


COUNCIL 19 February 2020	 TOWER HAMLETS
Report of: Neville Murton, Corporate Director Resources	Classification: Unrestricted
The Council's 2020-21 Budget Report and Medium Term Financial Strategy 2020-23	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Kevin Bartle, Interim Divisional Director of Finance, Procurement and Audit
Wards affected	All wards

Executive Summary

- 1) This report sets out the proposals of the Mayor and Executive for the Council's Budget and Council Tax 2020-21, as agreed at the Cabinet Meeting on 29th January 2020.
- 2) This report also includes the Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report for 2020-21, approved for recommendation to Council by the Audit Committee on 30th January 2020.

Recommendations:

In accordance with the recommendation of the Mayor in Cabinet, Full Council is **recommended:**

General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2020-23

- (a) To note a General Fund Revenue Budget of £354.496m and agree a Council Tax (Band D) of £1,060.35 for 2020-21 as set out in the motion attached at Annex 1 to this report. This incorporates a 1.99% general increase on the previous year and a 2% increase in respect of the Adult Social Care 'Precept'.
- (b) To note the GLA precept as set out in the Council Tax Resolution is subject to approval of the GLA Assembly at their meeting scheduled for 24 February and to agree that any subsequently required changes be delegated to the Corporate Director Resources in consultation with the Mayor and Lead Member for Resources.
- (c) To note that there are business rates collection fund deficits from 2018-19 (actual) of £11.517m and 2019-20 (estimated) of £6.403m which will need to be funded from reserves in 2020-21.
- (d) To note that the Council is required to contribute £0.238m in 2020-21 (was £0.233m in 2019-20) to the London Boroughs Grants Scheme, as a constituent Council, following the Leaders' Committee agreement of a budget on 3 December 2019 and subsequent assent to the 2020-21 grants scheme proposed budget by over two thirds of constituent Councils.
- (e) To note the Projected Movement in Reserves April 2018 to March 2023 has been updated following assessment of the latest position.
- (f) To note the provisional Capital Programme, Housing Revenue Account budget and Dedicated Schools Budget.
- (g) To note the feedback from the budget consultation as detailed in appendix 9 of the budget report and published on the Council's website.

Treasury Management Strategy Statement, Investment Strategy and Capital Strategy 2020-21

- (h) To adopt (as also set out in the motion at Annex 1):
 - The Treasury Management Strategy Statement set out in Annex 3 Appendix A attached to this report, which officers involved in treasury management must then follow;
 - The Investment Strategy Report set out in Annex 3 Appendix B attached to this report;
 - The Capital Strategy Report (which incorporates the Minimum

Revenue Provision Policy Statement) set out in Annex 3 Appendix C attached to this report.

Section 25, Local Government Act 2003

- (i) To note that in line with the requirements of the Local Government Act 2003, the Corporate Director of Resources is of the view that:
 - a) The General Fund balance of £20m and the level of reserves are adequate to meet the Council's financial needs for 2020-21. The level of the Council's General Fund balance has been maintained at £20m following the transfer of resources from earmarked reserves, noting that in light of the economic risks that the Council faces, it should not fall below this approved minimum level.
 - b) The General Fund estimates are sufficiently robust to set a balanced budget for 2020-21. This takes into account the adequacy of the overall level of balances and reserves outlined above. The MTFS provides additional budget for pressures arising in 2019-20, especially in adult social care, children's social care and special educational needs. The impact on the Council's General Fund balance has also been recognised given the need to fund a range of overspends in 2019-20 together with the need to fund the impact of the necessary adjustments resulting from the audit of the as yet unclosed 2018-19 final accounts.
 - c) The overall level of the corporate contingency has been maintained at £3.1m, which is considered to be adequate to cover any potential costs arising from unforeseen events or cost pressures.

Local Council Tax Reduction Scheme (LCTRS)

- (j) To approve the recommendation from the Mayor in Cabinet on 29 January 2020 that there will be no changes to the current Local Council Tax Reduction Scheme for 2020-21.

1 CABINET MEETING, 29TH JANUARY 2020

- 1.1 The Cabinet received the report of the Corporate Director Resources on the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2020-23.
- 1.2 In considering the information in the reports, the Mayor and Cabinet took into account the comments of the Overview and Scrutiny Committee (OSC) on the Mayor's initial budget proposals for 2020-21 (which had been published in the

8th January Cabinet agenda), from the OSC meeting held on 13th January 2020.

- 1.3 The Mayor and Cabinet also took into account feedback from the budget consultation process.
- 1.4 The Mayor in Cabinet also agreed to authorise the Corporate Director, Resources after consultation with the Mayor and Lead Member of Resources to make any changes required to the budget following the final settlement announcement.

2 BUSINESS RATES COLLECTION FUND DEFICIT

- 2.1 There are collection fund deficits from 2018-19 (actual) of £11.517m and 2019-20 (estimated) of £6.403m which will need to be funded from reserves in 2020-21. The MTFS and the projected movement in reserves have been updated since Cabinet on 29 January 2020 for this deficit and reserves funding.
- 2.2 There has been an increase in the number of business properties where landlords are struggling to find tenants. As a result of this, where landlords are left with empty properties and would be liable for very high payments for Empty Property Rates, they are carrying out significant structural alterations to the property which has resulted in the Valuation Office Agency reducing the rateable value to zero. This has resulted in a significant reduction in the yield from the tax base. It is anticipated that these properties will be brought back into rating when new tenants are found, and the yield from the tax base will increase.

3 EQUALITIES IMPLICATIONS

- 3.1 Equalities implications are set out in the reports which are appended.

4 OTHER STATUTORY IMPLICATIONS

- a. This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
 - Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.
- b. None.

5 COMMENTS OF THE CHIEF FINANCE OFFICER

5.1 As this report is financial in nature the comments of the Chief Finance Officer have been incorporated throughout this report.

6 COMMENTS OF LEGAL SERVICES

6.1 The legal comments are set out in the reports which are appended and there are no additional comments to be added.

Linked Reports, Appendices and Background Documents

Linked Report

The following documents are attached to this report for the Council's consideration:-

Annex 1: Budget Motion from Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector.

- Appendix A Council Tax Resolution

Annex 2: Report of the Corporate Director Resources: General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2020-2023.

Appendices 1 - 9 to the above report:-

- Appendix 1A Medium Term Financial Strategy Summary
- Appendix 1B Medium Term Financial Strategy Detail by Service Area
- Appendix 2 Core Spending Power
- Appendix 3 New Growth Proposals 2020-21 to 2022-23
- Appendix 4 New Savings Proposals 2020-21 to 2022-23
- Appendix 5 Reserves Policy
- Appendix 6 Projected Movement in Reserves
- Appendix 7 Housing Revenue Account Budget Summary
- Appendix 8A Provisional Capital Programme Summary
- Appendix 8B Provisional Capital Programme
- Appendix 9 Budget Consultation 2020-21

Appendices 1B and 6 have been updated since Cabinet 29 January 2020 to demonstrate the funding of Business Rates Collection Fund deficit through reserves, as detailed in section 2 above.

Annex 3: Report of the Corporate Director Resources to the Audit Committee 30th January 2020: Treasury Management Strategy Statement, Investment Strategy and Capital Strategy Report for 2020-21 (Report presented to Full Council includes subsequent minor amendments made by officers).

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

N/A