

MAYOR'S EXECUTIVE DECISION MAKING

Tuesday, 26 March 2013

Mayor's Decision Log No. 22


1. **BUDGET IMPLEMENTATION 2013/14 (NO 2) (Pages 1 - 8)**

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Agenda Item 1

Individual Mayoral Decision Proforma Decision Log No: 0022	 TOWER HAMLETS
Report in response to Mayor's Request for Advice	Classification: Unrestricted
Title: Budget Implementation 2013/14 (2)	

Is this a Key Decision?	No
Decision Notice Publication Date:	N/A
General Exception or Urgency Notice published?	Not required
Restrictions:	N/A

EXECUTIVE SUMMARY

1. Request for Advice

- 1.1 The Mayor requested that officers provide advice on the implications of the budget decision passed by the Council on Thursday 7th March 2013.
- 1.2 The Mayor asked that this advice should cover the validity of the resolution adopted, any action he is required to take in response and his options in relation to the implementation of the Council's decision without interfering with the discharge of his own executive duties and responsibilities.
- 1.3 He was particularly concerned that the decision regarding funding of his Mayoral Office would leave him with insufficient support to carry out his role as elected Mayor.

2. Background Information

- 2.1 This decision paper deals with the implications arising from the budget decisions relating to the funding of the Mayor's Office.
- 2.2 The decision of Budget Council on 7th March, with regard to the mayor's office was to delete funding of £296k for Mayor's Advisors.
- 2.3 The budget as submitted to Council on 7th March did not contain a budget line entitled "Mayor's Advisors." The costs of supporting the

Mayor's office are contained within the Democratic Services Budget (budget reference C62). It is therefore assumed that the decision is to reduce the budget for Democratic Services by that sum. As reported to Cabinet on 13th March 2013 the current approved budget for Democratic Services is £2.97 million

- 2.4 The consequence of the Council decision of 7th March 2013 therefore is to reduce the Democratic Services budget by £296k which represents just under 10% of that budget. In taking any Executive Decision, due regard will need to be taken of Council's intent.

3. Options

- 3.1. Implement Decision Now - The Mayor could implement the Council decision taken on 7th March 2013 and reduce the budget for Democratic Services by £296k, taking into consideration issues of resources deployment within that budget heading.

- 3.2 The Mayor can determine to vire £296k from unallocated resources, subject to their availability, to the Democratic Services budget and continue to engage Mayoral Advisors.

- 3.3 The Mayor can determine to vire monies from elsewhere in the Council's budget and continue to engage Mayoral Advisors. However due regard will need to be taken of service outcome and other (e.g. staffing, contract and equalities) implications of making such a decision.

3.4 Review

- 3.4.1 Given Council's concern about the cost of the Mayor's Office the Mayor could instruct officers to conduct a review into the support costs for Executive Mayoral Offices in London and to examine how they compare with the costs of his office and how effective support can be given to the elected Mayor. That support is currently managed by Democratic services.

- 3.4.2 Some of the staff are self-employed and are contracted to provide advice and guidance on daily rates. They work a specified number of days per week. The contracts have termination clauses but no assessment of the costs has been made for the termination costs. Also these people work on particular projects and no consideration appears to have been given on how these projects could be finished. This would lead to a waste of the moneys already expended and would not be an efficient use of Council resources

- 3.4.2 The review of the Mayor's Office should consider the following:
- Options appraisal

- EQIA on the options available and the consequences of any recommended action
- Financial and contractual implications, particularly with regards to the existing contractual arrangements
- Consultation with staff/ unions
- The need to provide an effective support for the elected Mayor
- The impact of removing such support

3.5 Virement

- 3.5.1 The Mayor could decide to vire up to £296,000 from other budgets, as outlined in options 3.2 and 3.3 above, in order to maintain the service of the Mayor's Office pending the outcome of the review described at 3.4 above . This would allow any issues raised above to be addressed and the risks and costs to the Council to be assessed.

4. Comments of the Section 151 Officer

- 4.1 The Executive Mayor has power to vire from one budget head to another up to a maximum of £1million and so long as that is within the parameters of the Council's Budget and Policy framework. That means so long as the virement does not lead to a budget overspend. There are currently sufficient moneys unallocated in the Council's General Reserves, in conjunction with projected savings in the Chief Executive's Corporate Management Budget (C80) to cover this one-off allocation.

- 4.2.1 The CIPFA definition of virement is "the transfer of an under- spend on one budget head to finance additional spending on another budget head, in accordance with an Authority's Financial Regulations".

5. Concurrent report of the Assistant Chief Executive (Legal Services)

- 5.1 If the Executive Mayor chooses Option 3.1 an assessment of any costs associated with implementing that decision will need to be made.
- 5.2 If the Executive Mayor chooses Option 3.2 or 3.3 in making any decision to vire moneys he needs to consider whether or not this decision to vire is a key decision. The effect of this is that a non key decision does not need to appear on the Forward Plan whereas the opposite is true for a key decision. Both Key and Non Key decisions can be called in by Overview & Scrutiny and cannot be implemented until they have been scrutinised, the comments from Overview & Scrutiny taken into account and the decision is re-taken.

5.3 The Council's Constitution states (in Article 13) that a key decision is an executive decision which is likely to:

- a) to result in the local authority incurring expenditure which is, or the making of savings, which are, significant having regard to the local authority's budget for the service or function to which the decision relates: or
- b) to be significant in terms of its effects on community living or working in an area comprising two or more Wards in the borough.

This is the same definition as is in the Local Authorities (Executive Arrangements) Meetings and Access to Information Regulations 2012 (SI 2012/2089).

5.4 No financial threshold has been adopted by the Council for a key decision but Article 13 does state that the Mayor, Councillors and officers will have regard to the following when determining what amounts to a key decision:

- the likely extent of the impact of the decision both within and outside of the borough;
- whether the decision is likely to be a matter of political controversy;
- the extent to which the decision is likely to result in substantial public interest.

It is for the decision maker to decide if this is key decision.

5.5 In looking at limb (a) of Article 13 the £296k represents 9.96% of the total of £2.97 million which is the gross budget for Democratic Services (as per the budget book)

5.6 In making his judgment as to whether or not the decision to vire the money is a key decision under limb (a) the Executive Mayor needs to ask if objectively that virement would have a significant effect on the budget for the service or function i.e Democratic Services.

5.7 In looking at limb (b) the question that needs to be answered is again would the virement have a significant effect on the communities living or working in 2 or more Wards in the borough.

5.8 The Executive Mayor also needs to have regard to the additional factors stated in the Constitution in Article 13 and decide if they have a significant effect. Simply because something will, for example, attract public interest or political controversy, does not necessarily mean this has significant effect on the decision to vire the money.

5.9 Any decision taken by a public body is open to a judicial review

challenge and it is therefore important that the Executive Mayor has taken account of all the relevant factors in making his decision and can demonstrate this.

6. Implications for One Tower Hamlets;

- 6.1 The Mayor's office provides support for the Mayor in delivering the Mayoral Priorities which reflect One Tower Hamlets.

7. Risk Assessment;

- 7.1 The risks are detailed at paragraph 3 above and relate to the unassessed costs of implementing the Council's budget decision and the impact on the work of the elected Mayor.

8. Background Documents;

The Council's Constitution.

DECISION

I have considered the above information and advice on the amendments to my budget proposal by reducing the budget of the Mayor's Office and the powers of virement under the Council's Constitution.

I have decided to vire £ 296k from general reserves which have not been allocated for any particular purpose to the Democratic Services budget heading in order to ensure sufficient resources are available to continue the current arrangements in the Mayor's Office whilst I consider all options for the service and implications of reducing the expenditure . I have done this as I do not believe the proposals adopted in the budget were properly evaluated and the timescales for alternative sourcing taken into account.

I have considered whether or not this is a Key Decision under Article 13 of the Constitution. In making this decision I do not consider virement of £296 k is significant when looking at the budget for the Democratic Services

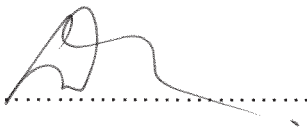
I also do not consider the virement to be significant in terms of its effect on communities in two or more Wards of the borough. I accept that the decision may be of public and/or political interest but that interest does not make the effect of my decision significant in itself.

It will not incur a significant risk socially, economically or environmentally and indeed, will act to mitigate such risks. The impact of the decision to vire the money will not be significant inside or outside the borough.

In light of the above, I am content that the decision to vire £296k is a non-key decision and I require officers to put this into effect.

I also require officers to conduct the review detailed at paragraph 3.2 in the report to fully inform any decisions on the future of the support to the Executive Mayor.

Signed



Executive Mayor of Tower Hamlets

Dated

25/3/13



APPROVALS

1. (If applicable) Corporate Director proposing the decision or his/her deputy

N/A

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed *C. L. Lino* Date *25/3/13*

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed *J. Bell* Date *25/3/13*

4. (If the proposed decision relates to matters for which the Head of Paid Service has responsibility) Head of Paid Service

I have been consulted on the content of the attached report which includes my comments where necessary.

Signed *Not Applicable* Date

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