

Conservative Group Budget Amendment

Amendment proposed by: Councillor David Snowdon

Amendment seconded by: Councillor Zara Davis

This Council notes:

1. The financial black hole inherited from Labour both at a national level and at the Council level;
2. That Tower Hamlets Council has accumulated £354million of debt and is paying £22 million each year on debt interest alone;
3. That this debt pile is the legacy of years of fiscal irresponsibility from the previous Labour administrations;
4. That the Town Hall continues to waste money through propaganda, consultants, advertising and Council subscriptions;
5. That residents have not been consulted over the budget proposals;
6. That the 34 residents who attended focus groups on the budget were concerned by the cost of East End Life and wanted to see greater joint service provision across neighbouring boroughs.

This Council will:

7. Implement the following recurring spending reductions:

Budget Line	Description	2011/12 Budget Saving												
East End Life	Discontinue East End Life. Carry out statutory advertising through other newspapers.	£250,000												
Senior Staff Salaries	Reduce the salaries budget of the Council, with a clear emphasis on the highest paid staff. For example: <ul style="list-style-type: none"> • Staff earning over £170k to receive a 10% reduction in salary • Staff earning over £100k to receive a 5% reduction in salary 	Total saving £112,800 comprising: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Salary without costs (£)</th> <th>No of posts</th> <th>Total cost (£)</th> <th>Saving (£)</th> </tr> </thead> <tbody> <tr> <td>>170k</td> <td>1</td> <td>224k</td> <td>22.4k</td> </tr> <tr> <td>>100k</td> <td>13</td> <td>1,808k</td> <td>90.4k</td> </tr> </tbody> </table>	Salary without costs (£)	No of posts	Total cost (£)	Saving (£)	>170k	1	224k	22.4k	>100k	13	1,808k	90.4k
Salary without costs (£)	No of posts	Total cost (£)	Saving (£)											
>170k	1	224k	22.4k											
>100k	13	1,808k	90.4k											
Staff Salaries Settlement	Remove the provision for a National Pay increase of £250 per worker now that the local government employers have offered a 0% increase	£750,000												
Special Responsibility Allowances	Abolish Special Responsibility Payments for: <ul style="list-style-type: none"> • Chair of Licensing 	Total saving £47,157, comprising: £7,955												

	<ul style="list-style-type: none"> • Chair of Appeals • Chair of General Purposes • Chair of Audit • Chair of Human Resources • Chair of Pensions Committee • Olympics Ambassador 	<p>£7,955</p> <p>£7,955</p> <p>£5,823</p> <p>£5,823</p> <p>£5,823</p> <p>£5,823</p>
Language Extension Classes, also known as 'Mother Tongue Classes'	<p>Set up a private trading company to provide extra-curricular language classes to make service cost neutral and protect it into the long-term.</p> <p>Expand coverage of world languages covered by these classes e.g. Russian, Portuguese, Italian.</p> <p>See Annex I</p>	£750,000
Single Person Discount on Council Tax	The Council is already using data checking to reduce the number of people fraudulently claiming the single person discount on Council Tax. We will substitute a reduction to 33% of households claiming Single Person Discount with a reduction to 32.75%	£74,629
Events	<p>Savings comprising of:</p> <p>Reducing the budgetary impact of the annual fireworks display. Inviting Hackney to contribute to the event, to make it a joint production. Or failing Hackney taking up their share of the responsibility, ensure more "bang for our buck".</p> <p>Halve the Tower Hamlets Council contribution to the Greenwich and Docklands International Festival</p> <p>Halve the Tower Hamlets contribution to the Spitalfields Music Festival</p>	<p>Total saving £98,070 comprising:</p> <p>£73,070</p> <p>£12,500</p> <p>£12,500</p>
Consultants	Reduce spending by 20%	£260,000
Conferences	Reduce spending by 20%	£44,000
Advertising	Reduce spending by 10% including no further lamp-post column advertising or bus shelter posters	£165,000

Communications	Cut 'in the news'	£7,500
Film Officer	Film Officer to make a contribution to main budget of £48,000 (represents leveraging in an additional 25% of funding through film location contracts)	£48,000
Council Subscriptions to Organisations	Leave various organisations to which the Council has subscribed: <ul style="list-style-type: none"> the Local Government Information Unit the New Local Government Network 	Total saving £27,100 comprising of: £15,100 £12,000
Subscriptions to newspapers	Reduce spending on subscriptions to newspapers, magazines and periodicals by 5%	£4,897
Pot plants	Reduction in facilities management budget, with saving to be primarily achieved through ending all spending on buying and maintaining pot plants.	£18,696
Total Additional Revenue Savings		£2,657,849

8. Implement the following recurring expenditure increases:

Title	Description	Spending
Police	Provide an additional 17 police officers, one extra per ward.	£680,000
ESOL	Provide an additional gross 500 places to clear the waiting lists for ESOL courses.	£300,000 This cost is based on the Skills Funding Agency cost per ESOL student.
Road Maintenance	Double the Council's spend on road repairs in 2011/12 to take account of the high wear and tear caused by the hard winter	£283,000
Wapping Road Maintenance	Repairs to Wapping Wall and Wapping High Street including repairing the sinking road, potholes and cobbles.	£95,000
Litter/Dog / Park Wardens	Provide additional Dog Wardens (x2), Litter Wardens (x2) and Park Wardens	£232,000

	(x2)	
Total Additional Revenue Expenditure		£1,590,000

9. Implement the following non-recurring spending / capital spending for 2011/12:

Mudchute Children's Centre, Isle of Dogs	Provide capital funding to expand the buildings. This will enable the nursery provision to be doubled from 18 to 36 baby places, the playgroup provision to be doubled from 16 to 32 places, it will provide an additional 20 places for children at the breakfast club, an additional 20 places in the after school club, and allow the centre to take in up to 20 children each day during school holidays under an emergency holiday scheme. They have enough children on their waiting to immediately fill all new places that become available.	£590,750
Docklands Heritage Boards, Isle of Dogs	Fund to CLC to repair existing boards from the LDDC at £600 each. Leverage in additional funding from business and educational groups for a schools' local history programme, and a local heritage trail, potentially working with the Museum of London Docklands	£20,000
Contingency	Contingency fund, in case of overspend/efficiencies coming in lower than forecast	£457,099
Total Additional Capital Expenditure		£1,067,849

10. Take the following action with regards to reserves:

Reserves	Move £1 million of the £3 million 2011/12 allocation to reserves into a ring-fenced 'Fund to Repay Debt With Excessive Interest Payments' (See Annex II)	£1,000,000
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11. Give the requisite one year's notice to withdraw from the Local Government Association. This will save the Council the subscription fee of £44,860 in 2012/13 and future years.

12. Sell the Renault site at 535-593 Commercial Road as it is no longer required as a car pound. The sale of this site on the open market will produce a significant profit for the Council as a result of the marriage value of the recently acquired leasehold and the freehold. A desktop valuation by Council officers places the value of the Renault site at £5 million. The receipts from this would be used to pay off the LBTH debt pile – through the Special Fund outlined in Annex II - and therefore reduce debt interest payments in future years.
13. Request that the Boundary Commission reduces the number of Councillors from 3 Councillors per ward to 2 per ward. This would produce direct savings of £171,105 per annum (workings are 17 x Basic Allowance = £171,105).
14. Outsource all communications work within the Council to WestCo, which currently carries out the communications functions for other London Boroughs.
15. Investigate shared procurement, for example on electricity. The Council notes that Kent County Council already co-ordinates electricity for many Councils including for other London Boroughs.
16. Investigate joining the Redbridge Culture and Leisure Trust, which would be responsible for the day-to-day management of all sports and leisure services, events, libraries and parks & open spaces in the borough. Tower Hamlets Council would retain its strategic decision-making role for these services, but would be able to achieve substantial financial savings as a result of sharing these back-office functions with Redbridge and other Councils.
17. Investigate sharing services with other Councils on:
 - a. Legal services
 - b. Call centre
 - c. Organisational development and training
 - d. Audit
 - e. Payroll
 - f. Recruitment Services
18. Investigate sharing the borough's planning, development and licensing functions with neighbouring boroughs.

Annex I

Language Extension Classes, also known as Mother Tongue Classes

Mother tongue classes are a major item in the Council's budget, costing three quarters of a million pounds a year. Amid the need to find savings across the Council, mother tongue classes must be one of the areas on which costs are reduced.

We believe that if Tower Hamlets Council wishes to continue providing language lessons to local children, a long term framework is necessary. As such we propose creating a private trading company for Childhood Language Learning. This body would aim to be entirely self funding, and provide language learning at no cost to Tower Hamlets Council.

We note that Council Officers have already priced up both the per hour cost of the Mother Tongue programme (£2.50) and have investigated how much ESOL learners would be willing to pay.

Therefore, we suggest imposing a £2.50 cost-price hourly charge for children attending mother tongue. This sum is considerably cheaper than comparable private sector teaching

The Council's private trading company for childhood language learning would be able to:

- Increase the number of languages it teaches, to include world languages for all communities, as well as European language not currently taught in local schools, for example Portuguese, Italian and Russian;
- Seek opportunities in other Boroughs to teach languages to children. This would take advantage of Tower Hamlets expertise in the area, whilst the funds generated from these ventures could then be used to subsidise teaching in Tower Hamlets, or even return funding to the main Tower Hamlets budget.

Annex II

Fund to Repay Debt Borrowed at Excessive Interest Rates

Tower Hamlets has accumulated a debt pile of £354million, and with the interest rates on this debt varying from 7.8% to 1.1%. The average interest rate for the £354 million of debt is 6.4%. Starting to pay down this amount of debt would result in significant ongoing savings from reduced debt interest payments. We propose to create a ringfenced 'Fund to Repay Debt Borrowed at Excessive Interest Rates' to paydown debt with excessive interest rates as and when opportunities arise. All accrued interest to stay in the fund.

BUDGET COUNCIL

23rd February 2011

BUDGET REQUIREMENT & COUNCIL TAX 2011/12

CAPITAL PROGRAMME 2011/12

BUDGET MOTION (AMENDMENT) BY COUNCILLOR DAVID SNOWDON

I propose the following motion in relation to Agenda item 5.1 "Report of the Cabinet meeting held on 9th February 2011":-

"That Council: -

General Fund Revenue Budget Requirement and Council Tax 2011/2012

1. Agree a total Budget Requirement for Tower Hamlets in 2011/12 of £310,960,000.
2. Agree a Council Tax for Tower Hamlets in 2011/12 of £885.52 at Band D, as detailed in the table below: -

	2011/12 - As per Budget Motion	2011/12 - As per Amendment
	£	£
Adults Health & Wellbeing	97,003,000	97,303,000
Children's Schools and Families	75,241,000	75,081,750
Development and Renewal	17,276,000	17,277,304
Communities, Localities and Culture	69,302,000	69,813,930
Resources	10,213,000	10,213,000
Chief Executive's	12,280,000	11,927,343
Corporate/Capital	19,885,000	19,857,900
Total Directorate Budgets	301,200,000	301,474,227
Corporate Contingency	8,451,000	8,158,099
Provision for Future Growth	7,700,000	7,700,000
Contribution to Investment Reserve	2,900,000	2,900,000
Local Public Service Agreement	-700,000	-700,000
Parking Control Account	-6,333,000	-6,333,000
Council Wide Savings	0	-661,326
Council Wide Growth	0	680,000
Efficiency Reserve	689,000	689,000
Funding for Accelerated Delivery Programme	-343,000	-343,000
Insurance Fund	500,000	500,000
Contribution to General Balances	3,000,000	2,000,000
Debt Repayment Reserve	0	1,000,000
Council Tax Freeze Grant	-1,961,000	-1,961,000
Transitional Grant	-4,143,000	-4,143,000
Council Net Budget	310,960,000	310,960,000
Formula Grant	-229,672,580	-229,672,580
Council Net Budget After Formula Grant	81,287,420	81,287,420
Collection Fund (Surplus)/Deficit	-2,549,420	-2,549,420
Net Budget Requirement	78,738,000	78,738,000
Council Tax Base	88,917	88,917
COUNCIL TAX AT BAND D	£885.52	885.52

a) Resulting in a Council Tax for all other band taxpayers, before any discounts, and excluding the GLA precept¹, 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. Agree that for the London Borough of Tower Hamlets in 2011/12:-

(a) The Council Tax for Band D taxpayers, before any discounts, and including the GLA precept, shall be **£1,195.34** as shown below: -

	£
	(Band D, No Discounts)
LBTH	885.52
GLA	309.82
Total	1,195.34

(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: -

<i>BAND</i>	<i>PROPERTY VALUE</i>		<i>RATIO TO BAND D</i>	<i>LBTH</i>	<i>GLA</i>	<i>TOTAL</i>
	<i>FROM</i>	<i>TO</i>		£	£	£
A	0	40,000	$\frac{6}{9}$	£590.35	£206.55	£796.90
B	40,001	52,000	$\frac{7}{9}$	£688.74	£240.97	£929.71
C	52,001	68,000	$\frac{8}{9}$	£787.13	£275.40	£1,062.53
D	68,001	88,000	$\frac{9}{9}$	£885.52	£309.82	£1,195.34
E	88,001	120,000	$\frac{11}{9}$	£1,082.30	£378.67	£1,460.97
F	120,001	160,000	$\frac{13}{9}$	£1,279.08	£447.52	£1,726.60
G	160,001	320,000	$\frac{15}{9}$	£1,475.87	£516.37	£1,992.24
H	320,001	and over	$\frac{18}{9}$	£1,771.04	£619.64	£2,390.68

- 4 Approve the statutory calculations of this Authority's total Budget requirement in 2011/12, detailed in **Appendix A** to this motion, undertaken by the Chief Financial Officer in accordance with the requirements of Sections 32 to 36 of the Local Government Finance Act 1992.

- 5 Approve the Capital Programme, Treasury Management Strategy, and Investment Strategy as set out in the Document Pack.

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 23RD FEBRUARY 2011
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

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

1. That the revenue estimates for 2011/2012 be approved.
2. That it be noted that, at its meeting on 12th January 2011, Cabinet calculated 88,917 as its Council Tax base for the year 2011/2012 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.
3. That the following amounts be now calculated by the Council for the year 2011/2012 in accordance with Section 32 to 36 of the Local Government Finance Act 1992 as amended and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2011:
 - (a) £982,545,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of The Act. [Gross Expenditure]
 - (b) £671,585,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of The Act. [Gross Income]
 - (c) £310,960,000 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 32(4) of The Act, as its budget requirement for the year. [Budget Requirement]
 - (d) £232,222,000 Being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant and additional grant increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and reduced by the amount of any sum which the council estimates will be transferred from its general fund to its collection fund pursuant to the Collection Fund (Community Charges) directions under Section 98(5) of the Local Government Finance Act 1988. [Government Grants and Collection fund Adjustments]
 - (e) £885.52 Being the amount at 3(c) above, less the amount at 3(d) above, all divided by the amount at 2 above, calculated by the Council, in accordance with Section 33(1) of The Act, as the basic amount of its Council

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 23RD FEBRUARY 2011
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

Tax for the year. [Council Tax]

(f)	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(e) 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 2011/12 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	206.55
B	240.97
C	275.40
D	309.82
E	378.67
F	447.52
G	516.37
H	619.64

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 23RD FEBRUARY 2011
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

5. That, having calculated the aggregate in each case of the amounts at 3(f) 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 2011/12 for each of the categories of dwellings shown below:-

VALUATION BAND	TOTAL COUNCIL TAX £
A	£796.60
B	£929.71
C	£1,062.53
D	£1,195.34
E	£1,460.97
F	£1,726.60
G	£1,992.24
H	£2,390.68