

# LONDON BOROUGH OF TOWER HAMLETS

## DECISIONS OF THE COUNCIL (SECOND BUDGET MEETING)

HELD AT 7.30 P.M. ON THURSDAY, 5<sup>TH</sup> MARCH 2015

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

### 1. APOLOGIES FOR ABSENCE

Apologies for lateness were received from Councillor Marc Francis.

No apologies for absence were received.

### 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

Please see minutes.

### 4. TO RECEIVE PETITIONS

There were no petitions.

### 5. BUDGET AND COUNCIL TAX 2015/16 - FURTHER CONSIDERATION BY THE COUNCIL

Mayor Lutfur Rahman introduced, and Councillor Alibor Choudhury **moved**, the reconsidered budget proposals of the Mayor and Executive as set out in the tabled report. Councillor Oliur Rahman **seconded** the proposals. The Mayor stated that he and the Executive were unable to accept any part of the amendment proposed by Council on 25<sup>th</sup> February 2015, with the reasons set out in the tabled report.

Councillor Rachael Saunders **moved** and Councillor Ayas Miah **seconded** the budget amendment as agreed at the Council meeting on 25<sup>th</sup> February 2015 and as set out in the agenda.

Following debate a recorded vote was conducted on the amendment. The amendment 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 5 abstentions. The Mayor and Executive's budget proposals were therefore **adopted**.

## DECISION

### **General Fund Revenue Budget and Council Tax Requirement 2015/16**

1. To agree a General Fund revenue budget of £291.362m and a total Council Tax Requirement for Tower Hamlets in 2015/16 of £69,814,540 as set out in the table below.

Service	Revised Base 2014-15 £'000	Approved £'000	Savings New £'000	Growth £'000	Adjust £'000	Total Budget 2015-16 £'000
<b>Education, Social Care and Wellbeing</b>	192,709	(10,810)	0	2,865	(796)	183,967
<b>Public Health</b>	31,590	(3,112)	0	(25)	1,050	29,503
<b>Communities, Localities and Culture</b>	81,123	(753)	0	3,113	(554)	82,930
<b>Development and Renewal</b>	15,849	(1,027)	0	1,847	296	16,965
<b>Resources</b>	7,755	(1,583)	0	4,184	(43)	10,313
<b>Law, Probity and Governance</b>	9,352	(284)	(200)	646	(167)	9,347
<b>Net Service Costs</b>	338,377	(17,569)	(200)	12,630	(214)	333,024
<b>Other Net Costs</b>						
Capital Charges	11,712	(750)	0	(2,155)	(451)	8,356
Levies	1,672	0	0	25	0	1,697
Pensions	16,622	0	0	2,000	0	18,622
Other Corporate Costs	(14,578)	(4,102)	0	(887)	(1,050)	(20,617)
<b>Total Other Net costs</b>	15,428	(4,852)	0	(1,016)	(1,501)	8,059
<b>Public Health</b>	(32,261)	0	0	0	0	(32,261)
<b>Core Grants</b>	(27,017)	(3,000)	(2,156)	8,899	0	(23,274)
<b>Reserves</b>						
General Fund	(1,498)	0	0	0	1,745	247
Earmarked	(875)	0	0	0	1,434	559
General Fund (Smoothing)	0	0	0	0	0	0
<b>Inflation</b>	1,780	0	(1,500)	4,365	365	5,010
<b>Total Financing Requirement</b>	293,933	(25,421)	(3,857)	24,878	1,829	291,362
<b>Government Funding</b>	(122,580)	0	(83)	33,970	0	(88,693)
<b>Retained Business Rates</b>	(102,429)	0	(12,310)	0	0	(114,738)
<b>Section 31 Grant (BR)</b>	(3,137)	0	(85)	0	0	(3,222)
<b>Council Tax</b>	(66,396)	0	(3,419)	0	0	(69,815)
<b>Collection Fund Surplus</b>						
Council Tax	0	0	(2,131)	0	0	(2,131)
Retained Business Rates	0	0	(4,922)	0	0	(4,922)
<b>Total Financing</b>	(294,541)	0	(22,950)	33,970	0	(283,521)

2. To agree a Council Tax for Tower Hamlets in 2015/16 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	6/9	£590.35
B	40,001	52,000	7/9	£688.74
C	52,001	68,000	8/9	£787.13
D	68,001	88,000	9/9	£885.52
E	88,001	120,000	11/9	£1,082.30
F	120,001	160,000	13/9	£1,279.08
G	160,001	320,000	15/9	£1,475.87
H	320,001	and over	18/9	£1,771.04

3. To agree that for the London Borough of Tower Hamlets in 2015/16:-

- (a) The Council Tax for Band D taxpayers, before any discounts, and including the GLA precept, shall be £1,180.52 as shown below: -

	£
	(Band D, No Discounts)
LBTH	885.52
GLA	295.00
<b>Total</b>	1,180.52

- (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: -

<b>BAND</b>	<b>PROPERTY VALUE</b>		<b>RATIO TO BAND D</b>	<b>LBTH</b> £	<b>GLA</b> £	<b>TOTAL</b> £
	<b>FROM</b> £	<b>TO</b> £				
A	0	40,000	6/9	590.35	196.67	787.01
B	40,001	52,000	7/9	688.74	229.44	918.18
C	52,001	68,000	8/9	787.13	262.22	1,049.35
D	68,001	88,000	9/9	885.52	295.00	1,180.52
E	88,001	120,000	11/9	1,082.30	360.56	1,442.86
F	120,001	160,000	13/9	1,279.08	426.11	1,705.19
G	160,001	320,000	15/9	1,475.87	491.67	1,967.53
H	320,001	and over	18/9	1,771.04	590.00	2,361.04

4. To approve the statutory calculations of this Authority's Council Tax Requirement in 2015/16, detailed in Appendix A to this minute, 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 4<sup>th</sup> February 2015.
6. To approve the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2015-2018 as amended by the alternative options as agreed by the Mayor in Cabinet on 4<sup>th</sup> February and as set out in the report of the Mayor in Cabinet and summarised in the tables below.

### Summary Draft Medium Term Financial Plan 2015-18

	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000
<b>Net Service Costs</b>	295,732	293,933	291,362	296,716
<b>Growth (Incl Public Health)</b>	6,619	11,612	7,949	3,223
<b>Savings</b>				
Approved	(6,692)	(22,421)	(4,000)	0
New	0	(200)	0	0
<b>Inflation</b>	4,842	2,865	5,500	5,500
<b>Core Grants (incl Public Health)</b>	(4,266)	3,743	(3,764)	(713)
<b>Earmarked Reserves (Directorates)</b>	(804)	1,829	(331)	0
<b>Contribution to/from Reserves</b>	(1,498)	0	0	0
<b>Total Funding Requirement</b>	<b>293,933</b>	<b>291,362</b>	<b>296,716</b>	<b>304,726</b>
<b>Government Funding</b>	(122,580)	(88,693)	(66,879)	(48,947)
<b>Retained Business Rates</b>	(105,566)	(117,960)	(126,202)	(132,052)
<b>Council Tax</b>	(66,396)	(69,815)	(71,909)	(74,066)
<b>Collection Fund Surplus</b>				
Council Tax	0	(2,131)	0	0
Retained Business Rates	0	(4,922)	0	0
<b>Total Funding</b>	<b>(294,541)</b>	<b>(283,521)</b>	<b>(264,990)</b>	<b>(255,065)</b>

Detailed analysis of the Medium Term Financial Plan by service area 2014/15 to 2017/18

Service	Total	Savings		Growth	Adjustments	Total	Savings		Growth	Adjustments	Total	Savings		Growth	Adjustments	Total
	2014-15 £'000	Approved £'000	New £'000	£'000	£'000	2015-16 £'000	Approved £'000	New £'000	£'000	£'000	2016-17 £'000	Approved £'000	New £'000	£'000	£'000	2017-18 £'000
Education, Social Care and Wellbeing	192,709	(10,810)	0	2,865	(796)	183,967	0	0	2,146	0	186,113	0	0	582	0	186,695
Public Health	31,590	(3,112)	0	(25)	1,050	29,503	0	0	(891)	(1,050)	27,562	0	0	(892)	0	26,670
Communities, Localities and Culture	81,123	(753)	0	3,113	(554)	82,930	0	0	2,024	(199)	84,755	0	0	1,144	0	85,899
Development & Renewal	15,849	(1,027)	0	1,847	296	16,965	0	0	(714)	(510)	15,741	0	0	0	0	15,741
Resources	7,755	(1,583)	0	4,184	(43)	10,313	0	0	250	0	10,563	0	0	250	0	10,813
Law, Probity & Governance	9,352	(284)	(200)	646	(167)	9,347	0	0	0	154	9,501	0	0	0	0	9,501
<b>Net Service Costs</b>	<b>338,377</b>	<b>(17,569)</b>	<b>(200)</b>	<b>12,630</b>	<b>(214)</b>	<b>333,024</b>	<b>0</b>	<b>0</b>	<b>2,815</b>	<b>(1,605)</b>	<b>334,234</b>	<b>0</b>	<b>0</b>	<b>1,084</b>	<b>0</b>	<b>335,318</b>
<b>Other Net Costs</b>																
Capital Charges	11,712	(750)	0	(2,155)	(451)	8,356	0	0	397	0	8,753	0	0	(419)	0	8,334
Levies	1,672	0	0	25	0	1,697	0	0	0	0	1,697	0	0	0	0	1,697
Pensions	16,622	0	0	2,000	0	18,622	0	0	1,500	0	20,122	0	0	1,500	0	21,622
Other Corporate Costs	(14,578)	(4,102)	0	(887)	(1,050)	(20,617)	(4,000)	0	3,237	1,050	(20,330)	0	0	1,058	0	(19,272)
<b>Total Other Net costs</b>	<b>15,428</b>	<b>(4,852)</b>	<b>0</b>	<b>(1,017)</b>	<b>(1,501)</b>	<b>8,058</b>	<b>(4,000)</b>	<b>0</b>	<b>5,134</b>	<b>1,050</b>	<b>10,242</b>	<b>0</b>	<b>0</b>	<b>2,139</b>	<b>0</b>	<b>12,381</b>
<b>Public Health Grant</b>	<b>(32,261)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,261)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,261)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,261)</b>
<b>Core Grants</b>	<b>(27,017)</b>	<b>(3,000)</b>	<b>(2,156)</b>	<b>8,899</b>	<b>0</b>	<b>(23,274)</b>	<b>0</b>	<b>(5,000)</b>	<b>1,236</b>	<b>0</b>	<b>(27,038)</b>	<b>0</b>	<b>(5,000)</b>	<b>4,287</b>	<b>0</b>	<b>(27,751)</b>
<b>Reserves</b>																
General Fund (Corporate)	(1,498)	0	0	0	1,745	247	0	0	0	25	272	0	0	0	0	272
Earmarked (Directorate)	(875)	0	0	0	1,434	559	0	0	0	199	758	0	0	0	0	758
General Fund (Smoothing)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Inflation</b>	<b>1,780</b>	<b>0</b>	<b>(1,500)</b>	<b>4,365</b>	<b>365</b>	<b>5,010</b>	<b>0</b>	<b>(1,500)</b>	<b>7,000</b>	<b>0</b>	<b>10,510</b>	<b>0</b>	<b>(1,500)</b>	<b>7,000</b>	<b>0</b>	<b>16,010</b>
<b>Total Financing Requirement</b>	<b>293,933</b>	<b>(25,421)</b>	<b>(3,856)</b>	<b>24,877</b>	<b>1,829</b>	<b>291,362</b>	<b>(4,000)</b>	<b>(6,500)</b>	<b>16,185</b>	<b>(331)</b>	<b>296,716</b>	<b>0</b>	<b>(6,500)</b>	<b>14,510</b>	<b>0</b>	<b>304,726</b>
<b>Government Funding</b>	<b>(122,580)</b>	<b>0</b>	<b>(83)</b>	<b>33,970</b>	<b>0</b>	<b>(88,693)</b>	<b>0</b>	<b>(145)</b>	<b>21,959</b>	<b>0</b>	<b>(66,879)</b>	<b>0</b>	<b>(163)</b>	<b>18,095</b>	<b>0</b>	<b>(48,947)</b>
<b>Retained Business Rates</b>	<b>(102,429)</b>	<b>0</b>	<b>(12,310)</b>	<b>0</b>	<b>0</b>	<b>(114,738)</b>	<b>0</b>	<b>(11,464)</b>	<b>0</b>	<b>0</b>	<b>(126,202)</b>	<b>0</b>	<b>(5,849)</b>	<b>0</b>	<b>0</b>	<b>(132,052)</b>
<b>Section 31 Grant (BR)</b>	<b>(3,137)</b>	<b>0</b>	<b>(85)</b>	<b>0</b>	<b>0</b>	<b>(3,222)</b>	<b>0</b>	<b>0</b>	<b>3,222</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Council Tax</b>	<b>(66,396)</b>	<b>0</b>	<b>(3,419)</b>	<b>0</b>	<b>0</b>	<b>(69,815)</b>	<b>0</b>	<b>(2,094)</b>	<b>0</b>	<b>0</b>	<b>(71,909)</b>	<b>0</b>	<b>(2,157)</b>	<b>0</b>	<b>0</b>	<b>(74,066)</b>
<b>Collection Fund Surplus</b>																
Council Tax	0	0	(2,131)	0	0	(2,131)	0	2,131	0	0	0	0	0	0	0	0
Retained Business Rates	0	0	(4,922)	0	0	(4,922)	0	4,922	0	0	0	0	0	0	0	0
<b>Total Financing</b>	<b>(294,541)</b>	<b>0</b>	<b>(22,950)</b>	<b>33,970</b>	<b>0</b>	<b>(283,521)</b>	<b>0</b>	<b>(6,650)</b>	<b>25,181</b>	<b>0</b>	<b>(264,990)</b>	<b>0</b>	<b>(8,170)</b>	<b>18,095</b>	<b>0</b>	<b>(255,065)</b>

**APPENDIX A – BUDGET AND COUNCIL TAX STATUTORY CALCULATIONS****SETTING THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA**

1. That the revenue estimates for 2015/2016 be approved.
2. That it be noted that, at its meeting on 7<sup>th</sup> January 2015, Cabinet calculated 78,840 as its Council Tax base for the year 2015/2016 [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 2015/2016 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) £1,156,583,740 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) £1,086,769,200 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) £69,814,540 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)	<b>VALUATION BAND</b>	<b>LBTH £</b>
	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 2015/16 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:-

<b>VALUATION BAND</b>	<b>GLA £</b>
A	196.67
B	229.44
C	262.22
D	295.00
E	360.56
F	426.11
G	491.67
H	590.00



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 2015/16 for each of the categories of dwellings shown below:-

<b>VALUATION BAND</b>	<b>TOTAL COUNCIL TAX £</b>
A	787.01
B	918.18
C	1,049.35
D	1,180.52
E	1,442.86
F	1,705.19
G	1,967.53
H	2,361.04

6. That it be noted that 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 2015/16 is not deemed to be excessive.

The meeting ended at 8.40 p.m.