

Meeting of the

# OVERVIEW & SCRUTINY COMMITTEE

---

Tuesday, 29 July 2008 at 7.00 p.m.

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## A G E N D A

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### VENUE

M71, 7th Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London,  
E14 2BG

Members:	Deputies (if any):
Chair: Councillor Abdul Asad Vice-Chair:	
Councillor Shahed Ali Councillor Stephanie Eaton Councillor Waiseul Islam Councillor Ann Jackson Councillor Shiria Khatun Councillor Oliur Rahman Councillor A A Sardar Councillor Bill Turner Two Vacancies	Councillor M. Shahid Ali, (Designated Deputy representing Councillors Abdul Asad, Waiseul Ialm, Ann Jackson, Shiria Khatun, A. A. Sardar and Bill Turner) Councillor Lutfu Begum, (Designated Deputy representing Councillor Oliur Rahman) Councillor Carli Harper-Penman, (Designated Deputy representing Councillors Abdul Asad, Waiseul Islam, Ann Jackson, Shiria Khatun, A. A. Sardar and Bill Turner) Councillor Azizur Rahman Khan, (Designated Deputy representing Councillor Stephanie Eaton) Councillor Rania Khan, (Designated Deputy representing Councillor Oliur Rahman) Councillor Abdul Matin, (Designated Deputy representing Councillor Stephanie Eaton) Councillor Abjol Miah, (Designated Deputy

representing Councillor Shahed Ali)  
Councillor Fozol Miah, (Designated  
Deputy representing Councillor Shahed  
Ali)  
Councillor Tim O'Flaherty, Designated  
Deputy representing Councillor Stephanie  
Eaton  
Councillor M. Mamun Rashid, Designated  
Deputy representing Councillor Shahed Ali  
Councillor Salim Ullah, (Designated  
Deputy representing Councillors Abdul  
Asad, Waiseul Islam, Ann Jackson, Shiria  
Khatun, A. A. Sardar and Bill Turner)

**[Note: The quorum for this body is 4 voting Members].**

**Co-opted Members:**

Mr Azad Ali	–	Parent Governor Representative
Terry Bennett	–	Church of England Diocese Representative
Mr D McLaughlin	–	Roman Catholic Diocese of Westminster Representative
Mr H Mueenuddin	–	Muslim Community Representative
One Vacancy - Parent Governor Representative	–	

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: Amanda Thompson, Democratic Services, Tel: 020 7364 4651, E-mail: [amanda.thompson@towerhamlets.gov.uk](mailto:amanda.thompson@towerhamlets.gov.uk)

# LONDON BOROUGH OF TOWER HAMLETS

## OVERVIEW & SCRUTINY COMMITTEE

Tuesday, 29 July 2008

7.00 p.m.

### SECTION ONE

#### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

#### 2. DECLARATIONS OF INTEREST

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Chief Executive.

#### 3. UNRESTRICTED MINUTES

3 - 14

To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 1<sup>st</sup> July 2008.

#### 4. REQUESTS TO SUBMIT PETITIONS

To be notified at the meeting (if any)

#### 5. REQUESTS FOR DEPUTATIONS

To be notified at the meeting (if any)

#### 6. SECTION ONE REPORTS 'CALLED IN'

##### 6.1 Report Called In - London Thames Gateway Development Corporation - Draft Bromley-by-Bow Land Use Design Brief

15 - 28

(Time allocated – 30 minutes)

#### 7. SCRUTINY SPOTLIGHT: LEAD MEMBER

The Lead Member for Resources and Performance will attend to report on his portfolio.

(Time allocated – 30 minutes)

**8. BUDGET AND POLICY FRAMEWORK ISSUES**

- 8 .1 Resource Allocation and Budget Review 2009/10 - 2010/11** **29 - 68** **All Wards**

(Time allocated – 20 minutes)

**9. PERFORMANCE MONITORING**

- 9 .1 Tower Hamlets Index (TO FOLLOW)**

(Time allocated – 15 minutes)

**10. PRE-DECISION SCRUTINY OF SECTION ONE (UNRESTRICTED) CABINET PAPERS**

(Time allocated – 15 minutes).

**11. ANY OTHER SECTION ONE (UNRESTRICTED) BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT**

**12. EXCLUSION OF THE PRESS AND PUBLIC**

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

**EXEMPT/CONFIDENTIAL SECTION (Pink Papers)**

The exempt committee papers in the agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

**13. SECTION TWO REPORTS 'CALLED IN'**

There were no Section Two reports 'called in' from the meeting of Cabinet held on 2 July 2008.

**14. PRE-DECISION SCRUTINY OF SECTION TWO (RESTRICTED) CABINET PAPERS**

(Time allocated 15 minutes).

15. **ANY OTHER SECTION TWO (RESTRICTED)  
BUSINESS THAT THE CHAIR CONSIDERS  
URGENT**

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# Agenda Item 2

## DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE FOR MEMBERS OF THE OVERVIEW & SCRUTINY COMMITTEE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

### Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- (a) An interest that you must **register**
- (b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

**What constitutes a prejudicial interest?** - Please refer to paragraph 6 of the adopted Code of Conduct.

**Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-**

- (a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND
- (b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER
- (c) The matter affects your financial position or the financial interest of a body with which you are associated; or
- (d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

- i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and
- ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

- iii. You must not seek to improperly influence a decision in which you have a prejudicial interest.
- iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.

**There are particular rules relating to a prejudicial interest arising in relation to Overview and Scrutiny Committees**

- You will have a prejudicial interest in any business before an Overview & Scrutiny Committee or sub committee meeting where both of the following requirements are met:-
  - (i) That business relates to a decision made (whether implemented or not) or action taken by the Council's Executive (Cabinet) or another of the Council's committees, sub committees, joint committees or joint sub committees
  - (ii) You were a Member of that decision making body at the time and you were present at the time the decision was made or action taken.
- If the Overview & Scrutiny Committee is conducting a review of the decision which you were involved in making or if there is a 'call-in' you may be invited by the Committee to attend that meeting to answer questions on the matter in which case you must attend the meeting to answer questions and then leave the room before the debate or decision.
- If you are not called to attend you should not attend the meeting in relation to the matter in which you participated in the decision unless the authority's constitution allows members of the public to attend the Overview & Scrutiny for the same purpose. If you do attend then you must declare a prejudicial interest even if you are not called to speak on the matter and you must leave the debate before the decision.



**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE**

**HELD AT 7.00 P.M. ON TUESDAY, 1 JULY 2008**

**M71, 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,  
LONDON, E14 2BG**

**Members Present:**

Councillor Abdul Asad (Chair)  
Councillor Shahed Ali  
Councillor Stephanie Eaton  
Councillor Waiseul Islam  
Councillor Ann Jackson  
Councillor Shiria Khatun  
Councillor A A Sardar  
Councillor Bill Turner (Vice-Chair)

**Other Councillors Present:**

Councillor Alibor Choudhury – (Lead Member, Employment and Skills)  
Councillor Joshua Peck – (Lead Member, Resources and Performance)

**Officers Present:**

Suki Binjal – (Interim Legal Services Manager)  
Paul Evans – (Interim Corporate Director Development & Renewal)  
Afazul Hoque – (Acting Scrutiny Policy Manager, Scrutiny and Equalities, Chief Executive's)  
Michael Keating – (Acting Assistant Chief Executive, Chief Executive's)  
Claire Symonds – (Service Head, Customer Access)

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of Councillor Oliur Rahman.

Councillor Bill Turner expressed concern that only one of the Committee's co-opted members was present at the meeting and noted in particular that the representative of the Roman Catholic Diocese had not attended a number of the Committee's meetings. The Service Head, Democratic Services undertook to draw this to the attention of the Diocese.

**2. DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **3. UNRESTRICTED MINUTES**

The Committee noted that Councillor Shirley Houghton was present at the meeting on 10<sup>th</sup> June 2008 but this was not recorded in the draft minutes.

#### **RESOLVED**

That subject to the inclusion of Councillor Shirley Houghton in the list of 'Other Councillors Present', the minutes of the Overview and Scrutiny Committee meeting held on Tuesday 10<sup>th</sup> June 2008 be confirmed as a correct record.

In relation to the clarification sought by Councillor Stephanie Eaton at minute 5.1 ('Terms of Reference') the Service Head, Democratic Services reported that the Police & Justice Act 2006 required all local authorities to have a crime and disorder committee with scrutiny powers. This does not have to be a separate committee solely for that purpose and the Council had agreed to the recommendation of the Constitution Working Party that for the time being the Police & Justice Act scrutiny functions should be incorporated into the terms of reference of the Overview and Scrutiny Committee.

Regulations were still awaited on the detailed operation of the proposed 'councillor/community call for action' and other scrutiny elements of the 2006 Act and the subsequent Local Government and Public Involvement in Health Act 2007.

### **4. REQUESTS TO SUBMIT PETITIONS**

There were no requests to submit petitions.

### **5. REQUESTS FOR DEPUTATIONS**

There were no requests to submit deputations.

### **6. SECTION ONE REPORTS 'CALLED IN'**

There were no decisions 'called in' from the meeting of the Cabinet held on 11<sup>th</sup> June 2008.

### **7. SCRUTINY SPOTLIGHT: LEAD MEMBER**

Councillor Alibor Choudhury, Lead Member for Employment and Skills, gave a presentation on the key issues, opportunities and challenges arising from his portfolio. Councillor Choudhury informed the Committee that his was a challenging portfolio as many complex and interrelated factors were at play in

relation to worklessness and the skills deficit. Only 54% of the adult working-age population were actually in work and the number of 16 to 24 year olds not in employment, education or training (NEET) in Tower Hamlets was double the London average. The unemployment rate in the borough had remained high for the past 15 years. However the problem was not a shortage of jobs in the borough, rather a substantial skills shortage resulting in local people not being able to access the jobs that were available. Generational worklessness was also a factor.

It would be crucial to make the most of investment opportunities in the City Fringe and Docklands and to address the wider range of interrelated social issues including housing and health. Opportunities were also presented by cross-directorate co-operation and collaboration with other and agencies.

Against this context, Councillor Choudhury outlined a range of strategies and initiatives through which the authority was seeking to tackle the problems outlined, highlighting areas of particular success. Councillor Choudhury then described what he saw as the way forward and short-, medium- and long-term objectives to exploit the opportunities available. He thanked the Committee for their support and stated that he would require the support of colleagues in progressing this area of work.

The Chair thanked Councillor Choudhury for his presentation and invited questions from Members of the Committee.

Councillor A A Sardar enquired as to timescales to deliver the objectives outlined. Cllr Choudhury referred to the short-, medium- and long-term objectives outlined in his presentation and stated that these represented periods of 6, 12 and 36+ months respectively.

Councillor Ann Jackson asked what Councillor Choudhury intended to do differently from previous years. Councillor Choudhury stated that he intended to work closely at grass roots level; to seek to improve the range of jobs accessible to local people; and to focus on the opportunities presented by section 106 funds to improve training and access to jobs. He would seek to involve the third sector and foster a co-ordinated approach focussing on outcomes and sustainable provision.

Councillor Shiria Khatun asked how the opportunities available in developments such as Canary Wharf could be opened up to local people. She also referred to the training opportunities presented by the hospitality trade centred on Brick Lane; and to the provision that existed currently to assist young people in the transition from education to employment. Finally Councillor Khatun asked the Lead Member for his assessment of the current utilisation of the Local Labour in Construction (LLIC) service and the developing community hubs.

Councillor Choudhury stated that he did not have full statistics to hand but the community hubs were providing services in line with the borough plans. LLIC was fairly well used and had contractual links with most training agencies but

was not the only provider. He agreed that there was a key need to support young people in the transition to the world of work and to maximise the corporate social responsibility of local employers. The Cultural Olympiad presented an opportunity to link the west and east of the borough through the High Street 2012 initiative.

Paul Evans, Interim Corporate Director, Development and Renewal, added that provision for 14-19 year olds should benefit from the increasing emphasis now being given by Government to Local Authorities taking a lead in this area, which would enable the work to be sharper, more focussed and effective.

Councillor Eaton drew Councillor Choudhury's attention to the Scrutiny Review on Graduate Unemployment previously undertaken. She also expressed disappointment at the quality of many of the jobs available through Skillsmatch; suggested that the Council could look at provision to support employers in enabling people with disabilities to enter work; and raised the importance promoting the rights of employees in industries such as construction and hospitality. Finally, Councillor Eaton raised the issue of conversion of qualifications which could be difficult or expensive especially for many people coming to this country from eastern Europe.

Councillor Choudhury thanked Councillor Eaton for her suggestions. He endorsed her comments regarding the importance of employment rights and protection and stated that he would be working with the trade unions in this regard. In relation to the conversion of qualifications Councillor Choudhury was aware of this issue and the lost opportunities resulting and would be looking at ways of addressing this.

Councillor Shahed Ali referred to the longer term objective to open a flagship recruitment, training and enterprise centre in the heart of docklands. He asked how the Council could ensure this was more successful than previous such initiatives for example by the LDDC in the 1980s. Councillor Ali also asked (i) whether schools could do more to prepare students for employment by revising subjects such as woodwork, cookery and car mechanics; (ii) how many people had moved into full-time employment through LLIC; and (iii) how the Council could best ensure that as many local people as possible gain employment on the preparations for the 2012 Olympics.

Councillor Choudhury stated that he would be reviewing the statistics on the effectiveness of training providers including LLIC but his initial impression was encouraging. In relation to young people leaving school he would be looking at how effective the careers guidance service was and he would take into account the points raised by Cllr Ali.

In relation to the flagship project planned for Heron Quays, the Interim Corporate Director, Development and Renewal, stated that in his view the larger employers and agencies involved were now far more positive and clearer on the economic benefits of engagement with the local community and he was therefore more confident that the Council's proposals would be positively received.

Councillor Bill Turner suggested that particular attention needed to be paid to the quality of employment opportunities and awareness of the rights of employees within certain industries and/or groups of employees. He also felt there should be further work on the training and employment profile of people with learning difficulties, who were often in low paid or menial roles which may not offer genuine training or work experience opportunities. Finally Councillor Turner referred to the possible adverse effects on local businesses and communities of Home Office changes to visa regulations for skilled persons.

Councillor Ann Jackson expressed concern that as well as seeking to equip local people to get jobs, attention should also be paid to encouraging employers to see the benefits of employing more local people and especially recruiting them from school/college and providing opportunities for training and development within the organisation.

The Chair asked about what work to look at levels of worklessness amongst women in the borough which was particularly high in some local communities. Councillor Choudhury confirmed that that work was underway to analyse the demographic information. It was true that there was a high level of worklessness amongst Bangladeshi women in particular. Once the analysis was complete a draft strategy was being prepared to address this issue.

The Chair thanked Councillor Choudhury for his presentation and for answering the questions of members.

## **8. PERFORMANCE MONITORING**

### **8.1 Corporate Complaints and Social Care Complaints - Annual Report**

Councillor Joshua Peck, Lead Member for Resources and Performance, introduced the report which contained a summary of complaints received by the Council in the period 1 April 2007 to 31 March 2008 through the Corporate Complaints Procedure, the Children's Social Care and Adults Social Care Complaints Procedures and those received and determined by the Local Government Ombudsman in the same period.

In relation to Corporate Complaints, although the overall number of complaints received was slightly higher than in the previous year, there were significant reductions in Stage 2 and Ombudsman complaints, demonstrating lower escalation rates.

For Adults and Children's Social Care Complaints, which now came under new statutory procedures, significant improvements had been achieved in response times to complaints. The main area where complaints had increased was in relation assessment decisions and this was likely to be due to the increased focus within the department on the consistent application of the Council's eligibility criteria for community care services and the

implementation of the policy decision taken in the budget setting for 2007/08 in relation to older people's services.

Councillor Stephanie Eaton referred to discussion at the Standards Committee which had requested further information on the apparently high number of complaints, both received and upheld at Stage 2, within Housing Technical Services and the relatively long time taken to resolve these. Councillor Eaton was concerned that this information should be available to Members.

Councillor Ann Jackson echoed Cllr Eaton's concerns and had requested further information on this matter at the Standards Committee. She also referred to the breakdown of Stage 1 complaints by ward and LAP which showed particularly high levels in LAPs 1 and 5. Councillor Jackson enquired as to the reasons for this and how it was being addressed.

Councillor Peck noted the points made and in relation to Housing Technical Services reported that there was a focus on improvement in this area following the establishment of the ALMO. Regarding the LAP/ward breakdown some further information would be required. Currently there was exception reporting to Performance Review Group by directorate and Councillor Peck would look at whether this could be further broken down by LAP/ward.

In response to a question from Councillor Shahed Ali, Councillor Peck reported that the increase in complaints within the Adults Health and Wellbeing directorate was in part the result of the transfer into that directorate of the Homelessness Services.

Councillor Shiria Khatun asked how the ethnicity information of complainants was collected. Councillor Peck stated that a monitoring form was used alongside verbal questions to telephone complainants. Members raised concern over the disproportionately low number of complaints from BME residents and users. Councillor Peck reported that work was underway to raise awareness amongst the BME communities of the complaints procedures.

In response to a question from Councillor Waiseul Islam, Councillor Peck stated that he was confident that the preparations for the formation of the ALMO had retained a focus on improving performance and service quality.

Councillor Bill Turner felt that it would be useful for the report to contain more qualitative, as well as quantitative information. He also asked whether the complaints arising from the outcome of assessments related in the main to the provision offered or to the refusal of an assessment. Councillor Peck undertook to raise this with the officers as appropriate.

Councillor Turner also referred to complaints to the local health trusts and wondered whether it would be beneficial for the Council to share best practice and/or for those organisations to be brought into the Members' Enquiry

system as was the case for RSLs. Councillor Peck undertook to bring this to the attention of Councillor Sirajul Islam as the Lead Member with responsibility for Members' Enquiries.

The Chair thanked Councillor Peck for his attendance and presentation and for answering the question of Members.

## **RESOLVED**

That the contents of the report be noted.

## **9. SCRUTINY MANAGEMENT**

### **9.1 Verbal updates from Scrutiny Leads**

Scrutiny Lead Members provided verbal updates on their respective work programmes as follows:

#### **One Tower Hamlets**

Councillor Ann Jackson reported that the main area of work initially would be a review on child poverty. She expected that by the end of the week the key issues would be identified to focus on following a meeting to discuss the topic with the relevant services. The review would be conducted using different formats to the conventional review meetings and would emphasise the role of Members as community leaders to research and lead smaller working groups to formulate recommendations.

Councillor Jackson intended also to carry out some work looking at the role of Members as elected community leaders, working with diverse communities and individuals to promote awareness of the role of Members and the democratic process in general.

#### **Safe and Supportive Community**

Councillor Shiria Khatun reported that she would be leading a review of alcohol misuse amongst young people. The review would be titled 'Smashed' and work had already commenced on the scoping document and identifying dates for the review sessions. Scrutiny officers were working on a questionnaire which would be sent to all secondary schools and involvement had been secured from St Hilda's and Docklands Outreach. The Youth Service was working to involve the Young Mayor or his deputy and publicity would be undertaken to ensure that local residents are aware of the work.

#### **Prosperous Community**

Councillor A. A. Sardar reported that he was working with Scrutiny officers to research possible topics for a review. Possibilities included education for

looked after children; parental engagement; city academies; and children's centres. Councillor Sardar would be meeting the Corporate Director, Children's Services next week to progress this work.

### **Healthier Community**

Councillor Stephanie Eaton reported that Health Scrutiny Panel Members were taking part in a series of induction visits to all three NHS trusts in the borough. Current areas of work included:

- Finalising priorities within the work programme;
- Agreeing the draft Health Scrutiny protocol which sets out working arrangements between Trusts, other health stakeholders and the Council; and
- Developing the scope of this year's main Health Scrutiny Review which is looking at 'End of Life Care'.

The Joint Overview and Scrutiny Committee looking at Healthcare for London would be reconvening in October 2008 and would be looking at issues including Social Care.

### **A Great Place to Live**

Councillor Waiseul Islam reported that his scrutiny review would focus on affordable housing. Much could be covered within the scope of this review, which would focus on alleviating the pressures on social housing; on different models of affordable home ownership; and possibly on the planning process and how this can best be exploited for the benefit of the community.

Councillor Islam also reported that he had recently attended a seminar on Housing: The Credit Crunch which had been useful in understanding the national context of the housing situation as well as the local situation and possible solutions for affordable home ownership that would inform the review. Work had started to draft the scoping document for the review.

### **Excellent Public Services**

Councillor Bill Turner reported that he had been in discussion with officers in relation to possible review topics. He would be meeting with Scrutiny officers on 7<sup>th</sup> July to finalise the year's work plan which would most likely focus on the customer service aspects.

Scrutiny Officers had also been in discussion with officers from Finance and Performance Management regarding how the performance and budget management aspects of the portfolio could be made more robust.

Finally, Councillor Turner was keen to look at the role of cafes and similar establishments in the borough as shared community spaces playing a role in promoting community cohesion, and to investigate the economic and other factors that might threaten their viability.



**RESOLVED**

That the updates provided by the Scrutiny Lead Members be noted.

**10. PRE-DECISION SCRUTINY OF SECTION ONE (UNRESTRICTED) CABINET PAPERS**

Draft pre-decision questions for submission to the Cabinet Meeting were circulated for Members' consideration.

In relation to Cabinet Agenda item 8.1 (LTGDC Draft Bromley-by-Bow Land Use Design Brief), Councillor Shiria Khatun suggested that draft questions 3 and 4 be merged into one question.

On the same agenda item, the Chair suggested that draft question 2 (regarding the inclusion of a Muslim burial ground in the brief) should not be submitted as the matter had already been considered by the Cabinet. In this regard Councillor A. A. Sardar enquired as to progress on the agreed Multi-Faith Burial Subsidy Scheme and the Acting Assistant Chief Executive confirmed that preparatory work was underway and the scheme would be launched shortly.

The Committee endorsed the amendments suggested. Accordingly the Chair **MOVED** and it was:-

**RESOLVED**

That the following pre-decision questions be submitted to the Cabinet for consideration:

Agenda Item 6.1 Food Law Enforcement Service Plan 2008/09 (CAB 012/089)

1. Members of the Health Scrutiny Panel have raised issues around 'approved fast food outlets and general community information on 'cooking practices' in the borough. Will the Cabinet consider instigating a poster campaign in partnership with the PCT about which cooking oil is the healthiest to use and which is not?
2. Can the Cabinet review staffing numbers as it seems that it is top heavy where it needs to be the other way round as most of the visits and inspection are done by the EHO and SEHO?
3. How many employees are directly employed in the food safety department? Can the Cabinet assure us that the staffing level is adequate, as 2339 food premises already exist with a potential increase for the Olympics in 2012? Therefore, should the department increase its number rapidly or look to train well in advance to take on the pressure?

Agenda Item 7.1 Recommissioning LinkAge Plus (CAB 013/089)

1. What is the efficiency saving expected on the new plan? (one organisation to win contract and co-ordinate the others, and the other four lose their co-ordinators) With this in mind have the five host organisations been consulted to ensure that the change and the loss of the other four organisers will not skew focus onto the area covered by the organisation that wins the contract, It is critical that the whole borough benefits equally.
2. At the last Cabinet we saw the fast track procurement process on the Chillers for IT suite in Anchorage House, this Cabinet the procurement process is being limited to only five "Host Organisations". Can the Cabinet reassure us that this is not becoming a common practice of fast tracking procurement process?
3. Can the Cabinet inform us what monitoring systems are in place to ensure we get the best value from this contract?

Agenda Item 8.1 London Thames Gateway Development Corporation, Draft Bromley-by-Bow Land Use Design Brief (CAB 014/089)

1. The area closest to the Bow roundabout still seems to be lacking in open space under the new plan. In fact the area where the Supermarket, hotel etc is planned seems to have all the open space and lower density housing. We will not address the need of the community nearest the flyover, which is now, and will be, the part most in need of green space to mitigate the road proximity. Can the Cabinet outline how they will address this issue?
2. The Equality Impact Assessment (EQIA) has not been fully undertaken and fails to address the needs of our community within the six equalities strands. Can the Cabinet assure us that a comprehensive EQIA is undertaken which addresses all the community needs?
3. The report states that there will be a minimum of 35% affordable housing; this is a ratio so far the Council has struggled to deliver. Can the Cabinet guarantee that this will be delivered and not reduced in future date?
4. The table on page 137 indicate that there will be 25% of larger units, but the break down highlights less of the four and five bedrooms which we needs the most, can the Cabinet revert and increase the numbers of the four and five bedroom homes rather than the one and two bedrooms properties? Will they consider including some six bedroom properties?

Agenda Item 12.1 Housing Revenue Account Provisional Outturn Report  
2007/08 (CAB 016/089)

1. Can the Cabinet inform us why there was an under spend of £4m and why was this amount not spent to bring some of the homes to decent standard?
2. Can the cabinet inform us why it is taking so long to create the ALMO and why it has missed the initial deadline with an expenditure of £300,000? Also it informs us that there will be some further stock transfers. Can the Cabinet inform us which estates the Council is intending to transfer and the approximate timeline?
3. Can the Cabinet inform us who has commissioned or approved RSLs to take surveys and hold public meetings regarding the future of housing in Ocean Estate?
4. Can the Cabinet inform us how Leaseholders have been consulted and how the recommendations of the Scrutiny Review on Leaseholders been implemented and considered as part of this report.

**11. ANY OTHER SECTION ONE (UNRESTRICTED) BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT**

Nil items.

**12. EXCLUSION OF THE PRESS AND PUBLIC**

There was no exempt/confidential business to be considered at the meeting.

**13. SECTION TWO REPORTS 'CALLED IN'**

Nil items.

**14. PRE-DECISION SCRUTINY OF SECTION TWO (RESTRICTED) CABINET PAPERS**

Nil items.

**15. ANY OTHER SECTION TWO (RESTRICTED) BUSINESS THAT THE CHAIR CONSIDERS URGENT**

Nil items.

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# Agenda Item 6.1

<b>Committee:</b>  <b>OVERVIEW AND SCRUTINY</b>	<b>Date:</b>  <b>29 July 2008</b>	<b>Classification:</b>  <b>Unrestricted</b>	<b>Report No.</b>	<b>Agenda Item No.</b>  <b>6.1</b>
<b>Report of:</b> <b>Assistant Chief Executive</b>  <b>Originating Officer(s):</b> <b>Amanda Thompson</b> <b>Team Leader, Democratic Services</b>			<b>Title:</b> <b>Cabinet Decision Called-in:</b> London Thames Gateway Development Corporation, Draft Bromley-by-Bow Land Use Design Brief  <b>Wards:</b> Bromley-by-Bow	

## 1. SUMMARY

- 1.1 The attached report of the Interim Corporate Director, Development and Renewal was considered by the Cabinet on 2 July 2008 and has been "Called In" by Councillors Abjol Miah, M.A Munim, Harun Miah, M. Mamun Rashid and Dulal Uddin for further consideration. This is in accordance with the provisions of Part Four of the Council's Constitution.

## 2. RECOMMENDATION

- 2.1 That the Committee consider the contents of the attached report, review the Cabinet's provisional decisions arising and decide whether to accept them or refer the matter back to Cabinet with proposals, together with reasons.

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### Local Government Act, 1972 Section 100D (As amended)

### List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

**Cabinet report – 2 July 2008**

Name and telephone number of holder  
and address where open to inspection

**Amanda Thompson**  
**02073644651**

### **3. THE CABINET'S PROVISIONAL DECISION**

#### **3.1 After considering the attached report the Cabinet provisionally agreed:-**

1. That the Draft Bromley-by-Bow Land Use and Design Brief, attached at Appendix 2 to the report (CAB 014/089) be approved for a 12 week period of statutory consultation to be carried out jointly between the Council and London Thames Gateway Development Corporation prior to its approval by the Authority as 'Interim Planning Guidance'; and
2. That the Corporate Director Development and Renewal be authorised, after consultation with the Lead Member Housing and Development, to make any appropriate and necessary minor amendments to the Bromley-by-Bow Land Use and Design Brief prior to statutory consultation from August 2008.

### **4. REASONS FOR THE 'CALL IN'**

4.1 The Call-in requisition signed by the five Councillors listed above gives the following reasons for the Call-in:

4.2 The issue of a community cemetery in Tower Hamlets has been pressing for some time and is a demand that has clearly come from Tower Hamlets residents. It is also something that, were it to be achieved, would add to community cohesion.

4.3 At the moment those wishing to bury their loved ones have to seek space in Hainault and elsewhere. A number of options to establish a new cemetery in LBTH have been examined. Converting the Mile End cemetery to new use ran into very understandable opposition from those who treasure a historic cemetery and from those who might still have loved ones buried there. The old gas works site has been ruled out for the moment on the grounds that it would be too expensive to render the polluted ground safe. There is a proposal that there should be £200 compensation for families having to bury loved ones outside the borough but this is very unsatisfactory for many families who wish to be close to their loved ones in order to visit the grave.

4.4 Given the Bromley by Bow draft plan is about future development in the area, the opportunity should have been taken to examine the feasibility of a community cemetery in the area. Such a feasibility study has been wrongly omitted from the planning considerations. Without such a feasibility study, we will not know if the best planning use of the area should include the development of a community cemetery in the area.

### **5. ALTERNATIVE COURSE OF ACTION PROPOSED:**

5.1 The Councillors submitting the Call-in requisition have asked that a feasibility study for a community cemetery in Bromley-By-Bow be commissioned.

### **6. CONSIDERATION OF THE "CALL IN"**

6.1 The following procedure is to be followed for consideration of the "Call In":

- (a) Presentation of the “Call In” by one of the “Call In” Members followed by questions.
- (b) Response from the Lead Member/officers followed by questions.
- (c) General debate followed by decision.

**N.B. – In accordance with the Overview and Scrutiny Committee Protocols and Guidance adopted by the Committee at its meeting on 6 June, 2007, any Member(s) who presents the “Call In” is not eligible to participate in the general debate.**

- 6.2** It is open to the Committee to either resolve to take no action which would have the effect of endorsing the original Cabinet decisions, or the Committee could refer the matter back to the Cabinet for further consideration setting out the nature of its concerns and possibly recommending an alternative course of action.

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<b>Committee:</b> Cabinet	<b>Date:</b> 2 <sup>nd</sup> July 2008	<b>Classification:</b> Unrestricted	<b>Report No:</b>	<b>Agenda Item:</b>
<b>Report of:</b> Paul Evans- Interim Corporate Director, Development and Renewal		<b>Title:</b> London Thames Gateway Development Corporation, Draft Bromley-by-Bow Land Use Design Brief		
<b>Originating officer(s)</b> Simone Williams, Major Projects Development Planner		<b>Wards Affected:</b> Bromley-by-Bow		

## 1. SUMMARY

- 1.1 The London Thames Gateway Development Corporation (LTGDC), in partnership with the Council, has prepared a draft Land Use and Design Brief for land at Hancock Road, Imperial Street and Three Mills Lane. The land is identified as a site within the draft Bromley-by-Bow Masterplan boundary, (see site plan, Appendix 1). The draft Brief will provide clear guidance for new development within the defined boundary for the determination of planning applications and, where necessary, support the case for public sector site assembly and development implementation. This work area has been prioritised due to increasing pressure from landowners, to develop individual sites in isolation. Furthermore, unlike the remainder of the draft Masterplan area, none of the land is currently under public ownership.
- 1.2 It is therefore proposed for the Council to work with the LTGDC to approve this draft Brief as 'Interim Planning Guidance'. It is also proposed that the final Cabinet approval of the Draft Bromley-by-Bow Masterplan is to be held back until this draft Brief, and other key areas of work outlined in this Report, are completed. This report updates members on the additional work that is being undertaken to progress the development principles identified in the draft Bromley-by-Bow Masterplan.

## 2. RECOMMENDATIONS

Cabinet is recommended to:

- 2.1 Approve the Draft Bromley-by-Bow Land Use and Design Brief (Appendix 2) for a 12 week period of statutory consultation to be carried out jointly between the Council and LTGDC prior to its approval by the Council as 'Interim Planning Guidance'.

- 2.2 Authorise the Corporate Director Development and Renewal, after consultation with the Lead Member Housing and Development, to make any appropriate and necessary minor amendments to the Bromley-by-Bow Land Use and Design Brief prior to statutory consultation from August 2008.

### **3. BACKGROUND**

#### Draft Bromley-by-Bow Land Use and Design Brief

- 3.1 The draft Brief builds on the Mayor of London Lower Lea Valley Opportunity Area Planning Framework and draft Bromley-by-bow Masterplan to provide a framework for the comprehensive physical and economic transformation of the Hancock Road, Three Mills Lane and Imperial Street area of Bromley-by-Bow.
- 3.2 In accordance with the draft Bromley-by-Bow Masterplan, the draft Brief provides more detailed development principles for the creation of a new neighbourhood centre. The draft Brief identifies land use and urban design principles that new development will be expected to incorporate in order to achieve the following objectives:
- A comprehensive development that makes efficient use of land to create a well connected mixed used quarter of Bromley-by-Bow;
  - A mix of private and affordable housing, including a significant amount of family housing, that benefit from close proximity to Bromley-by-Bow station, the Lea Navigation Canal and historic Three Mills setting;
  - A neighbourhood centre, anchored by a supermarket, that includes new shopping facilities, a primary school, a healthcare facility and open space;
  - Modern and flexible industrial and business space providing new job opportunities that benefit from access to the strategic road network and public transport;
  - New pedestrian links and public transport accessibility enhancements that improve connections with surrounding communities, key destinations and future development sites;
  - Accessibility improvements that link existing neighbouring communities with access to new homes, jobs and community facilities and the amenities of the Lower Lea Valley's open spaces, waterways and heritage assets;
  - An innovative and exemplary approach to urban design and architecture that responds to the area's constraints and opportunities and creates a place in which people want to live, work and visit;
  - A development that achieves a combination of sustainable land use change, design excellence and commercial viability.
- 3.3 LBTH Council officers have taken a central role in this work from the outset, attending workshop sessions with LTGDC's consultants and providing detailed comments on the draft Brief to ensure that it is consistent with the objectives of the Council's Interim Planning Guidance and draft Bromley-by-Bow Masterplan.

- 3.4 It is noted that the proposed hotel use is not identified within the Leaside Area Action Plan as a preferred use for this location. This use will be given more detailed consideration in terms of need and its role within the new neighbourhood centre. Officers are also aware of the importance of ensuring improved connections between the new neighbourhood centre and the existing communities to the west of the A12 and also the Council's Bow Lock site to the south. The Council will continue to work closely with LTGDC and TfL to address these issues ahead of the final approval of the draft Brief. This builds on the extensive public consultation which was undertaken in respect of the draft Bromley-by-Bow Masterplan.
- 3.5 LTGDC has ensured that landowners and public sector stakeholders have been engaged in the preparation of the draft Brief. The results of landowner engagement have already become apparent, with evidence that landowners are looking to work together in order to deliver the objectives defined in the draft Brief.
- 3.6 This work area is one of many projects underway within the context of the draft Bromley-by-Bow Masterplan, prepared by the Council in 2006.

#### Bromley-by-Bow Draft Masterplan and Implementation

- 3.7 The draft Bromley-by-Bow Masterplan, produced by the Council was developed closely with its public sector partners and was prepared to ensure a coordinated approach to development and delivery of improvements for Bromley-by-Bow. It aims to transform Bromley-by-Bow into a "*distinctive, accessible and cohesive London neighbourhood with a strong community emphasis, a choice of local services and a high quality environment*" (draft Bromley-by-Bow Masterplan, 2006). This builds on the strategic land use objectives outlined in the Council's Leaside Area Action Plan (approved as Interim Planning Guidance) and the Mayor of London's Lower Lea Valley Opportunity Area Planning Framework
- 3.8 Following the statutory period of consultation on the draft Bromley-by-Bow Masterplan, which ended in March 2007, the Cabinet of the Council took the decision in July 2007 to delay its final approval to allow more detailed and complementary work to be undertaken in partnership with LTGDC and other public sector agencies. This further work was considered necessary to progress the development principles established by the Masterplan and improve its weight as a planning policy document, to guide development proposals and determine planning applications.
- 3.9 Officers subsequently established the Bromley-by-Bow Implementation Group, comprising representatives from key public sector agencies, to coordinate and deliver the additional work for the Masterplan. The following list identifies the main areas of work that relate to the Masterplan objectives:

- Trad Site Application Inquiry (site adjacent to Tesco store)
  - Draft Bromley-by-Bow Land Use and Design Brief
  - Bromley-by-Bow Retail Planning Assessment
  - Bromley-by-Bow Station Improvement and Integration Study
  - St Andrews Hospital Site
  - Bow Lock Site
  - A12 Network Management Plan
- 3.10 The Council originally intended to consolidate the additional work outlined above within the Masterplan and present an updated draft to Cabinet by July 2008, prior to further public consultation. However, as consultation is programmed to take place on the draft Land Use and Design Brief over the summer this would coincide with consultation on the updated Masterplan. LTGDC's legal advice is that parallel consultation would not only be confusing to the local community and landowners, but could undermine the integrity of both documents. Furthermore, whilst LTGDC is the determining Planning Authority for the part of Bromley-by-Bow to the east of the A12, LBTH is still the planning policy making body. The consolidation of the additional work of the Implementation Group and final approval of the draft Masterplan will be held back until the approval of the draft Brief
- 3.11 As such, LTGDC is seeking the Council's endorsement of the document as 'Interim Planning Guidance', to add weight to the document ahead of a potential Compulsory Purchase Order Inquiry and in the determination of planning applications. LTGDC has prioritised this work due to increasing pressure from landowners to develop individual sites in isolation. Unlike the remainder of the Masterplan area, none of the land is currently under public ownership.
- 3.12 It is considered that this is the most effective strategy for managing development pressure in the area, ensuring the timely delivery of the new neighbourhood centre and maximising the considerable resources that LTGDC has identified for investment in Bromley-by-Bow. To this end, Officers have taken a key role in the preparation of the draft Brief and are proposing a joint period of public consultation, subject to this approval by Cabinet.

#### Consultation of Bromley-by-Bow Land Use Design Brief

##### *Informal Consultation*

- 3.11 On 3<sup>rd</sup> March 2008 the LTGDC Board approved the draft Land Use and Design Brief for informal consultation with landowners, developers and public sector agencies to maintain the momentum created by the Trad Inquiry result and facilitate negotiations between landowners and developers' as well as the preparation of development proposals for the site. The deadline for submitting representations was 9<sup>th</sup> May 2008. This provided an opportunity for internal departments within the Council to comment on the draft Brief.

- 3.12 Appendix 3 provides a summary of the substantive comments received. The comments from the informal consultation are primarily from developers and primarily relate to viability and concerns that the draft Brief is overly prescriptive. However, it is considered that none of the comments justify a fundamental change to the form and content of the draft Brief at this stage, ahead of formal consultation.

#### *Statutory Consultation*

- 3.13 Subject to approval by Cabinet, a 12 week period of public consultation (6 weeks informal and the statutory 6 weeks formal) will be carried out jointly by LBTH and LTGDC, to commence in August 2008. This will include detailed consultation with statutory consultees, the local community and key local stakeholders.
- 3.14 Prior to the statutory consultation, Members will have the opportunity to comment on the draft Brief. Members will also be consulted on the outcome of the consultation and subsequent amendments to the draft Brief will be ahead of its final approval as 'Interim Planning Guidance'.
- 3.15 The draft Brief will also be subject to a summary Sustainability Appraisal and Scoping Equality Impact Assessment (EqIA). A full EqIA was not prepared for this draft Brief as a full EqIA was carried out for the draft Bromley-by-Bow Masterplan. This suite of documents will also inform any subsequent amendments to the draft Brief after statutory consultation. We hope to report back to Cabinet regarding the findings of the consultation in January 2009 for the final approval.

#### **4. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 4.1 Following Cabinet approval to delay the final approval of the Bromley-by-Bow Masterplan, in order that additional work could be undertaken in partnership with the London Thames Gateway Development Corporation, Members are asked to approve the commencement of statutory consultation of the draft Bromley-by-Bow Land Use and Design Brief with a view to its approval by the Council as 'Interim Planning Guidance'.
- 4.2 The consultation will be undertaken jointly between the Council and the LTGDC, with the direct costs (e.g. advertising, printing, hiring venues) being funded by the LTGDC. The only expense falling on the Authority will be the cost of officer time

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

- 5.1 The Bromley-by-Bow Land Use and Design Brief will ultimately be adopted as a Supplementary Planning Document (“SPD”) in accordance with Regulation 19 of the Town and Country Planning (Local Development) (England) Regulations 2004 (“2004 Regs”).
- 5.2 However, the Council is precluded by statute from adopting any SPD’s in advance of adopting Development Plan Documents (“DPD”), and therefore at this stage in the Council’s DPD programme, the Land Use and Design Brief can only be adopted as Interim Planning Guidance.
- 5.3 The Council is required to carry out formal public consultation in accordance with Regulation 17 of the 2004 Regs prior to formal adoption. Following adoption as Interim Planning Guidance, Land Use Design Brief will represent a material consideration to be taken into account in the development control process, as a statement of council policy.

## **6 EQUAL OPPORTUNITIES IMPLICATIONS**

- 6.1 Equality Impact Assessments (EqIA) have been produced for the Draft Bromely-by-Bow Masterplan and the LTGDC draft Brief. The EqIA will form part of the final suite of the LTGDC draft Brief. The EqIA for the LTGDC draft Brief is provided in Appendix 4.

## **7. ANTI-POVERTY IMPLICATIONS**

- 7.1 Tackling poverty and social exclusion are key objectives of Draft Bromely-by-Bow Masterplan and the LTGDC draft Brief and is central to the Borough’s approach to promoting sustainable communities. Antipoverty and social inclusion impacts are fully tested through the Sustainability Appraisal, which will form part of the final suite of draft Brief.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 A Sustainability Appraisal has been completed for the LTGDC draft Brief, in line with statutory requirements. The appraisal has informed the drafting of the document, to ensure it is robust and will achieve sustainable development objectives. The Sustainability Appraisal for the draft Brief is provided in Appendix 5.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 The key risk associated with advancing more detailed planning guidance for the Hancock Road / 3 Mills Lane / Imperial Street area ahead of the approval of the overall Bromley-by-Bow Masterplan is that of the effective coordination of the wider Bromley-by-Bow area. In order to mitigate against this risk, Officers have established the Bromley-by-Bow Implementation Group to take forward and coordinate the additional work required for production of the Masterplan.
- 9.2 A further risk includes potential issues such as poor quality of the final document. This is mitigated by the project management of the draft Brief, within the Development Implementation Team. The draft Brief is allocated a project manager who will work closely with LTGDC to ensure the Implementation Programme is managed. In this way, the draft Brief and its Implementation is carefully watched on a daily basis.

## **Appendices**

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Appendix 1 – Site Plan

Appendix 2 – LTGDC, Draft Bromley-by-Bow Land Use and Design Brief

Appendix 3 – Consultation Summary

Appendix 4 – Equality Impact Assessment

Appendix 5 – Sustainability Appraisal

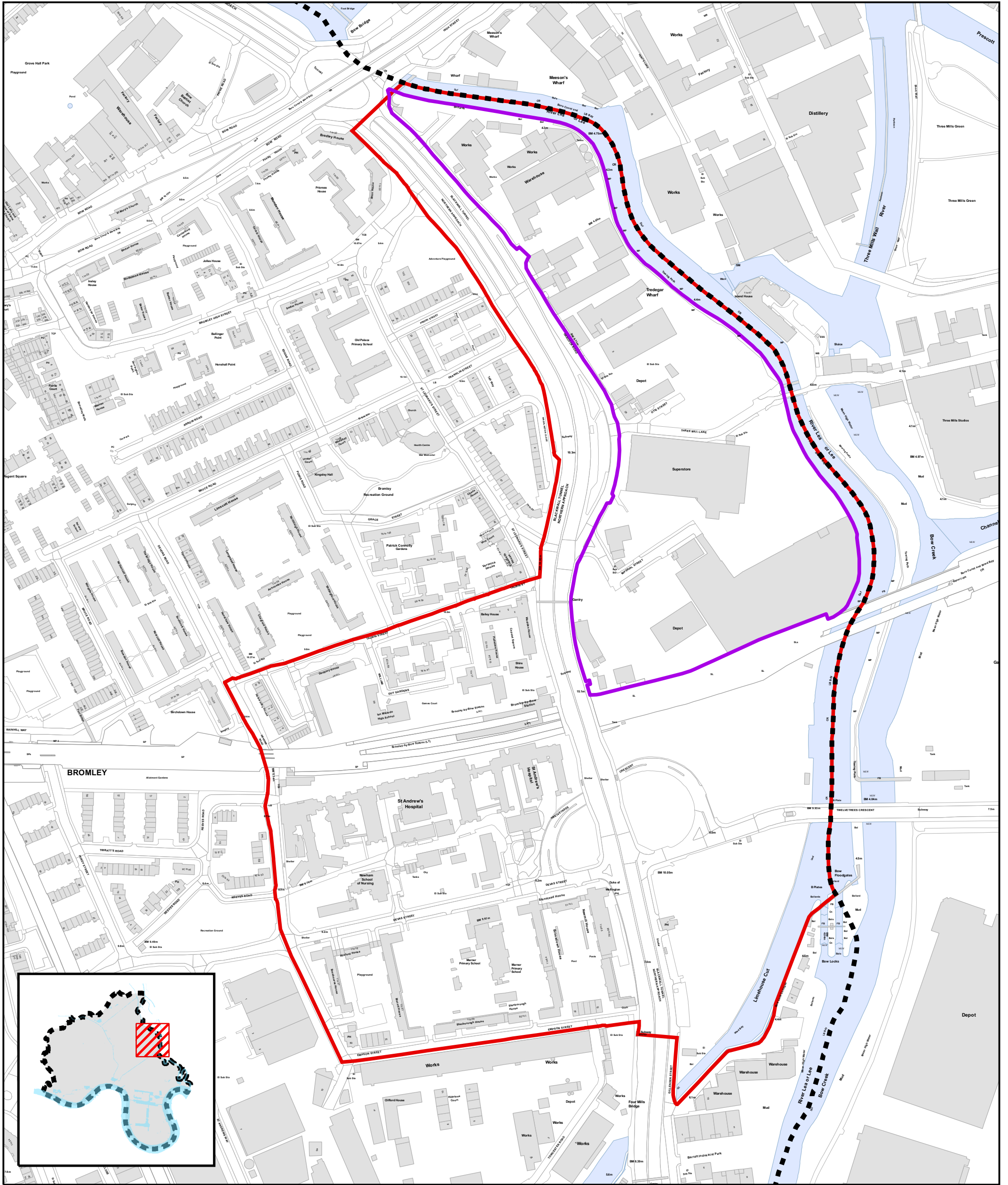
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**Local Government Act 1972 (as amended) Section 100D**  
**List of “Background Papers” used in the preparation of this report**

Brief description of “back ground papers”	Name and telephone number of holder and address where open to inspection.
Draft Bromley-By-Bow Masterplan November, 2006	Simone Williams Development Implementation Ext. 3515



# Site Plan



-  Bromley-by-Bow Master Plan Boundary
-  Draft Bromley-by-Bow Land Use and Design Brief Boundary
-  Borough Boundary



Produced on 21/05/08 from the Ordnance Survey mapping with the permission of Her Majesty's Stationary Office  
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# Agenda Item 8.1

<b>Committee:</b> Overview & Scrutiny Cabinet	<b>Date:</b> 29 <sup>th</sup> July 2008 30 <sup>th</sup> July 2008	<b>Classification:</b> Unrestricted	<b>Report No.</b>	<b>Agenda Item</b>
<b>Report of:</b> Corporate Director - Resources  <b>Originating Officer:</b> Alan Finch, Service Head Corporate Finance		<b>Title:</b>  <b>Resource Allocation and Budget Review 2009/10- 2010/11</b>  <b>Ward(s) Affected</b> All		

## 1. SUMMARY

- 1.1 In February, the authority established its first ever three year budget, which set balanced budgets for the three financial years beginning in April 2008 and ending in March 2011. This report begins the process of reviewing the three year budget, with the intent of setting the Council Tax for 2009/10, on the 4<sup>th</sup> March 2009. The report also considers how the Council can maximise the opportunities of having an agreed three year budget position. In particular rigorous scrutiny of how the authority's financial resources are directed to the priorities in the Community Plan 2020 and the consideration of medium term risks and issues that will arise during the course of the current three year strategy and which may impact upon the next.
- 1.2 Having a three year budget means that from this year onwards budget setting can concentrate on more strategic issues. Balanced budgets for 2009/10 and 2010/11 mean that the main focus of attention can shift to focus on significantly improving service delivery in key areas.
- 1.3 These changes also coincide with the most uncertain economic conditions for some years. In view of these emerging issues, and others set out in the report, it will be necessary to revisit assumptions about the first two years of the three-year plan and to reassess risks. The report explains these issues in greater detail, but concludes that so far, the financial strategy for 2009/10 and 2010/11 remains on track. Projections indicate that the balanced budget position for 2008/09-2010/11 can be maintained, with some opportunities for additional investment available.
- 1.4 The report also covers plans for capital investment in local assets and infrastructure, which are inseparable from those which concern the day-to-day running of services, and considers how funding can be made available to continue carefully targeted investment in local priorities for the benefit of the Borough.
- 1.5 However, as previously reported, the Comprehensive Spending Review and review of grant distribution which applies from the current financial year leaves the authority at the Formula Grant floor for the foreseeable future.

The annual increase in funding will not be sufficient to meet the cost of inflation and projected population growth

- 1.6. The report identifies the planning parameters which should apply to service and financial planning for 2009/10- 2010/11, with the overall aim of providing sufficient flexibility to deal with risk and provide scope for a degree of policy choice, and invites Cabinet to consider a strategy for meeting a balanced budget for the period 2009/10-2010/11.
- 1.7. A report elsewhere on the Cabinet agenda sets out the forecast financial outlook for the period from 2011/2014.

## **2. RECOMMENDATIONS**

Overview & Scrutiny Committee is recommended to consider the report and pass any comments it wishes to make to Cabinet

Cabinet is recommended to:

- 2.1. Consider the financial outlook and draft medium term projection set out in this report.
- 2.2. Agree that revenue budget inflation should be funded at the levels set out in the report, and that any inflation in excess of this should be met from within the budgets for the Services affected, (paragraph 4.3.5).
- 2.3. Agree the adjustments required to the three-year budget for 2008/09-2010/11 as set out at section 4 of the report and note that an additional £1.5m may be allocated to ongoing Service Improvement Growth from 2009/10, and up to an additional £1.0m from General Fund reserves for one-off expenditure.
- 2.4. Note the resources provisionally available to fund the capital programme and request Corporate Directors to include proposals for mainstream and local priority funding for 2008/09-2010/11 in their strategic and resource planning submissions.
- 2.5. Agree that Corporate Directors prepare service and financial planning submissions in accordance with the agreed parameters, and the outline process and timetable set out in section 9 of the report.
- 2.6. Consider carry forwards of budget from 2007/08 to 2008/09 in respect of NNDR savings on school properties, £134,000; and the replacement programme for desktop PCs, £224,000, and note ring fencing of LABGI funding per paragraph 4.11.3

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**LOCAL GOVERNMENT ACT 1972 (SECTION 100D)**  
**LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

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<b>Brief description of "background papers"</b>	<b>Tick if copy supplied for register</b>	<b>If not supplied, name and telephone number of holder</b>
Held by Resources Directorate (5th floor, Mulberry Place)		Alan Finch 020-7364-4915

### **3. BACKGROUND**

3.1 Medium term financial planning is an essential component of the Council's strategic planning framework. While many key decisions, including the formal setting of Council Tax, will continue to be taken annually, those decisions need to be set in the context of a longer term planning horizon. Forward planning offers greater opportunity to link service and financial planning.

3.2 The Council operates a sound resource allocation process underpinned by an integrated service and financial planning framework. In short, our processes are designed to ensure that:

- Service plans are developed against the background of forward looking financial forecasts
- Identifying the financial consequences of proposed actions is seen as an integral part of service planning
- Financial plans allocate resources to address changing community needs and priorities.

The current arrangements contribute to the Council's CPA score of 3 out of 4 for the Use of Resources.

3.3 The Prudential Borrowing system also requires the Council to be clear about its proposed capital spending plans for three years ahead and explicit about the impact of the associated financing costs on Council Tax.

3.4 The Government has provided its first three year financial settlement covering the period 2008/09- 2010/11. This applies to the main Formula Grant, Area Based Grant and to a wide range of specific grants, and improves local authorities' ability to plan ahead and ensure more effective and efficient use of resources.

3.5 In 2008, the authority agreed its first three year budget, which identified savings sufficient to set balanced budgets for the three years from 2008/09-2010/11.

3.6 The report is intended to provide the context for the development of the detailed budget proposals in the coming months.

### **4. REVIEW OF BUDGET FOR 2009/10- 2010/11**

#### **4.1 Process and Principles**

This current report provides forecasts for a three-year plan covering 2009/10-2011/12, covering three main areas;

- Building 2007/08 financial results (known as 'outturn') into the three-year forecast.

- Reviewing the budgets already set for 2008/09, 2009/10 and 2010/11 and building in to forecasts issues which have emerged since the three year budget was set., and

#### 4.2 Financial Outturn 2007/08

- 4.2.1. At its last meeting on 2nd July, the Cabinet received reports setting out the financial outturn for the General Fund and Housing Revenue Account. These can be summarised as follows;

	2007/08 under spend	Balances as at 31 <sup>st</sup> March 2008
<b>General Fund</b>	£6.8m	£25.9m
<b>Housing Revenue Account (HRA)</b>	£4.4m	£21.6m

- 4.2.2. The under spend on the General Fund was mainly brought about by better than expected returns on the investment of cash balances as a result of higher than expected interest rates in the wake of the credit crunch. The HRA under spend was brought about in the main by efficiency savings as a result of service restructuring.
- 4.2.3 The Council's current financial position therefore remains sound, but will require continuous assessment and vigilance in the light of the pressures and issues identified in this report. Although the under spends were brought about by effective management of resources, the conditions which allowed this to take place were largely fortuitous and this needs to be borne in mind when considering the period going forward.
- 4.2.4. The way this should be seen is that the Council's overall financial health places it in a good position to manage the fact that the authority's funding from Government will grow by less than the rate of inflation for the foreseeable future. The authority is in a strong position to face this situation providing key decisions are taken at the appropriate time.

#### 4.3. Review of Three Year Budget 2008/09- 2010/11.

- 4.3.1. The three year General Fund budget established for 2008/09- 2010/11 is set out at **Appendix A**. The budget set by Council for 2008/09 on 27<sup>th</sup> February 2008 was £295.498m and this is therefore the base budget for all subsequent budget decisions.

#### 4.3.2 Inflation

For 2008/09- 2010/11 estimates of the cost of funding inflation in the General Fund have been prepared on the following basis:

- ◆ 2.25% for pay, which is slightly above the Government's target for public sector pay increases of 2%.
- ◆ 2.50% for general costs.

4.3.3 Inflationary pressures have started to rise in the economy over recent months. The annual increase in the Consumer Prices Index (CPI) is currently running at 3.8% and inflation is expected to remain at 3-4% for the remainder of 2008. A 2.45% pay offer has been made to Local Government staff for 2008, and there is an ongoing dispute with one Trade Union over this offer.

4.3.4. The impact of an additional 1% rise in inflation, over and above the assumptions built into the three year budget, is approximately £2.7m. The question for the authority is whether to revise budgets to build in this risk, and look for compensating savings, or to seek to manage this pressure within existing budgets.

4.3.5. However, the level of general reserves currently held by the authority (see 4.12 below), would allow risks to be managed to a degree if inflation continues to rise. In view of this, officers recommend that, at this stage, the three year budget should not be amended to allow for higher inflation, but any increase in costs should be managed within the budgets set.

#### Council Tax

4.3.7. The three year budget includes a general assumption that Council Tax will rise by 2.5% a year throughout the period. In practice, Council Tax is agreed by Council each year, although many authorities are now setting a medium term Council Tax target or aspiration as a political pledge. The 2.5% used in these forecasts is, however, simply a planning assumption and will be subject to amendment by Cabinet and Council in each year.

#### 4.4 **Committed Growth Pressures**

4.4.1. Committed Growth is the unavoidable cost of maintaining services at existing levels, taking account of demographic change, new legislation or other unavoidable factors.

4.4.2. The Committed growth has been agreed in budgets for 2008/09 – 2010/11 is set out at **Appendix B**. The main areas of committed growth over the next three years are;

- Social care commissioning budgets, driven by increasing population and greater numbers of residents requiring care.
- Residential and nursing home care, due to increased client numbers.



- Collection and disposal of waste, driven by larger volumes of waste and the imperative to meet recycling targets.
- 4.4.3. As these projections were produced some months ago, it is important to confirm that the assumptions behind them are still relevant. Officers have therefore been reviewing these assumptions over recent weeks to ensure that they are valid. It should be stressed that the figures for future years in particular remain provisional and could be understated.
- 4.4.4 The following issues have emerged which have an impact on the budget for 2008/09 and the committed growth forecasts for 2009/10- 2010/11.

#### London Pensions Fund Authority Levy

- 4.4.5. Officers have been notified of a review of the way the costs of former GLC and ILEA pensions schemes are recovered. As with most local authority pension schemes, both of these Funds are in deficit and employers' contributions need to increase to recover these deficits. The London Pensions Fund Authority (LPFA), as the administering body for these funds, receives its funding mainly from levies upon the London Boroughs and is considering passing these additional costs on to the local authorities which took over the responsibilities of the former providers. The outcome and impact is subject to discussions with the LPFA, but as one of the former ILEA authorities, it is anticipated that the impact on Tower Hamlets could be as much as £2.850m phased in over three years from 2009/10 onwards. Provision needs to be made for this risk in forward forecasts.

#### Concessionary Fares

- 4.4.6. The London Freedom Pass scheme, which is administered by London Councils, provides free travel to people above retirement age and disabled people and the cost is met by a levy on the London Boroughs. There have been lengthy and ongoing discussions to change the basis of the levy from one based on the number of passes issued to an apportionment based on usage. The technology to measure usage has not previously been available, but now that it is, legal advice is that this ostensibly fairer method should be considered. A switch from passes issued to usage would result in lower charges for most Outer London Boroughs and higher charges for Inner London. The impact of the current proposal on Tower Hamlets would be to increase the levy by £1m.
- 4.4.7 In Tower Hamlets, the current cost of the Freedom Pass scheme is met from the surpluses generated on the Parking Control Account. In this way, the fines incurred through illegal parking and road use by motorists is recycled into assisting travel for those less mobile. It is believed on the basis of current forecasts that the Parking Control Account will be able to continue to cover the costs of the Freedom Pass, and no adjustment to budgets is therefore necessary. This means that the £800,000 committed growth already provided for in the Three Year Budget is no longer required.

However this position will need to be kept under review throughout the period.

#### Facilities Management

4.4.8. As reported to the Cabinet in July, costs of facilities are under pressure due to;

- The costs of maintaining and securing a number of empty or underused buildings awaiting disposal.
- The cost of service charges at the East India Dock complex. Discussions with the landlord have taken place concerning a number of repairs and maintenance issues.
- Rising fuel prices have also impacted.

In addition the outcome of a programmed rent review on Anchorage House is anticipated. The outcome of this rent review is not built into our financial outlook and therefore remains a risk.

4.4.9. Taken together, officers are currently projecting a £2.95m over spend on this area of the budget in 2008/09. The Three Year Budget already includes savings targets for £800,000 in 2009/10 and a further £600,000 in 2010/11 and forward projections indicate that this is likely to be the maximum reduction in costs that could be achieved over the period of the three year budget. Officers will be looking for ways to mitigate this cost by disposing of buildings and ensuring that best use is made of the remaining accommodation. However in the meantime, provision needs to be made in budgets for these costs.

#### Capital Financing & Investment

4.4.10 In 2007/08, the capital financing and investment budget under spent by around £6m, largely as a result of higher than forecast interest rates on investments, but also as result of the repayment of high cost debt. It is expected that the trend for higher interest rates will continue into 2008/09, and it is anticipated that further rescheduling of debt will reduce costs further. In addition, the reported under spend means that funds available for investment are higher than anticipated.

4.4.11 On this basis, a further under spend is anticipated in the current year and additional savings of £3.2m can be released for 2009/10. As the years go by, however, the assumption is that reserves will be utilised (see Section 4.12 below), which will reduce the funds available for investment, and that funds will need to be found for new borrowing. Much of this new borrowing would be needed to pay for Government allocated 'supported' borrowing. The position of the authority at the grant floor means that this 'supported' borrowing is not funded from additional Formula Grant as it was in the past. The amount available from capital & investments will therefore gradually reduce over time.

	2008/09	2009/10	2010/11
Capital & Investments budget	-£4.2m	- £3.2m	-£2.6m

#### 4.5. Savings Identified for 2008/09 to 2010/11

As part of the budget process for 2007/08, Directorates were asked to identify savings proposals for further savings in 2009/10 and 2010/11. The approved savings are listed at **Appendix C**. Officers have reviewed these proposals and advise there are no serious and unmanageable risks affecting the delivery of these savings at present. However this position will be kept under review.

#### 4.6 Service Improvement Growth

**Appendix D** summarises the Service Improvement Growth agreed in the Three Year Budget.

#### 4.7 Resource Projections

##### *Formula Grant*

4.7.1. The main grant contributing towards the authority's General Fund revenue budget is Formula Grant. Grant figures have been announced for the next three years, and these are shown in the table below.

	2008/09 £m	2009/10 £m	2010/11 £m
Formula Grant	224.997	228.816	232.204
Annual Increase %	2.0%	1.7%	1.5%

4.7.2. As previously reported, the authority's grant settlement is now at the minimum level allowed for by Government, known as the 'grant floor'. This is because grant distribution changes introduced in 2007 had a severely detrimental effect on the authority's grant settlement. The floor is intended to protect the authority from the worst effects of this change by phasing in its impact. In this case it is estimated that the authority will remain at the grant floor for six or seven years until around 2014/15.

4.7.3 The grant floor is normally set at a level below inflation. The practical impact of the floor, therefore, is that the authority is likely to receive grant increases at below the rate of inflation for some years, and in practice no funding towards the costs of population growth.

## **Area Based Grant**

- 4.7.4 For the 2008/09- 2010/11 settlement, the Government introduced a new form of grant called Area Based Grant. In practice this did not mean Councils received extra money, because the ABG is created by combining around 40 former specific grants.
- 4.7.5. **Appendix E** lists the grants included in the Area Based Grant for 2008/09 and projected for 2009/10 – 2010/11.
- 4.7.6. A feature of Area Based Grant is that the specific grants transferring into it are no longer ring-fenced, and this presents the opportunity to review how these grants are used to deliver services, to ensure that they are used efficiently and effectively, and are focused on Council priorities. This exercise was delayed from 2008/9 because the late announcement of ABG in the 2008/09 settlement did not provide sufficient time to undertake a thorough review.
- 4.7.7 As indicated in the 2008/09 budget process, a review of ABG will be carried out over the Summer months to identify opportunities for efficiencies and redirecting elements of grant to other priorities if necessary.

## **4.8 Other Specific Grants**

A number of other specific grants have been announced for the next three years. The assumption built into these forecasts is that these will continue to be available beyond the end of 2010/11 although again this will be subject to review.

## **4.9. Dedicated Schools Grant**

The Government introduced the Dedicated Schools Grant to fund schools budgets in 2006/07. The grant is announced on an annual basis, with a provisional sum announced in November or December in the year before the start of the financial year to which it applies, and final figures the following May once the school census has taken place. The schools budget needs to be set in accordance with the grants allocated.

## **4.10 Local Area Agreement**

- 4.10.1 The Local Area Agreement to deliver a broad range of outcomes agreed between the Tower Hamlets Partnership and the Government Office for London began in April 2006 and is now in its third and final year.
- 4.10.2. Success in achieving the Local Area Agreement results in the payment of a Reward Grant. The value of this grant will not be known until the LAA is concluded and results have been audited, but these forecasts assume that the authority will receive around £4m in two equal instalments in 2009/10 and 2010/11. This is based on current performance monitoring.

## **4.11 Other Issues and Risks**

### **4.11.1 Collection Fund**

Council Tax collected on behalf of the Council and the Greater London Authority is paid into the Collection Fund. Any surplus on the fund is available to the authorities to reduce the Council Tax in future years; any deficit must in turn be recovered from Council Tax. It should be noted that the aim each year is to equalise the fund, so the amount required as a contribution or available from redistribution should be zero.

In recent years, historic surpluses and significant growth in the Council Tax base have ensured that the Collection Fund has been in surplus each year. However, this margin has been narrowing, and in 2007/08, the authority made a deficit on the Collection Fund of £2.7m, of which the Council's share is just over £2.0m.

As a result it has been necessary to review forecasts for 2008/09 and on this basis it is estimated that the authority will need to make a contribution to the Collection Fund of £1.7m in 2009/10, which will need to be met from Council Tax.

### **4.11.2 Decent Homes**

The Council's policy in relation to delivering Decent Homes has the impact of reducing the extent to which services within the General Fund can recharge costs to the Housing Revenue Account (HRA)

The consequence of delivering Decent Homes policies is that corporate and support services currently charged to the Housing Revenue Account (HRA) may need to downsize over the next few years. The impact of this on the General Fund is subject to the speed of progress. In response to this, the authority has been setting aside resources into a Housing Choice Reserve for a number of years.

The 2008/09 budget allows for a further £1.978m allocation to this reserve, with a further £0.978m allocation in 2009/10. After that, no further contributions are planned.

These forecasts assume that, if Tower Hamlets Homes in its new status as an arms length management organisation, opts not to procure support services from the Council, there will be no ongoing cost to the General Fund. The impact on support services provided by the General Fund would therefore need to be managed through savings, using if necessary the resources available within the Decent Homes Reserve to provide temporary funding.

During the current budget process it will be necessary to consider whether the resources set aside in the Decent Homes Reserve are sufficient to cover these risks.

#### 4.11.3 Local Authority Business Growth Incentives (LABGI)

The LABGI allows local authorities to retain part of the growth in revenue from business rates provided that it exceeds a specified level, determined on the basis of recent historic trends. The authority has received a total of £725,000 in LABGI funding in the last two years. On both occasions this followed a review of allocations as a result of successful legal challenge by local authorities against the distribution criteria adopted by the Government. A Government review of the distribution of LABGI is currently underway, but the further operation of the LABGI scheme is, in any event, likely to be affected by the impact of the current economic downturn on business growth. At the moment no assumption of further funding from this source has been made. It is proposed to ring-fence this LABGI funding for business district/town centre regeneration.

#### 4.12 Reserves

- 4.12.1. General Fund Reserves stand at £25.9m as at 31<sup>st</sup> March 2008. This is marginally higher than the Council's historic guide range of 5.0-7.5%.
- 4.12.2. There are, however, a number of potential calls on reserves and a number of potential additions over the next few months and these are set out at **Appendix F**. The Appendix also shows the projected position on reserves as at 31<sup>st</sup> March 2009 and a projection of balances for the period of the three year budget.
- 4.12.3. The net position on reserves as at the end of 2008/09 indicates that in the order of £1m is available from reserves for one-off expenditure in the current or next financial year. However it needs to be stressed that reserves can only ever be spent once, so this funding would need to be allocated for one-off investments, or for projects which are sustainable from other resources known to be available in later years.
- 4.12.4. The position on balances means that the annual £1.2m contribution to balances which has been allowed for in the Three Year budget is now no longer necessary.
- 4.12.5. The financial outturn for 2007/08 was reported at the Cabinet's last meeting on 2<sup>nd</sup> July. At that meeting, Cabinet deferred consideration of two requests to carry forward unspent amounts from 2007/08 to 2008/09 pending further information from officers. Further information is set out in the following table and Members are recommended to consider the carry forwards again on this basis.

Service/ description	Explanation by Corporate Director	Amount
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		<b>£000s</b>
Children's services – Rates rebates on school buildings	<p>Backdated savings generated by the review of rateable values of Children's Services properties are reinvested to finance improvements in the Children's Services building stock.</p> <p>Any rates savings generated in relation to prior years contribute to the 'rates saving account' and are thus reinvested in the Children's Services building stock .</p> <p>The principle of making use of the rates savings for improving the (then Education) building stock was first approved by PIC on 30th April 2003 and later ratified by Cabinet on 5th July 2006.</p> <p>The balance on the Unapplied Rate Rebate Reserve at 31st March 2008 is £1,867,434 and the movement in the year was £134,256.</p> <p>The use of this money is determined by the Children's Services asset planning process and is distributed through the planned Children's Services Capital Programme.</p>	134
Corporate – Replacement programme for desktop PCs	<p>The Council agreed a lease contract with Dell Computers in 2005 to provide desktop PCs for the Council and replace them on a rolling programme. A budget was set aside each year for replacements. However, expenditure against this budget varies from year to year depending upon the replacement programme. In years when expenditure is less than the budget, it is important to carry forward any unspent budget to fund replacements in years when expenditure exceeds the budget. If this amount is not carried forward, desktop equipment would not be replaced in a timely fashion.</p>	224

## 5. REVISED GENERAL FUND BUDGET FOR 2009/10-2010/11

- 5.1. **Appendix G** sets out a revised forecast for 2009/10 to 2010/11 which brings into consideration the issues set out above relating to inflation, committed growth and the Collection Fund. All projections are based on an assumption of a 2.5% increase in Council Tax each year, although this is planning figure and not an approved target.
- 5.2. This shows that a balanced Three Year Budget can be maintained for the period 2008/09-2010/11 without the need for a further savings exercise. This position will need to be kept under review but it represents a considerable achievement in planning terms for the authority.

- 5.3. The forecast shows that, based on current projections, a figure of around £1.5m is available for investment in ongoing service improvements from 2009/10 onwards, and £1m can be made available from reserves for one-off purposes.

## **6. CAPITAL PROGRAMME**

### **6.1 Integrated Revenue and Capital Planning**

6.1.1. The next section of this report sets out the outlook for Capital resources for the period 2009/10 to 2010/11.

6.1.2. Expenditure on services comprises a recurring, revenue element (eg. staff salaries, running costs, contract payments etc) and planned capital investment in assets and infrastructure (e.g. buildings, vehicles etc). Effective service delivery requires these resource elements to be considered together. The Capital Programme is concerned with planning for investment in assets and infrastructure necessary to deliver high quality services to residents.

6.1.3. The Capital Programme agreed by the Council invariably has revenue cost implications.

- Capital financing may be charged to revenue accounts either in the form of direct contributions to capital expenditure, or as costs of borrowing or other credit arrangements to finance capital expenditure.
- Building schemes normally carry with them ongoing running costs which in some circumstances cannot be met from existing resources.

It is therefore not possible to consider the Capital Programme and revenue plans in isolation from each other.

6.2. Tower Hamlets Capital Programme is divided into two elements;

- Mainstream Programme- which is funded largely from resources allocated by the Government and other funding bodies, and which follows the priorities of those funding bodies, although often with a high level of congruence with local priorities.
- Local Priorities Programme- which is funded from resources generated by the authority itself, from capital receipts, revenue contributions to capital budgets and prudential borrowing, and is allocated to the Council's own priorities.

6.3. The table below shows how the 2008/09 capital programme is planned to be funded.



Mainstream Programme	Supported Borrowing	45.419	
	Capital Grants etc	17.834	62.253
Local Priorities	Capital Receipts	3.627	
	Prudential Borrowing	0.360	
	Revenue Contributions	1.697	
	Grants & other external contributions	2.480	8.164
<b>TOTAL</b>			<b>70.417</b>

This programme will be supplemented by further allocations of capital grant during the period.

- 6.4. Revenue contributions to the Capital Programme have been approved for 2008/09, and indicative allocations made for 2009/10 as follows;

	<b>2008/09 £ million</b>	<b>2009/10 £million</b>
Whitechapel Centre	0.064	0.236
Preventing crime – CCTV	0.783	
Parks Programme (contribution)	0.500	
Mile End Park security	0.200	
Play Strategy	0.150	
	<b>1.697</b>	<b>0.236</b>

There is currently no presumption of any further contributions either in capital or revenue budget forecasts after 2009/10.

#### Issues for the Mainstream Programme

- 6.5. Government support to the capital programme is subject to annual announcements of funding. Indications are that capital budgets will be under similar pressure to revenue allocations, and this is likely to impact upon the resources available for mainstream programmes. Theoretically, some of the funding allocated by Government is available to be spent on the Council's own priorities. However, it is thought that if Councils decided to allocate this money to areas other than those indicated, Government departments might be loathe to allocate capital resources to those authorities in future. The authority's past practice has therefore been to allocate mainstream resources to the services for which they were intended.
- 6.6. Some Government funding is allocated in the form of supported borrowing. In previous years, this has resulted in the allocation of additional Formula Grant to fund the borrowing cost. The fact that Tower Hamlets is now at the grant floor, however, means that it will not receive additional funding for supported borrowing. When it comes to setting the capital programme for future years, Members will need to consider whether the authority can afford to borrow this money. In the meantime, General Fund revenue forecasts assume a provision for the estimated cost of supported borrowing.

## Local Priorities Programme

- 6.7. The level of the capital programme is being sustained in 2008/09- 2010/11 largely through the planned realisation of major capital receipts, but this approach cannot be relied upon in future years and carries a degree of risk.
- 6.8. Capital receipts to fund the approved Local Priorities Programme for 2008/09 and indicative allocations for 2009/10- 2010/11 are set out at **Appendix H** and in the table below. The table shows that receipts received to date are sufficient to fund agreed expenditure for 2008/09 and 2009/10, with a very small shortfall of £0.257m of the funding required for programmed expenditure to the end of 2010/11.

	£ million	£ million
Programmed spending brought forward from 2007/08 (*)	6.763	
Capital resources brought forward from 2007/08	4.716	
Shortfall in funding carried forward		2.047
Capital receipts required to fund capital programme		
2008/09	5.137	
2009/10	3.602	
2010/11	3.622	
		12.361
Total Capital Receipts required		14.408
Receipts in 2008/09 to date		14.151
		0.257

(\*) Subject to Cabinet decision

- 6.9. In addition, a further £10m may be available in receipts over the next three years from asset sales listed in the approved Asset Management Plan. This includes Right to Buy income from the sale of Council houses, and the disposal of further sites which have been identified in the Asset Management Plan but have not yet been formally sanctioned by Cabinet. Right to Buy receipts are assumed to continue at recent levels, although there are signs that this is being impacted by the current slow down in housing markets. Further capital receipts are contingent upon other decisions and successful marketing but could be available to fund additional expenditure.

## Other Potential Sources of Funding

### 6.10 Prudential Borrowing

The Council is empowered to set its own level of borrowing and other credit arrangements to fund capital expenditure, providing that level is affordable, sustainable and prudent. The benefit of prudential borrowing is that it enables an authority to come to its own view as to the appropriate balance between revenue and capital spending, to undertake options appraisal for revenue-intensive and

capital-intensive options on a consistent basis, and to borrow for capital purposes as needs arise instead of when Government gives its approval. The Council may decide to fund additional capital expenditure through prudential borrowing where the tests of affordability, sustainability and prudence are met, and where it appears to offer value for money to do so.

Prudential borrowing is only affordable if borrowing costs can be met from revenue funding in the long term. In view of the funding gap identified in the revenue forecast, prudential borrowing should therefore be restricted to invest to save schemes where ongoing savings are at least sufficient to fund borrowing costs.

#### 6.11 Revenue Contributions to Capital Expenditure

The 2008/09 Local Priorities Programme provides for £1.7m in funding from the revenue budget to be used to support capital spending. The opportunity to use revenue funding in this way is clearly dependent upon the availability of revenue funding. The financial outlook for General Fund presented in this report suggests that a limited amount of one off funding may be available in revenue budgets in the earlier years of the three year budget for capital investment if Members so choose. However, it will important to ensure that this is not invested in schemes which have substantial ongoing revenue implications which will be difficult to fund.

#### 6.12 Impact of the Capital Programme on Revenue Budgets

In developing a strategy for the capital programme, the link between capital and revenue budgets is of key significance. There has always been such a link because of;

- the revenue implications of the capital programme.- running costs and borrowing costs.
- the funding of elements of the capital programme directly from revenue budgets.
- the trade-off between routine maintenance (which should normally be funded from revenue) and structural maintenance and renovation (capital).

### **7. FINANCIAL OUTLOOK SUMMARY**

7.1. This report confirms that, subject to the adjustments which are set out in Section 4, the three year budget for 2008/09 -2010/11 remains deliverable without the need to seek further savings proposals for that period, subject to being able to contain inflation within forecasts, and enabling £1.5m to be added to service budgets in line with Members priorities.

7.2. General Fund reserves appear sufficient to manage risks over that period and for an allocation of around £1m to be made to one-off priority expenditure.

- 7.3. The report also confirms that a capital programme can be maintained at the indicative level set for 2008/09-2010/11 without the need for further capital receipts.
- 7.4. This report relates mainly to the General Fund. The Housing Revenue Account is subject to a separate and parallel budget process. As with other services, Housing funding is subject to the Spending Review. Income has reduced significantly, in line with the reduction in stock, and this will need to be matched by cost reductions to the HRA. The HRA currently has a healthy balance and reserves set aside to fund the cost of downsizing. However if reserves should be used up, any deficits would then need to be met from the General Fund.

## **8. SERVICE AND FINANCIAL PLANNING 2007 TO 2010 – PLANNING PARAMETERS AND OUTLINE PROCESS**

### **Principal parameters**

- 8.1. Against this background it is suggested that the following planning parameters should apply to service and financial planning for 2009/10, with the overall aim of providing sufficient flexibility to position the authority for the medium term, including providing scope for a degree of policy choice:-
- 8.1.1. That inflation be funded at 2.25% for pay and 2.5% for other expenditure, for 2009/10 and 2010/11, and that the forecast of 2.5% for 2011/12 be noted.
- 8.1.2. That committed growth in 2009/10 should be funded at the overall level currently projected for 2009/10 and 2010/11, subject to revised forecasts in respect of;
- Facilities Management
  - London Pensions Fund Authority Levy
  - Capital Financing & Investment
  - Contributions to the Pensions Fund
- 8.1.3. That Corporate Directors be requested to undertake a zero-based review of expenditure funded from Area Based Grant in 2008/09, as this exercise was not carried out as part of the last budget process.
- 8.1.4. That any further committed growth identified above the level identified in the report be offset by further efficiencies and savings.

## **Outline process and timetable**

- 8.2. In the last three years, the preparation of financial plans and proposals to meet the agreed planning parameters have been a component of broader Directorate Service & Financial Planning submissions encompassing factors which included performance, priorities, and user/customer and resident perception. These submissions built on a range of existing information and performance review mechanisms and were the subject of challenge and review to inform the development of service and financial plans.
- 8.3. It is now intended to build on this process by directly aligning strategic planning with the three year budget process. Corporate Directors will therefore be asked to identify their key strategic initiatives for the next three years as part of the budget process, and these will be scrutinised alongside budget proposals.

## **9. NEXT STEPS**

### **9.1 Budget Timetable**

A timetable for the remaining stages of the budget process is shown at **Appendix I**.

### **9.2 Instructions to Officers**

Following this meeting, the Corporate Director of Resources will issue instructions to officers to seek options for delivering the budget approach agreed by the Cabinet in accordance with the timetable.

## **10. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 10.1 The comments of the Chief Financial Officer are the subject of this report.

## **11. RISK MANAGEMENT IMPLICATIONS**

- 11.1 The absence of a forward financial forecast would expose the Council to the risk of making decisions which are not sustainable in the longer term, or of missing opportunities which might only be identified through a longer term planning horizon. Furthermore, inadequate integration of service and financial planning gives rise to the possibility of service planning without regard to affordability, or a budget that does not direct resources to service priorities.
- 11.2 This report, and its subsequent development, is intended to substantially address those risks.
- 11.3 The timetable includes provision to consider specific financial risks as part of the budget making process, initially in the Autumn. The Director of Resources will report further to Members throughout the budget process.

## **12. EFFICIENCY STATEMENT**

12.1 Local Government is required to achieve a 3.0% efficiency target in 2008/09 and for each of the next two years. However, no target has been set for each individual authority and the priority for budget planning over the period which is the subject of this report will be to set balanced budgets which meet Council priorities.

12.2. The efficiency and value for money implications of individual budget proposals will be set out as part of the budget process as it progresses.

## **13. CONCURRENT REPORT OF THE CHIEF LEGAL OFFICER**

13.1. Whilst there are no specific legal implications arising at this point, this report is written having regard to the legislative framework governing local government finance with recommendations which accord with that regime.

## **14. EQUAL OPPORTUNITIES IMPLICATIONS**

14.1 Equalities considerations will be taken into account in the forecasts.

## **15. ANTI POVERTY IMPLICATIONS**

15.1 Anti-poverty considerations will be taken into account in the forecasts.

## **16. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

16.1 SAGE considerations have been taken into account in the forecasts.

**APPROVED THREE YEAR BUDGET 2008/09- 2009/10**

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Initial Budget</b>	280,143	295,498	300,067
Transfer from Specific Grant	6,214	0	0
Inflation	5,932	6,222	6,494
Committed Growth			
Approved	4,830	3,618	2,479
Provision for unidentified growth	114	1,900	
Savings			
Budget Savings	-6,346	-3,970	-2,694
Additional savings target			
Service Improvement Growth	3,634	-1,190	-41
less funding from LPSA Reward Grant	-210	-50	-40
Revenue Funding for Capital Expenditure	1,697	-1,461	-236
Sub	<u>296,008</u>	<u>300,567</u>	<u>306,029</u>
Changes in Contributions to Reserves			
Asset Management	500	-500	
Decent Homes	-1,000		
Budget Contingency	-10		
<b>Budget Requirement</b>	<u>295,498</u>	<u>300,067</u>	<u>306,029</u>
Formula Grant	-224,997	-228,816	-232,204
Collection Fund Surplus	-1,505	0	0
	<u>68,996</u>	<u>71,251</u>	<u>73,825</u>
<b>Indicative Band D Council Tax</b>	£865.64	£887.28	£909.46
<b>Change in Council Tax</b>	<b>3.5%</b>	<b>2.5% *</b>	<b>2.5% *</b>

NB Forecasts are incremental year on year, not cumulative

\* Council Tax for 2009/10 and 2010/11 is indicative only and is not being approved at this stage

Committed Growth  
2009-10 to 2010-11

Appendix B

Ref	Description	Service Area	(GROWTH AGREED BY CABINET)		(GROWTH AGREED BY CABINET)
			2009/2010	2010/2011	
<b>ADULTS' HEALTH &amp; WELLBEING</b>			£'000	£'000	
GRO/AHWB/01	Learning Disabilities Commissioning Budget	Commissioning - Learning Disabilities	883		1,607
<b>Committed Growth - Adults' Health &amp; Wellbeing</b>			<b>883</b>		<b>1,607</b>

<b>CHILDREN'S SERVICES</b>					
GRO/CS/01	Disabled Children (Section 17)	Children's Social Care	155		312
GRO/CS/02	Contact Point	Strategy, Partnerships & Performance	75		75
GRO/CS/03	Primary Schools Transport	Resources	167		337
<b>Committed Growth - Children's Services</b>			<b>397</b>		<b>724</b>

<b>D &amp; R/D &amp; R HOUSING GF</b>					
GRO/DR/01	Local Development Framework	Strategy & Innovation	-		300
<b>Total Growth - Development &amp; Renewal</b>			<b>0</b>		<b>300</b>
GRO/DR/02	Barkantine Heating Scheme	Housing General fund	12		25
<b>Total Growth - Housing General fund</b>			<b>12</b>		<b>25</b>
<b>Total Growth - Development &amp; Renewal &amp; Housing GF</b>			<b>12</b>		<b>325</b>



Committed Growth  
2009-10 to 2010-11

Appendix B

Ref	Description	Service Area	(GROWTH AGREED BY CABINET)		(GROWTH AGREED BY CABINET)
			2009/2010	2010/2011	
			£'000	£'000	£'000
<b>COMMUNITIES, LOCALITIES &amp; CULTURE</b>					
GRO/CLC/01	Transportation, Treatment and Disposal of Waste				
GRO/CLC/02	Waste Collection – Developmental Growth	Street Management	1,742		2,773
		Street Management	44		88
<b>Total Committed Growth - Communities, Localities &amp; Culture</b>			<b>1,786</b>		<b>2,861</b>
<b>CORPORATE</b>					
GRO/COR/01	Increased Employer Contributions resulting from Actuarial Revaluation	All	600		1,200
GRO/COR/02	Best Value Satisfaction Survey	Research & Scrutiny	-60		0
GRO/COR/03	Reduction in Office Running Costs	Facilities Management	-800		-1,420
GRO/COR/04	Freedom Pass Apportionment	Corporate Finance	800		800
<b>Total Growth - Corporate</b>			<b>540</b>		<b>580</b>
<b>Total Committed Growth</b>			<b>3,618</b>		<b>6,097</b>
<b>Incremental increase in growth 2009/10 to 2010/11</b>					<b>2,479</b>

Savings  
2009-10 to 2010-11

Appendix C

(SAVINGS AGREED BY CABINET) (SAVINGS AGREED BY CABINET)

Ref	Description	Service Area	(SAVINGS AGREED BY CABINET)	
			2009/2010 £'000	2010/2011 £'000
<b>ADULTS' HEALTH &amp; WELLBEING</b>				
	Efficiencies in Management & Monitoring of Home care	Home Care	171	171
SAV/AHWB/01				
SAV/AHWB/02	Improved efficiency of procurement of Supplies & Services	All	150	300
SAV/AHWB/03	Restructuring of Hospital Social Work Services	Disabilities & Health	129	129
SAV/AHWB/04	Business Process Reengineering	All	586	552
<b>Total Savings - Adults' Health &amp; Wellbeing</b>			<b>1,036</b>	<b>1,152</b>

<b>CHILDREN'S SERVICES</b>				
Ref	Description	Service Area	2009/2010 £'000	2010/2011 £'000
SAV/CS/01	Streamlining Support for Families in need	Children's Social Care	46	102
SAV/CS/02	Children's Social Care Commissioning	Children's Social Care	150	250
SAV/CS/03	Organisational Restructure YPL	Young People and Learning	40	80
SAV/CS/04	Invest to Save - Attendance Welfare Service	Early Years, Children & Learning	79	157
SAV/CS/05	Non-Statutory Support to Schools	Early Years, Children & Learning	25	50
SAV/CS/06	Vendor Managed Service	All	30	60
SAV/CS/07	Integration of Children's Services	All	456	456
SAV/CS/08	Young People Outside School	Youth & Community Learning	40	80

Savings  
2009-10 to 2010-11

Appendix C

Ref	Description	Service Area	(SAVINGS AGREED BY CABINET)		(SAVINGS AGREED BY CABINET)
			2009/2010 £'000	2010/2011 £'000	
<b>CHILDREN'S SERVICES (contd)</b>					
SAV/CS/09	Lifelong Learning	Youth & Community Learning	60		60
SAV/CS/10	Review of non & Statutory provision	Children's Social Care	250		500
SAV/CS/11	Early Years Advisory Team	Early Years, Children & Learning	50		100
SAV/CS/12	Streamlining of Extended Provisions	Early Years, Children & Learning	30		100
SAV/CS/13	Restructure of Quality & Audit Team	Strategy Performance & Partnerships	24		48
SAV/CS/14	EYCL Efficiencies	Early Years, Children & Learning	191		388
<b>Total Savings - Children's Services</b>			<b>1,471</b>		<b>2,431</b>

Savings  
2009-10 to 2010-11

Appendix C

(SAVINGS AGREED BY CABINET) (SAVINGS AGREED BY CABINET)

Ref	Description	Service Area	(SAVINGS AGREED BY CABINET)	
			2009/2010 £'000	2010/2011 £'000
<b>D &amp; R/D &amp; R HOUSING GF</b>				
SAV/COR/01	Horizontal Savings - D & R	All	5	10
SAV/DR/02	Utilisation of IT to produce Planning Consultation Documents	Strategy & Innovation	10	10
SAV/DR/03	Corporate Match funding	Resources - External Funding	20	40
SAV/DR/04	Digitisation Project	Development Decisions	60	180
<b>Total Savings - Development &amp; Renewal</b>			<b>95</b>	<b>240</b>
SAV/DR/05	Improved Efficiency in the administration of benefits	Benefits Administration	110	210
SAV/COR/01	Horizontal Savings - Housing General fund	All	7	14
<b>Total Savings - Housing General Fund</b>			<b>117</b>	<b>224</b>
<b>Total Savings - Development &amp; Renewal &amp; Housing General Fund</b>			<b>212</b>	<b>464</b>

Savings  
2009-10 to 2010-11

Appendix C

(SAVINGS AGREED BY CABINET) (SAVINGS AGREED BY CABINET)

Ref	Description	Service Area	(SAVINGS AGREED BY CABINET)	
			2009/2010 £'000	2010/2011 £'000
<b>COMMUNITIES, LOCALITIES &amp; CULTURE</b>				
SAV/CLC/01	Idea Stores income initiative	Idea Stores	80	80
SAV/CLC/02	Idea Store - Procurement	Idea Stores	100	100
SAV/CLC/03	Reduce Street Light Maintenance	Street Management	35	65
SAV/CLC/04	Traffic Enhancements - reduce provision	Transportation & Highways	127	127
SAV/CLC/05	Highways Maintenance - Reduce Reactive Maintenance	Transportation & Highways	45	45
SAV/CLC/06	Closure of Parking shop	Parking Services	175	175
SAV/CLC/07	Re-provision of Leisure Facilities	Culture		230
SAV/CLC/08	Parking Revenue	Parking Services		332
SAV/CLC/09	Management of Car Pound	Parking Services	90	90
SAV/CLC/10	Asset Management System	Transportation & Highways	45	45
SAV/CLC/11	Trade Waste	Street Management		200
<b>Total Savings - Communities, Localities &amp; Culture</b>			<b>697</b>	<b>1,489</b>

Savings  
2009-10 to 2010-11

Appendix C

(SAVINGS AGREED BY CABINET) (SAVINGS AGREED BY CABINET)

Ref	Description	Service Area	(SAVINGS AGREED BY CABINET)	
			2009/2010 £'000	2010/2011 £'000
<b>CHIEF EXECUTIVE'S</b>				
SAV/CE/01	Procurement of agency staff through vendor management	Resources	20	40
SAV/CE/02	Reduction in Communications Expenditure	Communications	69	150
SAV/CE/03	Registration of BD&M & Pensions Contributions	Democratic Services	40	60
SAV/CE/04	Re-provision of Care Alarm	Customer Access	150	150
SAV/CE/05	Re-provision of Out of Hours service	Customer Access	125	125
SAV/CE/06	Centralised HR Shared Services & E-Recruitment	HR	150	150
SAV/CE/07	Directorate-wide Continuous Improvement	All		453
<b>Total Savings - Chief Executive's</b>			<b>554</b>	<b>1,128</b>
<b>Total Savings - All Directorates</b>			<b>3,970</b>	<b>6,664</b>
<b>Incremental increase in savings 2009/10-2010/11</b>				<b>2,694</b>

Ref	Description	Service Area	2008/2009	2009/2010	2010/2011
			£'000	£'000	£'000
<b>SERVICE IMPROVEMENT GROWTH</b>					
<b>ADULTS' HEALTH &amp; WELLBEING</b>					
SIG/AHWB/01	LinkAge Plus	Services for Older People	243	324	324
SIG/AHWB/02	Ensuring the safeguarding and protection of vulnerable adults	Disabilities & Health	138	138	138
<b>Total Service Improvement Growth – Adults' Health &amp; Wellbeing</b>			<b>381</b>	<b>462</b>	<b>462</b>
<b>CHILDREN'S SERVICES</b>					
SIG/CS/01	School Meals		297	0	0
<b>Total Service Improvement Growth – Children's Services</b>			<b>297</b>	<b>0</b>	<b>0</b>
<b>DEVELOPMENT &amp; RENEWAL &amp; HOUSING GF</b>					
SIG/DR/01	Asset and Community Planning	Major Project Development: Development Schemes	140	140	140
SIG/DR/02	Town Centre Project Lead	Major Project Development: Development Schemes	70	70	70
SIG/DR/03	Sustainability	Strategy, Regeneration and Sustainability	150	150	150
SIG/DR/04	Subsidy of burials	Major project	321	330	340
SIG/DR/05	Olympic & Paralympic Engagement	2012 Olympic & Paralympic Games	210	260	300
<b>Service Improvement Growth – Development &amp; Renewal &amp; HGF</b>			<b>891</b>	<b>950</b>	<b>1000</b>

Service Improvement Growth  
2009-10 to 2010-11

Appendix D

Ref	Description	Service Area	2008/2009		2009/2010		2010/2011	
			£'000	£'000	£'000	£'000	£'000	£'000
<b>COMMUNITIES, LOCALITIES &amp; LEISURE</b>								
SIG/CLC/01	Recycling improvement Plan	Public Realm	528	528	528	528	528	528
SIG/CLC/01	Recycling improvement Plan	Public Realm	943	66	66	0	0	0
SIG/CLC/02	Participation in Sport and Physical Activity	Cultural Services	34	33	33	33	33	33
SIG/CLC/03	Crime and Anti-Social Behaviour	Community Safety	37	37	37	37	37	37
SIG/CLC/04	CCTV Control Centre	Community Safety	135	110	110	85	85	85
SIG/CLC/05	Public Realm Improvement Programme	Public Realm	258	258	258	258	258	258
SIG/CLC/06	Tower Hamlets Mela	Arts and Events	130	0	0	0	0	0
<b>Total Service Improvement Growth – Communities, Localities &amp; Leisure</b>			<b>2,065</b>	<b>1,032</b>	<b>1,032</b>	<b>941</b>	<b>941</b>	<b>941</b>
<b>GRAND TOTAL</b>			<b>3,634</b>	<b>2,444</b>	<b>2,444</b>	<b>2,403</b>	<b>2,403</b>	<b>2,403</b>
<b>Incremental change in growth from previous year</b>			<b>-1,190</b>			<b>-41</b>		



## APPENDIX E

### Area Based Grants

<b>Authority: TOW ER HAMLETS</b>	Tower Hamlets			
Area Based Grant:	Year			
	2007/08	2008/09	2009/10	2010/11
14-19 Flexible Funding Pot	0.064	0.067	0.069	0.071
Adult Social Care Workforce	1.218	0.791	0.804	0.817
Care Matters White Paper	0.040	0.308	0.489	0.599
Carers	1.529	1.640	1.747	1.854
Child and Adolescent Mental Health Services	1.471	1.249	1.334	1.423
Child Death Review Processes	0.000	0.097	0.101	0.107
Children's Fund	1.395	1.395	1.395	1.395
Children's Social Care Workforce	0.171	0.245	0.248	0.252
Choice Advisers	0.059	0.073	0.073	0.073
Cohesion	0.000	0.049	0.091	0.140
Connexions	2.629	2.717	2.851	3.134
Education Health Partnerships	0.111	0.111	0.111	0.111
Extended Rights to Free Transport	0.000	0.001	0.002	0.004
Extended Schools Start Up Costs	0.362	0.495	1.368	0.563
Learning and Disability Development	0.000	0.342	0.345	0.348
Local Involvement Networks	0.000	0.208	0.208	0.208
Mental Capacity	0.097	0.152	0.190	0.181
Mental Health	1.161	1.090	1.159	1.228
Positive Activities for Young People	0.640	0.764	1.223	1.551
Preserved Rights	1.058	0.997	0.954	0.914
Primary National Strategy - Central...	0.152	0.142	0.142	0.142
School Development Grant (LA Element)	17.653	1.603	1.603	1.603
School Improvement Partners	0.063	0.099	0.099	0.099
School Intervention Grant	0.062	0.062	0.062	0.062
School Travel Advisers	0.027	0.027	0.027	0.027
Secondary National Strategy - Behaviour...	0.068	0.068	0.068	0.068
Secondary National Strategy - Central...	0.182	0.179	0.179	0.179
Stronger Safer Communities		1.164	0.854	0.338
Supporting People *	15.385	15.385	15.385	15.385
Supporting People Administration	0.285	0.271	0.249	0.214
Sustainable Travel General Duty	0.018	0.018	0.018	0.018
Teenage Pregnancy	0.178	0.178	0.178	0.178
Working Neighbourhood Fund	14.540	10.294		
Youth Taskforce	0.000	0.000	0.000	0.000
Preventing Violent Extremism		0.365	0.450	0.534
Young Persons' Substance Misuse Grant		0.288	0.288	0.288
City Pathfinder		0.000	0.000	0.000
<b>Total (£m)</b>	<b>60.619</b>	<b>42.932</b>	<b>34.364</b>	<b>34.107</b>

## APPENDIX E

Less: Working Neighbourhood Fund **	10.294	TBA	TBA
<b>Grant subject to zero-basing exercise *</b>	<b>32.638</b>	<b>34.364</b>	<b>34.107</b>

- \* Supporting People Grant may transfer to ABG with effect from 2009/10 and consequently, it will form part of the zero basing exercise.
- \*\* Working Neighbourhoods Fund will be subject to separate commissioning arrangements, subject of a separate report to Cabinet

## APPENDIX F

### GENERAL FUND BALANCES

	£ million	£ million
<b>Balance as at 31<sup>st</sup> March 2008</b>		25.9
<b>Budgeted contribution to Reserves</b> This contribution to reserves was approved by Budget Council on 27 <sup>th</sup> February 2008	1.2	
<b>Contribution from Parking Control Account</b> Indirect reimbursement from Parking Control Account surpluses to replenish General Fund reserves used to fund deficits in a previous financial year.	0.5	
<b>Projected under spend for 2008/09 as at 30<sup>th</sup> June 2008</b> On the basis of projections after the first quarter of the financial year, an under spend of £1.4m is projected	1.4	
<b>Sundry risks subject to confidential negotiations</b> The authority is currently engaged in confidential contractual negotiations which are likely to result in payments by the Council which would need to be met from reserves.	-5.5	
<b>NNDR Overpayments</b> Overpayments made to the Council in previous years by business ratepayers who are now untraceable	1.3	
<b>Local Area Business Growth Incentive</b> It is proposed to ring fence £725,000 paid to the Council in 2007/08 for allocation to priority schemes	-0.7	
		-1.8
<b>Projected Balance as at 31<sup>st</sup> March 2009</b>		24.1

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APPENDIX G

**DRAFT REVISED THREE YEAR BUDGET 2008/09- 2010/11**

	2008/09 £'000	2009/10 £'000	2010/11 £'000
<b>Initial Budget</b>	280,143	295,498	298,367
Transfer from Specific Grant	6,214	0	0
Inflation	5,932	6,222	6,494
Committed Growth			
Approved	4,830	3,618	2,479
Provision for unidentified growth	114		
Savings			
Budget Savings	-6,346	-3,970	-2,694
Service Improvement Growth	3,634	-1,190	-41
less funding from LPSA Reward Grant	-210	-50	-40
Revenue Funding for Capital Expenditure	1,697	-1,461	-236
Sub	296,008	298,667	304,329
Changes in Contributions to Reserves			
Asset Management	500	-500	
Decent Homes	-1,000		
Budget Contingency	-10		
<b>Adjustments Required</b>			
Facilities Management		2,950	
London Pensions Fund Authority Levy		950	950
Concessionary Fares		-800	
Capital Financing and Investment		-3,224	715
Contribution to General Fund Reserves		-1,200	
Funding available for growth		1,524	35
<b>Budget Requirement</b>	295,498	298,367	306,029
Formula Grant	-224,997	-228,816	-232,204
Collection Fund Surplus	-1,505	1,700	0
	68,996	71,251	73,825
<b>Indicative Band D Council Tax</b>	£865.64	£887.28	£909.46
<b>Change in Council Tax</b>	3.5%	2.5% *	2.5% *

NB Forecasts are incremental year on year, not cumulative

\* Council Tax for 2009/10 and 2010/11 is indicative only and is not being approved at this stage

	<b>Receipts £ million</b>
<b><u>Capital Receipts in 2008/09 to date</u></b>	
Right to Buy receipts in the year to date ~(usable element)	0.750
Lukin Street	2.900
Blessed John Roche	10.066
Other miscellaneous receipts	0.435
Total receipts in year to date	<u>14.151</u>

## APPENDIX I

### BUDGET 2009/10 to 2011/12 TIMETABLE

Technical stages in *italics*

Decision-making stages in **bold**

	Date	
<b>Cabinet</b>	<b>30<sup>TH</sup> July 2008</b>	<b>Financial Review for the period 2009/10 to 2010/11 and Forecast Projection for 2011/12 and beyond</b>  <b>Report results of financial outlook, covering both revenue budget and Capital Programme. Agree budget strategy for 2009/10 and request officers to action.</b>
Consultation	September 2008- January 2009	Period available for budget consultation, subject to decision
Corporate Directors	5 <sup>th</sup> September 2008	Deadline for return of detailed planning submissions as requested by Cabinet
Officer/Lead Member Review Process	September 2008	CMT Meeting to review submissions.
Officer/ Lead Member Review Process	Sept/ Nov. 2008	Challenge/ scrutiny of Directorate submissions.  Dates to be confirmed.
<b>Cabinet</b>	<b>5<sup>th</sup> November 2008</b>	<b>CAPITAL STRATEGY &amp; ASSET MANAGEMENT PLAN</b>  <b>Agree Capital Strategy for 2009/10-2011/12 to provide strategic context for Capital Programme decisions.</b>
FSMT	Sept/Oct 2008	Financial Services Management Team considers budget risks for 2009/10- 2011/12

## APPENDIX I

CMT	Oct/Nov 2008	Receives report of officer review group.
<i>Government</i>	<i>Mid November 2008 onwards</i>	<i>Announcement by Government Departments of specific grants and capital allocations.</i>
Strategic/ Service Planning	September- December 2008	Preparation of draft Strategic & Financial Plan.
<b>Cabinet</b>	<b>14<sup>th</sup> January 2009</b>	<p><b>Draft Strategic &amp; Financial Plan</b></p> <p><b>Provisional Budget considered and proposals referred to Overview &amp; Scrutiny.</b></p> <p><b>Service budget reports (including HRA)</b></p> <ul style="list-style-type: none"> <li>◆ <b>Committed growth and savings</b></li> <li>◆ <b>Directorate targets</b></li> <li>◆ <b>Overall budget</b></li> <li>◆ <b>Rent levels</b></li> </ul>
<i>January – February</i>		<i>Constitutional period for consultation of Overview &amp; Scrutiny Committee under the Budget &amp; Policy Framework.</i>
<b>Overview &amp; Scrutiny</b>	<b>10<sup>th</sup> February 2009</b>	<b>Considers Provisional Budget Proposals of Cabinet for Revenue Budget and Capital Programme 2009/10-2011/12</b>
<b>Cabinet</b>	<b>11<sup>th</sup> February 2009</b>	<p><b>FINAL Strategic &amp; Financial Plan</b></p> <p><b>REVENUE BUDGET - Final budget report (including HRA)</b></p> <ul style="list-style-type: none"> <li>◆ <b>Integrated capital and revenue report</b></li> <li>◆ <b>Prudential Indicators</b></li> <li>◆ <b>Single Capital Pot Allocations</b></li> <li>◆ <b>Council tax for LBTH</b></li> </ul>
<b>Cabinet</b>	<b>11<sup>th</sup> February 2009</b>	<p><b>CAPITAL PROGRAMME 2009/10 –2011/12</b></p> <p><b>Agree capital programme and funding for 2009/10-2011/12</b></p>



## APPENDIX I

Precept	Mid February 2009	GLA agrees its precept
<b>Budget Council</b>	<b>4<sup>th</sup> March 2009</b>	<b>Formally agrees budget and Council Tax</b>
Directorate Plans	By end March 2009	Directorate plans developed from Strategic & Financial Plan

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