

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 4.02 P.M. ON MONDAY, 1 FEBRUARY 2021

ONLINE 'VIRTUAL' MEETING - [HTTPS://TOWERHAMLETS.PUBLIC-I.TV/CORE/PORTAL/HOME](https://towerhamlets.public-i.tv/core/portal/home)

Members Present:

Councillor James King (Chair)

Councillor Bex White (Vice-Chair)

– Scrutiny Lead for Children & Education

Councillor Faroque Ahmed

– Scrutiny Lead for Community Safety & Environment

Councillor Marc Francis

Councillor Denise Jones

Councillor Gabriela Salva Macallan

– Scrutiny Lead for Health and Adults

Councillor Leema Qureshi

– Scrutiny Lead for Resources and Finance

Councillor Andrew Wood

Co-opted Members Present:

Halima Islam

– Co-Optee

James Wilson

– Co-Optee

Officers Present:

Adam Boey

– (Senior Strategy & Policy Manager - Corporate)

Sharon Godman

– (Divisional Director, Strategy, Policy and Performance)

Afazul Hoque

– (Head of Corporate Strategy & Policy)

Denise Radley

– (Corporate Director, Health, Adults & Community)

James Thomas

– (Corporate Director, Children and Culture)

David Knight

– (Democratic Services Officer, Committees, Governance)

1. APOLOGIES FOR ABSENCE

Nil items

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST AND OTHER INTERESTS

- I. Councillor Marc Francis due to his wife Councillor Rachel Blake being the Deputy Mayor and Cabinet Member for Adults, Health and Wellbeing; and
- II. Councillor Bex White due to her father being resident in a Care Home within Tower Hamlets.

3. REQUESTS TO SUBMIT PETITIONS

Nil Items

4. REPORT/PRESENTATION FOR CONSIDERATION

4.1 Review of the changes to the Medium Term Financial Strategy (MTFS)

The Committee received and commented on the review of the Medium-Term Financial Strategy the Committee (**Attached** as an appendix to these minutes) has been working on an appraisal of the budget proposals from the from the Executive that were published with the papers for the Committees meeting on the 25th of January 2021. The main points of the discussion on the review of the changes to the MTFS may be summarised as follows:

The Committee:

- ❖ **Noted** that this meeting had been convened considering the new elements for the Council's Budget Capital Programme, Housing Revenue Account (HRA) and other changes to proposed savings that were considered at the Cabinet meeting on 27th January 2021.
- ❖ **Commented** that more information was needed regarding any overspends in the HRA projects that were referenced to in the papers published as part of the Cabinet agenda for the 27th of January 2021.
- ❖ **Noted** that in the report to Cabinet on 27th January 2021 reference had been made about a report by Savills on the borrowing and investment capacity within the HRA, and Members wanted to know when a copy of that report will be circulated as they wished to know if the additional 1,000 new homes could be delivered **e.g.** to have confirmation which projects would be carried out by which Housing Company.
- ❖ **Expressed** concerns around the asset transfer of land or buildings which the Authority owns and what that would mean if the Council were to look at different vehicles for delivering this programme and the sustainability implications of such different approaches.
- ❖ **Noted** that whilst this is a really challenging budget the report identifies what needs to happen to make this a better budget and that decisions made are necessary.
- ❖ **Questioned** why cutting services (£13.5M savings proposals for 2021-22) to allow for topping up of reserves (e.g. £7M New Homes Bonus) when reserves are sufficient.

- ❖ **Noted** proposal to: Provide further poverty relief by making up to £100K available (one-off for 2021-22) to foodbanks who are under financial pressures in meeting community needs; and expand the Resident Support Grant to £150K (one-off for 2021-22) for vulnerable people to access – funded from additional £7million New Homes Bonus which is earmarked for reserves.
- ❖ **Commented** that after a year in which local authority savings plans have been squeezed and income reduced, funding gaps in many areas for councils are considerable.
- ❖ **Commented** that there is no real certainty over when income streams will start to pick up again and that demand for services will continue to be high with many households hit with reduced income or even unemployment over the past year.
- ❖ **Commented** that whilst the Government seems to be anticipating councils to put up taxes and the proposal to Council tax recommends an increase of 4.99% the Local government Chronicle reported last week that looking at a percentage of councils across England that 47% have chosen not to impose the maximum increase. Therefore, councils do have a choice and that point should be made clear in the report.
- ❖ **Commented** that whilst recognising that councils are under “no obligation” to make substantial council tax increases it would be useful to know if data includes other London councils as they tend to have lower value tax bases and so even maximum increases will often not raise as much as smaller increase in the shires. As a metropolitan areas tax base of largely band A and band B flats generates less income than one with a larger share of detached properties in suburban or rural areas.
- ❖ **Commented** it is incredibly difficult to be make such decisions right now and therefore the Committee should look at the Budget again in the early summer when more information has become available (i) fuller details on the impact that Covid has had on the Council’s finances; and (ii) what the additional funding that Government may have provided at that time.
- ❖ **Commented** that calculations will obviously differ between councils, depending on the type and scale of cuts they will be forced to consider or whether they can plug the gap with reserves for a year.
- ❖ **Commented** that whilst the Council would have to make deeper cuts if they do not avail themselves of the maximum rise the reductions in services will most likely cut through local communities to a greater extent than any increases in council tax bills.
- ❖ **Agreed** on the need to understand the impact of the budget proposals on residents including vulnerable people such as refugees, disability, rough sleepers, mental health, older persons, children, and young people.
- ❖ **Expressed** concern about the proposals to raise fees and charges, and savings, in such unprecedented times for local communities.
- ❖ **Wanted** to see indicators, methodologies, and tools to allow the Council to demonstrate value and justify its decisions to the communities they seek to serve.

- ❖ **Wanted** to see the impact of the savings from 2019-2020 especially with reference to the Community Language Service (CLS).
- ❖ **Noted** that whilst it had been agreed that LBTH could no longer fully fund the CLS, it was a service that was really valued, and the Council wanted to retain this Service in the Borough. Therefore, LBTH wanted to invest in the future sustainability of the service but this had proved difficult because of Covid which means that it is in effect and unachieved saving from 2019-2021.
- ❖ **Agreed** that given the continuing pandemic conditions, scrutiny would like to see evidence that decisions made last year to reduce funding services and be more self-sustaining under normal circumstances, are now no longer viable, and needs reviewing including mitigation approaches.
- ❖ **Agreed** that it was important to look at such unmet savings **e.g.** to have a breakdown of certain parts of the Housing Revenue Account (HRA) expenditure and income regarding LBTH's housing stock and closely related services or facilities.
- ❖ **Agreed** that they needed more detail on assumptions, actuals (past quarters'/years' budget headline numbers) and risks (HRA project breakdown and consultants' reports, including Savills reports, and reviews) to provide better context for budget proposals; this included service/function budgets (**i.e.** more resolution than which directorate) so that multiple impacts within portfolios can be better viewed and cumulative impacts to resident and communities can be evaluated.
- ❖ **Commented** that LBTH should produce strategies for commercialisation and income generation to ensure that they have identified all opportunities for income generation and have plans as to how to bring these into effect. **e.g.** it should identify and analyse any risks associated with such strategies and state how LBTH will address these.
- ❖ **Noted** that a report had been presented to Council on 28 October 2020 regarding substantial changes to the Ideas Stores and Library Service due to the increased financial challenge faced by Tower Hamlets and queried if the time is right for such substantial changes.
- ❖ **Agreed** that that Cabinet should therefore consider the recommendations arising from a scrutiny challenge session on Revised Approach for IDEA Stores and Library Service held on 28 January 2021.

4.2 2021-2022 Budget Proposals

As a result of a full and wide-ranging discussion on the appraisal of the budget proposals.

The Chair Moved and it was: -

RESOLVED to:

1. **Thank** all those attendees for their contributions to the discussions on the changes to the MTFS; and

2. **Agreed** the changes to the review as detailed in the **attached** Budget Scrutiny and Budget Pre-decision Scrutiny Questions and responses.

5. ANY OTHER UNRESTRICTED BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

Nil items

6. EXCLUSION OF THE PRESS AND PUBLIC

As the agenda circulated contained no exempt/ confidential reports and there was therefore no requirement to exclude the press and public to allow for its consideration.

7. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS THAT THE CHAIR CONSIDERS URGENT

Nil items

The meeting ended at 4.59 p.m.

**Chair, Councillor James King
Overview & Scrutiny Committee**