the revised budget) resulting in total forecast variance of £0.4m due to expected net slippages of £0.4m across the programme.

The Conditions and Improvement for Schools' project with in-year budget allocation of £3.0m is forecast to spend £3.6m due to accelerated spend of £0.6m from future years. The programme reacts across the maintained school estate on a condition need requirement. As this is a ring-fenced externally funded budget, all overspends will be recovered within the Conditions and Improvement programme from the following financial year.

There were additional capital growth projects which were approved by Full Council in March 2023, subject to sign off through the council's capital governance process including agreement that schemes funded by future grants, capital receipts, s106 and/or CIL will not go ahead until such funds have been received by the Council. Improvements to Youths provisions (£1.0m) are capital projects which though have been approved are now progressing through the council's capital governance process and for period 3 monitoring purposes, a nil forecast has been made against these projects for 2023/24 as they are not yet live. This will be kept under review throughout the year, and forecasts updated accordingly.

Health, Adults & Communities (HA&C)

The 2023/24 revised budget for the Health, Adults & Communities Annual Rolling Programme is £0.3m. The forecast outturn for the programme is nil, resulting in total forecast variance of £0.3m due to expected net slippages of £0.3m across the programme.

There were additional capital growth projects which were approved by Full Council in March 2023, subject to sign off through the council's capital governance process including agreement that schemes funded by future grants, capital receipts, s106 and/or CIL will not go ahead until such funds have been received by the Council. Adults Social Care Disabled Facility Grant (DFG) (£0.3m) are capital projects which though have been approved are now progressing through the council's capital governance process and for period 3 monitoring purposes, a nil forecast has been made against these projects for 2023/24 as

they are not yet live. This will be kept under review throughout the year, and forecasts updated accordingly.

Place

The 2023/24 revised budget for the Resources Annual Rolling Programme is £8.5m. The forecast outturn for the programme is £8.5m (100% of the revised budget) resulting in total forecast nil variance. This will be kept under review through the year.

Resources

The 2023/24 revised budget for the Resources Annual Rolling Programme is £2.1m. The forecast outturn for the programme is £3.1m (148% of the revised budget) resulting in total forecast variance of £1.0m due to expected net accelerations of £1.0m across the programme.

The programme consists of various IT rolling programmes. The key ones of note are Civica APP replacement project with a forecast accelerated planned spend of £0.3m and the Planning & Building Control Data Management project with a forecast accelerated spend of £0.3m. The procurement for this project is under way currently, with selection and award to take place during August 2023. It is expected that the data migration costs will be steep, therefore, year one deployment cost will be higher than anticipated. Other various projects contributed to the £0.4m accelerated spend within the programme.

Invest to Save

Theme	Directorate	Revised Budget £ 'm	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
Invest to Save Programme	Place	5.1	0.9	4.0	(1.1)	78%	(1.1)	0.0
Invest to Save Programme Total		5.1	0.9	4.0	(1.1)	78%	(1.1)	0.0

The Council's Place Directorate has the only Invest to Save Programme. The 2023/24 revised budget for the Invest to Save programme is £5.1m. The forecast outturn for the programme is £4.0m (78% of the revised budget) resulting in total forecast variance of £1.1m due to expected net slippages of £1.1m across the programme.

The Conversion of Temporary Accommodation (TA) programme budget allocation for the for the year is £1.5m, which is forecast to fully slip by £1.5m into future years as there are currently no identified properties for this programme. The slippage is because homes originally envisaged to be delivered through this programme, are now being delivered as permanent homes and have been moved into the HRA programme. The budget is to be reviewed, with a potential view to funding being re-allocated to the HRA new build programme.

The Street Lighting Replacement project is forecast to incur accelerated spend by £0.5m against an in-year budget allocation of £0.9m. The accelerated spend will be funded from future year budget allocations for the project.

LIF Programme

Theme	Directorate	Revised Budget £ 'm	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
LIF Programme	Place	7.2	0.0	6.5	(0.7)	90%	(0.7)	0.0
LIF Programme Total		7.2	0.0	6.5	(0.7)	90%	(0.7)	0.0

The LIF programme is resident in the Place Directorate. The 2023/24 revised budget for LIF programme is £7.2m. The forecast spend for the programme is £6.5m for the year, (90% of the revised budget) due to forecast slippages of £0.7m spend into future years. However, a new approach to LIF, called Neighbourhood CIL has been considered by Cabinet in July 2023 and approved. This will see major changes to the use of this funding source and the programme will be kept under review through the year.

Capital Housing Revenue Account (HRA)

10.2

Housing Revenue Account (HRA) forecast outturn £94.1m against a revised budget of £160.1m
Variance £66.0m - net slippage £66.0m

Housing Revenue Account (HRA) Capital Forecast

Theme	Directorate	Programme	Revised Budget £ 'm	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
Approved Programme	Place	New Council Homes	131.1	7.9	67.1	(64.0)	51%	(64.0)	0.0
	Place	HRA(Projects)	2.6	0.0	2.6	0.0	100%	0.00	0.0
Approved Rolling Programme	Place	HRA (THH Rolling)	26.4	1.9	24.4	(2.0)	92%	(2.0)	0.0
HRA Capital Total			160.1	9.8	94.1	(66.0)	59%	(66.0)	0.0

On 1st March 2023, Full Council approved a total HRA capital programme for 2023/24 to 2025/26 totalling £389.6m, of which £156.2m related to the 2023/24 financial year. Subsequently, on 26th July 2023, Cabinet approved £22.4m of net capital slippage from the 2022/23 provisional outturn, resulting in a total revised HRA capital programme budget for 2023/24 to 2025/26 of £412m, of which £160.1m related to the 2023/24 financial year.

The period 3 forecast outturn HRA capital expenditure for the year is £94.1m, which represents 59% of the revised 2023/24 capital budget of £160.1m. The forecast variance of £66.0m, is due to expected net slippages across the programme. The total spend to date is £9.8m, which will need to be kept under close review to ensure forecasts are materialising as expected for the year. The details of the programmes are set out below;

Approved Programme

Theme	Directorate	Programme	Revised Budget £ 'm	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
Approved Programme	Place	New Council Homes	131.1	7.9	67.1	(64.0)	51%	(64.0)	0.0
	Place	HRA(Projects)	2.6	0.0	2.6	0.0	100%	0.00	0.0
HRA Approved Programme Total			133.7	7.9	69.7	(64.0)	52%	(64.0)	0.0

The 2023/24 revised budget for the Approved Programme is £133.7m. The forecast outturn for the Approved Programme is £69.7m (52% of the revised budget) resulting in total forecast variance of £64.0m due to expected net slippages across the programme.

Approved Programme - New Council Homes

The council revised New Council Homes capital programme budget for 2023/24 amounted to £131.1m which was in line with the previous update to HRA business plan carried out in late 2022. The business plan is currently being updated and is expected to complete in August 2023, which will provide an update on affordability within the HRA capital programme based on the latest position on HRA funding and costs and allow a re-profiling of the programme to be undertaken to reflect the latest plans and timeframes for the programme.

Of the 2023/24 programme, total council approved housing scheme budgets amounted to c£114m. As at Quarter 1 (April - June) of 2023/24, the spend to date amounted to £7.9m, with the full year forecast spend for the year of £67.1m. If the forecast spend materialises as expected at year-end, this will lead to a variance of £46.9m at year-end. The majority of the variance on housing schemes is due to expected slippages in the programme for a range of reasons, including;

- on site difficulties with contractors e.g. experiencing labour and material supply issues, inflation, cash flow and actual contractual performance
- procurement difficulties in getting contracts out tenders returned meaning what had been hoped for start on sites earlier have slipped
- a number of schemes are going through re-design, some already with planning consent at the request of the Administration to try get an increase in larger sized homes. Schemes such as rooftops that may not achieve this may not progress.

The programme will be re-profiled for 2023-27 in line with the update of the HRA Business Plan.

Annual Rolling Programme

Theme	Directorate	Programme	Revised Budget £'m	Actual Spent to Date £'m	Forecast Outturn £'m	Forecast Variance to Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under spend) / Overspend £'m
Approved Rolling Programme	Place	HRA (THH Rolling)	26.4	1.9	24.4	(2.0)	92%	(2.0)	0.0
HRA Approved Rolling Programme Total			26.4	1.9	24.4	(2.0)	92%	(2.0)	0.0

Tower Hamlets Homes (THH)

The 2023/24 revised budget for the HRA Annual Rolling Programme is £26.4m. The forecast outturn for the programme is £24.4m (92% of the revised budget) resulting in total forecast variance of £2.0m due to expected net slippages of £2.0m across the programme.

The THH rolling programme has experienced slight delays which has resulted in low year to date spends. A change in approach to Major Works programme delivery means that schemes can only go on site after works have been fully scoped and this can only happen when specifications have been drafted by consultants. However, significant delays in the procurement of consultants to undertake design, survey, and pricing work to allow tenders to commence, is still a major factor in programme delivery delays. This has resulted in projects starting later in the financial year. The Ocean Estate project within the Fire Safety programme is also held up due to objections at the section 20 consultation stage. Safety Works programme which relates to structural strengthening works for Brewster and Malting Houses is due to commence soon after approval by management.

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Summary MTFS Savings Tracker 2023-26

	2023-24						2024-25						2025-26					
	Savings target £000	Slippage from previous year £000	Revised Savings target £000	Forecast savings achievable £000	Savings slippage £000	Unachievable or (over delivery) £000	Savings target £000	Slippage from previous year £000	Revised Savings target £000	Forecast savings achievable £000	Savings slippage £000	Unachievable or (over delivery) £000	Savings target £000	Slippage from previous year £000	Revised Savings target £000	Forecast savings achievable £000	Savings slippage £000	Unachievable or (over delivery) £000
Directorate																		
Health, Adults and Community	2,624	-	2,624	2,624	-	-	405	-	405	405	-	-	413	-	413	413	-	-
Children and Culture	2,480	110	2,590	2,590	-	-	287	-	287	287	-	-	56	-	56	56	-	-
Place	7,051	350	7,401	5,121	2,100	180	(430)	2,100	1,670	(400)	2,000	70	-	2,000	2,000	-	2,000	-
Chief Executive's Office	330	40	370	370	-	-	400	-	400	400	-	-	230	-	230	230	-	-
Resources	924	150	1,074	1,074	-	-	1,140	-	1,140	1,140	-	-	160	-	160	160	-	-
Cross-Directorate / Corporate	1,028	511	1,539	1,539	-	-	-	-	-	-	-	-	100	-	100	100	-	-
Total	14,437	1,161	15,598	13,318	2,100	180	1,802	2,100	3,902	1,832	2,000	70	959	2,000	2,959	959	2,000	-
Savings Achievement Status																		
Delivered / On Target	12,507	811	13,318	13,318	-	-	1,732	-	1,732	1,732	-	-	959	-	959	959	-	-
Slipping but Achievable	1,750	350	2,100	-	2,100	-	-	2,100	2,100	100	2,000	-	-	2,000	2,000	-	2,000	-
Undeliverable / Unachievable	180	-	180	-	-	180	70	-	70	-	-	70	-	-	-	-	-	-
Total	14,437	1,161	15,598	13,318	2,100	180	1,802	2,100	3,902	1,832	2,000	70	959	2,000	2,959	959	2,000	-

Appendix C - 2023-24 Period 3 Forecast Outturn General Fund Capital Programme Monitor

Theme	Directorate	Programme	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Revised Budget £'m	Forecast to Revised Budget %	(Slippage) / Acceleration £'m	(Under) / Over spend £'m		
Approved Programme	Children & Culture	Basic Needs/Expansions	49.0	5.0	45.0	(4.0)	92	(4.3)	0.2		
		Culture	3.9	-	1.6	(2.3)	41	(2.3)	-		
		Parks	6.3	0.3	4.2	(2.1)	67	(2.2)	0.1		
		Provision for 2 year olds	0.1	-	0.1	(0.1)	38	(0.1)	-		
		Children & Culture Total	59.3	5.2	50.9	(8.4)	86	(8.9)	0.3		
Health, Adults & Communities	Adult Social Care	Adult Social Care	1.5	0.4	1.3	(0.2)	85	(0.2)	-		
		Community Safety	0.7	0.1	0.7	-	103	(0.3)	0.3		
		Public Health	4.9	2.6	4.2	(0.6)	87	(0.6)	-		
		Health, Adults & Communities Total	7.1	3.1	6.2	(0.9)	88	(1.1)	0.3		
Place	Asset Maximisation	Asset Maximisation	2.7	-	1.6	(1.1)	59	(0.8)	(0.3)		
		Carbon Offsetting	3.6	-	2.4	(1.2)	68	(1.2)	-		
		Temporary Coroner's court & Contingency									
		15% uplift in costs	0.8	-	-	(0.8)	0	(0.8)	-		
		Environmental Health & Trading Standards	-	-	-	-	0	-	-		
		High Street & TownCentre	1.8	-	1.2	(0.5)	70	-	(0.5)		
		Local Cultural Projects	-	-	-	-	0	-	-		
		London Square	0.9	0.2	0.9	-	100	-	-		
		Markets	0.3	-	0.3	-	100	-	-		
		New Infrastructure	3.6	0.4	1.9	(1.7)	53	(1.7)	-		
		Public Realm Improvements	4.1	-	3.8	(0.3)	93	(0.3)	-		
		RP Grant Scheme 1-4-1 receipts	0.2	-	-	(0.2)	0	(0.2)	-		
		TFL Funded Schemes	1.9	-	-	(1.9)	0	-	(1.9)		
		THCIL Capital Projects	8.9	0.1	8.9	-	100	-	-		
		Tower Hamlets Town Hall	5.9	1.2	4.3	(1.5)	74	(1.5)	-		
		Transport S106 Funded Schemes	4.3	-	3.9	(0.4)	91	(0.4)	-		
		Waste, Recycling and Fleet	7.6	0.2	4.2	(3.4)	55	(3.4)	-		
				Place Total	46.7	2.1	33.6	(13.1)	72	(10.3)	(2.7)
		Resources	Customer Services - Capital Programme	Customer Services - Capital Programme	1.0	-	-	(1.0)	0	(1.0)	-
				IT - Smarter Working	0.4	-	0.3	(0.1)	74	(0.1)	-
		Resources Total	1.4	-	0.3	(1.1)	21	(1.1)	-		
Approved Programme Total			114.5	10.5	91.0	(23.5)	79	(21.5)	(2.1)		
Approved Rolling Programme	Children & Culture	Improvements to Youth Provision	1.0	-	-	(1.0)	0	(1.0)	-		
		Conditions and Improvements	3.0	0.1	3.6	0.6	120	0.6	-		
		Culture	1.0	0.1	1.0	-	100	-	-		
			Children & Culture Total	5.0	0.2	4.6	(0.4)	92	(0.4)	-	
	Health, Adults & Communities	Adult Social Care - DFG	Adult Social Care - DFG	0.3	-	-	(0.3)	0	(0.3)	-	
				Health, Adults & Communities Total	0.3	-	-	(0.3)	0	(0.3)	-
	Place	DFG (Post Jul 03)-Mandatory	DFG (Post Jul 03)-Mandatory	1.2	0.3	1.2	-	100	-	-	
			Investment Works - LBTH assets	2.0	-	2.0	-	100	-	-	
			Public Realm Improvements	5.3	0.1	5.3	-	100	-	-	
			Place Total	8.5	0.4	8.5	-	100	-	-	
Resources	IT - Rolling programme	IT - Rolling programme	2.1	-	3.1	1.1	151	1.1	-		
			Resources Total	2.1	-	3.1	1.1	151	1.1	-	
Approved Rolling Programme Total			15.9	0.6	16.3	0.4	102	0.4	-		
Completed and Retentions											
Projects	Children & Culture	Basic Needs/Expansions	Basic Needs/Expansions	0.7	-	-	(0.7)	0	(0.7)	-	
				Children & Culture Total	0.7	-	-	(0.7)	0	(0.7)	-
Completed and Retentions Projects Total			0.7	-	-	(0.7)	0	(0.7)	-		
Invest to Save Programme	Place	Conversion to TA 1-4-1	Conversion to TA 1-4-1	1.5	-	-	1.5	0	(1.5)	-	
			Public Realm Improvements	0.9	0.1	1.4	0.5	155	0.5	-	
			Purchase of Accom for TA 1-4-1 receipts	2.6	0.8	2.6	-	100	-	-	
				Place Total	5.1	0.9	4.0	(1.0)	80	(1.0)	-
Invest to Save Programme Total			5.1	0.9	4.0	(1.0)	80	(1.0)	-		
LIF Programme	Place	Environmental Health & Trading Standards	Environmental Health & Trading Standards	0.3	-	-	(0.3)	0	(0.3)	-	
			Local Environmental Projects	0.3	-	-	(0.3)	0	(0.3)	-	
			Local Infrastructure Initiatives	5.8	-	5.8	-	100	-	-	
			New Infrastructure	0.3	-	0.3	-	100	-	-	
			Public Realm Improvements	0.1	-	-	(0.1)	0	(0.1)	-	
			Waste, Recycling and Fleet	0.4	-	0.4	-	101	-	-	
		Place Total	7.2	-	6.5	(0.7)	90	(0.7)	-		
LIF Programme Total			7.2	-	6.5	(0.7)	90	(0.7)	-		
Grand Total			143.4	11.9	117.7	(25.7)	82	(23.6)	(2.1)		

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Appendix D – Credit Union Briefing

Investment in London Community Credit Union

Background

The London Community Credit Union (formerly Tower Hamlets Credit Union) provides an ethical banking service for its members. This includes loans, savings and current accounts.

The credit union provides cheap credit to local residents. This has been particularly important during the cost of living crisis and has helped members build their financial resilience and contributes more widely to the alleviation of poverty.

The LCCU is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority.

In 2022 the London Community Credit Union (LCCU) approached Tower Hamlets Council, Hackney Council and Newham Council seeking financial assistance as a result of the pandemic and the related impact on loans, interest income and bad debt provisions.

The financial assistance sought would support LCCU to meet the regulatory requirements for credit unions set by the Prudential Regulation Authority and keep the credit union afloat.

The purpose of the investment is to ensure the continued presence of a credit union in the Borough and enable the Credit Union to further grow its business base and operate independently, thereby contributing to the alleviation of poverty.

The investment and partnership agreement

In January 2023, there was collective agreement from all three councils confirming a conditional offer to the LCCU of one-off financial support totalling £240,000 (£80,000 from each Council).

Financial support was subject to a number of conditions including the development of an agreement setting out what was expected from the investment (i.e. deferred shares agreement, regular progress monitoring and liaison meetings).

Subject to final formal approvals, these arrangements are now in place. Hackney and Newham have completed their approval processes and are set to meet their contribution.

LCCU Key statistics

The credit union supports 16,000 members.

Tower Hamlets is the largest component of the LCCU membership at 32% (Newham 28%, Hackney 19%, others total 21%).

80% of LCCU customers hold no more than £1,000 in savings, these are the people who are very much living day to day with no real financial buffer, hence frequently come to the LCCU for a modest, short-term loan to tide them over.

Loan applicants are primarily comprised of the following:

- In salaried employment and on low pay, eg. schools assistant, NHS cleaner.
- In fluctuating work, such as self-employed or zero hours, eg. security officer or taxi driver.
- In receipt of social security, such as JSA and ESA.

The gender split is Female 49.9% and Male 50.1%.

Finance Implications

As the funding is investment in shares, this is capital expenditure with the funding coming from Covid grant reserve.