

LONDON BOROUGH OF TOWER HAMLETS

DECISIONS OF THE COUNCIL

HELD AT 7.30 P.M. ON THURSDAY, 6 MARCH 2014

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

1. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Khaled Uddin Ahmed, Dr Emma Jones, Ahmed Omer and Carli Harper-Penman.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

No declarations of Disclosable Pecuniary Interests were made.

3. TO RECEIVE ANNOUNCEMENTS (IF ANY) FROM THE SPEAKER OF THE COUNCIL OR THE HEAD OR PAID SERVICE

Please see minutes.

4. TO RECEIVE PETITIONS

There were no petitions.

5. BUDGET AND COUNCIL TAX 2014/15

Mayor Lutfur Rahman introduced, and Councillor Alibor Choudhury **moved**, the budget proposals of the Mayor and Executive as set out in the tabled report. Councillor Ohid Ahmed **seconded** the proposals. The Mayor stated that he and the Executive were unable to accept any of the amendments proposed by Council on 26th February 2014, with the reasons set out in the tabled report.

Councillor Carlo Gibbs **moved** and Councillor Sirajul Islam **seconded**, the Council's amended budget proposals as set out in the agenda.

Following debate a recorded vote was conducted on the Council's amended budget proposals. The amendments did not achieve the necessary two-thirds majority of those present and voting as required by regulations, with 22 Members voting in favour, 18 against and 6 abstentions. The Mayor and Executive's budget proposals were therefore **adopted**.

DECISION

General Fund Revenue Budget and Council Tax 2014/15; Capital Programme and Medium Term Finance Plan 2014-2017; Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2014/15

- To agree a General Fund revenue budget of £293.933m and a total Council Tax Requirement for Tower Hamlets in 2014/15 of £66,396,000 as set out in the table below.

| Service | Revised Base 2013-14 £'000 | Savings | | Growth £'000 | Adjustments £'000 | Total Budget 2014-15 £'000 |
|--------------------------------------|----------------------------------|-------------------|----------------|-----------------|----------------------|-------------------------------------|
| | | Approved £'000 | New £'000 | | | |
| Education, Social Care and Wellbeing | 195,442 | (2,010) | 0 | 1,105 | (7,005) | 187,532 |
| Communities, Localities and Culture | 79,471 | (350) | 0 | 1,654 | (1,591) | 79,184 |
| Development & Renewal | 19,648 | (1,534) | 0 | (2,062) | (1,365) | 14,687 |
| Resources | 6,795 | (230) | 0 | 19 | (36) | 6,548 |
| Chief Executives | 9,760 | 0 | 0 | 13 | (381) | 9,392 |
| Public Health | 29,982 | 0 | 0 | 0 | 0 | 29,982 |
| Net Service Costs | 341,098 | (4,124) | 0 | 728 | (10,378) | 327,324 |
| Other Net Costs | | | | | | |
| Capital Charges | 9,444 | 0 | 0 | 1,845 | 0 | 11,289 |
| Levies | 1,661 | 0 | 0 | 0 | 0 | 1,661 |
| Pensions | 14,393 | 0 | 0 | 2,599 | 0 | 16,992 |
| Other Corporate Costs | (6,230) | (2,568) | 0 | 1,447 | 4 | (7,347) |
| Total Other Net costs | 19,268 | (2,568) | 0 | 5,891 | 4 | 22,595 |
| Public Health | (31,382) | 0 | (879) | 0 | 0 | (32,261) |
| Core Grants | (23,452) | (3,408) | (2,265) | 2,286 | 0 | (26,839) |
| Reserves | | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Earmarked | (9,799) | 0 | 0 | (239) | 9,809 | (229) |
| General Fund (Smoothing) | 0 | 0 | 0 | 0 | 0 | 0 |
| Inflation | - | 0 | (1,500) | 6,342 | 0 | 4,842 |
| Total Financing Requirement | 295,732 | (10,100) | (4,644) | 15,008 | (565) | 293,933 |
| Government Funding | (150,670) | 0 | (82) | 28,172 | 0 | (122,580) |
| Retained Business Rates | (100,800) | 0 | (2,016) | 0 | 0 | (102,816) |
| Council Tax | (63,343) | 0 | (3,053) | 0 | 0 | (66,396) |
| Collection Fund Surplus | (1,645) | 0 | 0 | 1,645 | 0 | 0 |
| Total Financing | (316,458) | 0 | (5,151) | 29,817 | 0 | (291,792) |

2. To agree a Council Tax for Tower Hamlets in 2014/15 of £885.52 at Band D resulting in a Council Tax for all other band taxpayers, before any discounts and excluding the GLA precept, as set out in the table below:-

| BAND | PROPERTY VALUE | | RATIO TO BAND D | LBTH COUNCIL TAX FOR EACH BAND |
|------|----------------|----------|-----------------|--------------------------------|
| | FROM £ | TO £ | | |
| A | 0 | 40,000 | $\frac{6}{9}$ | £590.35 |
| B | 40,001 | 52,000 | $\frac{7}{9}$ | £688.74 |
| C | 52,001 | 68,000 | $\frac{8}{9}$ | £787.13 |
| D | 68,001 | 88,000 | $\frac{9}{9}$ | £885.52 |
| E | 88,001 | 120,000 | $\frac{11}{9}$ | £1,082.30 |
| F | 120,001 | 160,000 | $\frac{13}{9}$ | £1,279.08 |
| G | 160,001 | 320,000 | $\frac{15}{9}$ | £1,475.87 |
| H | 320,001 | and over | $\frac{18}{9}$ | £1,771.04 |

3. To agree that for the London Borough of Tower Hamlets in 2014/15:-

(a) The Council Tax for Band D taxpayers, before any discounts and including the GLA precept, shall be £1,184.52 as shown below: -.

| | |
|-------|------------------------|
| | £ |
| | (Band D, No Discounts) |
| LBTH | 885.52 |
| GLA | 299.00 |
| Total | 1,184.52 |

(b) The Council Tax for taxpayers in all other bands, before any discounts, and including the GLA precept, shall be as detailed in the table below:-

| BAND | PROPERTY VALUE | | RATIO TO BAND D | LBTH | GLA | TOTAL |
|-------------|-----------------------|-----------|------------------------|-------------|------------|--------------|
| | FROM | TO | | | | |
| | £ | £ | | £ | £ | £ |
| A | 0 | 40,000 | $\frac{6}{9}$ | 590.35 | 199.33 | 789.68 |
| B | 40,001 | 52,000 | $\frac{7}{9}$ | 688.74 | 232.56 | 921.30 |
| C | 52,001 | 68,000 | $\frac{8}{9}$ | 787.13 | 265.78 | 1,052.91 |
| D | 68,001 | 88,000 | $\frac{9}{9}$ | 885.52 | 299.00 | 1,184.52 |
| E | 88,001 | 120,000 | $\frac{11}{9}$ | 1,082.30 | 365.44 | 1,447.74 |
| F | 120,001 | 160,000 | $\frac{13}{9}$ | 1,279.08 | 431.89 | 1,710.97 |
| G | 160,001 | 320,000 | $\frac{15}{9}$ | 1,475.87 | 498.33 | 1,974.20 |
| H | 320,001 | and over | $\frac{18}{9}$ | 1,771.04 | 598.00 | 2,369.04 |

- 4 To approve the statutory calculations of this Authority's Council Tax Requirement in 2014/15, detailed in **Appendix A** to this motion, undertaken by the Chief Financial Officer in accordance with the requirements of Sections 31 to 36 of the Local Government Finance Act 1992.
- 5 To approve the Treasury Management Strategy Statement, the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement as presented to Cabinet on 5 February 2014.
- 6 To approve the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2014-2017 as amended by the alternative options as agreed by the Mayor in Cabinet on 5 February and as set out in the report of the Mayor in Cabinet as summarised in the tables below.

Summary Draft Medium Term Financial Plan 2014-17

| | 2013-14 £'000 | 2014-15 £'000 | 2015-16 £'000 | 2016-17 £'000 |
|--|------------------|------------------|------------------|------------------|
| Net Service Costs | 292,004 | 295,732 | 293,933 | 311,545 |
| Growth (Incl Public Health) CLG Grants transferring into baseline Savings | 40,566 | 6,619 | 2,306 | 7,619 |
| Approved | (26,029) | (6,692) | 0 | 0 |
| New | 0 | 0 | 0 | 0 |
| Inflation | 5,760 | 4,842 | 5,500 | 5,500 |
| Core Grants (incl Public Health) | (40,522) | (4,266) | 9,074 | 1,540 |
| Earmarked Reserves (Directorates) | (530) | (804) | 0 | 0 |
| Contribution to/from Reserves | 766 | (1,498) | 732 | 0 |
| Total Funding Requirement | <u>295,732</u> | <u>293,933</u> | <u>311,545</u> | <u>326,204</u> |
| Government Funding | (150,670) | (122,580) | (86,595) | (69,271) |
| Retained Business Rates | (100,800) | (102,816) | (104,872) | (106,970) |
| Council Tax | (63,343) | (66,396) | (67,392) | (68,402) |
| Collection Fund Surplus | (1,645) | 0 | 0 | 0 |

| | | | | |
|----------------------|------------------|------------------|------------------|------------------|
| Total Funding | <u>(316,458)</u> | <u>(291,792)</u> | <u>(258,859)</u> | <u>(244,643)</u> |
|----------------------|------------------|------------------|------------------|------------------|

Detailed analysis of the Medium Term Financial Plan by service area 2013/14 to 2016/17

| Service | Total | Savings | | Growth | Adjustments | Total | Savings | | Growth | Adjustments | Total | Savings | | Growth | Adjustments | Total |
|--------------------------------------|------------------|-----------------|----------------|---------------|-----------------|------------------|----------------|----------------|---------------|--------------|------------------|----------|----------------|---------------|--------------|------------------|
| | 2013-14 | Approved | New | | | 2014-15 | Approved | New | | | 2015-16 | Approved | New | | | 2016-17 |
| | £'000 | £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Education, Social Care and Wellbeing | 195,442 | (2,010) | 0 | 1,105 | (7,005) | 187,532 | 0 | 0 | 138 | (272) | 187,398 | 0 | 0 | 1,111 | 0 | 188,509 |
| Communities, Localities and Culture | 79,471 | (350) | 0 | 1,654 | (1,591) | 79,184 | 0 | 0 | 1,235 | (73) | 80,346 | 0 | 0 | 910 | (199) | 81,057 |
| Development & Renewal | 19,648 | (1,534) | 0 | (2,062) | (1,365) | 14,687 | 0 | 0 | 261 | (150) | 14,798 | 0 | 0 | 339 | 0 | 15,137 |
| Resources | 6,795 | (230) | 0 | 19 | (36) | 6,548 | 0 | 0 | 0 | 0 | 6,548 | 0 | 0 | 0 | 0 | 6,548 |
| Chief Executives | 9,760 | 0 | 0 | 13 | (381) | 9,392 | 0 | 0 | 0 | 0 | 9,392 | 0 | 0 | 0 | 0 | 9,392 |
| Public Health | 29,982 | 0 | 0 | 0 | 0 | 29,982 | 0 | 0 | 0 | 0 | 29,982 | 0 | 0 | 0 | 0 | 29,982 |
| Net Service Costs | 341,098 | (4,124) | 0 | 728 | (10,378) | 327,324 | 0 | 0 | 1,634 | (495) | 328,463 | 0 | 0 | 2,360 | (199) | 330,624 |
| Other Net Costs | | | | | | | | | | | | | | | | |
| Capital Charges | 9,444 | 0 | 0 | 1,845 | 0 | 11,289 | 0 | 0 | 0 | 0 | 11,289 | 0 | 0 | 0 | 0 | 11,289 |
| Levies | 1,661 | 0 | 0 | 0 | 0 | 1,661 | 0 | 0 | 0 | 0 | 1,661 | 0 | 0 | 0 | 0 | 1,661 |
| Pensions | 14,393 | 0 | 0 | 2,599 | 0 | 16,992 | 0 | 0 | 2,000 | 0 | 18,992 | 0 | 0 | 1,500 | 0 | 20,492 |
| Other Corporate Costs | (6,230) | (2,568) | 0 | 1,447 | 4 | (7,347) | 0 | 0 | (1,328) | 0 | (8,675) | 0 | 0 | 3,759 | 0 | (4,916) |
| Total Other Net costs | 19,268 | (2,568) | 0 | 5,891 | 4 | 22,595 | 0 | 0 | 672 | 0 | 23,267 | 0 | 0 | 5,259 | 0 | 28,526 |
| Public Health Grant | (31,382) | 0 | (879) | 0 | 0 | (32,261) | 0 | 0 | 0 | 0 | (32,261) | 0 | 0 | 0 | 0 | (32,261) |
| Core Grants | (23,452) | (3,408) | (2,265) | 2,286 | 0 | (26,839) | (3,000) | 529 | 11,545 | 0 | (17,765) | 0 | 1,540 | 0 | 0 | (16,225) |
| Reserves | | | | | | | | | | | | | | | | |
| General Fund (Corporate) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (766) | 0 | (766) | 0 | 0 | 0 | 0 | (766) |
| Earmarked (Directorate) | (9,799) | 0 | 0 | (239) | 9,809 | (229) | 0 | 0 | 0 | 495 | 266 | 0 | 0 | 0 | 199 | 465 |
| General Fund (Smoothing) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inflation | 0 | 0 | (1,500) | 6,342 | 0 | 4,842 | 0 | (1,500) | 7,000 | 0 | 10,342 | 0 | (1,500) | 7,000 | 0 | 15,842 |
| Total Financing Requirement | 295,732 | (10,100) | (4,644) | 15,008 | (565) | 293,933 | (3,000) | (971) | 20,085 | 0 | 311,545 | 0 | 40 | 14,619 | 0 | 326,204 |
| Government Funding | (150,670) | 0 | (82) | 28,172 | 0 | (122,580) | 0 | (119) | 36,104 | 0 | (86,595) | 0 | (139) | 17,463 | 0 | (69,271) |
| Retained Business Rates | (100,800) | 0 | (2,016) | 0 | 0 | (102,816) | 0 | (2,056) | 0 | 0 | (104,872) | 0 | (2,098) | 0 | 0 | (106,970) |
| Council Tax | (63,343) | 0 | (3,053) | 0 | 0 | (66,396) | 0 | (996) | 0 | 0 | (67,392) | 0 | (1,011) | 0 | 0 | (68,402) |
| Collection Fund Surplus | (1,645) | 0 | 0 | 1,645 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Financing | (316,458) | 0 | (5,151) | 29,817 | 0 | (291,792) | 0 | (1,115) | 36,104 | 0 | (258,859) | 0 | (1,150) | 17,463 | 0 | (244,643) |

APPENDIX A**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 6TH MARCH 2014
BUDGET AND COUNCIL TAX STATUTORY CALCULATIONS**

SETTING THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA

1. That the revenue estimates for 2014/2015 be approved.
2. That it be noted that, at its meeting on 8th January 2014, Cabinet calculated 74,979 as its Council Tax base for the year 2014/2015 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
3. That the following amounts be now calculated by the Council for the year 2014/2015 in accordance with Section 31 to 36 of the Local Government Finance Act 1992 as amended and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2011:
 - (a) £1,184,928,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of The Act. [Gross Expenditure]
 - (b) £1,118,532,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of The Act. [Gross Income]
 - (c) £66,396,000 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of The Act, as its council tax requirement for the year. (Item R in the formula in Section 31B of The Act). [Council Tax Requirement]
 - (d) £885.52 Being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of The Act, as the basic amount of its Council Tax for the year. [Council Tax]

| (e) | VALUATION BAND | LBTH £ |
|-----|---------------------------|-------------------|
| | A | 590.35 |
| | B | 688.74 |
| | C | 787.13 |
| | D | 885.52 |
| | E | 1,082.30 |
| | F | 1,279.08 |
| | G | 1,475.87 |
| | H | 1,771.04 |

Being the amount given by multiplying the amount at 3(d) above by the number which, in the proportion set out in Section 5(1) of The Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of The Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2014/15 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

| VALUATION BAND | GLA £ |
|---------------------------|------------------|
| A | 199.33 |
| B | 232.56 |
| C | 265.78 |
| D | 299.00 |
| E | 365.44 |
| F | 431.89 |
| G | 498.33 |
| H | 598.00 |

5. That, having calculated the aggregate in each case of the amounts at 3(d) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown below:-

| VALUATION BAND | TOTAL COUNCIL TAX £ |
|---------------------------|--------------------------------|
| A | 789.68 |
| B | 921.30 |
| C | 1,052.91 |
| D | 1,184.52 |
| E | 1,447.74 |
| F | 1,710.97 |
| G | 1,974.20 |
| H | 2,369.04 |

6. New government regulation now requires a local authority to conduct a referendum where if compared with the previous year, they set council tax increases that are “excessive”. Under current legislation and in accordance with principles approved under Section 52ZB Local Government Finance Act 1992, the Council tax set by the London Borough of Tower Hamlets for 2014/15 is not deemed to be excessive.

The meeting ended at 9.09 p.m.