



Meeting of the

# TOWER HAMLETS COUNCIL

---

Wednesday, 28<sup>th</sup> November 2012 at 7.30 p.m.

---

## A G E N D A

---

### VENUE

Council Chamber, 1<sup>st</sup> Floor,  
Town Hall, Mulberry Place,  
5 Clove Crescent,  
London E14 2BG

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:

John S Williams, Service Head, Democratic Services  
Tel: 020 7364 4204, E-mail: [johns.williams@towerhamlets.gov.uk](mailto:johns.williams@towerhamlets.gov.uk)



Chief Executive's  
Directorate

Democratic Services  
Tower Hamlets Town Hall  
Mulberry Place  
5 Clove Crescent  
London E14 2BG

Tel       **020 7364 4204**  
Fax       **020 7364 3232**

[www.towerhamlets.gov.uk](http://www.towerhamlets.gov.uk)

**TO THE MAYOR AND COUNCILLORS OF THE LONDON BOROUGH OF TOWER  
HAMLETS**

You are summoned to attend a meeting of the Council of the London Borough of Tower Hamlets to be held in **THE COUNCIL CHAMBER, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT, LONDON, E14 2BG** at 7.30 p.m. on **WEDNESDAY, 28<sup>TH</sup> NOVEMBER 2012**

Stephen Halsey  
**Acting Head of Paid Service**

# LONDON BOROUGH OF TOWER HAMLETS

## COUNCIL

WEDNESDAY, 28<sup>TH</sup> NOVEMBER 2012

7.30 p.m.

	<b>PAGE NUMBER</b>
<b>1. APOLOGIES FOR ABSENCE</b>	
To receive any apologies for absence.	
<b>2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS</b>	<b>1 - 4</b>
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 Monitoring Officer.	
<b>3. MINUTES</b>	<b>5 - 36</b>
To confirm as a correct record of the proceedings the unrestricted minutes of the ordinary meeting of the Council held on 19 <sup>th</sup> September 2012. The draft minutes are attached.	
<b>4. TO RECEIVE ANNOUNCEMENTS (IF ANY) FROM THE SPEAKER OF THE COUNCIL OR THE CHIEF EXECUTIVE</b>	
<b>5. TO RECEIVE ANY PETITIONS</b>	<b>37 - 38</b>
The Council Procedure Rules provide for a maximum of three petitions to be presented at an Ordinary Meeting of the Council.	
The deadline for receipt of petitions for this Council meeting is Thursday 22 <sup>nd</sup> November 2012. However, as at 20 <sup>th</sup> November the maximum number of three petitions had already been received and details of these are set out in the attached report.	
<b>6. TO RECEIVE WRITTEN QUESTIONS FROM MEMBERS OF THE PUBLIC</b>	<b>39 - 40</b>
The questions which have been received from members of the public for this Council meeting are set out in the attached report.	
A maximum period of 20 minutes is allocated to this agenda item.	

## **7. MAYOR'S REPORT**

The Council's Constitution provides for the Elected Mayor to give a report at each Ordinary Council Meeting.

A maximum of five minutes is allowed for the Elected Mayor's report, following which the Speaker of the Council will invite the respective political group leaders to respond for up to one minute each if they wish.

## **8. TO RECEIVE WRITTEN QUESTIONS FROM MEMBERS OF THE COUNCIL 41 - 46**

The questions which have been received from Councillors to be put at this Council meeting are set out in the attached report.

A maximum period of 30 minutes is allocated to this agenda item.

## **9. REPORTS FROM THE EXECUTIVE AND THE COUNCIL'S COMMITTEES**

### **9.1 Recruitment of an Interim Chief Executive - update**

To consider a report on the recruitment process for an Interim Chief Executive, pursuant to the Council's decisions of 11<sup>th</sup> July and 19<sup>th</sup> September 2012. This report is to follow and will be circulated following the meeting of the Appointments Sub-Committee to be held on 21<sup>st</sup> November.

### **9.2 Treasury Management Outturn Report 2011/12 47 - 60**

To receive the report of the Corporate Director, Resources on the above matter as submitted to the Audit Committee on 25<sup>th</sup> September 2012. The report is attached and advises the Council of treasury management activity for the financial year ended 31 March 2012 as required by the Local Government Act 2003.

### **9.3 Revised Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2012/13 61 - 88**

To adopt the above strategy statements for 2012/13. The report of the Corporate Director, Resources, as submitted to the Audit Committee on 25<sup>th</sup> September 2012, is attached.

## **10. TO RECEIVE REPORTS AND QUESTIONS ON JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS (IF ANY)**

## **11. OTHER BUSINESS**

### **11 .1 Calculation of Non-Domestic Rates Income**

**89 - 92**

To consider the report (attached) of the Corporate Director, Resources on the above matter.

## **12. TO CONSIDER MOTIONS SUBMITTED BY MEMBERS OF THE COUNCIL**

**93 - 114**

The motions submitted by Councillors for debate at this meeting are set out in the attached report.

## **13. EXCLUSION OF PRESS AND PUBLIC**

In view of the content of the remaining items on the agenda, the Council is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act 1972 as amended, the press and public be excluded from the remainder of the meeting on the grounds that the business to be transacted contains information defined as Exempt in Part I of Schedule 12A of the Local Government Act 1972.”

### **EXEMPT/CONFIDENTIAL SECTION (PINK)**

The Exempt/Confidential (pink) papers for consideration at the meeting 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.

## **14. EXEMPT MINUTES**

To confirm as a correct record of the proceedings the exempt (restricted) minutes of the Extraordinary Council Meeting held on 11<sup>th</sup> July 2012. The draft exempt minutes are attached for Members of the Council.

This page is intentionally left blank

# Agenda Item 2

## **DECLARATIONS OF INTERESTS - NOTE FROM THE MONITORING OFFICER**

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

### **Interests and Disclosable Pecuniary Interests (DPIs)**

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

### **Effect of a Disclosable Pecuniary Interest on participation at meetings**

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Monitoring Officer following consideration by the Dispensations Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Monitoring Officer of the interest for inclusion in the Register.

**Further advice**

For further advice please contact:-

Isabella Freeman, Assistant Chief Executive (Legal Services), 020 7364 4801; or  
John Williams, Service Head, Democratic Services, 020 7364 4204



## APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

This page is intentionally left blank

**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE COUNCIL**

**HELD AT 7.30 P.M. ON WEDNESDAY, 19 SEPTEMBER 2012**

**THE COUNCIL CHAMBER, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5  
CLOVE CRESCENT, LONDON, E14 2BG**

**Members Present:**

Mayor Lutfur Rahman	Councillor Anwar Khan
Councillor Helal Abbas	Councillor Aminur Khan
Councillor Kabir Ahmed	Councillor Rabina Khan
Councillor Khaless Uddin Ahmed	Councillor Rania Khan
Councillor Ohid Ahmed	Councillor Shiria Khatun
Councillor Rajib Ahmed	Councillor Md. Maium Miah
Councillor Rofique U Ahmed	Councillor Harun Miah
Councillor Shahed Ali	Councillor M. A. Mukit MBE
Councillor Tim Archer	Councillor Ahmed Adam Omer
Councillor Abdul Asad	Councillor Lesley Pavitt
Councillor Craig Aston	Councillor Joshua Peck
Councillor Mizan Chaudhury	Councillor John Pierce
Councillor Alibor Choudhury	Councillor Zenith Rahman
Councillor Stephanie Eaton	Councillor Oliur Rahman
Councillor David Edgar	Councillor Gulam Robbani
Councillor Marc Francis	Councillor Rachael Saunders
Councillor Judith Gardiner	Councillor David Snowdon
Councillor Carlo Gibbs	Councillor Gloria Thienel
Councillor Peter Golds	Councillor Bill Turner
Councillor Shafiqul Haque	Councillor Kosru Uddin
Councillor Carli Harper-Penman	Councillor Helal Uddin
Councillor Sirajul Islam	Councillor Abdal Ullah
Councillor Denise Jones	Councillor Motin Uz-Zaman
Councillor Dr. Emma Jones	Councillor Amy Whitelock

The meeting commenced at 7.40 p.m.

**Councillor Rajib Ahmed, Speaker of the Council, in the Chair**

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of Councillors Lutfu Begum, Zara Davis, Ann Jackson and Fozol Miah.

**RESOLVED**

That the apologies for absence be noted.

## 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

Councillor Stephanie Eaton declared a Pecuniary Interest in Item 12.9 (Motion – London Metropolitan University) and stated that she would withdraw from the meeting for that item.

Councillor Shafiqul Haque declared a personal interest in Item 12.14 as his son was employed as an apprentice within the Council.

## 3. MINUTES

The draft Restricted (Part 2) minutes of the Extraordinary Council meeting held on 11<sup>th</sup> July 2012 were tabled. Members did not consider that this allowed enough time for them to read and determine the accuracy of the draft minutes, and proposed that they be deferred to the next meeting.

Councillor Bill Turner expressed concern at the content of Councillor Ohid Ahmed's written response to public question 6.2 at the 11<sup>th</sup> July Ordinary Council meeting which was appended to the minutes of that meeting, and referred to threats alleged to have been made by another Councillor at a previous meeting. Councillor Turner stated that no charges had been brought in relation to that matter and he invited Councillor Ahmed to withdraw the response.

## RESOLVED

1. That the unrestricted minutes of the Ordinary and Extraordinary Council meetings held on 11<sup>th</sup> July 2012 be confirmed as a correct record and that the Speaker be authorised to sign them accordingly.
2. That the Restricted (Part II) minutes of the Extraordinary Council meeting held on 11<sup>th</sup> July 2012 be deferred for consideration at the next meeting.

## 4. TO RECEIVE ANNOUNCEMENTS (IF ANY) FROM THE SPEAKER OF THE COUNCIL OR THE CHIEF EXECUTIVE

No announcements were made at the meeting.

## 5. TO RECEIVE ANY PETITIONS

- 5.1 Petition regarding 'Attack on Bengali as a mother tongue teaching-learning at Langdon Park Secondary School' (Petition from Ms Nahida Rahid, Ms Hayley Ali and others) – petition deferred from the Council Meeting on 11th July 2012.**

This petition was not heard as the petitioners were unable to be present.

The Service Head, Democratic Services advised the meeting that officers would contact the petitioners and offer them the opportunity to present the petition at the next meeting if they wished.

### **5.2 Petition from Mr John Baker and signed by approximately 1,000 persons against a waste transfer station in Ailsa Street, Poplar**

Mr John Baker addressed the meeting on behalf of the petitioners and responded to questions from Members.

Councillor Rabina Khan, Cabinet Member for Housing, then responded to the issues raised. She reassured residents that the Local Development Framework had only designated the site as having 'potential' for a waste disposal site and this did not mean it would be used for the purpose. The Council were examining alternatives but it had to satisfy the Greater London Authority (GLA) that it had considered waste provision requirements. Indeed officers had now met with GLA colleagues and she was pleased to announce that, subject to ratification, the Council would be able to remove this designation from the site as the GLA had accepted that other facilities provided sufficient provision.

#### **RESOLVED**

That the petition be referred to the Corporate Director, Development and Renewal, for a written response on any outstanding matters within 28 days.

### **5.3 Petition from Mr Golam Mohammed Chowdhury, Betar Bangla and others regarding the Boishaki Mela**

Mr Golam Mohammed Chowdhury addressed the meeting on behalf of the petitioners responded to questions from Members.

Councillor Rania Khan, Cabinet Member for Culture then responded to the issues raised. She stated that the Boishaki Mela Trust was a limited company whose accounts could be accessed at Companies House. She also explained the robust, transparent processes put in place by the Council including audits of the processes now and previously by Deloitte. She acknowledged the importance of being aware of potential issues around human trafficking.

Finally she stated that more could be done to ensure the participation of local performers and that she would make recommendations for a review of how that could be achieved.

#### **RESOLVED**

That the petition be referred to the Corporate Director, Communities, Localities and Culture for a written response on any outstanding matters within 28 days.

**Procedural Motion**

Councillor Motin Uz-Zaman **moved**, and Councillor Joshua Peck **seconded**, a procedural motion – “That under Procedure Rule 14.1.3 the order of business be altered to consider Motion 12.18 ‘Review of the Contract for the BaishakhiMela’ immediately”.

The procedural motion was put to the vote and was **agreed**.

**12.18 Motion regarding Review of the Contract for the BaishakhiMela**

Councillor Motin Uz-Zaman **MOVED**, and Councillor Khales Uddin Ahmed **SECONDED**, the motion as printed in the agenda.

Following debate, the motion was put to the vote and was **agreed**.  
Accordingly it was:-

**RESOLVED****This Council notes:**

- The significant concern within the community at the way the 2012 BaishakhiMela was conducted, specifically over the process used to allocate stalls.
- The media reports that 19 people were arrested for attempted visa fraud relating to the Mela.
- The 2012 BaishakhiMela was the first under a 9 year contract awarded to the BoishakhiMela Trust.

**This Council Believes:**

- The BaishakhiMela is a great cultural addition to Tower Hamlets offering a wide range of cultural experiences and economic benefits to the borough.
- The BaishakhiMela should be an event open to be enjoyed by all and organised in the best interests of all in the community.
- The reputation of both the borough and the Mela is damaged by reports of fraud and that the Council should do all it can to protect its reputation and support organisers to prevent such attempts.
- Awarding the contract to run the Mela to an outside organisation bought with it significant risks and challenges and as such the running of the BaishakhiMela should be an issue of on-going independent monitoring.

**This Council resolves:**

- To call upon the Mayor to undertake a full independent review of the 2012 BaishakhiMela to ensure that it met all of its contractual obligations and provided a service which best served the community.
- To call upon the Mayor to make public the findings and report of the independent review in to the 2012 BaishakhiMela and to report back to Full Council on 23<sup>rd</sup> January 2013 on the findings.

**5.4 Petition from Ms Kathy McTasney and others regarding Millwall Park**

Ms Kathy McTasney addressed the meeting on behalf of the petitioners and responded to questions from Members.

Councillor Ohid Ahmed, Deputy Mayor, responded to the issues raised. He welcomed the strong local engagement in the area and the work that had been undertaken with local Councillors. He stated that he was working with officers to examine this issue and that he was happy to work with local residents and ward Councillors to try and address the problems raised.

**RESOLVED**

That the petition be referred to the Corporate Director, Communities, Localities and Culture, for a written response on any outstanding matters within 28 days.

**6. TO RECEIVE WRITTEN QUESTIONS FROM MEMBERS OF THE PUBLIC****6.1 Question from Mr Akther Zaman about the Leader of the Labour Group's timesheets.**

I read in this week's Private Eye that the Labour group leader had claimed on his time sheet for a party-political stunt, cleaning the streets. Is this true?

**Response by Councillor Shahed Ali, Cabinet Member for Environment**

It looked like a good gesture of Councillor Joshua Peck to go out with a bin bag out of the goodness of his heart. However having had a look it appears he did record this on his time sheet for that month.

**Summary of Supplementary Question from Mr Akther Zaman**

Looking at the work he listed on his time sheet that gives an hourly rate of £41/hr. Is that a competitive rate for a street cleaner?

### **Summary of Councillor Shahed Ali's response to the Supplementary Question**

There are hard working people cleaning our streets every day of the year. They would find it disheartening that a Councillor is trying to give some peculiar statement that they are not doing their job correctly. Our workers get just under ten pounds an hour and do a brilliant job as shown by third party monitoring which showed that 97.7% of residents recently thought our streets were the cleanest they have been for a long time. I hope that Councillor Peck regrets his actions and he should pay that money back.

[Note: Following the above question and response, Councillor Joshua Peck rose to give a point of personal explanation. Councillor Peck stated that he was not going to apologise for cleaning up an area that had not been cleaned for many months. He pointed out that he would not receive any additional allowance for this work and that many Councillors, and the Mayor, do not even publish timesheets.]

### **Procedural Motion**

Councillor Helal Abbas **MOVED**, and Councillor Bill Turner **SECONDED**, a procedural motion – “That under Procedure Rule 14.1.14, Rule 13.1 be suspended to allow an urgent motion regarding Payments to Gulam Robbani to be debated.”

The procedural motion was put to the vote and was **agreed**.

### **Urgent Motion re: Gulam Robbani's Timesheets**

Councillor Helal Abbas **MOVED**, and Councillor Bill Turner **SECONDED**, a tabled urgent motion as set out below.

Following debate, the urgent motion as tabled was put to the vote and was **agreed**.

### **RESOLVED**

#### **This Council notes:**

- The recently released FOI response from the Council which details payments made to and invoices submitted by Gulam Robbani during his time as a Mayoral advisor.
- The multitude of discrepancies between the timesheet invoices submitted by Mr Robbani and those of the councillors who he was claiming to meet, including:



- On the 25<sup>th</sup> October Mr Robbani submitted a timesheet for a 9 hour meeting with Cllr Asad and officers. Yet the timesheet submitted by Cllr Asad registered this meeting as only 1 hour.
  - On the 26<sup>th</sup> October Mr Robbani submitted a timesheet for a 9 hour MAB meeting with Cllr Asad and officers. Yet the timesheet submitted by Cllr Asad registered this meeting as only 2.5 hours.
  - On the 8<sup>th</sup> November Mr Robbani submitted a timesheet for 9 hours "Meeting with Cllr Asad and Officers and Director of LMC regarding Social Care". Yet the timesheet submitted by Cllr Asad did not register any meetings that day.
- That the above examples of discrepancies are only 3 of 24 serious individual incidences over 4 months.
  - That contractors working for the Council are monitored to ensure all of their claims are accurate and that in this case this monitoring and sign off was conducted by the Mayor's office.

**This Council Believes:**

- That there are serious questions to answer regarding the scale and number of discrepancies between the timesheets submitted by Mr Robbani and those of the people he was claiming to meet.

**This Council Resolves:**

- To require that the Head of Paid Service request that the Corporate Fraud Manager investigates to ensure that all invoices have been properly claimed and paid and report back.

**6.2 Question from Mr Salah Uddin Salam about the Special Responsibility Allowance of the Chair of the Pensions Committee**

Is it true that last year, the council's chair of the pensions committee was paid nearly £6,000 for two meetings that lasted less than two hours?

**Response by Councillor Alibor Choudhury, Cabinet Member for Resources:**

Unfortunately it is true. There were only two meetings held in 2011/12. £6,000 allowance for not much work.

These are dodgy expenses and at a time when ratepayers are struggling to cope with crippling austerity measures he should really consider whether it is right for him to have accepted the money.

*No supplementary question was put.*

[Note: Following the above question and response, Councillor Anwar Khan rose to give a point of personal explanation. He explained that although he had been available, two meetings had been inquorate and so could not take place. There was also a large amount of background work required on technical issues and the Member's Allowance was reasonable for the work undertaken.]

### **6.3 Question from Mr Scott Stuart about the Olympic legacy in Tower Hamlets**

The Olympics were a once in a lifetime opportunity to showcase Tower Hamlets to the world, bringing their celebration and economic benefits to residents. Instead we were stripped of the marathon and there has been little other than the underperforming Live Sites in the borough. Why has the Mayor failed to stand up for residents and let this Olympic opportunity pass us by?

#### **Response by Councillor Rania Khan, Cabinet Member for Culture**

The People of Tower Hamlets have played a full and active part in celebrating and participating in the Games experience whilst the Borough has secured significant levels of external investment and infrastructure improvements as a result of the Games that provide real long term benefits to the local economy.

For example over 1700 local residents secured jobs as a result of the Mayors agreement with LOCOG and over £10m of external investment was been secured to improve Whitechapel High Street.

Almost five thousand residents of all ages have been able to go to the Olympics, Paralympics, Olympic Park and Olympic test events free. As an example 1000 tickets were delivered to us at 5pm one day. Officers worked hard to ensure residents could pick these tickets up by 9am the next day. Neighbouring boroughs gave the tickets to their staff instead.

The Borough hosted the American Olympic Track and Field Team who upgraded the Mile End Track Surface to Olympic Standards free of charge and donated weights, cardio vascular training equipment and athletics equipment to the Borough.

I accept that more could have been done and we have learnt a lot.

#### **Summary of Supplementary Question from Mr Scott Stuart**

The Mayor said that we would show the world what Tower Hamlets had to offer but Tower Hamlets unemployment claimants went up during the Games but fell significantly in the other host boroughs. Why?

**Summary of Councillor Rania Khan's Response to the Supplementary Question**

There is a national employment crisis which affects everyone however Tower Hamlets residents did manage to secure jobs at the Games.

**6.4 Question from Mr Afzalur Rahman about the lack of trade in Brick Lane during the Olympics**

Earlier this year the Mayor declared Brick Lane to be the Country's Curry Capital and promised that businesses would reap great rewards from the Olympics. It was reported that £120,000 had been allocated to promote Brick Lane as part of London 2012, yet many restaurants saw massive drops in trade despite being urged to take on extra staff for the Olympics. What happened to the publicity budget and why did the Mayor not deliver for Brick lane businesses?

**Response by Councillor Alibor Choudhury, Cabinet Member for Resources**

Tower Hamlets was not unique in suffering a lower turnout and one of the main reasons was the hysteria of the Mayor of London in urging the public to avoid public transport.

There was no external funding given to the council to promote Curry Capital 2012. Tower Hamlets Council had to identify resources from existing funds. This was done following consideration by the Mayor of the need to promote Brick Lane and Banglatown Brick Lane as a key visitor destination. Brick Lane was featured in media as diverse as the New York Times to China Daily.

**Summary of Supplementary Question from Mr Afzalur Rahman**

£120,000 was promised by the Mayor and he failed to deliver. It was our worst experience for years. How will the Mayor learn from this?

**Summary of Councillor Alibor Choudhury's Response to the Supplementary Question**

We are suffering from a national downturn caused by the policies of the national government.

**6.5 Question from Ms Shumi Shabiha on the armed forces parade**

Why did the Labour and Tory group leaders not turn up to the armed forces parade in Wapping garden?

**Response by Councillor Rania Khan, Cabinet Member for Culture**

The Mayor does not know why the Labour and Group Leaders did not turn up to the armed forces parade in Wapping Garden.

They missed one of the best events this Borough has hosted and of which all residents can be proud.

It is a pity that the Labour and Tory Group leader could not join the Mayor and residents including some of our more famous residents such as Dame Helen Mirren, to thank our troops and volunteers for their wonderful contribution to the Olympics and Paralympics and enjoy the fine curry lunch and music from the Royal Marines band.

It was a wonderful occasion that like the Olympics and Paralympics unified the whole community - it is a pity they could not join us.

### **Summary of Supplementary Question from Ms Shumi Shabiha**

Did the leaders of the Labour and Tory groups apologise in advance?

### **Summary of Councillor Rania Khan's Response to the Supplementary Question**

As far as I know they did not send their apologies in advance.

[Note: Following the above question and response, Councillors Joshua Peck, Peter Golds and Rachael Saunders rose in turn to give points of personal explanation. They each stated that very short notice had been given of the event in question. The Councillors understood that preparatory work for the event had been underway for at least a week before the invitations were issued and that despite final approval for the event being given on 8<sup>th</sup> August and others being invited shortly afterwards, invitations to Councillors were not issued by the Communications Team until 6.15 p.m. on Friday 10<sup>th</sup> August.]

### **6.6 Question from Junyied Ahmed Sundor on the proposed reduction in Councillors at Tower Hamlets Council**

Can the Mayor explain why he put a submission to the Boundary Commission to reduce the number of councillors from 51 to 45? Why does he think Tower Hamlets needs less Councillors?

### **Response by Councillor Ohid Ahmed, Deputy Mayor**

It is for the Boundary Commission to determine the number of Councillors that are appropriate for Tower Hamlets, not the Mayor.

### **Summary of Supplementary Question from Junyied Ahmed Sundor**

There are over a quarter of a million residents in Tower Hamlets, what procedure was undertaken for a thorough consultation?

### **Summary of Councillor Ohid Ahmed's Response to the Supplementary Question**

It was for the Boundary Commission to organise the consultation exercise but I understand they spoke to all political groups on the Council as well as considering responses from the community.

## **7. MAYOR'S REPORT**

The Mayor made his report to the Council meeting, extending a welcome to all present.

He looked back over the summer's sports and celebrations at the Olympics and Paralympics and of the unparalleled success of the British team. He paid tribute on behalf of all residents of Tower Hamlets to all the athletes who had taken part and in particular to Team GB.

He highlighted how the games could inspire a generation of young people in the borough showing that a disadvantaged background could be overcome. He also noted how the Paralympics had changed the perception of disability and disabled sports. It was important to secure a legacy for the borough and that significant investment had been secured on the back of the games.

He thanked the young people who participated in the opening and closing ceremonies and the armed forces for stepping into the breach at the last moment, noting that you could always count on public servants.

Turning to other matters the Mayor briefly reported on a number of issues including:

- His support for campaigners calling for a fresh review of the 1943 Bethnal Green tube disaster.
- How government policies were continuing to hit residents and his backing for the national TUC march.
- Fantastic local GCSE results, bucking the national trend. He also attached the proposals for abolishing GCSEs as ill thought out and called for better consultation.
- That an additional 175 primary school places had been provided to help ensure children had the best possible chances.

The Leader of the Majority group and Leaders of the Minority Groups each responded briefly to the Mayor's report. In the absence of Councillor Fozol Miah (Leader of the Respect Group), Councillor Harun Miah responded on behalf of that group. All endorsed the Mayor's thanks to those who had contributed to the success of the Olympic and Paralympic Games.

[Note – following the Mayor’s Report, and as proposed by Councillor Harun Miah during his response, the Council held a minute’s silence in memory of WPCs Nicola Hughes and Fiona Bone who had been shot dead whilst on duty in Manchester.]

## **8. TO RECEIVE WRITTEN QUESTIONS FROM MEMBERS OF THE COUNCIL**

### **8.1 Question from Councillor Motin Uz-Zaman on the promotion of the ‘Curry Capital’ during the Olympics**

What steps did the Mayor take to promote Curry Capital during the Olympics? What was the total budget allocated to promoting Curry Capital and Brick Lane and will the Mayor provide a breakdown of what this budget was spent on?

#### **Response by Councillor Rania Khan, Cabinet Member for Culture**

The Mayor was successful in ensuring Brick Lane and Spitalfields received the honour being designated Curry Capital 2012. This was in addition to ensuring local businesses had an opportunity to access the procurement processes set out by Locog.

As already set out in the public questions there was no external funding given to the council to promote Curry Capital 2012. Tower Hamlets Council had to identify resources from existing funds which was also used to promote other businesses. This was done following consideration by the Mayor of the need to promote Brick Lane and Banglatown Brick Lane as a key visitor destination. Brick Lane was featured widely in media as diverse as the New York Times to China Daily.

#### **Summary of Supplementary Question from Councillor Motin Uz-Zaman**

Is the Mayor aware that some businesses are now at threat of closure because of his failure to properly promote Brick Lane?

#### **Summary of Councillor Rania Khan’s response to the Supplementary Question**

I am saddened to hear about any businesses potentially closing down however I disagree about the cause. A major cause was the failure of the Mayor of London in scaring off people from going out in London during the Games.

### **8.2 Question from Councillor David Snowdon about the new ‘Paths to Gold’ smartphone app**

Regarding the borough's mobile phone 'App' entitled 'Paths To Gold', seemingly produced by an outfit called Captive Minds on behalf of Tower Hamlets Council, may I please be informed:

A) Whether this application was in fact written by Tower Hamlets, and if so, who authorised expenditure on it?

B) How much was spent on this 'App'? Please detail both in house and out of house costs, and who the contractors were.

C) What was the rationale for developing it?

D) What benefits are expected to accrue to Tower Hamlets Council or the Borough more widely?

E) Was this 'App' linked to a payment of £54,000 by the Communications Team for Software to Captive Minds Communications Group in May 2012, as published on the Tower Hamlets website:

[http://www.towerhamlets.gov.uk/lgsi/800001-](http://www.towerhamlets.gov.uk/lgsi/800001-800100/800043%20transparency/payments%20to%20suppliers-1.aspx)

[800100/800043 transparency/payments to suppliers-1.aspx](http://www.towerhamlets.gov.uk/lgsi/800001-800100/800043%20transparency/payments%20to%20suppliers-1.aspx) If this payment is not linked to this 'App', what was it for?

**Response by Councillor Alibor Choudhury, Cabinet Member for Resources**

The Council has developed the App for smartphones to promote the borough. It is designed to help promote the borough's attractions which will benefit from the increased exposure the Olympics has brought to Tower Hamlets and East London in general.

Captive Minds is a Tower Hamlets based business who built the App and generated some of the content at a cost of £54,000. The App has been accessed 7,000 times since launch in July 2012 and will continue to be used as a tool for our promotion of the Borough and the visitor opportunities.

**Summary of Supplementary Question from Councillor David Snowdon**

When I was provided with this information in a Members' Enquiry I was told that I could not reveal it. Why is the Cabinet Member allowed to reveal this information tonight?

**Summary of Councillor Alibor Choudhury's Response to the Supplementary Question**

Officers will be able to respond to that question outside of the meeting however I note Councillor Snowdon's continued desire to keep the people in the borough in the dark. New technology can be used to take the borough forwards.

**8.3 Question from Councillor Carlo Gibbs on the medium term budget outlook**

How does the Mayor plan to fill the budget deficit in the medium term financial plan, with tax rises or service cuts? When will he outline these plans?

**Response by Councillor Alibor Choudhury, Cabinet Member for Resources**

As you rightly identify, the onslaught of budget reductions from the Coalition government is continuing.

Whilst the budget we all agreed in February provides us with a balanced budget for both this year and next.

We are concerned that the strange profile of government cuts, does leave us with savings to be found after that date.

We have already started to plan for how we will steadily resolve this budget reduction over the next few years and this will be developed through the usual budget process, which I am sure we can all agree, worked so effectively last year.

I would like to reassure residents and Councillors that any measures put in place will still be in line with our existing principles to protect frontline services, low paid staff and vulnerable residents.

**Summary of Supplementary Question from Councillor Carlo Gibbs**

The Council has a duty to balance the budget and on current projections could have a potential black hole of up to £100 million. Is the Mayor's pledge not to cut front line services still deliverable?

**Summary of Councillor Alibor Choudhury's Response to the Supplementary Question**

The Mayor is still aiming to meet this pledge.

**8.4 Question from Councillor Fozol Miah on the withdrawal of London Metropolitan University's licence**

The questioner was not in attendance so this question was not put. A written answer would be provided after the meeting.

**8.5 Question from Councillor Sirajul Islam on work undertaken to bring properties up to Decent Homes standards**

What was the average cost per home for the Decent Homes work undertaken in the borough each year between 2008 and 2012?



**Response by Councillor Rabina Khan, Cabinet Member for Housing**

The Decent Homes Pilot programme commenced in 2009-10 (not 2008) followed by the Decent Homes Backlog Programme which began in 2011-12.

Under the pilot scheme the Council was provided with £7.3 million in funding which was a very small amount for the work that was needed. That is a small figure to cover a marginal number of homes. Only 504 homes had work done, of which 349 were made decent. This gave an average of £13,300 per home.

In 2010 £94.5 million was provided which covered 8,400 homes although the gap in funding had to be made up by the Council through other schemes. The large contract entered into by the Council gave the best value for money at an average spend of £9,785.

**Summary of Supplementary Question from Councillor Sirajul Islam**

I am concerned about the balance between quantity and quality of work as a number of my residents have complained about the quality of the work. Does the Cabinet Member have any comment on that issue? Also, can you confirm that the Decent Homes work is still going to plan?

**Summary of Councillor Rabina Khan's response to the Supplementary Question**

I am concerned that you have waited until full Council to raise concerns about the building work. If any resident or Councillor has any concerns they should contact me straight away and I will look into it. The Contractors must deliver the work and we will monitor that.

**8.6 Question from Councillor Craig Aston regarding Barbican College who were occupying the old Poplar Town Hall**

At the last Council Meeting a question was asked regarding the current occupiers of the old Poplar Town Hall, 117 Poplar High Street. The response was that the building was unoccupied. Will the Mayor explain his relationship to the so called Barbican College who were and are occupiers of the old Poplar Town Hall?

**Response by Councillor Alibor Choudhury, Cabinet Member for Resources**

At the time of the last meeting the Mayor was not aware that the building was occupied. However, we are now aware that it is occupied by Barbican College and that they have outstanding issues that officers are attempting to resolve.

**Summary of Supplementary Question from Councillor Craig Aston**

Information from Companies House suggests that Barbican College registered address and staff names are similar to those of Channel S. Can the Mayor confirm if he has any relationship to Barbican College?

**Summary of Councillor Alibor Choudhury's Response to the Supplementary Question**

The Mayor has no relationship, and has never had any relationship, with Barbican College.

**8.7 Question from Councillor Amy Whitelock about action being taken to tackle child sexual exploitation**

Can the Mayor/lead member advise on what action the council is taking to tackle child sexual exploitation in the borough? What systems are in place to monitor the number of young people at risk of sexual exploitation, and what support is available to children who suffer this horrific abuse?

**Response by Councillor Oliur Rahman, Cabinet Member for Children's Services**

I take this issue very seriously as do all Members and officers.

Local action to tackle child sexual exploitation in Tower Hamlets includes:

- Raising awareness of child sexual exploitation; seminars and workshops are regularly held with parents; carers and faith and community leaders.
- LSCB Multi-Agency Training is provided on Sexual Exploitation and Trafficking.
- Sexual Exploitation Multi-Agency Practitioner's Forum – lead by Children's Social Care and coordinates intelligence sharing and multi-agency case response.
- The NSPCC Street Matters Service works with over 250 girls who are victims of or at risk of child sexual exploitation identified through individual, group, school-based work in Tower Hamlets and across London.
- Options Sexual Health Service is a lead agency in early identification of victims
- Children's Social Care provides a Lead Officer for Child Sexual Exploitation to centralise local knowledge, act as a consultant on child protection cases where abuse is suspected and chairs child protection case conferences.
- The Integrated Pathways & Support Team has a designated social worker for sexual exploitation.
- Independent Reviewing Officer – designated IRO with specialist knowledge to review looked after children plans where sexual exploitation risk and indicators is a feature.

- Social Care Outreach Team has substantial local expertise on working with CSE and has been further strengthened to facilitate rehabilitation of young people back to their families and communities.

I pay tribute to the work our officers do to tackle this issue and the successful Ofsted report reflects that could work.

#### **Summary of Supplementary Question from Councillor Amy Whitelock**

I also congratulate officers on their Ofsted report. Will the Council commit to Barnardo's 'Cut them free' campaign? Also, when will a Service Head of Children's Social Care be appointed?

#### **Summary of Councillor Oliur Rahman's Response to the Supplementary Question**

We will support any initiatives in this field. In respect of the Head of Service post, the Council will have to go through the usual process to appoint a Service Head.

#### **8.8 Question from Councillor Harun Miah regarding the interview process for Work Capability Assessments**

Would the Mayor agree with me that the current process of interviewing for the Work Capability Assessment (WCA) by employees of ATOS places those suffering mental health conditions at a very substantial disadvantage and that this is adversely affecting a significant number of Tower Hamlets residents and would he agree to write to the relevant ministers urgently to ask them to instruct or legislate to require independent medical evidence to be sought at an early stage in the WCA process?

#### **Response by Councillor Abdul Asad, Cabinet Member for Health & Wellbeing**

The Mayor shares your concern and is willing to write a letter expressing this to the Minister for Disabled People but he does not have any confidence that she will listen.

It is clear that the Work Capability Assessments are not working. The Mayor has previously highlighted the Trades Union Congress's national campaign on this issue and he is supporting it. He encourages residents to do the same.

*(No supplementary question was put)*

#### **8.9 Question from Councillor Ann Jackson about One Housing Group**

The questioner was not in attendance so this question was not put. A written response would be provided after the meeting.

**8.10 Question from Councillor Peter Golds about the Armed Forces event on Sunday 12<sup>th</sup> August**

Would the Mayor provide details to the Council of the dates and times of the invitations that were sent out regarding the thanks to the Armed Forces event on Sunday 12<sup>th</sup> August?

**Response by Councillor Rania Khan, Cabinet Member for Culture**

All Members already have the information requested.

The Communications team sent out the invitations to all members by way of an email, which had a date and time stamp.

**Summary of Supplementary Question from Councillor Peter Golds**

Why did the Mayor use council facilities (his blog) to launch a smear attack on other Members of the Council which demeans us and his office?

**Summary of Councillor Rania Khan's Response to the Supplementary Question**

I am sorry that you were not able to attend. Local residents were informed of the event on the Saturday and turned up in numbers as did public sector workers. We are grateful for their attendance.

**8.11 Question from Councillor Khales Uddin Ahmed on the reduction in flower beds**

How many flower beds in the borough have been grassed over due to budget cuts and how much is this estimated to have saved?

**Response by Councillor Shahed Ali, Cabinet Member for Environment**

In the course of this year 8 flower beds have been grassed over out of a total of 79.

Should this remain the case it would result in a total budget saving of £13,613.

*(No supplementary question was put)*

**Time limit for item**

At this point the Speaker informed the meeting that the time allocated for Members' Questions had expired.

Questions 8.12 to 8.21 were therefore not put at the meeting due to lack of time. Written responses would be provided to these questions after the

meeting. [Note: the written responses subsequently provided are appended to these minutes as Appendix 'A'.]

## 9. REPORTS FROM THE EXECUTIVE AND THE COUNCIL'S COMMITTEES

### 9.1 Local Development Framework: Fish Island Area Action Plan Adoption

The Council considered the report of the Corporate Director, Development and Renewal as included in the agenda papers (with additional appendices included in the supplementary pack), recommending the adoption of a Fish Island Action Plan as part of the Local Development Framework.

Councillor Rabina Khan **MOVED** and Councillor Ohid Ahmed **SECONDED** the recommendations contained in the report.

Following discussion, the recommendations were put to the vote and were **agreed** unanimously. Accordingly, it was: -

#### RESOLVED

- 1 To agree the Inspector's Decision Statement, including his main modifications relating to FI AAP.
- 2 To adopt the FI AAP, including the Inspectors main modifications, as a Development Plan Document which forms part of the Council's LDF.
- 3 To agree a number of minor modifications which were suggested by Officers as part of the proposed modifications, (appendix 1 of the Full Council report). These modifications do not affect the soundness to the FI AAP and have not formed part of the Inspector's main modifications, but are required for accuracy. These minor modifications are summarised below:
  - Amend paragraph 1.21 and 1.28 to update the status of the ODA planning application for Fish Island East and the London Mayor's Olympic Legacy Supplementary Planning Guidance (OLSPG);
  - Amend reference in figure 4.1 "Waterfront character predominantly residential character" to extend to the LIL waterfront boundary.
  - Include photographs on page 82 to illustrate active waterway uses;
  - Amend the size of Opportunity Site 1 (White Post Lane from "0.5Ha" to "0.1Ha of which is in Tower Hamlets", and;
  - Update paragraph 6.40 reference to British Waterways to state "Canal and River Trust".

## 10. TO RECEIVE REPORTS AND QUESTIONS ON JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS (IF ANY)

There was no business under this heading.

### **Procedural motion**

Councillor Motin Uz-Zaman **moved** and Councillor Joshua Peck **seconded** a procedural motion:- 'That under Procedure Rule 14.1.3 the order of business be changed so that after items 11.1 and 11.2, the Council shall debate motion 12.10, then motion 12.13, then motion 12.16 and then the other agenda items in the printed order.' The procedural motion was put to the vote and was **agreed**.

## **11. OTHER BUSINESS**

### **11.1 Appointment of Chief Executive - update**

The Council considered the tabled report of the Appointments Sub-Committee on progress and the proposed process for recruiting an Interim Chief Executive.

Councillor Joshua Peck **MOVED** and Councillor Motin Uz-Zaman **SECONDED** the recommendations contained in the report.

Following discussion, the recommendations were put to the vote and were **agreed**. Accordingly, it was:-

#### **RESOLVED**

- 1 That the Council note the proposed process and timetable for the recruitment of an interim Chief Executive as at section 4.2 of the report.
- 2 That accordingly the interim appointment of Stephen Halsey as Head of Paid Service be extended subject to his agreement until 29<sup>th</sup> November 2012 or until a new Chief Executive and Head of Paid Service takes up post, whichever is sooner.
- 3 That the Job Description and Person Specification for the recruitment of the Chief Executive be agreed as attached at Appendix 'A', and that the salary for the role remain as previously agreed.
- 4 That the post of interim Chief Executive be recruited to on the basis of a fixed term contract to 1<sup>st</sup> November 2014.

### **11.2 Information report on Executive decision(s) precluded from 'call-in' on grounds of urgency**

The Council received the report of the Service Head, Democratic Services reporting on the preclusion from 'Call In' of the decision taken at the Cabinet meeting on 25<sup>th</sup> July 2012 regarding the One Housing Group.

**RESOLVED**

That the report be noted.

**12. TO CONSIDER MOTIONS SUBMITTED BY MEMBERS OF THE COUNCIL****Procedural Motion**

Councillor Motin Uz-Zaman **moved** and Councillor Joshua Peck **seconded**, a procedural motion – “That under Procedure Rule 14.1.13 the meeting be extended to allow for the consideration of Motions 12.10, 12.13 and 12.16”.

The procedural motion was put to the vote and was **agreed**.

**12.10 Motion regarding Mayoral apology to the Honourable Syed Ashraful Islam MP**

Councillor Khales Uddin Ahmed **MOVED**, and Councillor Motin Uz-Zaman **SECONDED** the motion as printed in the agenda.

Following debate, the motion as printed in the agenda was put to the vote and was **agreed**. Accordingly, it was:-

**RESOLVED****This Council notes:**

- That the Mayor personally intervened to block an event on the 9<sup>th</sup> August with the Honourable Syed Ashraful Islam MP from taking place in the Council Chamber.
- That following the Mayor’s decision the Council was forced to offer to hire an outside venue for the Speaker’s official function which would have come at significant tax-payer cost.
- That the Honourable Syed Ashraful Islam MP is an elected representative of a Commonwealth country and had been formally welcomed in other London boroughs.
- The high level of community interest in Mr Islam’s visit and the many people who wanted to attend the event.

**This Council believes:**

- That the Mayor did intentionally abuse his position to attempt to block the Speaker of the Council from carrying out his constitutional duties.
- The Speaker of the Council is a prestigious role steeped in a history which should be respected and that the office holder should be

supported to carry out their civic duty to serve and represent the entire borough.

- The Mayor failed to meet the standards expected of him by residents and tarnished the reputation of the borough with his petty actions.
- The Mayor should make a public apology to all of the Speaker's guests, including the Honourable Syed Ashraful Islam MP, for any offence he caused.

**This Council resolves:**

- That use of the Council Chamber should not be a matter for the Executive or subject to Executive decisions and that all councillors should have access and use of the Council Chamber for the purposes of carrying out their roles as elected representatives

**Procedural motion**

At this point Councillor Alibor Choudhury **moved** and Councillor Kabir Ahmed **seconded** a procedural motion:- 'That Procedure Rule 13.1 be suspended to enable an urgent motion regarding the position of Speaker of the Council to be debated.'

The Monitoring Officer advised the Council that the proposed urgent motion was not in order and the procedural motion was therefore not put to the vote.

**Procedural motion**

At this point Councillor Joshua Peck **moved** and Councillor Motin Uz-Zaman **seconded** a procedural motion:- 'That under Procedure Rule 23.2, Councillor Alibor Choudhury be not further heard.' The procedural motion was put to the vote and was **agreed**.

**12.13 Motion regarding Mattress Recycling in Tower Hamlets**

Councillor Shiria Khatun **MOVED**, and Councillor Joshua Peck **SECONDED**, the motion as printed in the agenda.

Following debate, the motion as printed in the agenda was put to the vote and was **agreed**. Accordingly, it was:-

**RESOLVED**

**This Council notes:**

- That across the borough unwanted mattresses are frequently fly-tipped in streets and public places at the detriment of the natural environment



and local residents.

- The Mayor's introduction of a £15 charge for bulk waste collection in Tower Hamlets.
- That a number of other London Councils have in place schemes offering free mattress collection and recycling. Labour run Lewisham council for example recycles over 9000 mattresses each year resulting in 307 tonnes saved from landfill last year.
- 10 million mattresses are landfilled every year in the UK and the annual contribution of mattresses to the nation's waste stream is estimated to rise from 160,000 ton to 245,000 ton by the year 2016.
- That the Council incurs significant cost collecting and landfilling fly-tipped mattresses in the borough.

**This Council Believes:**

- That where possible recycling is a preferable alternative to landfill as it helps to protect the environment, creates jobs and saves money on landfill.
- With its dense urban population mattresses are regularly to be found dumped and fly-tipped in Tower Hamlets.
- Lewisham's scheme of mattress recycling is a progressive and innovative scheme which has received significant uptake throughout the borough.
- A similar scheme in Tower Hamlets would allow the council to increase the amount of waste it recycles, reduce fly-tipping and better meet resident's needs.

**This Council resolves:**

- To call upon the Mayor to conduct a feasibility study into introducing in Tower Hamlets a mattress recycling scheme similar to that operated in Lewisham.
- To call on the Mayor report back to Full Council on the outcome of the study and to include the scheme in his next budget.

**12.16 Motion regarding Social Fund – Coalition Reforms**

Councillor Carlo Gibbs **MOVED**, and Councillor Marc Francis **SECONDED**, the motion as printed in the agenda.

Following debate, the motion as printed in the agenda was put to the vote and was **agreed**. Accordingly, it was:-

**RESOLVED****This Council Notes**

- The Social Fund was set up in 1988 to provide financial assistance predominantly to people on low incomes;
- It includes a regulated element, comprising Winter Fuel Payments, Cold Weather Payments, Funeral Payments and Sure Start Maternity Grants.
- The conditions for receiving these payments and grants are set down in regulations.
- It also includes a discretionary element, comprising Community Care Grants, Crisis Loans and Budgeting Loans, where awards are made at the discretion of Job Centre Plus;
- Social Fund Community Care Grants (CCGs) are available to homeless people, care leavers, ex-offenders leaving custody and others with an institutionalised background to help them with the costs of setting up home;
- Funding for CCGs was increased by around £10 million a year between 2002/03 and 2006/07, but has remained at a total of £141 million since then;
- The Coalition Government's proposal to reform to Social Fund, including the replacement of the CCG and Crisis Loans with locally-based provision;
- Ministers have refused to commit to ring-fence funding for this local provision or issue guidance to those authorities to ensure vulnerable people are helped;
- While there were many problems with the discretionary Social Fund, particularly as a result of its cash-limited nature, no organisation has called for it to be abolished;
- The de-ring fencing of Supporting People funding for vulnerable homeless people and others requiring housing support has resulted in cutbacks to those services in many authorities.

**This Council Believes**

- These reforms undermine the principles of the Welfare State and leave vulnerable people at the mercy of a postcode lottery of local authority provision;
- The Labour Government's previously published plans to modernise the Social Fund within the same basic structure as exists at present would provide for a much stronger safety-net for vulnerable people.

**This Council Resolves**

- To call on the Mayor of Tower Hamlets to voice opposition to these changes and give a commitment to ring-fence any funding received for the purposes of replacing CCGs with locally administered grants/loans for those same purposes.

- To call on the Mayor to prioritise developing a new system to replace CCGs in order to allow full scrutiny before its introduction in April 2013.

Motions 12.9 and 12.15 were withdrawn

Motion 12.18 had been considered earlier in the meeting

Motions 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.11, 12.12, 12.14, 12.17 and 12.19 were not considered due to the time limit for the meeting being reached.

**13. EXCLUSION OF PRESS AND PUBLIC**

No motion to exclude the press and public was considered.

**14. EXEMPT MINUTES**

The exempt minutes of the Extraordinary Council meeting held on 11<sup>th</sup> July 2012 were deferred for consideration at the next meeting (see item 3 above).

The meeting ended at 10.59 p.m.

Speaker of the Council



**APPENDIX A****WRITTEN RESPONSES PROVIDED AFTER THE MEETING TO MEMBERS' QUESTIONS (MINUTE 8 REFERS)****8.4 Question from Councillor Fozol Miah**

Would the Mayor agree with me that the decision by the UKBA to peremptorily withdraw the licence for London Metropolitan University, a university at which many Tower Hamlets residents have received and continue to receive higher education, to register international students places in jeopardy thousands of bona fide international students who have paid tens of thousands of pounds for their education here and jeopardises the very future of London Met which has specialised in broadening access to higher education for those from less privileged backgrounds and that the government should reverse this decision and would he agree to write to the Education Secretary and the Prime Minister urgently to convey the profound concern here in Tower Hamlets over this decision by UKBA?

**Response by Councillor Oliur Rahman, Cabinet Member for Children's Services**

Thank you for your question.

As a Local Authority we have no jurisdiction over higher education institutions. However, I share the concerns of student and teaching unions at London Met that if the university's administration has failed, then it is the administrators who should be punished, not 2,000 innocent students. I gather this issue is currently the subject of a legal challenge.

The Home Office's own analysis indicates that university-sponsored students are no less than 98% visa-compliant, and very likely more. The tiny fraction of fraudulent student visas must be balanced against the huge cost of alienating foreign applications wholesale and the damage done to one of Britain's most valuable exports – its education system.

I support the recommendations of the House of Commons Business, Innovation and Skills Committee which come out strongly in favour of recording overseas students in a separate classification and not counting them against the overall limit on net migration. That would be the right decision, recognising the vital importance of the international student to our economy.

**8.9 Question from Councillor Ann Jackson**

What is the current situation with One Housing? The Mayor's decision was made urgently on this issue which came to Cabinet on 25<sup>th</sup> July and thus disallowing a call-in to Overview and Scrutiny.

Have the Mayor and Director now verified these reasons with One Housing, primarily that the bank foreclosure on major loans was imminent and forced the finalisation by Tower Hamlets of assignment of pension rights by the 31<sup>st</sup> July?

**Response by Councillor Rabina Khan, Cabinet Member for Housing**

Thank you for your question.

The pension rights transfer follows the transfer of the assets to One Housing.

The Mayor's position on One Housing has always been and remains that he supports RSLs that represent the interests of their residents first and foremost, that can demonstrate that they represent their tenants by having tenant representatives on their boards and deliver.

The Mayor knows that One Housing has not had the best record in these areas. There has been criticism in the past about BME representation on their Board; that consultation has lacked transparency and that widening tenant representation has been blocked.

**8.12 Question from Councillor Maium Miah**

How will the Mayor ensure that the legacy from the Olympic Games continues to benefit Tower Hamlets for years to come?

**Response by Councillor Rania Khan, Cabinet Member for Culture**

Thank you for your question.

The Mayor is working closely with East London Housing Partnership and the Mayor of London to ensure that Tower Hamlets can benefit from the 2012 Olympic Games legacy.

The council will have access to a proportion of the social rented homes on the East Village and Triathlon scheme.

Residents will be able to apply for the 700 FIRSTSTEPS low cost homeownership homes on the site.

High Street 2012 is bringing £12million infrastructure improvements to the borough.

The Mayor will continue to make the case for Tower Hamlets residents as a board member of the London Legacy Development Corporation

**8.13 Question from Councillor Rachael Saunders**

We have been told that youth service provision will not change once services are taken out of community management and into Mulberry Place. Please itemise all youth services sessions and activities that have been run over the last year, where they were run, (venue, ward and LAP) and how many young people attended, broken down by race and gender. Please itemise all qualifications achieved, broken down by contractor, LAP, race, gender. Please also publish data covering the last 5 years. Please circulate in advance of the meeting due to detail required?

**Response by Councillor Oliur Rahman, Cabinet Member for Children's Services**

Thank you for your question.

Youth service provision will not change by bringing it in house but rather offer a better value for money to the Council and ratepayers.

This is not a question but is a detailed information request. I will ask the relevant director to provide to you the information requested.

**8.14 Question from Councillor Gloria Thienel**

Can the Cherie please tell us if he is looking forward to his Duke by the electorate in 2014?

**Response by Councillor Alibor Choudhury, Cabinet Member for Resources**

Not on your Nellie!

I know it's all going a bit Pete Tong for the Tories,  
But I'm always happy to sit down with me old china  
And have a cup of rosie.

Use your loaf, the Tories will be brown bread after the next election

**8.15 Question from Councillor Md Abdul Mukit**

What specific steps has the Mayor taken to reduce the excessive noise, anti-social behaviour and public urination which takes place outside bars on and around Brick Lane. This anti-social behaviour is a significant concern to residents who live in the area and one we have raised with the Mayor many times before. When will he act?

**Response by Councillor Ohid Ahmed, Deputy Mayor**

Thank you for your question.

The Mayor is acting now, Councillor Mukit!

The last time you raised the issue, you were trying to get rid of the THEOs, who are in the business of preventing anti-social behaviour.

I'm glad that you did not succeed, because in the past twelve months the THEOs dealt with 81 incidents of public urination, which resulted in 35 successful prosecutions and 44 pending cases.

We'll take no lectures from the Labour group on preventing anti-social behaviour.

#### **8.16 Question from Councillor Aminur Khan**

Can the Mayor update us how successful Live Site was during the Olympics and his plans for the post Olympics clean up?

#### **Response by Councillor Rania Khan, Cabinet Member for Culture**

Thank you for your question.

Residents were able to enjoy viewing the games in a great atmosphere at the Livesite.

However, the extortionate food available at the Livesite was peddled by rip-off merchants, none of whom were from Tower Hamlets.

They were carpet-baggers and the Labour controlled licensing committee should not have allowed them onto the site,

They should have required that local traders were given pitches to sell refreshments thus boosting the local economy.

#### **8.17 Question from Councillor John Pierce**

How many Tower Hamlets Homes Board meetings has Cllr Rania Khan attended since being appointed in December 2011?

#### **Response by Councillor Rabina Khan, Cabinet Member for Housing**

Thank you for your question.

Cllr Rania Khan has attended 2 meetings of the Tower Hamlets Homes Board.



**8.18 Question from Councillor Tim Archer**

How many library books are currently over one month overdue. How many were borrowed by someone living outside the Borough. How many books are so overdue that they have been "written off" over the past year? How many were borrowed by someone living outside the Borough?

**Response by Councillor Rania Khan, Cabinet Member for Culture**

Thank you for your question.

Councillors are only permitted to ask one question each, yet you have asked four.

The officers have not been able to produce the answer to your question in time for Full Council. Please submit a member's enquiry.

**8.19 Question from Councillor Lutfa Begum**

Why was there lower than expected footfall for local traders during the Olympic Games?

**Response by Councillor Alibor Choudhury, Cabinet Member for Resources**

Tower Hamlets was not unique to low visitor numbers.

It has been accepted that this was due to the Tory Mayor of London's hysterical warnings on the tube.

**8.20 Question from Councillor Dr Emma Jones**

Do this year's GCSE results in Tower Hamlets show improvements in science subjects?

**Response by Councillor Oliur Rahman, Cabinet Member for Children's Services**

Thank you for your question.

I can confirm that GCSE results have improved significantly since last year. However a breakdown of results have not yet been confirmed. We expect these to be confirmed and published by mid October.

**8.21 Question from Councillor Zara Davis**

In the light of the significant volume of incidents during the Olympics that were dealt with by the Council's Noise Nuisance team, would the Mayor consider permanently reverting to a seven day a week Noise Nuisance service?

**Response by Councillor Ohid Ahmed, Deputy Mayor**

Thank you for your question.

The Council's Noise Nuisance team's seven days a week during the Olympics were an exception for the Olympics.

Now the Olympics is finished there is no exceptional need and the team will revert back to its normal operation.

**LONDON BOROUGH OF TOWER HAMLETS**

**COUNCIL MEETING**

**WEDNESDAY 28<sup>th</sup> NOVEMBER 2012**

**PETITIONS**

**REPORT OF THE SERVICE HEAD,  
DEMOCRATIC SERVICES**

## **SUMMARY**

1. The Council's Constitution provides for up to three petitions to be received at each Council Meeting. These are taken in order of receipt. This report sets out the valid petitions submitted for presentation at the Council meeting on Wednesday 28<sup>th</sup> November 2012.
2. The deadline for receipt of petitions for this meeting is noon on Thursday 22<sup>nd</sup> November. However, at the time of agenda despatch the maximum number of petitions has already been received as set out overleaf.
3. In each case the petitioners may address the meeting for no more than three minutes. Members may then question the petitioners for a further four minutes. Finally, the relevant Cabinet Member or Chair of Committee may respond to the petition for up to three minutes.
4. Any outstanding issues will be referred to the relevant Corporate Director for attention who will respond to those outstanding issues in writing within 28 days.
5. Members should confine their contributions to questions and answers and not make statements or attempt to debate.

**5.1 Brodick House – Decent Homes** (Petition from residents of Brodick House)

We the undersigned residents call on Mayor Lutfur Rahman to commit the funding needed to begin to bring Brodick House up to the Decent Homes Standard with new kitchens and bathrooms in the next 12 months, as well as an improved communal heating system and the external repairs needed to stop the cold wind and rain getting into our flats.

**5.2 Save Our Advice Centres** (Petition from Ms Maria Dillon and Tower Hamlets Labour Party)

We the undersigned call on the Mayor of Tower Hamlets to reverse his decision to cut funding for Tower Hamlets' vital advice centres by up to 75%. Without this funding many of these well used centres will have to reduce their services at the same time as demand for their services is growing as a result of the government's Housing and Welfare Changes.

**5.3 Tower Hamlets Clean Streets Petition** (Petition from Mr Chris Weavers and Tower Hamlets Labour Party)

We the undersigned call on the Mayor of Tower Hamlets to reverse street cleaning cuts, scrap charges for clearing waste from street corners and scrap charges for pest control.

**LONDON BOROUGH OF TOWER HAMLETS**

**COUNCIL MEETING**

**WEDNESDAY 28<sup>th</sup> NOVEMBER 2012**

**QUESTIONS SUBMITTED BY  
MEMBERS OF THE PUBLIC**

**REPORT OF THE SERVICE HEAD,  
DEMOCRATIC SERVICES**

## **SUMMARY**

1. Set out overleaf are the questions submitted by members of the public, for response by the Mayor or appropriate Cabinet Member or committee chair at the Council Meeting on 28<sup>th</sup> November 2012.
2. The Council's Constitution sets a maximum time limit of twenty minutes for this item.
3. A questioner who has put a question in person may also put one brief supplementary question without notice to the Member who has replied to his or her original question. A supplementary question must arise directly out of the original question or the reply. Supplementary questions and Members' responses to written and supplementary questions are each limited to two minutes.
4. Any question which cannot be dealt with during the twenty minutes allocated for public questions, either because of lack of time or because of non-attendance of the questioner or the Member to whom it was put, will be dealt with by way of a written answer.
5. Unless the Speaker of Council decides otherwise, no discussion will take place on any question, but any Member of the Council may move, without discussion, that the matter raised by a question be referred for consideration by the Cabinet or the appropriate Committee or Sub-Committee.

## **QUESTIONS**

Seven questions have been submitted as set out below:-

### **6.1 Question from Ms Victoria Kent**

Ability Bow helps people with disabilities to achieve independent living through the provision of supported exercise and healthy living activities. Now all Ability Bow's statutory funding from TH has been taken away, how does the Mayor intend to support disabled residents to maintain their fitness and wellbeing and prevent them all from repeated returns to NHS services?

### **6.2 Question from Ms Shuily Akthar**

What is the Mayor's view on free schools and can he update us on the status of Culloden School on becoming academy status?

### **6.3 Question from Mr Brian Nicholson**

How will the Mayor use the proceeds from Henry Moore statue?

### **6.4 Question from Mr Shamsur Rahman**

We are concerned about the high service charges and the poor quality of maintenance work in the Holland estate; will the Mayor take our concern up with East End Homes?

### **6.5 Question from Mr Mosrur Ahmed**

Is the Decent Homes initiative still in place, if so when will the Bancroft Estate and Rogers Estate areas be worked on?

### **6.6 Question from Mr Abul Bashar**

Is the Decent Homes initiative still available in Bancroft Estate?

### **6.7 Question from Ms Tessa Horvath**

We are pleased that the council has recently committed to recognising prostitution as a form of violence against women. We are concerned however that women in street-based prostitution continue to be punished through police arrests which is exacerbating the victimisation these women face. Will the council therefore commit to including an outcome in the new Violence Against Women and Girls Strategy to significantly reduce the number of arrests of women involved in prostitution?

**LONDON BOROUGH OF TOWER HAMLETS**

**COUNCIL MEETING**

**WEDNESDAY 28<sup>TH</sup> NOVEMBER 2012**

**QUESTIONS SUBMITTED BY  
MEMBERS OF THE COUNCIL**

**REPORT OF THE SERVICE HEAD,  
DEMOCRATIC SERVICES**

## **SUMMARY**

1. Set out overleaf are the questions submitted by Members of the Council for response by the Executive at the Council meeting on Wednesday 28<sup>th</sup> November 2012.
2. Questions are limited to one per Member per meeting, plus one supplementary question unless the Member has indicated that only a written reply is required and in these circumstances a supplementary question is not permitted.
3. Oral responses are time limited to one minute. Supplementary questions and responses are also time limited to one minute each.
4. There is a time limit of thirty minutes for consideration of Members' questions with no extension of time allowed and any question not answered within this time will be dealt with by way of a written response. The Speaker will decide the time allocated to each question.
5. Members must confine their contributions to questions and answers and not make statements or attempt to debate.

## **MEMBERS' QUESTIONS**

24 questions have been received from Members of the Council as follows:-

### **8.1 Question from Councillor Lesley Pavitt**

Will the Mayor explain why he secretly cancelled the Decent Homes work due to take place this year on the Bancroft estate in my ward?

### **8.2 Question from Councillor Peter Golds**

In affirming the decision to sell our Henry Moore statue, Mayor Rahman spoke for just 97 seconds. This was before he had even heard the Overview and Scrutiny Committee's report from Cllr Jackson, which called on him to think again. Can the Mayor tell me why he treated the Overview and Scrutiny committee report on the sale of 'Old Flo' in such a dismissive manner?

### **8.3 Question from Councillor Sirajul Islam**

At the last election the Mayor pledged to halve the number of homes that fall below a decent standard, yet figures from the Council have shown that last year there were over 1,700 more indecent homes than when he was first elected in 2010. Can the Mayor explain why the number of indecent homes has increased?

### **8.4 Question from Councillor Gulam Robbani**

Given that residents from Spitalfields and Banglatown are up in arms about the Tory proposal to obliterate Banglatown, the spiritual home of Bangladeshis in Britain, can the Mayor tell us what action he is taking and whether he will publicly condemn this shameful proposal, if he hasn't done this already?

### **8.5 Question from Councillor Amy Whitelock**

Is the Mayor aware of the recent muggings that have taken place on the Regent's Canal footbridge which connects Mile End Park and Meath Gardens, and if so, what steps is he taking to improve safety and protect residents in the area?

### **8.6 Question from Councillor Zara Davis**

What action is being taken to address the severe shortage of school places on the Isle of Dogs?

### **8.7 Question from Councillor Abdal Ullah**

At this month's London Councils Leaders Committee the Mayor had the opportunity to raise residents' concerns about the closure of Bow and Whitechapel fire stations with the Chair of the London Fire Authority. Will the Mayor explain why he sat in absolute silence and didn't speak out against these savage cuts which will put lives in danger?



### **8.8 Question from Councillor Kabir Ahmed**

Can the lead member tell us what the special responsibility allowances are for opposition members and what this equates to as an hourly rate when compared to their timesheets?

### **8.9 Question from Councillor Joshua Peck**

Can the Mayor please tell me why, despite Council's resolution of 13th April 2011, he has yet to rename the Council building on Ewart Place, in memory of GMB official John Onslow?

### **8.10 Question from Councillor Tim Archer**

London City Airport has announced plans to upgrade its terminal to increase the number of flights from 70,000 to 120,000 flights per year. What will the Mayor be doing to ensure that Tower Hamlets and Isle of Dogs residents do not suffer from increased noise pollution resulting from over flights?

### **8.11 Question from Councillor MA Mukit MBE**

Can the Mayor explain why his administration proposed cutting the budgets of the borough's vital and well used advice centres by up to 75%?

### **8.12 Question from Councillor Cllr Maium Miah**

Can the lead member tell us what has been achieved towards the Mayor's affordable housing target?

### **8.13 Question from Councillor Motin Uz-Zaman**

At our last meeting Council agreed that the Mayor should issue an apology to residents and Minister Syed Ashraf Islam MP for his decision not to allow this meeting to be held in the Council Chamber, forcing him instead to hold his meeting outside. Can the Mayor read the Council the apology he has made? If he has not apologised can he explain why?

### **8.14 Question from Councillor Dr Emma Jones**

How is the Council working with health partners in the Borough to improve dementia diagnosis rates?

### **8.15 Question from Councillor Denise Jones**

Islington Council - who invented the Fairness Commission model that you have copied - found that two principles were key to its effective operation: the establishment of political consensus on the need for the Commission, and the inclusion of cross party councillors. Why have you not sought to do either?

### **8.16 Question from Councillor Aminur Khan**

We have learned recently that the big energy companies may have been engaging in price-fixing. Can the Lead Member tell us what local residents can do to lower their energy costs?

### **8.17 Question from Councillor John Pierce**

What plans does the Mayor have to introduce income limits so that people earning over a certain amount cannot join the housing list?

### **8.18 Question from Councillor David Snowdon**

How many war memorials are there in Tower Hamlets? Will the Mayor please give a commitment to ensure that funding is available so that any repairs can be carried out ahead of the 100 year anniversary of the start of the Great War in 2014?

### **8.19 Question from Councillor Kosru Uddin**

The Office for National Statistics recently announced that youth unemployment had reached a staggering one million, what is the mayor and council doing to reduce youth unemployment in Tower Hamlets now that the Olympics are over?

### **8.20 Question from Councillor Lutfa Begum**

Can the Lead Member tell us how many young people attended the Mayor's Education Awards, how many received awards, what the cost of the event was and how it was met?

### **8.21 Question from Councillor Anwar Khan**

What is the council's policy on offering work experience for students post 18? How many has been offered in the last 12 months?

### **8.22 Question from Councillor Craig Aston**

Tower Hamlets CCTV cars have been photographed parked in bays marked as only for "Doctors", and on double yellow lines. Does the Mayor believe that this sets a bad example for local residents irrespective of the legal position?

### **8.23 Question from Councillor Shiria Khatun**

What steps has the Mayor taken to undertake a feasibility study into a mattress recycling scheme along the lines of the one operating in Labour controlled Lewisham and as proposed by Labour councillors and agreed by Council in September this year?

## **8.24 Question from Councillor Gloria Thienel**

In the article in the 23 July 2012 article entitled 'Cockneys campaign to protect rhyming slang from extinction' in the *Evening Standard* the Mayor stated "It's really important we keep the older traditions alive and support them, not as fossils, but as living traditions."

Can the Mayor tell me what he and the council are planning to do to keep these old Eastend traditions alive? In particular would he support an annual Cockney Heritage Day starting in 2013?

This page is intentionally left blank

# Agenda Item 9.2

COMMITTEE: <b>Council</b>	DATE: <b>28 November 2012</b>	CLASSIFICATION: Unrestricted	REPORT NO.	AGENDA NO.
REPORT OF: <b>Corporate Director of Resources</b>		TITLE: <b>2011-12 Treasury Management Outturn Report</b>		
ORIGINATING OFFICER(S): <b>Alan Finch, Service Head, Financial Services, Risk &amp; Accountability</b> <b>Oladapo Shonola, Chief Financial Strategy Officer</b>		Ward(s) affected: N/A		

<b>Lead Member</b>	<b>Cllr Alibor Choudhury – Resources</b>
<b>Community Plan Theme</b>	<b>All</b>
<b>Strategic Priority</b>	<b>One Tower Hamlets</b>

## **1. SUMMARY**

- 1.1 This report advises Full Council of treasury management activity for the financial year ended 31 March 2012 as required by the Local Government Act 2003.
- 1.2 The report details the treasury management outturn position based on the credit criteria adopted by the Corporate Director of Resources, the investment strategy for the financial year as approved by Council and the investment returns.
- 1.3 The Council complied with its legislative and regulatory requirements. The key actual prudential and treasury management indicators detailing the impact of capital expenditure activities during the year, with comparators are also addressed in this report.
- 1.4 The Corporate Director, Resources confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.
- 1.5 The Local Government Act 2003 also requires that a sub-committee scrutinises the investment strategy, mid-year and outturn treasury management reports before they are reported to the full Council. As well as the above reports being reported to either Cabinet or the Audit Committee, updates on treasury management activities were also reported to the Audit Committee on 4 separate occasions.

## **2. DECISIONS REQUIRED**

- 2.1 Members are recommended to Note the contents of this report.

## **3 REASONS FOR DECISIONS**

- 3.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2011/12. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

- 3.2 During 2011/12 the minimum reporting requirements were that Full Council should receive the following reports:
- an annual treasury strategy in advance of the year (22 February 2011)
  - a mid-year (minimum) treasury update report (Council 29 November 2011)
  - an annual report following the year describing the activity compared to the strategy (this report)
- 3.3 In addition, the Audit Committee received regulatory treasury management activity update reports on 28 June 2011, 20 September 2011, 12 December 2011 and 20 March 2012.
- 3.4 The regulatory environment places much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 3.5 The annual report of treasury management should assist in ensuring that Members are able to scrutinise officer decisions and check that investment strategy was implemented as approved by Full Council.

#### **4 ALTERNATIVE OPTIONS**

- 4.1 The Council is bound by legislation to have regard to the Treasury Management (TM) Code. The Code requires that the Council should receive an annual report on treasury management activities.
- 4.2 If the Council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that Members are kept informed about treasury management activities and to ensure that these activities are in line with the investment strategy approved by the Council.

#### **5 BACKGROUND**

- 5.1 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require local authorities to have regard to the Treasury Management Code. The Treasury Management code requires that the Council or a sub-committee of the Council should receive an annual report on treasury management activities.
- 5.2 This report summarises:
- Capital activity during the year;
  - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
  - Reporting of the required prudential and treasury indicators;
  - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
  - Debt activity;
  - Summary of interest rate movements in the year;
  - Investment activity; and

## **6. CAPITAL EXPENDITURE AND FINANCING 2011-12**

6.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

6.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m	2010/11	2011/12	2011/12
	Actual	Estimate	Actual
Non-HRA capital expenditure	111.348	138.300	130.717
HRA capital expenditure	37.227	37.351	31.615
<b>Total Capital Expenditure</b>	<b>148.575</b>	<b>175.651</b>	<b>162.332</b>
<b>Resources</b>			
Capital Grants	97.119	123.951	106.007
Direct Revenue Financing	7.003	2.596	4.861
Major Repairs Allowance	7.641	12.500	11.382
Developers Contributions	5.328	5.180	12.715
Capital Receipts	5.792	11.240	7.462
<b>Capital Expenditure (Financed from borrowing)</b>	<b>(25.692)</b>	<b>(20.184)</b>	<b>(19.906)</b>

6.3 Actual capital expenditure was less than the estimated figure of £175.651m by £13.3m. The slippage was in the main due to the housing element of the capital programme and High Street 2012 programme.

## **7 OVERALL BORROWING NEED**

7.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2011/12 unfinanced capital expenditure as set out in the above table, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

7.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies such as the Public Works Loan Board (PWLb) or the money markets, or utilising temporary cash resources within the Council.

7.3 The Council's non-Housing Revenue Accounts (HRA) underlying borrowing need is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-HRA borrowing need (there is no statutory requirement to reduce the HRA CFR).

- 7.4 The Council's 2011/12 MRP Policy was approved as part of the Treasury Management Strategy Report for 2011/12 on 22 February 2011.
- 7.5 The Council's CFR for the year is shown below, and represents a key prudential indicator. This includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

CFR £m	31-Mar-11	31-Mar-12	31-Mar-12
	Actual	Original Indicator	Actual
Opening balance	437.731	456.421	456.421
Add unfinanced capital expenditure	25.693	20.184	19.906
Add PFI adjustment	41.205	41.090	41.090
Less MRP	(7.003)	(6.955)	(8.392)
Less HRA Settlement	-	(234.000)	(236.200)
Less PFI Adjustment	(41.205)	(41.090)	(41.090)
<b>Closing balance</b>	<b>456.421</b>	<b>235.650</b>	<b>231.735</b>

- 7.6 **Net borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2011/12 plus the expected changes to the CFR over 2012/13 and 2013/14. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2011/12.
- 7.7 The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator. The implementation of housing finance reform from 1 April 2012 abolished the housing subsidy system financed by central government. As a result of the introduction of the new system of self-financing, the Government paid off £236.2m of HRA debt, leading to an equivalent reduction in HRA CFR. A summary of opening and closing CFR balances are set out in table below.

£m	31-Mar-11	31-Mar-12	31-Mar-12
	Actual	Original	Actual
Non HRA CFR	163.046	163.317	162.060
HRA CFR	293.375	72.333	69.675
<b>CFR (Total)</b>	<b>456.421</b>	<b>235.650</b>	<b>231.735</b>

- 7.8 **The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2011/12 the Council has maintained gross borrowing within its authorised limit.
- 7.9 **Maximum gross borrowing** – the maximum outstanding debt owed by the Council at any time during the financial year.
- 7.10 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either



below or over the boundary is acceptable subject to the authorised limit not being breached.

- 7.11 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

£m	2011/12
Authorised limit	496.079
Maximum gross borrowing position	353.474
Operational boundary	476.079
Financing costs as a proportion of net revenue stream (Non-HRA)	2.12%
Financing costs as a proportion of net revenue stream (HRA)	17.90%

## 8 **TREASURY POSITION as at 31 March 2012**

- 8.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2011/12 the Council's treasury position was as follows:

Debt £m	31 March 2011 Principal	Rate/ Return	31 March 2012 Principal	Rate/ Return
Fixed Rate Funding:				
-PWLB	275.974	7.71%	13.852	7.63%
-Market	13.000	4.37%	13.000	4.37%
<b>Total Fixed Rate Funding</b>	<b>288.974</b>	<b>7.56%</b>	<b>26.852</b>	<b>6.05%</b>
Variable Rate Funding:				
-PWLB	0	0.00%	0	0
-Market	64.500	1.23%	64.500	1.66%
<b>Total Variable Rate Funding</b>	<b>64.500</b>	<b>1.23%</b>	<b>64.500</b>	<b>1.66%</b>
<b>Total debt</b>	<b>353.474</b>	<b>6.40%</b>	<b>91.352</b>	<b>2.95%</b>
<b>CFR</b>	<b>456.421</b>		<b>231.735</b>	
<b>Over/ (under) borrowing</b>	<b>(102.943)</b>		<b>(140.383)</b>	

Investments: £m				
In house				
External managers	0	0.00%	0	0.00%
<b>Total investments</b>	<b>201.136</b>	<b>1.20%</b>	<b>207.600</b>	<b>1.52%</b>

- 8.2 Overall debt has reduced significantly as a result of the introduction of the HRA self-financing regime which came into effect on 01 April 2012. As part of the implementation of the HRA reform which brought an end to the subsidy system, the Council received £236.2m from the Government towards redeeming a proportion of HRA PWLB debt to ensure that the HRA is able to support itself going forward.

8.3 The under-borrowed amount represents the element of the programme that is currently being funded from internally held resources. Although this reduces the need to borrow from external sources, it does not allow for additional borrowing over and above the CFR. The Council also repaid £25.9m of maturing loans, thereby reducing the overall debt outstanding from £353.4m to £91.4m as at 31 March 2012.

8.4 The maturity structure of the debt portfolio was as follows:

£m	31 March 2011 Actual	2011/12 Original Limits	31 March 2012 Actual	31 March 2012 Actual %
Under 12 months	25.740	10%	0.932	1.0%
12 months and within 24 months	16.688	30%	13.851	15.2%
24 months and within 5 years	47.102	40%	3.632	4.0%
5 years and within 10 years	113.610	80%	6.064	6.6%
10 years and above	150.334	100%	66.873	73.2%

8.5 The maturity structure for the investment portfolio was as follows:

£m	31 March 2011 Actual	2011/12 Original Limits	31 March 2012 Actual
Under 1 year	201.136	100%	192.600
More than 1 year	-	25.000	15.000
<b>Total</b>	<b>201.136</b>		<b>207.600</b>

## 9 THE STRATEGY

9.1 The expectation for interest rates within the strategy for 2011/12 anticipated low but rising Bank of England base rate, starting in quarter 4 of 2011, with similar gradual rises in medium and longer term fixed borrowing rates over 2011/12. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. The Council has continued with its conservative approach of prioritising security and liquidity over yield, Investments would therefore continue to be dominated by low counterparty risk considerations though, this results in a high cost of carry as investment returns are relatively low compared to borrowing rates.

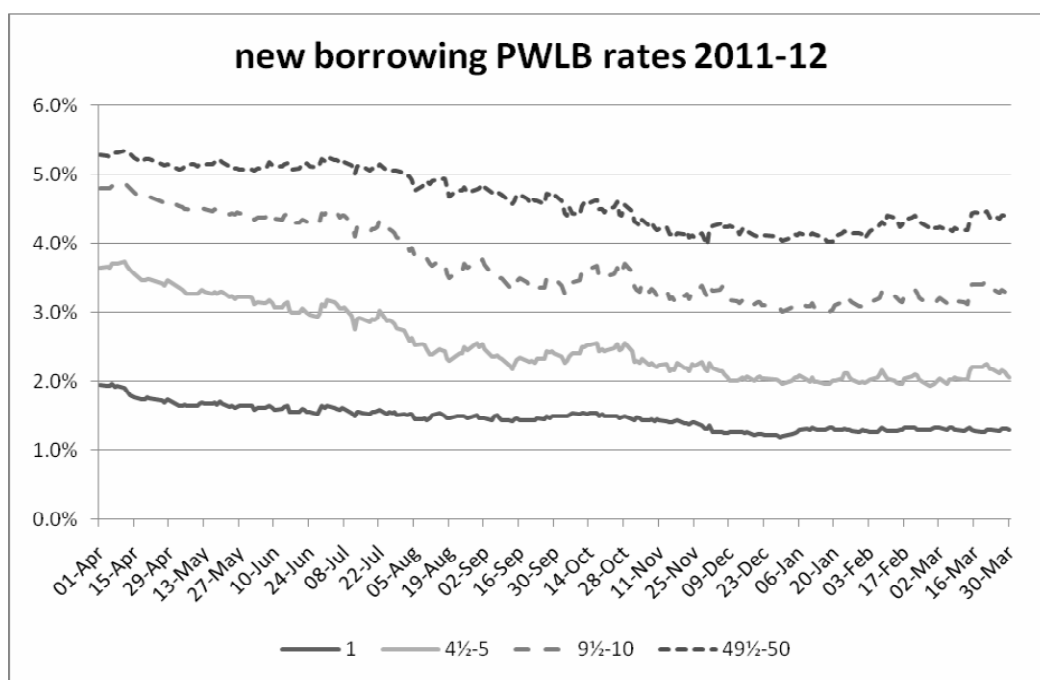
9.2 A revised Treasury Management Strategy was approved by Full Council at its February meeting to incorporate the following changes:

- Allow investment in overseas counterparties from countries that have AAA sovereign rating;
- Increase the individual/group limit for investment in institutions that are wholly or partly owned by the UK government from £30m to £45m;
- Allow up to £25m (previously £12m) of available cash balances to be invested for periods over 364 days up to a maximum of 3 years with a limit of £15m for investments between 2 to 3 years maturity.

9.3 The revised investment strategy for the year end 2011/12 is set out in the table below.

Institution	Minimum High Credit Criteria	Use	Limit
Debt Management Office (DMO) Deposit Facility	Not applicable	In-house	£100m*
Term deposits – Other Local Authorities	Not applicable	In-house	£10m**
Term deposits – banks and building societies	Short-term F1+, Long-term AA-	In-house	£30m
Institutions with Government guarantee on ALL deposits by high credit rated (sovereign rating) countries.	Sovereign rating	In-house	£30m
UK Government Gilts	Long Term AAA	In-house	£20m
Institutions with UK Government support.	Sovereign rating	In-house	£30m
Institutions that are owned/part owned by the UK Government	Sovereign rating	In-house	£45m
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>			
Money Market Funds	AAA rated	In-house	£10m

9.4 Gilt yields fell for much of the year, until February 2012, as concerns continued building over the EU debt crisis. This resulted in safe haven flows into UK gilts, together with the two UK packages of quantitative easing during the year, combined to depress PWLB rates to historically low levels as illustrated in the chart below.



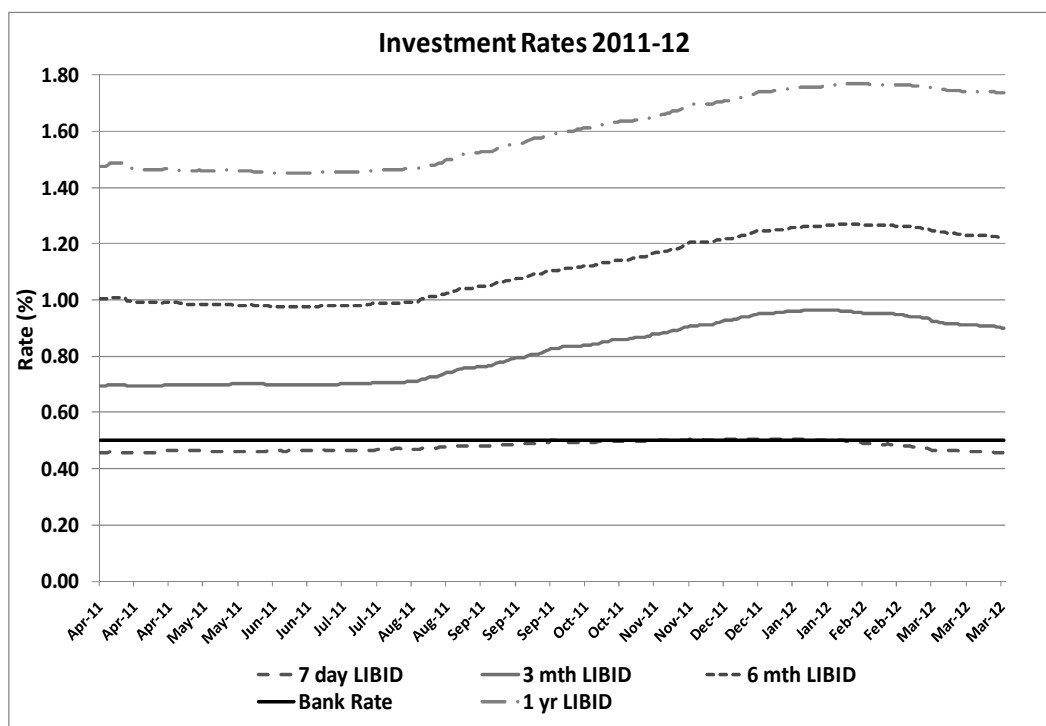
9.5 Risk premiums were also a constant factor in raising money market deposit rates for periods longer than 1 month. Widespread and multiple downgrades of the ratings of many banks and sovereigns, continued Eurozone concerns, and the significant funding issues still faced by many financial institutions, meant that the Council remained

cautious of longer-term investments and only invest in institutions with high individual credit quality and in countries with AAA sovereign rating.

## 10 INVESTMENT RATES

10.1 The tight monetary conditions following the 2008 financial crisis continued through 2011/12 with little material movement in the shorter term deposit rates. However, one month and longer rates rose significantly in the second half of the year as the Eurozone crisis grew. Base rate remained at its historic low of 0.5% throughout the year while market expectations of the start of monetary tightening were gradually pushed further and further back during the year to the second half of 2013 at the earliest.

10.2 The investment rates in 2011/12 are as detailed in the below chart.



## 11 INVESTMENT OUTTURN

11.1 The Council's investment policy is governed by CLG guidance, which was being implemented in line with the annual investment strategy approved by Full Council on 22 February 2011 and the revised investment strategy approved by Full Council on 25 January 2012. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented with additional market data (such as rating outlooks, credit default swaps, bank share prices etc.)

11.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

11.3 The Council maintained an average balance of £207.1m of internally managed funds which earned an average rate of return of 1.52%. This compared favourably against the 7-day LIBID of 0.48%.

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

- 12.1. The comments of the Corporate Director Resources have been incorporated into the report of which he is the author.

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

- 13.1 Treasury management activities cover the management of the Council's investments and cash flows, its banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks. The Local Government Act 2003 provides a framework for the capital finance of local authorities. It provides a power to borrow and imposes a duty on local authorities to determine an affordable borrowing limit. It provides a power to invest. Fundamental to the operation of the scheme is an understanding that authorities will have regard to proper accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in carrying out capital finance functions.
- 13.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require the Council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" ("the Treasury Management Code") in carrying out capital finance functions under the Local Government Act 2003. If after having regard to the Treasury Management Code the Council wished not to follow it, there would need to be some good reason for such deviation.
- 13.3 The Treasury Management Code requires as a minimum that there be a practice of regular reporting on treasury management activities and risks to the responsible committee and that these should be scrutinised by that committee. Under the Council's Constitution, the audit committee has the functions of monitoring the Council's risk management arrangements and making arrangements for the proper administration of the Council's affairs.

## **14. ONE TOWER HAMLETS CONSIDERATIONS**

- 14.1 Interest on the Council's cash flow has historically contributed significantly towards the budget. This Council's ability to deliver its various functions, to meet its Community Plan targets and to do so in accordance with its obligations under the Equality Act 2010 may thus be enhanced by sound treasury management.

## **15 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 15.1 There are no Sustainable Actions for A Greener Environment implications.

## **16. RISK MANAGEMENT IMPLICATIONS**

- 16.1 Any form of investment inevitably involves a degree of risk. To minimise risk the investment strategy has restricted exposure of council cash balances to UK backed banks or institutions with the highest short term rating or strong long term rating.

**17. CRIME AND DISORDER REDUCTION IMPLICATION**

17.1 There are no crime and disorder reduction implications arising from this report.

**18. EFFICIENCY STATEMENT**

18.1 Monitoring and reporting of treasury management activities ensures the Council optimises the use of its monetary resources within the constraints placed on the Council by statute, appropriate management of risk and operational requirements.

---

**LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D**

**LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

*Brief description of "background papers"*

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

## Appendix 1: Prudential and Treasury Indicators

<b>Prudential Indicators</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2011/12</b>
	<b>Actual</b>	<b>Original</b>	<b>Actual</b>
	£m	£m	£m
<b>Capital Expenditure</b>			
Non – HRA	111.348	138.300	130.717
HRA	37.227	37.351	31.615
TOTAL	148.575	175.651	162.332
<b>Ratio of Financing Costs to Net Revenue Stream</b>			
Non – HRA	2.20%	2.51%	2.12%
HRA	18.7%	19.39%	17.90%
<b>Net Borrowing Requirement</b>			
brought forward 1 April	353.474	255.285	255.285
carried forward 31 March	255.285	60.150	24.135
in year borrowing requirement	(98.645 )	(195.135)	(231.150)
<b>In Year Capital Financing Requirement</b>			
Non - HRA	1.796	271	(986)
HRA	16.895	12.958	12.500
TOTAL	18.691	13.229	11.514
<b>Capital Financing Requirement as at 31 March</b>			
Non - HRA	163.046	163.317	162.060
HRA	293.375	72.333	69.675
TOTAL	456.421	235.650	231.735
<b>Incremental Impact of Capital Investment Decisions</b>	£ p	£ p	£ p
Increase in Council Tax (band D) per annum	5.31	3.80	3.58
Increase in average housing rent per week	2.07	2.06	1.78

<b>Treasury Management Indicators</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2011/12</b>
	<b>Actual</b>	<b>Original</b>	<b>Actual</b>
	£m	£m	£m
<b>Authorised Limit for External Debt -</b>			
Borrowing	481.421	476.079	476.079
Headroom	20.000	20.000	20.000
TOTAL	501.421	496.079	496.079
<b>Operational Boundary for External Debt -</b>			
Borrowing	481.421	476.079	476.079
Other long term liabilities	-	-	-
TOTAL	481.421	476.079	476.079
<b>Actual External Debt</b>	353.475	93.551	91.352
<b>Upper Limit for Fixed Interest Rate Exposure</b>	100%	100%	100%
Net principal re fixed rate borrowing / investments	100%	100%	100%
<b>Upper Limit for Variable Rate Exposure</b>			
Net principal re variable rate borrowing / investments	20%	20%	20%
<b>Upper Limit for Total Principal Sums Invested for Over 364 Days</b>	0	£25m	£15m
(per maturity date)			

<b>TABLE 5: Maturity structure of borrowing In 2011/12</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
under 12 months	10%	0%
12 months and within 24 months*	30%	0%
24 months and within 5 years*	40%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%



## Appendix 2: Definition of Credit Ratings

### Support Ratings

Rating	
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-term rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-term rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-term rating floor no higher than 'B-' and in many cases no floor at all.

### Short-term Ratings

Rating	
F1	<b>Highest credit quality.</b> Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	<b>Good credit quality.</b> A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	<b>Fair credit quality.</b> The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

## Long-term Ratings

Rating	Current Definition (August 2003)
<b>AAA</b>	<b>Highest credit quality.</b> 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
<b>AA</b>	<b>Very high credit quality.</b> 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
<b>A</b>	<b>High credit quality.</b> 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
<b>BBB</b>	<b>Good credit quality.</b> 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category

## Individual Ratings

Rating	
<b>A</b>	A very strong bank. Characteristics may include outstanding profitability and balance sheet integrity, franchise, management, operating environment or prospects.
<b>B</b>	A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects
<b>C</b>	An adequate bank, which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.
<b>D</b>	A bank, which has weaknesses of internal and/or external origin. There are concerns regarding its profitability, substance and resilience, balance sheet integrity, franchise, management, operating environment or prospects. Banks in emerging markets are necessarily faced with a greater number of potential deficiencies of external origin.
<b>E</b>	A bank with very serious problems, which either requires or is likely to require external support.

# Agenda Item 9.3

<b>COMMITTEE</b>  <b>Council</b>	<b>DATE</b>  <b>28 November 2012</b>	<b>CLASSIFICATION</b>  <b>Unrestricted</b>	<b>REPORT NO.</b>
<b>REPORT OF:</b> <b>Corporate Director-Resources</b>  <b>ORIGINATING OFFICER(S):</b> <b>Alan Finch – Service Head, Financial Services, Risk and Accountability</b> <b>Oladapo Shonola – Chief Financial Strategy Officer</b>		<b>TITLE:</b>  <b>REVISED TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012/13</b>  <b>Ward(s) affected: All</b>	

<b>Lead Member</b>	<b>Cllr Alibor Choudhury – Resources</b>
<b>Community Plan Theme</b>	<b>All</b>
<b>Strategic Priority</b>	<b>One Tower Hamlets</b>

## 1. SUMMARY

1.1 The Annual Investment Strategy is one of three strategy documents that the Council is obliged to produce in relation to its treasury management arrangements in line with Communities & Local Government (CLG) and the CIPFA Treasury Management Code of Practice (The Code). The three statements are :

- A Treasury Management Strategy which sets out the Council’s proposed borrowing for the financial year and establishes the parameters (prudential and treasury indicators) within which officers under delegated authority may undertake such activities;
- An annual Investment Strategy which sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments; and
- A policy statement setting out the basis on which provision is to be made in the revenue accounts for the repayment of borrowing – Minimum Revenue Provision (MRP) Policy Statement.

1.2 All of these documents are regularly reviewed, but particularly so for the Investment Strategy to ensure that investment returns are maximised within the constraints of the Council’s risk criteria. These reviews are undertaken to ensure that the Strategy is adapted to take advantage of new/emerging opportunities in the financial markets whilst still maintaining effective control over risk.

## 2. DECISIONS REQUIRED

Full Council is recommended to adopt:-

- 2.1 The Treasury Management Strategy Statement set out in sections 6-10 of **Appendix 1**.
- 2.2 The Revised Annual Investment Strategy set out in section 11 of **Appendix 1**.
- 2.3 The Minimum Revenue Provision Policy Statement set out in section 12 of **Appendix 1**.

### **3 REASONS FOR DECISIONS**

- 3.1 It is consistent with the requirements of treasury management specified by CIPFA, to which the Council is required to have regard under the Local Government Act 2003 and regulations made under that Act, for the Council to produce three strategy statements to support the Prudential Indicators which ensure that the Council's capital investment plans are affordable, sustainable and prudent. The three documents that the Council should produce are:
- Treasury Management Strategy, including prudential indicators;
  - Investment Strategy; and
  - Minimum Revenue Provision Policy Statement.
- 3.2 The Treasury Management/Investment Strategies are continually reviewed to ensure that returns are being maximised within set credit risk criteria. Following recent meetings with the Council's treasury management advisors, Sector, further opportunities to increase investment returns without significantly increasing the credit risk criteria have been identified. Legislation requires Council to approve the Treasury Management/Investment Strategies and any amendments there to.

### **4 ALTERNATIVE OPTIONS**

- 4.1 The Council is bound by legislation to have regard to the CIPFA requirements for treasury management. If the Council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that the Council's capital investment plans are affordable, sustainable and prudent.
- 4.2 The strategies and policy statement put forward in the report are considered the best methods of achieving the CIPFA requirements. Whilst it may be possible to adopt variations of the strategies and policy statement, this would risk failing to achieve the goals of affordability, sustainability and prudence.

### **5 BACKGROUND**

- 5.1 Full Council approved the current Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy in February 2012.
- 5.2 Officers have always operated within the boundaries of the approved treasury management policies and statements and the Audit Committee continue to receive regular reports as outlined in the reporting framework also approved at Full Council in February 2012 and detailed in Appendix 1 of this report.
- 5.3 Although investment returns are in line with the budget for 2012-13, and having regard to the current uncertainties in the financial markets, the Council's treasury management Officers recommended some changes to the current Annual Investment Strategy that would increase investment returns without any significant increase in the level of risk exposure.

5.4 The recommended changes are detailed in Section 6 below and have been incorporated in the amended Treasury management Strategy Statement and Annual Investment Strategy attached as Appendix 1.

## **6 PROPOSED CHANGES**

6.1 The Investment Strategy for 2012/13 was put together in recognition of the recent relative recovery in the financial sector following the banking crisis that led to a global recession. Money markets in the UK have become more stable although Bank of England base rate is still being held at the historical low rate of 0.50%.

6.2 In 2009, the Corporate Director-Resources in response to market uncertainties implemented interim credit criteria which restricted term investments to UK institutions which had support guarantees from the British Government. But this policy is unsustainable in the long term which was why Members were asked to remove this restriction in February.

6.3 The current Strategy does not restrict investment in UK Government instruments or UK Government supported institutions (such as RBS and Lloyds Groups), but it dictates that investment can only be placed with institutions with high credit quality in countries with the highest sovereign ratings (AAA).

6.4 Officers are continually reviewing the Investment Strategy to ensure that returns are maximised within agreed risk parameters. Following meetings with the Council's treasury management consultants, it was suggested that a revision of the Investment Strategy could lead to higher returns being achieved without significantly increasing the credit risk criteria approved by Council in February 2012.

6.5 In reviewing the investment strategy, officers along with the Council's treasury advisers are looking to balance risk and reward in a way that result in a balanced and optimised investment portfolio for the Council. Therefore, it is proposed that;

- the individual/group limit for investment in an institution or group that is wholly/partly owned by the UK government is increased to £70m (currently £45m) or 40% of the investment portfolio. This measure does not increase the portfolio risk profile.

- 

The detailed credit criteria are set out in section 11.5.5 of **Appendix 1** and it is recommended that these criteria be adopted.

6.6 A summary of the credit criteria is detailed in the tables below.

### **Specified Investments:**

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high credit' quality criteria where applicable). The council will continue its policy of lending surplus cash to counterparties that have high credit ratings, defining 'high credit rating' as being F1+ Fitch short-term and AA- long-term credit rating.

**Table 1**

<b>Institution</b>	<b>Minimum High Credit Criteria</b>	<b>Use</b>	<b>Limit</b>
Debt Management Office (DMO) Deposit Facility	Not applicable	In-house	£100m*
Term deposits – Other Local Authorities	Not applicable	In-house	£10m**
Term deposits – banks and building societies	Short-term F1+, Long-term AA-	In-house	£30m
Institutions with Government guarantee on ALL deposits by high credit rated (sovereign rating) countries.	Sovereign rating	In-house	£30m
UK Government Gilts	Long Term AAA	In-house	£20m
Institutions with UK Government support.	Sovereign rating	In-house	£30m
Institutions that are owned/part owned by the UK Government	Sovereign rating	In-house	£70m or 40% of portfolio
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>			
Money Market Funds	AAA rated	In-house	£15m

Definitions of credit ratings are attached at [Appendix 2](#).

\* Although limit has been set at £100m for the DMO, in reality there is no restriction on placement with the UK government.

\*\* The group limit for local authorities has been set at £100m.

### **Non-Specified Investments:**

All investments that do not qualify as specified investment are termed non-specified investments. The credit criteria for non-specified investments are detailed in the below table.

**Table 2**

<b>Institution</b>	<b>Minimum High Credit Criteria</b>	<b>Use</b>	<b>Limit</b>
Term deposits – Banks and Building Societies	Sovereign rating AAA Short-term F1+, Long-term AA-	In-house	£25m
Structured Deposits: Fixed term deposits with variable rate and variable maturities	Sovereign rating AAA Short-term rating F1+ Long-term rating AA-	In-house	£25m
UK Government Gilts	Long Term AAA	In-house	£25m

6.7 The Council uses Fitch ratings (or equivalent from other agencies if Fitch does not provide a rating) to derive its counterparty criteria, but will take into consideration ratings from all three main credit ratings providers when compiling its counterparty list. The Council will take an overall view on its counterparties so that an organisation could be removed from the list if the predominant view of the organisation is pessimistic. Where the overall view of the three main ratings agency is pessimistic, the Council is likely to adopt the most pessimistic of the available ratings.

## **7 COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 7.1 The comments of the Chief Finance Officer have been incorporated into the report.

## **8 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 8.1 The Local Government Act 2003 provides a framework for the capital finance of local authorities. It provides a power to borrow and imposes a duty on local authorities to determine an affordable borrowing limit. It provides a power to invest. Fundamental to the operation of the scheme is an understanding that authorities will have regard to proper accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in carrying out capital finance functions.
- 8.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require the Council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" ("the Treasury Management Code") in carrying out capital finance functions under the Local Government Act 2003. If after having regard to the Treasury Management Code the Council wished not to follow it, there would need to be some good reason for such deviation.
- 8.3 It is a key principle of the Treasury Management Code that an authority should put in place "comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities". Treasury management activities cover the management of the Council's investments and cash flows, its banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks. It is consistent with the key principles expressed in the Treasury Management Code for the Council to adopt the strategies and policies proposed in the report.
- 8.4 The report proposes that the treasury management strategy will incorporate prudential indicators. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 requires the Council to have regard to the CIPFA publication "Prudential Code for Capital Finance in Local Authorities" ("the Prudential Code") when carrying out its duty under the Act to determine an affordable borrowing limit. The Prudential Code specifies a minimum level of prudential indicators required to ensure affordability, sustainability and prudence. The report properly brings forward these matters for determination by the Council. If after having regard to the Prudential Code the Council wished not to follow it, there would need to be some good reason for such deviation.
- 8.5 The Local Government Act 2000 and regulations made under the Act provide that adoption of a plan or strategy for control of a local authority's borrowing, investments or capital expenditure, or for determining the authority's minimum revenue provision, is a matter that should not be the sole responsibility of the authority's executive and, accordingly, it is appropriate for the Cabinet to agree these matters and for them to then be considered by Full council.

## **9 ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1 Capital investment will contribute to achievement of the corporate objectives, including all those relating to equalities and achieving One Tower Hamlets. Establishing the statutory policy statements required facilitates the capital investments and ensures that it is prudent.

## **10 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 10.1 There are no sustainable actions for a greener environment implication.

## **11 RISK MANAGEMENT IMPLICATIONS**

- 11.1 There is inevitably a degree of risk inherent in all treasury activity.
- 11.2 The Investment Strategy identifies the risk associated with different classes of investment instruments and sets the parameters within which treasury activities can be undertaken and controls and processes appropriate for that risk.
- 11.3 Treasury operations are undertaken by nominated officers within the parameters prescribed by the Treasury Management Policy Statement as approved by the Council.
- 11.4 The council is ultimately responsible for risk management in relation to its treasury activities. However, in determining the risk and appropriate controls to put in place the Council has obtained independent advice from Sector Treasury Services who specialise in Council treasury issues.

## **12 CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 12.1 There are no any crime and disorder reduction implications arising from this report.

## **13 EFFICIENCY STATEMENT**

- 13.1 The Treasury Management Strategy and Investment Strategy and the arrangements put in place to monitor them should ensure that the Council optimises the use of its monetary resources within the constraints placed on the Council by statute, appropriate management of risk and operational requirements.

## **14. APPENDICES**

Appendix 1 – Revised Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2011/12

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

#### **List of “Background Papers” used in the preparation of this report**

<b>Brief description of “background papers”</b>	<b>Name and telephone number of holder and address where open to inspection.</b>
---	--

*None*



**Revised Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2012/13**

**1. SUMMARY**

- 1.1 The Council is required by legislation and guidance to produce three strategy statements in relation to its treasury management arrangements. . The three statements are :
- A Treasury Management Strategy which sets out the Council’s proposed borrowing for the financial year and establishes the parameters (prudential and treasury indicators) within which officers under delegated authority may undertake such activities;
  - An annual Investment Strategy sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments; and
  - A policy statement on the basis on which provision is to be made in the revenue accounts for the repayment of borrowing – Minimum Revenue Provision (MRP) Policy Statement.
- 1.2 The Department of Communities and Local Government issued a revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009.
- 1.3 The Council is required to have regard to the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised November 2011) which requires the following:
- A Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities
  - Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives
  - Approval by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy, and prudential indicators - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
  - Clear delegated responsibility for overseeing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. For this Council the delegated body is the Audit Committee. The scheme of delegation for treasury management is attached at **Appendix 5**
- 1.4 The Council has formally adopted the revised Code and defined its Treasury Management Policy Statement. These are set out in **Appendices 3 and 4** of this report.
- 1.5 Officers will report details of the council’s treasury management activity to the Audit Committee at each of its meetings during the year. Additionally, a mid-year and full-year report will be presented to Council. Full reporting arrangement is attached at **Appendix 6.**

## **2. DECISIONS REQUIRED**

### 2.1 Full Council to adopt:

- The Treasury Management Strategy Statement set out in sections 6-10 of this report.
- The Annual Investment Strategy set out in section 11 of this report.
- The Minimum Revenue Provision Policy Statement set out in section 12 of this report, which officers involved in treasury management must comply with.

## **3 REASONS FOR DECISIONS**

3.1 It is consistent with the requirements of treasury management specified by CIPFA, to which the Council is required to have regard under the Local Government Act 2003 and regulations made under that Act, for the Council to produce three strategy statements to support the Prudential Indicators which ensure that the Council's capital investment plans are affordable, sustainable and prudent. The three documents that the Council should produce are:

- Treasury Management Strategy, including prudential indicators
- Investment Strategy; and
- Minimum Revenue Provision Policy Statement.

3.2 The Treasury Management/Investment Strategies are continually reviewed to ensure that returns are being maximised within set credit risk criteria. Following recent meetings with the Council's treasury management consultants, further opportunities to achieve additional return on investments with similar credit risk criteria to that approved by Council in March 2012 have been identified.

## **4 ALTERNATIVE OPTIONS**

4.1 The Council is bound by legislation to have regard to the CIPFA requirements for treasury management. If the Council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that the Council's capital investment plans are affordable, sustainable and prudent.

4.2 The strategies and policy statement put forward in the report are considered the best methods of achieving the CIPFA requirements. Whilst it may be possible to adopt variations of the strategies and policy statement, this would risk failing to achieve the goals of affordability, sustainability and prudence.

## **5 BACKGROUND**

5.1 The Local Government Act 2003 Act requires the Council to establish a treasury strategy for borrowing, and an investment strategy for each financial year, which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

5.2 The strategy for 2012/13 encompasses elements of the treasury management function and incorporates the economic forecasts provided by the Council's treasury advisor. It specifically covers:

- Treasury limits in force which will limit the treasury risk and activities of the Council;
- Prudential and Treasury Indicators;
- The current treasury position;
- The borrowing requirement;
- Prospects for interest rates;
- The borrowing strategy (including policy on borrowing in advance of need);
- Debt Rescheduling;
- The Investment Strategy;
- Credit Worthiness Policy;
- Policy on use of external service providers; and
- The Minimum Revenue Provision strategy

## **6 TREASURY LIMITS FOR 2012/13 TO 2014/15**

- 6.1 The Council must have regard to the Prudential Code when setting an Authorised Limit for borrowing (the level of borrowing to fund capital investment that is affordable), which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is affordable for taxpayers and tenants.
- 6.2 The Authorised Limit is to be set on a rolling basis, for the forthcoming financial year and two successive financial years. Details of the Authorised Limit and other indicators are attached at **Appendix 1**.
- 6.3 The Prudential Code requires that the Council set a series of indicators on a three year time frame, which are classified in two main categories; prudential and treasury indicators. It should be noted that these indicators are not for comparison with other local authorities, but are a means to support and record local decision-making.
- 6.4 The prudential indicators are there to demonstrate that the Council can afford the proposed capital programme in addition to the borrowing undertaken to fund expenditure in the past and that such expenditure is sustainable and prudent going forward. Also it highlights the impact of capital investment decisions on council tax and housing rents. The Council has set the following prudential indicators, which are detailed at **Appendix 1** of this report as prescribed by the Code:
- **Capital Expenditure** – the amount the Council will spend
  - **Ratio of Financing Costs to Net Revenue Stream** – Financing cost as a percentage of revenue budget, to ensure that borrowing does not overwhelm the capacity for other expenditure.
  - **Net Borrowing Requirement** – Amount of external borrowing that will be required in the year.
  - **In Year Capital Financing Requirement** – The amount of borrowing required in year
  - **Capital Financing Requirement** – Overall capital financing required for all capital expenditure

- **Incremental Impact of Capital Investment Decisions** – Measures the impact of capital investment decisions on council tax and housing rents.

6.5 Treasury indicators are about setting parameters within which officers can take treasury management decisions. The Council has set the following treasury indicators, which are detailed at **Appendix 1** of this report as prescribed by the Code:

- **Authorised Limit for External Debt** – The upper limit on the level of gross external permitted. It must not be breached without Full Council approval.
- **Operational Boundary for External Debt** – Most likely and prudent view on the level of gross external debt requirement.
- **Actual External Debt** – This is the actual gross external debt that the Council currently has, which will not be comparable to the operational boundary or authorised limit, since the actual gross external debt will reflect the actual position at any one point in time.
- **Maturity Structure for Borrowing** – Profile of when loans in the Council's portfolio of debt are expected to mature

## **7 CURRENT PORTFOLIO POSITION**

7.1 The Council's borrowing and investments as at 31 March 2012 are as set out in Table 1. The Council's external borrowing total £91m. Investments currently total £208m.

**Table 1**

Type of Borrowing	Principal Amount £m	Total Principal Amount £m	Average Rate %	Total Average Rate %
<b>Fixed Rate Borrowing</b>				
PWLB (Public Works Loans Board)	13.852		7.630	
Market	13.000		4.370	
		26.852		<b>6.052</b>
<b>Variable Rate Borrowing</b>				
PWLB and Market	64.500	64.500	1.659	<b>1.659</b>
<b>Total Debt</b>		<b>91.352</b>		<b>2.950</b>
<b>Investments</b>				
Debt Management Office	2.600			
UK Banks & Building Societies	155.000			
Overseas banks	0			
Other UK Institutions (Money Market Funds	50.000			
<b>Total Investments</b>	<b>207.600</b>			

## **8 PROSPECTS FOR INTEREST RATES**

8.1 The borrowing and investment strategy is in part determined by the economic environment within which it operates.

8.2 The Council has appointed Sector Treasury Services as treasury adviser and part of the service they provide is to assist the Council to formulate a view on interest rates. The following table gives Sector's overall view on interest rates for the next three years.

**Table 2**

	17.9.12	Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014	Mar 2015
<b>Bank Rate</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%
<b>5Yr PWLB Rate</b>	1.89%	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.30%
<b>10Yr PWLB Rate</b>	2.91%	2.50%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.20%	3.30%
<b>25Yr PWLB Rate</b>	4.15%	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%
<b>50Yr PWLB Rate</b>	4.32%	3.90%	3.90%	3.90%	4.00%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%

8.3 Sector's current interest rate projections are based on moderate economic recovery and moderate Bank of England Monetary Policy Committee concerns about the outlook for inflation.

8.4 Sector projects that Bank Rate:-

- will hold steady at 0.50% until the the third quarter of 2014
- will rise to 0.75% in Q3 2014 reaching 1.00% by the end of Q4 in 2015;
- long-term (50 Year) PWLB rates to fall from 4.32% as at September 2012 to 3.90% in December 2012 and then steadily increase reaching 4.50% by the end of Q4 2015. This forecast for PWLB rates incorporate the introduction of the PWLB certainty rate in November 2012 which will reduce PWLB borrowing rates by 0.20% for most local authorities.

8.5 At the time of writing, the Bank of England base rate stands at 0.5% whilst Inflation has remained above the Bank of England Monetary Policy Committee's (MPC) target of 2% CPI fell from 2.6% in July to 2.5% in August 2012.

## **9 BORROWING STRATEGY**

9.1 The Council will continue to borrow for the following purposes where it is deemed affordable, sustainable and prudent to do so:

- Supported Capital Expenditure Allocations
- Repayment of Maturing Debt (net of Minimum Revenue Provision)
- Unsupported (Prudential) Borrowing Capital Expenditure
- Short Term Cash Flow Financing

9.2 The Corporate Director-Resources under delegated powers will determine the timing, term, type and rate of new borrowing to take into account factors such as:

- Expected movements in interest rates
  - Current maturity profile
  - The impact of borrowing on the council's Medium Term Financial Plan
  - Approved prudential indicators and limits
- 9.3 Officers will continue to monitor interest rate movements closely and adopt a pragmatic approach to changing circumstances. For example, the following potential scenarios would require a reappraisal of strategy:
- A significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap
  - A significant risk of a sharp fall in long and short term rates, due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.
- 9.4 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.
- 9.5 In determining whether borrowing will be undertaken in advance of need the Council will;
- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
  - ensure the on-going revenue liabilities created, and the implications for the future plans and budgets have been considered
  - evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
  - consider the merits and demerits of alternative forms of funding
  - consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

## **10 DEBT RESCHEDULING**

- 10.1 The Corporate Director-Resources will continue to consider options to reschedule and restructure the Council's debt portfolio, having due regard for the broad impact of such exercises on the following:
- The maturity profile – council will only undertake debt restructuring where it benefits the maturity profile
  - On-going revenue savings will be achieved
  - The effect on the HRA
  - The impact of premiums and discounts has been fully considered; and
  - The impact on prudential indicators.

## **11 ANNUAL INVESTMENT STRATEGY UPDATE**

- 11.1 Full Council approved the Investment Strategy on 22 February 2012. Following further review of the Strategy, there is a requirement to clarify the credit criteria for the UK.
- 11.2 Officers continue to look for ways to maximise returns on cash balances within the constraints of the Investment Strategy. The Investment Strategy was developed based on an improving outlook in the money markets. However, on-going sovereign debt crisis has kept interest rates suppressed for longer and led to more downgrades of sovereign and individual counterparties' credit ratings. This further restricted an already limited counterparty list.
- 11.3 The effect of these issues is that the only available counterparty that the Council is able to invest with is the Government, namely the Debt Management Office (DMO). Officers do not see prolonged periods of investment with the DMO as efficient investment strategy. Therefore a proposal will be put before Full Council to approve a revised strategy that will allow the Council to continue to invest in a way that maximises returns whilst maintaining a risk profile similar to the existing portfolio.
- 11.4 Wholly or partly owned government banks offer significantly higher rates than the DMO, but have similar levels of security based on government guarantee of their credit quality. The Council already relies on this guarantee and invests with these banks, but it is proposed that:
- individual/Group limit for investment in an institution or group that is wholly/partly owned by the UK government is increased to £70m (currently £45m) or 40% of investment portfolio, whichever is greater. The individual/group limit for all other institutions will remain at £30m. This should ensure that the Council continues to receive good returns on its cash balances and that the investment strategy is optimised to support the Council's efficiency programme

The detailed credit criteria are set out in section 11.5.5 and it is recommended that these criteria be adopted.

### 11.5 Investment Policy:

11.5.1 The Council will have regard to the Department of Communities and Local Government's (DCLG) Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA Treasury Management Code"). The Council's investment priorities are:

- The security of capital;
- The liquidity of investments to ensure that the Council has cash available to discharge its liabilities as necessary; and that;
- Within these priorities, the Council will also aim to achieve the optimum return on its investments commensurate with appropriate levels of security and liquidity; and
- All investments will be in Sterling.

11.5.2 To achieve these objectives, the Council is required to classify investment products as either "specified" or "non-specified" as defined within the guidance.

11.5.3 Specified investments comprise investment instruments which the Council considers offer high security and liquidity. These instruments can be used with

minimal procedural formalities. The guidance issued by the Government considers that specified investments have the following characteristics: -

- Denominated in Sterling and have a term of less than one year
- Have “high” credit ratings as determined by the Council itself.

11.5.4 All other investments are termed non-specified investments. These involve a relatively higher element of risk, and consequently the Council is required to set a limit on the maximum proportion of their funds which will be invested in these instruments. The Strategy should also specify the guidelines for making decisions and the circumstances in which professional advice is obtained.

11.5.5 Investment instruments identified for use in the financial year are listed below under the ‘Specified’ and ‘Non-Specified’ Investments categories. Counterparty limits will be as set through the Council’s Treasury Management Practices – Schedules.

**11.5.5.1 Specified Investments:**

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum ‘high credit’ quality criteria where applicable). The council will continue its policy of lending surplus cash to counterparties that have high credit ratings, defining ‘high credit rating’ as being F1+ Fitch short-term and AA- long-term credit rating.

**Table 3**

Institution	Minimum High Credit Criteria	Use	Limit
Debt Management Office (DMO) Deposit Facility	Not applicable	In-house	£100m*
Term deposits – Other Local Authorities	Not applicable	In-house	£10m**
Term deposits – banks and building societies	Short-term F1+, Long-term AA-	In-house	£30m
Institutions with Government guarantee on ALL deposits by high credit rated (sovereign rating) countries.	Sovereign rating	In-house	£30m
UK Government Gilts	Long Term AAA	In-house	£20m
Institutions with UK Government support.	Sovereign rating	In-house	£30m
Institutions that are owned/part owned by the UK Government	Sovereign rating	In-house	£70m or 40% of portfolio
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>			
Money Market Funds	AAA rated	In-house	£15m

Definitions of credit ratings are attached at **Appendix 2**.

\* Although limit has been set at £100m for the DMO, in reality there is no restriction on placement with the UK government.

\*\* The group limit for local authorities has been set at £100m.

**11.5.5.2 Non-Specified Investments:**



The Council revised its investment strategy in the wake of the banking crisis in 2007. This led to wide ranging restriction being placed on the counterparty list. As part of the strategy review in 2007, a temporary cessation of investment with overseas institutions and all investment restricted to a term of less than 365 days until stability returned to the banking sector, globally. The situation has now settled enough for clear decisions to be made on whether the council should return to investing with overseas banks.

It is recommended that the Council should make non-specified investment as outlined in below table.

**Table 4**

Institution	Minimum High Credit Criteria	Use	Limit
Term deposits – Banks and Building Societies	Sovereign rating AAA Short-term F1+, Long-term AA-	In-house	£25m
Structured Deposits: Fixed term deposits with variable rate and variable maturities	Sovereign rating AAA Short-term rating F1+ Long-term rating AA-	In-house	£25m
UK Government Gilts	Long Term AAA	In-house	£25m

- 11.6 The Council uses Fitch ratings (or equivalent from other agencies if Fitch does not provide a rating) to derive its counterparty criteria, but will take into consideration ratings from all three main credit ratings providers when compiling its counterparty list. The Council will take an overall view on its counterparties so that an organisation could be removed from the list if the predominant view of the organisation is pessimistic. Where the overall view of the three main ratings agency is pessimistic, the Council is likely to adopt the most pessimistic of the available ratings.
- 11.7 The minimum credit rating required for an institution to be included in the Council's counterparty list is as follows:

**Table 5**

Agency	Long-Term	Short-Term	Individual	Support
Fitch	AA-	F1	C	1
Moodys	Aa3	P-1	N/A	C
Standard & Poors	AA-	A-1	N/A	N/A
Sovereign Rating	AAA			
Money Market Fund	AAA			

11.8 The Council will only use approved counterparties from countries with minimum sovereign credit rating of AAA from Fitch as outlined above. The following countries are currently rated AAA:

- Australia
- Canada
- Denmark
- Finland
- France
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- United Kingdom

11.9 All credit ratings will be monitored on a proactive basis and the Council's counterparty list will be updated to take account of alerts to changes in ratings through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria as outlined in 11.5, its further use as a new investment will be withdrawn immediately.
- If a body is placed on negative rating watch (i.e. there is a reasonable probability of a rating change and the likelihood of that change being negative) and it is currently near the floor of the of the minimum acceptable rating for placing investments with that body as outlined in 11.5, then no further investments will be made with that body.

11.10 The Council as well as using credit rating agencies, also use financial press, market data, information on government support for banks and the credit ratings of that government support when compiling its counterparties list.

11.11 Institutions with which the Council can place funds are as follows:

- Bank of England Debt management Office (DMO).
- The institutions that were included in the UK Government's permanent capital investment and short-term liquidity support programme.
- Other UK institutions meeting our minimum credit rating criteria
- UK AAA rated Money Market Funds
- Other local authorities
- Overseas institutions (falling within the Council's minimum credit criteria) from countries with sovereign ratings of AAA from all rating agencies

- 11.12 The Council anticipates its fund balances in 2012/13 to average approximately £165m, although the actual amount available for investment at any one time will fluctuate as a result of timing of significant items such as:
- Expenditure on capital projects
  - Council tax, business rates, council house rent income
  - Receipt of government grants
  - Capital receipts in respect of major asset sales
- 11.13 It is proposed that the Council adopts a prudential indicator limit of £25m for 2012/13 for term deposits over 365 days (but no more than 3 years), although only £15m can be invested for a period between 2 to 3 years maturity.
- 11.14 Investment Strategy:
- 11.14.1 **In-house funds:** The Council's in-house investments are principally related to cashflow. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates.
- 11.14.2 **Interest rate outlook:** Bank of England Base Rate has remained at 0.50% since the initial tumble down from a high of 5.75% in November 2007 to the current rate in March 2009. The outlook for interest rates indicates a growing belief that central banks are keen to keep rates low for a prolonged period, to encourage global growth. Forecasters are moving the date of the first projected interest rate increase in the UK back, potentially into 2015.
- 11.14.3 The pace of the economic recovery has slowed and the outlook for global economy is for slow/flat growth in the medium term. There remains a distortion in the inter-relationships between money market rates and bank rate. The 2012/13 budget has been set to take account of low interest rates, but officers will continue to invest to maximise returns in line with the Council's counterparty criteria.

## **12 MINIMUM REVENUE PROVISION POLICY STATEMENT 2012/13**

- 12.1 The Council is required to provide an annual amount in its revenue budget to provide for the repayment of the debt it has incurred to finance its General Fund capital investment. The calculation of this sum termed the Minimum Revenue Provision (MRP) was previously prescribed by the Government.
- 12.2 The Department of Communities and Local Government (DCLG) now require Councils to establish a policy statement on the MRP and has published guidance on the four potential methodologies to be adopted.
- 12.3 The guidance distinguishes between supported borrowing which relates to assumed borrowing which is incorporated into the Governments Formula Grant calculation and consequently has an associated amount of government grant and unsupported borrowing. Unsupported borrowing is essentially prudential borrowing the financing costs of which have to be met by the Council locally.
- 12.4 The DCLG guidance provides two options for the calculation of the MRP associated with each classes of borrowing.
- 12.5 The two options for the supported borrowing are variants of the existing statutory calculation which is based on 4% of the aggregate assumed borrowing for general fund

capital investment - termed the Capital Financing requirement (CFR). The two options are:

- **Option 1 (Regulatory Method):** To continue the current statutory calculation based on the gross CFR less a dampening factor to mitigate the impact on revenue budgets of the transition from the previous system. This calculation is further adjusted to repay debt transferred to the Council when the Inner London Education Authority (ILEA) was abolished.
- **Option 2 (Capital Financing Requirement Method):** The statutory calculation without the dampener which will increase the annual charge to revenue budget.

12.6 The options purely relate to the timing of debt repayment rather than the gross amounts payable over the term of the loans. The higher MRP payable under option 2 will accelerate the repayment of debt.

12.7 It is recommended that because of budget constraints in the medium term the existing statutory calculation with the ILEA adjustment be adopted as the basis of the Councils MRP relating to supported borrowing.

12.8 The guidance provides two options for the MRP relating to unsupported borrowing. The options are:-

- **Option 3 (Asset Life Method):** To repay the borrowing over the estimated life of the asset with the provision calculated on either an equal instalment or annuity basis. This method has the advantage of simplicity and relating repayments to the period over which the asset is providing benefit.
- **Option 4 (Depreciation Method):** A calculation based on depreciation. This is extremely complex and there are potential difficulties in changing estimated life and residual values.

12.9 It is recommended that option 3 is adopted for unsupported borrowing.

12.10 The Council is required regulation 28 of the Local Authorities (Capital Finance and Accounting) (England ) (Amendment) Regulations 2003 to determine for each financial year an amount of minimum revenue provision which it considers to be prudent. It is proposed that the Council makes Minimum Revenue Provision using Option 1 (Regulatory Method) for supported borrowing and Option 3 (Asset Life Method) for unsupported borrowing.

### 13. **APPENDICES**

Appendix 1 – Prudential and Treasury Indicators

Appendix 2 – Definition of Credit Ratings

Appendix 3 – Adoption of the revised CIPFA Treasury Management Code of Practice 2011

Appendix 4 – Treasury Management Policy Statement

Appendix 5 – Treasury Management Scheme of Delegation

Appendix 6 – Treasury Management Reporting Arrangement

**PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS**

Prudential indicators	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Actual	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
<b>Capital Expenditure</b>					
Non – HRA	111.348	130.717	124.990	98.855	47.888
HRA	37.227	31.615	60.376	69.707	76.590
TOTAL	148.575	162.332	185.366	168.562	124.478
<b>Ratio of Financing Costs To Net Revenue Stream</b>					
Non – HRA	2.20%	2.12%	1.83%	2.20%	2.69%
HRA	18.70%	17.90%	2.04%	2.22%	2.17%
<b>Net Borrowing Requirement</b>					
brought forward 1 April	353.930	255.285	60.150	90.432	111.267
carried forward 31 March	255.285	24.135	90.432	111.267	126.904
in year borrowing requirement	(98.645)	(231.150)	30.282	20.835	15.637
<b>In Year Capital Financing Requirement</b>					
Non - HRA	1.796	(0.986)	5.082	3.095	3.107
HRA	16.895	12.500	(234.000)	7.540	7.530
TOTAL	18.691	11.514	(228.918)	10.635	10.637
<b>Capital Financing Requirement as at 31 March</b>					
Non - HRA	163.046	162.060	168.399	171.494	174.601
HRA	293.375	69.675	72.333	79.873	87.403
TOTAL	456.421	231.735	240.732	251.367	262.004
<b>Incremental Impact of Capital Investment Decisions</b>	£ p	£ p	£ p	£ p	£ p
Increase in Council Tax (band D) per annum	5.31	3.58	2.94	0.98	0.95
Increase in average housing rent per week	2.07	1.78	0.27	0.27	0.27

<b>TABLE 4: Treasury Management Indicators</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Authorised Limit For External Debt -</b>					
Borrowing	481.421	476.079	265.732	276.367	287.004
Headroom	20.000	20.000	20.000	20.000	20.000
Other long term liabilities	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>501.421</b>	<b>496.079</b>	<b>285.732</b>	<b>296.367</b>	<b>307.004</b>
<b>Operational Boundary For External Debt -</b>					
Borrowing	481.421	476.079	265.732	276.367	287.004
Other long term liabilities	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>481.421</b>	<b>476.079</b>	<b>265.732</b>	<b>276.367</b>	<b>287.004</b>
<b>Actual External Debt</b>	<b>353.475</b>	<b>91.352</b>	<b>92.437</b>	<b>91.418</b>	<b>90.623</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper Limit For Variable Rate Exposure</b>					
Net principal re variable rate borrowing / investments	20%	20%	20%	20%	20%
<b>Upper Limit For Total Principal Sums Invested For Over 364 Days</b>	<b>0</b>	<b>25.000</b>	<b>25.000</b>	<b>25.000</b>	<b>25.000</b>
(per maturity date)					

<b>TABLE 5: Maturity Structure of Borrowing In 2011/12</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
under 12 months	10%	0%
12 months and within 24 months*	30%	0%
24 months and within 5 years*	40%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%

\* This upper limit has been increased to allow for the risk of lenders option being exercised on the Council's debt portfolio in 2012/13. It is not anticipated that this will happen.

## Appendix 2: Definition of Credit Ratings

### Support Ratings

Rating	
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-term rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-term rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-term rating floor no higher than 'B-' and in many cases no floor at all.

### Short-term Ratings

Rating	
F1	<b>Highest credit quality.</b> Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	<b>Good credit quality.</b> A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	<b>Fair credit quality.</b> The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

## Long-term Ratings

Rating	Current Definition (August 2003)
<b>AAA</b>	<b>Highest credit quality.</b> 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
<b>AA</b>	<b>Very high credit quality.</b> 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
<b>A</b>	<b>High credit quality.</b> 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
<b>BBB</b>	<b>Good credit quality.</b> 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category

## Individual Ratings

Rating	
<b>A</b>	A very strong bank. Characteristics may include outstanding profitability and balance sheet integrity, franchise, management, operating environment or prospects.
<b>B</b>	A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects
<b>C</b>	An adequate bank, which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.
<b>D</b>	A bank, which has weaknesses of internal and/or external origin. There are concerns regarding its profitability, substance and resilience, balance sheet integrity, franchise, management, operating environment or prospects. Banks in emerging markets are necessarily faced with a greater number of potential deficiencies of external origin.
<b>E</b>	A bank with very serious problems, which either requires or is likely to require external support.





## Adoption of the revised CIPFA Treasury Management Code of Practice 2009

### INTRODUCTION

The CIPFA Code of Practice on Treasury Management in Local Authorities was last updated in 2001 and has been revised in 2009 in the light of the default by Icelandic banks in 2008. The revised Code requires that a report be submitted to the council, board or other appropriate body, setting out four amended clauses which should be formally passed in order to approve adoption of the new version of the Code of Practice and Cross-Sectoral Guidance Notes.

The revised Code also includes an amended version of the treasury management policy statement (TMPS) incorporating just three clauses and a revised definition of treasury management activities. The Code does not require this statement to be approved by the council, Board or other appropriate body.

### RESOLUTIONS

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances the following four clauses.

1. This organisation will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. This organisation (i.e. full council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to The Corporate Director-Resources, who will act in accordance with the organisation's policy statement and TMPs and if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. This organisation nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## Treasury management Policy Statement

The London Borough of Tower Hamlets defines the policies and objectives of its treasury management activities as follows: -

1. This organisation defines its treasury management activities as:  
“The management of the authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

## Treasury Management Scheme of Delegation

### 1. Full Council / Cabinet

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

### 2. Cabinet /Section 151 Officer

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement
- budget consideration and approval
- approval of the division of responsibilities
- approving the selection of external service providers and agreeing terms of appointment.

### 3. Audit Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing regular monitoring reports and acting on recommendations

**Treasury Management Reporting Arrangement**

Area of Responsibility	Council/Committee/Officer	Frequency
Treasury Management Strategy Statement/ Annual Investment Strategy/ Minimum Revenue Provision Policy	Full Council	Annually before the start of the financial year to which policies relate
Treasury Management Strategy Statement/ Annual Investment Strategy/ Minimum Revenue Provision Policy	Full Council	Mid year of financial year to which policies relate
Updates or revisions to the Treasury Management Strategy Statement/ Annual Investment Strategy/ Minimum Revenue Provision Policy	Full Council	
Annual Treasury Outturn Report	Audit Committee	Annually by 30 September after the year end to which the report relates
Treasury Management Practices	Corporate Director-Resources	
Scrutiny of Treasury Management Strategy Statement	Overview and Scrutiny Committee	Annually before the start of the financial year to which the report relates
Scrutiny of Treasury Management Performance	Audit Committee	Quarterly

This page is intentionally left blank

## **LONDON BOROUGH OF TOWER HAMLETS**

### **COUNCIL MEETING**

**WEDNESDAY 28<sup>th</sup> NOVEMBER 2012**

### **CALCULATION OF NON-DOMESTIC RATES INCOME**

### **REPORT OF THE CORPORATE DIRECTOR, RESOURCES**

#### **1. SUMMARY**

- 1.1 The reform of local government finance introduces new arrangements for planning for non-domestic rates income. In future, instead of paying the whole amount of business rates collected to the Government for redistribution, the Council will retain a small proportion of rates locally to assist with funding local services. This results in changes to the statutory framework governing the setting of the Council's budget.
- 1.2 This report seeks delegation of purely technical elements of this process involving the formal notification of figures to the Government and other stakeholders to the Chief Finance Officer; it does not affect the Council's consideration of the budget and Medium Term Financial Plan at the annual budget-setting meeting.

#### **2. RECOMMENDATIONS**

The Council agrees;

- 2.1. That the duty to calculate its non-domestic rates income for the coming year and to notify preceptors and the Government as set out in the draft Non Domestic Rating (Rates Retention) Regulations 2012 be delegated to the Council's statutory chief finance officer.
- 2.2. To note that if the draft regulations are not approved in the form set out in the report, a further report will be submitted to the Council.

#### **3. CALCULATION OF NON-DOMESTIC RATES INCOME**

- 3.1 The reform of local government finance introduces new arrangements for planning for non-domestic rates. Up to and including the current financial year, all non-domestic (business) rates income collected by the authority has

been paid across in full to the Government under the National Non-Domestic Rates scheme.

- 3.2. From 2013/14 onwards, rates income collected by the authority will be distributed between the Council, the Greater London Authority (GLA) and the Government. The Council will retain a proportion of rates collected under the new Business Rates Retention scheme instead of receiving Formula Grant.

A fuller explanation of the new arrangements and their implications for the budget will appear in budget papers for Cabinet to be considered by Council in February.

- 3.3. Since the calculation of non-domestic rates income now has implications for other authorities, the Government has published new draft regulations (The Non Domestic Rating (Rates Retention) Regulations 2012), which state as follows;

**Calculation and notification of amounts**

- 5.—(1) On or before 31st January in the preceding year, a billing authority must—
- (a) calculate its non-domestic rates income for the relevant year;
  - (b) calculate the amount of the central share of its non-domestic rating income for the relevant year;
  - (c) calculate the amount of each relevant precepting authority's share of its non-domestic rating income for the relevant year; and
  - (d) notify the Secretary of State and any relevant precepting authorities of the amounts calculated.

- 3.4. This is similar to the current requirement in relation to Council Tax to consider and approve the Council Tax Base, and this function is currently delegated to the Cabinet. However, in the case of non-domestic rates, the annual non-domestic rate will continue to be set by the Government on the basis of an annual inflation uplift. The estimate of non-domestic rates income is therefore purely a technical issue.
- 3.5. It is therefore proposed that the function of the authority under the draft regulations to calculate non-domestic rates income and to notify the Government and the GLA should be delegated to the chief finance officer (Section 151 officer) of the Council, who is currently the Corporate Director – Resources.

In the event that regulations are not approved by Parliament in accordance with the draft, this decision of the Council will lapse and a further report will be submitted to Council on 23<sup>rd</sup> January

- 3.6 Council approval of this matter will allow greater efficiency in the budget process. If Council decides not to delegate this matter a report will be submitted to Council on 25<sup>th</sup> January to seek formal approval of the business rates income estimate.



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

4.1 There are no legal implications the advice is set out in the body of the report regarding the basis of the delegation

**5. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

5.1 The comments of the Corporate Director, Resources are included in the body of the report of which he is the author.

---

**LOCAL GOVERNMENT ACT, 1972 SECTION 100D (AS AMENDED)**

**LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

<b>Brief description of background papers:</b>	<b>Name and telephone number of holder and address where open to inspection</b>
--	---

- None

This page is intentionally left blank

**LONDON BOROUGH OF TOWER HAMLETS**

**COUNCIL MEETING**

**WEDNESDAY 28<sup>TH</sup> NOVEMBER 2012**

**MOTIONS SUBMITTED BY  
MEMBERS OF THE COUNCIL**

**REPORT OF THE SERVICE HEAD,  
DEMOCRATIC SERVICES**

## **SUMMARY**

1. Sixteen motions have been submitted by Members of the Council under Council Procedure Rule 13 for debate at the Council meeting on Wednesday 28<sup>th</sup> November 2012.
2. The motions submitted are listed overleaf. In accordance with the protocol agreed by the Council on 21<sup>st</sup> May 2008, the motions are listed by turns, one from each group, continuing in rotation until all motions submitted are included. The rotation starts with any group(s) whose motion(s) were not reached at the previous meeting.
3. Motions must be about matters for which the Council has a responsibility or which affect the Borough. A motion may not be moved which is substantially the same as a motion which has been put at a meeting of the Council in the previous six months; or which proposes that a decision of the Council taken in the previous six months be rescinded; unless notice of the motion is given signed by at least twenty Members.
4. There is no specific duration set for this agenda item and consideration of the attached motions may continue until the time limit for the meeting is reached. The guillotine procedure at Council Procedure Rule 9.2 does not apply to motions on notice and any of the attached motions which have not been put to the vote when the time limit for the meeting is reached will be deemed to have fallen. A motion which is not put to the vote at the current meeting may be resubmitted for the next meeting but is not automatically carried forward.

## **MOTIONS**

Set out overleaf are the motions that have been submitted.

## 12.1 'Old Flo' The Henry Moore Statue

**Proposer:** Councillor Peter Golds

**Seconder:** Councillor David Snowdon

This Council notes:

- That in 1962 Henry Moore provided the Stifford Estate with the bronze work of art, The Draped Seated Woman, which became popularly known by residents as 'Old Flo'
- That in 1997 'Old Flo' was moved by the Council to the Yorkshire Sculpture Park for safekeeping
- That at a Full Council Meeting in 2010 the Council unanimously agreed a motion proposed by Cllr Archer to bring the statue back to Tower Hamlets and display it for the benefit of all local residents.
- That Mayor Rahman now plans to sell the statue, following no consultation with the people of this Borough
- That the Mayor, by selling the statue, is riding roughshod over the unanimous Overview and Scrutiny Committee decision that he must think again, and the unanimous Full Council Motion from 2010 demanding the statue be moved back to Tower Hamlets.
- The Mayor has not explored all options available on where the Sculpture could be placed so that ordinary working East Enders and Londoners can enjoy this work of art.
- That the Museum of London Docklands has made an offer to house the sculpture at no cost to the local taxpayer
- That the Mayor of London and the director of the Opening Ceremony of the London Olympics, Danny Boyle, have joined calls for Mayor Rahman not to sell the Draped Seated Woman statue and for it to be housed back in Tower Hamlets.

This Council resolves:

- To ask the Mayor and Cabinet to stop the sale of the Henry Moore sculpture
- To ask the Mayor to further investigate the option of housing the Statue at the Museum of London at Docklands and all other sites suggested by local groups

## **12.2 Council Finances**

**Proposer: Councillor Carlo Gibbs**  
**Seconder: Councillor Joshua Peck**

### **This Council notes:**

- The devastating ideological cuts by the Conservative - Liberal Democrat Government include a reduction to the council's grant formula funding by over 17% since 2011.
- Changes to welfare benefits including cuts to housing benefit, council tax benefit and the introduction of the universal credit amount to an unprecedented attack on the most vulnerable in our society and will lead to a greater demand on council resources.
- In a further attack on vulnerable people, the Chancellor pledged at Tory Party Conference to cut welfare benefits by a further £10bn, while at the same time giving tax breaks for millionaires by cutting the top rate of tax to 45p.
- The Conservative-Liberal Democrat Government's austerity measures have resulted in a double dip recession, continued high unemployment and little economic growth.

### **This Council also notes that the Council:**

- Has a responsibility to our residents to manage our finances efficiently and deliver a balanced budget.
- Is showing in its Medium Term Financial Plan a deficit of £9.5m in year 2014/15, £28m in 2015/16 and £44m in 2016/17.
- Will be spending on average £16m more per year than it is expecting to receive in after 2014/15.
- Is in such a desperate financial position that the cabinet is having to sell the Henry Moore statue of the draped woman, despite this being gifted to the people of Tower Hamlets, and various other council owned properties.

### **This Council notes that the Mayor:**

- Is using £9.5m from reserves to cover the deficit in the 2014/15 budget, to be agreed ahead of the next local elections, and has no plans to deal with the deficit after that time.
- Has a number of big spending proposals including a fund for restoring religious buildings, the Mayor's educational award and funding to replace the cut in council tax benefit, which are not funded after the 2014 elections.

- Failed to protect the most vulnerable when he proposed to needlessly slash funding for welfare advice services, some as much as 75%, which would likely increase the financial risk faced by the council.

**Further notes the Mayor continues to waste the Council's finances, including:**

- Spending £38,000 sending a letter to update to 100,000 residents about his latest policy, despite spending £1m per year on East End Life, which is sent to every door on a weekly basis;
- Wasting £120k that was meant to promote businesses during the Olympics, including spending £40k alone on an "app", following which businesses in Brick Lane faced one of their worst summers of trading;
- Spending £32k on Council banners including £21k with the Mayors face on;
- Wasting £54,000 per year on a rented Mercedes and driver to drive the Mayor around the borough;
- Spending 119,000 on a range of Mayoral advisors and consultants.
- Wasting over £7,000 on taxis for his Cabinet members since October 2010.

**This Council believes:**

- That the use of reserves to cover deficit spending in 2014/15 is unsustainable.
- That any available resources must be used to build capacity and resilience in the community, as we anticipate further cuts.
- The Mayor is failing to show leadership in the face of the Conservative - Liberal Democrat Government's cuts by ignoring the council's difficult financial state until after the next election;
- The Mayor continues to spend significant amounts of council tax payer money on his own self-promotion and needlessly wastes money on expensive travel for himself and his cabinet, which would be better spent on services;
- The Mayor should be honest with residents about how he will deal with this deficit now, including whether this will include large tax rises or service cuts.

**This Council calls on the Mayor to:**

- Bring forward a proposal in the up-coming budget process about how the he will deal with the council's deficit from 2014-2016/17;
- Ensure that all decisions regarding service cuts include meaningful consultation with all council members, service users, unions and staff potentially affected;

- Work with community groups, RSLs, other public sector bodies and local business to ensure the most effective way of delivering council services as possible;
- Enact a total ban on the use of Council resources for self-promotion, including a ban on sending policy related letters to residents and moratorium on any further publicity with the Mayor's face on them;
- Enact a total ban of first class travel and the use of taxi's for Councillors (excluding the Speaker and Deputy Speaker) and senior staff before 10pm;
- Agree to a moratorium on new policy announcements that are not fully funded for the entire proposed length of their operation;
- Explain to the people of Tower Hamlets how he intends to fund his spending commitments after 2014/15.
- Immediately review the Council's virements procedures and in the interim agree to bring all £200k virements through full Council.

### **12.3 Motion against erasing the history of Tower Hamlets**

**Proposer: Councillor Ohid Ahmed**

**Seconder: Councillor Gulam Robbani**

This Council notes:

1. The Local Government Boundary Commission for England (LGBCE) are currently undertaking review of Tower Hamlets Ward Boundaries
2. The decision of the LGBCE on 13 November 2012 to adopt Conservative proposal to abolish the name Banglatown from Spitalfields & Banglatown.
3. The decision of the LGBCE to break up the East India and Lansbury ward and rename it Poplar North.
4. That the decision was taken following representations from the Conservative Party in Tower Hamlets.
5. The final recommendations will be announced by the LGBCE on January, 8 2013.

This Council believes:

1. That the removal of the word "Banglatown" is a blow to community cohesion and sends a clear message to the British-Bangladeshi community that their contribution to the life of the area is being airbrushed from history.
2. That the change will be a blow to the restaurant industry in the area which has built its branding on the name and that rebranding is an expense that small and medium-sized business cannot afford in these times of Tory-led austerity.
3. That the removal of social justice and Labour movement icon George Lansbury from the ward map of Tower Hamlets is similarly a blow against the East End's uniquely vibrant culture and history.

This Council resolves:

1. To condemn in the strongest possible terms the clear attempt by the Conservative Party, led by Councillor Peter Golds, to attempt to abolish historic ward names.
2. To acknowledge the deep offence caused by Councillor Golds' attempts to influence the LGBCE in this way, and demands that the Conservative Group leader publically apologise to the residents of Spitalfields and Banglatown for the offence and upset he has caused.
3. To call immediately for the Mayor to write formally, on behalf of the residents of Tower Hamlets, to the LGBCE, to reinstate 'Banglatown' and 'Lansbury' in their final review of historic ward names and boundaries



## 12.4 Motion On History Teaching

**Proposer: Councillor David Snowdon**

**Seconder: Councillor Peter Golds**

This Council notes:

- Only 11.7% of Tower Hamlets school children pass GCSE History at grades A\*-C. This is the fifth lowest number in England, ahead of only Knowsley, Newham, Kingston-Upon-Hull and Manchester.
- Over three times more school children achieve A\*-C GCSE History in the top performing council in the country, Hammersmith and Fulham.
- Tower Hamlets has the ninth lowest number of children passing A-Level History in England.

This Council believes:

- That the study of history allows our school children to develop high level analytical skills, and helps them to more fully appreciate the world around them. This in turn promotes civic and community engagement.
- That in order to increase the number of Tower Hamlets school children achieving high grades in History, we need to increase the provision of History teaching in our schools.

This Council resolves:

To call on the Mayor:-

- To instruct officers to write to all Head Teachers of schools within the Borough to make them aware of the Council's support for a higher provision of History teaching.
- To instruct officers to contact schools to investigate barriers to a higher level of provision of history teaching and report back to full council within six months.
- To champion the cause of history teaching in Tower Hamlets and investigate what he can do to promote this objective

## 12.5 Banglatown Ward Name

**Proposer:** Councillor Joshua Peck

**Seconder:** Councillor Helal Abbas

This Council Notes:

- The Local Government Boundary Commission for England (LGBCE) has recently released its draft recommendations for new ward boundaries and names in Tower Hamlets.
- That the LGBCE is recommending renaming the successor ward for the current 'Spitalfields and Banglatown' as 'Spitalfields' doing away with the 'Banglatown' name.
- That the LGBCE made its decision following the Conservative Group submission which argued that: *'the Bangladeshi community lives across the borough' and that to include 'Banglatown' in the name 'implies that the Bangladeshi community in Tower Hamlets is restricted to the Spitalfields area alone'*
- The strong local public opinion in support of the retention of the Banglatown ward name.

This Council believes:

- The Banglatown name was introduced to reflect the significant Bangladeshi population and the cross-cultural nature of our community.
- Removing the name would be entirely wrong, especially as local residents have not been consulted by either the Conservative Group or the LGBCE.
- The Banglatown name reflects not only the geographic location but the role of Brick Lane as the cultural heart of Britain's Bangladeshi community.
- The Mayor's proposal, adopted by the Boundary Commission, to reduce the number of councillors from 51 to 45 was a mistake and that with the fastest growing population in the country Tower Hamlets will suffer as a result of the reduction in councillors.
- Were the number of councillors still set at 51, then Spitalfields and Banglatown may have remained a three member ward and the debate over the name could have been avoided.

This Council resolves:

- To call on all political parties to argue in any further submissions to the LGBCE for the reinstatement of the Banglatown ward name.
- To support residents in making appeals to the LGBCE not to abolish the Banglatown ward name.

## 12.6 Increasing affordable housing provision in Tower Hamlets

**Proposer: Councillor Rania Khan**

**Seconder: Councillor Rabina Khan**

This Council notes:

1. Tower Hamlets was the beneficiary of a mass council housing building programme in the decades after the World War Two. This house building programme was accompanied by an ethos that everyone was entitled to live in high quality housing they can take pride in.
2. That legacy has been under sustained attack since the Thatcher government introduced measures to sell off council housing and reduce funding to it.
3. That the consequences of this strategy have consigned a generation of young people to extortionate rents in the private sector and contributed to an inflated housing market. A third of tenants in the south-east and London are paying more than 50% of their take-home pay to landlords. The average deposit for first-time buyers in the capital is now £57,000.
4. That government austerity is further compounding this problem. Tower Hamlets has suffered the 7<sup>th</sup> highest level of cuts with £204 per head taken from the budget and with less deprived areas, largely Tory-controlled, being relatively lightly hit by the cuts (The Guardian, 'Council cuts 'targeted towards deprived areas'', 14<sup>th</sup> Nov 2012).
5. That Communities Secretary Eric Pickles has encouraged councils to sell off assets to plug the funding shortfalls created by this Government's ideologically driven cuts.
6. The deep regret with which the Mayor of Tower Hamlets made the decision to sell off the Henry Moore statue, *Draped, Seated Woman*, known locally as 'Old Flo.'

This Council believes:

1. The principle that everyone deserves high quality affordable housing.
2. That local authorities should not be forced into a situation whereby they have to sell off assets in order to raise desperately needed funding.

This Council resolves:

1. To support the Mayor's plan to invest the proceeds from the sale of Old Flo statue into affordable housing and local heritage projects to ensure that Moore's legacy lives on in the area.

## **12.7 Motion: Social Landlords**

**Proposer: Councillor Zara Davis**

**Seconder: Councillor Tim Archer**

This Council Notes:

- That the Minister for Housing and Local Government has praised social landlords such as Viridian and Home Group for their plans to publish expenditure over £500.
- That the Minister calls on social landlords to follow Viridian and Home Group's example and become more transparent.
- That the Government is committed to a consultation with social landlords on whether to expand the scope of the Freedom of Information Act to apply to them.

This Council Believes:

- That the example shown by Viridian and Home Group is a step in the right direction and that all social landlords should consider following their lead.
- That the government should extend the Freedom of Information Act to apply to social landlords and all Housing Associations; so that they will publish spending over £500.

This Council Resolves:

- To support the government in its consultation.
- To encourage and support Housing Associations/Social landlords in the London Borough of Tower Hamlets to publish all spending over £500.

## 12.8 Unemployment in Tower Hamlets

**Proposer: Councillor Anwar Khan**

**Seconder: Councillor John Pierce**

This Council notes:

- That unemployment in the UK has increased since the Coalition Government came to power.
- Tower Hamlets continues to experience significantly above average rates of unemployment.
- Over the course of the Olympics and its build up the number of Job Seekers Allowance claimants in Tower Hamlets increased.
- Over the same period of time, neighbouring Olympics boroughs took advantage of the Olympics to significantly decrease the number of unemployed residents.
  - Newham – 715 fewer JSA claimants
  - Hackney - 808 fewer JSA claimants
  - Waltham Forest – 475 fewer JSA claimants
- In particular youth unemployment in Tower Hamlets is a severe problem with the number of long-term unemployed young people in the borough increasing by 141% between September 2011 and September 2012 according to ONS figures.

This Council believes:

- That the Olympics offered a golden opportunity to provide jobs and skills for young people in Tower Hamlets.
- The Mayor and his Cabinet failed to grasp the opportunity of the Olympics as unemployment in Tower Hamlets increased between July 2012 and September 2012.
- The Mayor has let the borough down by missing the opportunity to get more people into jobs during the Olympics.

This Council resolves:

- To formally censure the Mayor for his failure to implement an effective strategy to reduce unemployment during the Olympics unlike neighbouring Labour boroughs.
- To request the Mayor presents the Council with a clear and coherent plan for jobs in Tower Hamlets.

## **12.9 London Living Wage**

**Proposer: Councillor Abdul Asad**

**Seconder: Councillor Shafiqul Haque**

This Council notes:

1. That in November 2008, the then Leader of the Council and now Executive Mayor of Tower Hamlets, Lutfur Rahman, instituted the London Living Wage in the Council.
2. Under the Mayor's administration by 2011 the London Living Wage policy was included in 28 contracts worth £77million, this has risen in 2012 to 37 contracts worth £123 million.
3. That the Labour Leader Ed Milliband pledged to bring in a living wage for all government contracts.

This Council believes:

1. That paying a living wage is a cornerstone of social and economic justice.
2. That in these times of Tory-led economic stagnation, cuts and devastating welfare reform, it is more important than ever to ensure that the incomes of the most vulnerable are protected.

This Council resolves:

1. To reaffirm its commitment to the London Living Wage
2. To support the Mayor in the battle to continue to ensure the Council's contracting practices use every measure within the law to widen the agreement to deliver the London Living Wage.

## **12.10 High Earners and Council Housing**

**Proposer: Councillor Tim Archer**

**Seconder: Councillor David Snowdon**

This Council Notes:

- There are some 6,000 Council houses across the UK that have tenants earning more than £100,000 a year living in them.
- That it has been reported that there are 15,000 tenants in social housing earning more than £80,000 a year.
- That there are a number of such tenants resident in the London Borough of Tower Hamlets. These people including key supporters of the Mayor and his administration.
- That the Minister for Housing and Local Government has brought forward plans that would give social landlords new powers to increase rents for high-income tenants.

This Council Believes:

- That these new powers granted to social landlords by the Department for Communities and Local Government will help solve this problem and return much needed social housing to those in need.

This Council Resolves:

- To support the Department for Communities and Local Government in putting in place these new powers.
- To encourage all Social Landlords in the London Borough of Tower Hamlets not to subsidise rents for those high earners earning over £80,000

## 12.11 Motion on the sale of Henry Moore Sculpture

**Proposer: Councillor Denise Jones**

**Seconder: Councillor Anwar Khan**

This Council believes:

- That the sculpture Draped Seated Woman ('Old Flo') belongs to the people of Tower Hamlets and should be retained by the council and displayed in a public place in Tower Hamlets
- That the sculpture was sold at a discounted price to the London County Council by the artist Henry Moore because he believed that art is beneficial, and should be accessible, to all, including the East End's working class, not just those rich enough to be able to afford to own it
- That Moore based the sculpture on his Wartime Shelter drawings of East End resident sheltering in the Central Line at Liverpool Street and elsewhere, and this gives the sculpture even greater connection to the people of East London, where thousands of people died during the war and 172 were killed in the Bethnal Green tube disaster.
- That the council should respect the wishes of the artist that it should be displayed for public enjoyment as a symbol of peace.
- That the sculpture is part of Tower Hamlets' cultural and heritage legacy and once sold will leave a void in that legacy

This Council further believes

- That despite the huge funding challenges facing the Council, a £5-20million capital receipt from this sale will make little impact on a £44million deficit predicted in 2016/17.
- As a capital receipt this money cannot in the long-term be used to fund on-going service provision, or fill the gap created by Government cuts.
- That the Mayor tried to sell the sculpture when he was Leader of the Council, before the Council faced its current budget cuts, and so he cannot claim that this is his motivation.
- That the Mayor's claims that the sculpture cannot be safely returned to Tower Hamlets have been proved to be untrue, as a number of organisations – including the Museum of London at Docklands, Queen Mary University, the Friends of Christ Church Spitalfields and a local school – have all offered to house it in publicly accessible places, with other organisations including the Art Fund and Whitechapel Gallery offering their expertise in transporting and maintaining the sculpture.



- That the relocation of the sculpture in Tower Hamlets could be a boost to tourism in the borough, and bring economic benefit to local businesses.
- That the Council owns numerous pieces of public art that could be at risk of sale after the decision to sell this sculpture.
- That, whilst housing, education and health are important priorities, they should not be at the expense of the cultural wellbeing of the borough and its residents.

The Council resolves:

- To condemn the Mayor's proposed sale of the sculpture, to request that he halts it and secures its return to public display in Tower Hamlets, either on Council land or at one of the institutions which have offered to house it.

## **12.12 The Impact of Housing Benefit 'reform' on women and families**

**Proposer: Councillor Oliur Rahman**

**Seconder: Councillor Rabina Khan**

This Council notes that:

1. Since April 2011, the Tory-led government has implemented cuts to housing benefit that include decreasing the local housing allowance level, increasing non-dependant charges, increasing the threshold for age threshold for the Shared Accommodation Rate of Local Housing Allowance from 25 to 35 for new claims.
2. In April 2013, the government is due to implement the most severe of all the reforms – The Benefit Cap of £500 for a couple and £350 for a single family.
3. The Council has launched a Prepare and Act Now Campaign to ensure that residents are aware of the changes and can seek advice and assistance from the Council and third sector organisations.
4. Of the 149 families visited by housing officers last week, 50% were single mothers, this compares to the percentage of single mother families in our entire borough's population, of around 7%.
5. The November 2012 Homeless Bound study from the National Housing Federation (NHF) shows that 1,660 families with children and pregnant women were temporarily living in B&Bs in the three months after January last year in London, the South East and East of England, a 60% increase on 2010 figures.
6. The Lead Member for Housing has written to the two new housing ministers, Mark Prisk MP and Don Foster MP, as well as to Simon Hughes MP, The Deputy Leader of the Liberal Democrats to raise awareness of the impact these reforms will have on the residents of Tower Hamlets.

This Council believes that:

1. These measures will have an adverse and disproportionate effect on Tower Hamlets residents.
2. The Benefit cap will increase the difficulty for residents on housing benefit to pay for private sector rent in this borough.
3. The disproportionately affected single mother households are some of the most vulnerable people in our community and many of these families will have been housed by the Council, following domestic violence incidents.
4. Many of these families have deep roots in Tower Hamlets, including family networks and will have children at local schools.

5. The impact of welfare reform on these women will be devastating – removing them from support networks they rely on and making it more unlikely they will access employment

This Council resolves:

1. To condemn the Tory-led government's policy of targeting the cuts at our most vulnerable residents.
2. To encourage councillors from all parties to work with the Mayor to lobby against these policies which clearly have a discriminatory affect on the residents of Tower Hamlets.
3. To continue to highlight the negative impact these reforms will have on families in Tower Hamlets, especially single mother families.
4. To continue offer support and guidance to residents, to ensure they are aware of the changes and have the support they need to prepare for them.

## **12.13 Motion against Free Schools**

**Proposer: Councillor Shahed Ali**

**Seconder: Councillor Ohid Ahmed**

This Council notes:

1. The recent decision by the planning committee to grant permission to Wapping Free School to operate from the former Polly Peck offices on the corner of New Road and Commercial Road.
2. That national Labour Party policy is consistently opposed to Free Schools
3. That only 1.7 per cent of pupils at the first Free School to establish itself in Tower Hamlets are on school meals, compared to 48 per cent for the borough as a whole.
4. The remarkable improvement in GCSE results by the borough's children that has been achieved by years of investment by the Mayor and his Labour predecessors in the borough's state schools and teaching infrastructure.

This Council believes:

1. That Free Schools are divisive, elitist and a negative influence on community cohesion.
2. That the Labour Party's national stance against Free Schools should be endorsed.

This Council resolves:

1. To ask the Mayor to write to the Education Secretary, Michael Gove, to highlight the unrepresentative and divisive nature of Free Schools.

## **12.14 Motion on Fire Cuts**

**Proposer: Councillor Alibor Choudhury**

**Seconder: Councillor Oliur Rahman**

This Council notes:

1. The deplorable decision by the Mayor of London to proceed with budget cuts that could potentially close two fire stations in Tower Hamlets
2. That on 18 October 2012, Mayor Lutfur Rahman, issued a press statement 'Save Our Fire Stations'
3. The Mayor's meeting with the FBU on 26<sup>th</sup> November to discuss how best he can support their campaign to save the fire stations.
4. That on 25 October 2012, MPs Jim Fitzpatrick and Rushnara Ali's concerns were noted on East London Advertiser and welcomes the broad consensus forming around the issue.
5. That the final decision about these closures will be made in the new year

This Council believes:

1. That the Mayor of London's plans to shut 17 fire stations and axe 600 jobs will have a devastating impact on fire safety across London and Tower Hamlets.
2. That the plans may well lead to the closure of stations in Bow and Whitechapel, putting residents' safety at risk.

This Council resolves:

1. To call on the residents of Tower Hamlets, and politicians from across all political parties, to join with the Mayor of Tower Hamlets in supporting the Fire Brigades Union's campaign to stop these cuts.
2. To call on the Mayor and the local MPs to write a joint letter to the Mayor on behalf of the people of Tower Hamlets urging him to reverse his decision.

## **12.15 Motion supporting Energy Co-operatives**

**Proposer: Councillor Rabina Khan**

**Seconder: Councillor Shahed Ali**

This Council notes:

1. That the Mayor has launched an initiative to sign people up to an energy co-operative that will allow them to purchase gas and electricity much more cheaply than through mainstream providers.
2. That to date nearly 2000 people have expressed interest in joining the co-op.
3. The recent news reports indicating “Libor-like” manipulation of the price of energy by the big providers.

This Council believes:

1. That encouraging residents to sign up to the energy co-op is an effective way to ease the burden of Tory-led cuts, economic stagnation and welfare reform.

This Council resolves:

1. To call on Group leaders to work with the Mayor to publicise the Energy Co-op and the benefits it could bring to residents, especially those on low incomes.

## 12.16 Recorded Votes

**Proposer: Councillor Shafiqul Haque**

**Seconded: Councillor Ohid Ahmed**

This Council notes:

1. That Council's constitution includes a provision for 'Recorded Votes'.
2. That this provision is designed to allow for maximum accountability.
3. That until 25 January 2012 the threshold of members required to trigger a Recorded Vote in Full Council was 10.
4. That on 25 January 2012 a motion was carried by a majority in Full Council increasing the threshold from 10 members to 20.
5. That this threshold is unreasonably high without precedent in Tower Hamlets and elsewhere.
6. That in Camden, the threshold is 7 members, in Barnet it is 10 members, in Newham it is 6 members, in Westminster it is 10 members, and in Greenwich it is 5 members.

This Council believes:

1. That the 'Recorded Vote' thresholds are generally low so that a minority can make their views known when votes go against them, to communicate to the public that whilst something they did not support may be Council policy, it is not unanimous and the minority opposed it.
2. That having a threshold of 20 members defeats the object of this provision, since (assuming whipping) recorded votes can only go ahead if the majority group is in favour.
3. That raising the threshold from 10 to 20 members was a backward step as regards the health of local democracy, and a grave mistake.
4. That having the highest threshold in the land, particularly when compared to the other aforementioned London boroughs, is deeply embarrassing for this authority.

This Council resolves:

1. To lower the threshold of support required to trigger a recorded vote from 20 members to 7 members.

This page is intentionally left blank