

**REPORT TO BUDGET COUNCIL
8TH MARCH 2011**

**GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2011//12
CAPITAL PROGRAMME 2011/12 – 2013.14
TREASURY MANAGEMENT, BORROWING AND INVESTMENT POLICIES 2011/12.**

Mayor's Revised Budget Motion

1 INTRODUCTION

- 1.1 At the first Budget Council meeting on 23rd February, the Council considered three amendments to the Cabinet's budget approved on 9th February, and heard the Mayor's proposals for a revised budget combining elements of the amendments.
- 1.2. The Mayor agreed the Liberal Democrat and Respect amendment .which then became part of the Mayor's budget. That new substantive budget was then amended by the Labour motion which was agreed by the majority of councillors at the meeting.
- 1.3. The effect of this is that the substantive motion before Members this evening is the Cabinet's approved budget of 8th February, amended by the Labour Group amendment and incorporating those elements of the Liberal Democrat and Respect amendment that are not superseded by the Labour Group amendment.
- 1.4. A financial statement setting out the substantive motion as revised is set out at **Appendix 1.** It results in a Budget Requirement of £310.960m and a Tower Hamlets Council Tax at Band D of £885.52, no change on 2010/11
- 1.5. Officer advice on the proposals in the budget has been received by Members in the Budget Council Document Pack and papers tabled at Council on 23rd February. In the interests of economy these papers are not reproduced in this report but Members are requested to bring these with them to the meeting and to take account of these in making their decisions.

2. MAYOR'S COMMENTS ON THE REVISED MOTION

The Mayor of Tower Hamlets comments;

- 2.1. I have considered the detail of the budget amendment passed by Council on 23rd February and set out below my comments item by item, and my own revised proposal for Member consideration.

2.2. Employment Initiatives

I accept the proposal put forward by the Liberal Democrat and Respect Members to spend an additional £1.040m to support apprenticeships, leadership training and new graduate initiatives over 3 years, funded from earmarked reserves.

2.3. Affordable Housing

I accept the proposal put forward by the Liberal Democrat and Respect Members to allocate £3.5m to increase affordable housing, including social rented accommodation and address overcrowding by increasing the buy-back of family-sized homes and knockthroughs in the Borough funded by £0.600m from earmarked reserves and £2.900m from available capital receipts.

2.4. Housing Link

I accept the proposal by the Labour Group to maintain the Housing Link Service with a 25% reduction in funding and a requirement to work with the Council including the supporting people team to review caseloads, costs and the interaction with other services.

2.5. Support to Mayor and Councillors

I accept the proposal by the Labour Group as set out in their amendment to replace my proposals for savings in this area and instead to reduce non-staffing budgets by £82,000 and staffing budgets by £230,000.

2.6. Extended Schools

I note proposals from the Labour Group that provide £406,000 to continue the Junior Youth Service in at least eight schools for working and non-working parents.

My initial proposals allocated £120,000 to provide the service in at least eight schools. At the meeting I accepted the Lib Dem and Respect amendment that extended these proposals to non-working parents and retained charges at current levels by allocating £60,000 in extra funding (or £5,000 per school). I was also pleased to announce the participation of a ninth school.

The view from officers is that my proposals, as amended by Lib Dem and Respect Members, provide substantially the same outcome as those put forward by the Labour Group at a substantially lower cost.

I therefore propose to amend the motion to accept the Liberal Democrat and Respect proposal in place of the Labour Group amendment. Under this proposal

the saving CSF/5 Extended Schools would be taken but an additional £60,000 would be allocated in 2011/12 to assist schools in taking on the service.

2.7. East End Life

My position on East End Life is the same as that stated at the budget meeting on 23rd February 2011. The review of the operation of East End Life which I asked officers to undertake in January is under way and is due to report in May. The Labour Group amendment voted through at the first Budget Council would be to save £200,000 by moving to a quarterly publication.

Officers advise that there are financial risks associated with accepting these proposals as the savings generated by moving to a quarterly publication may be offset by lost income from advertising. Officers have also indicated that at this stage of the review, there is little to choose between the various options financially.

In the light of this advice, I am unwilling to pre-empt the outcome of the review. I therefore propose to set a saving of at least £200,000 to be achieved as a result of the review of East End Life but will not make a decision on the frequency or format of the review until the review has reported back with fully costed proposals.

2.8. Community Safety

The Labour Group amendment proposes to add one Police Officer per ward to the Safer Neighbourhood Teams, and to fund this by deleting the current team of Tower Hamlets Enforcement Officers with effect from 1st July.

I very much welcome more police on our streets, but the THEOs enhance and complement the work of the police and are also a valuable community safety resource to Tower Hamlets, especially in relation to the management of anti-social behaviour.

As I announced at Budget Council on 23rd February, I have been in discussion with the Borough Commander to enhance police provision by providing 21 new officers, using a combination of funding from the new Community Safety Fund allocated to each Borough by the GLA and drugs action funding.

Negotiations with the Borough Commander are at an advanced stage, though as members will be aware, the Police reserve for themselves issues of operational detail.

On the basis of the discussions so far, I am confident that the Council will have a considerable say in how the new officers are utilised. This proposal allows us to

put in place four more police officers than the Labour Group's proposals without the need to cut THEOs.

I am therefore unable to accept the Labour proposal as it is not the best use of our increasingly scarce resources and I am unwilling to sanction a cut to our overall community safety capacity

2.9 **Adventure Play**

I have allocated £50,000 to Bartlett Park and Whitehorse Road adventure playgrounds. In addition, I accept a £60,000 saving from the Communications department to add to the resources for adventure play.

2.10 **Reduce Allocation to Reserves**

I accept officers' advice on the risks to the Council of not maintaining reserves at a safe and prudent level and the amendments I set out above would mean that there is no need to reduce the planned contribution to General Reserves of £3m recommended by officers. In fact, the proposals above produce a small additional surplus of £0.035m which can be retained in General Reserves.

2.11 **Council Tax**

My proposals confirm a Tower Hamlets Council Tax of £885.52 at Band D for 2011/12, which is no increase on 2010/11. My revised proposal is set out at **Appendix 2.**

3. **OFFICERS' ADVICE ON COMMUNITY SAFETY FUNDING**

- 3.1. Officers' advice has been provided on the proposals in the Budget Pack and tabled as amendments at Council on 23rd February 2011.
- 3.2 At the 23rd February meeting, the Mayor announced ongoing negotiations with the Borough Commander on the provision of 21 additional police officers for 2011/12. Five of these officers are being provided from funding available to the Borough Commander, and the cost of the remaining 16 officers is £640,000 per annum.

Funding for 2011/122 has been identified from three primary sources;

- **Community Safety Fund allocation from the Greater London Authority**, which is indicated to be in the region of £460,000. The availability of this money was notified to the Mayor by the GLA on 17th February 2011. The money must be spent on community safety and crime reduction and is subject to a plan submitted to the GLA by 4th March 2011. This resource (previously known as the Safe and Supportive Fund) has always been

allocated by the Community Safety Partnership Board and has never formed part of the Council Core Budget Setting process.

- £130,000 from existing **DAAT (Drug and Alcohol Action Team)**. This funding is managed by the DAAT Board which comprises all 5 statutory partners including the Borough Commander. Every year the Board carries out a needs assessment and ensures that all the budgets are aligned to deliver our priorities.
- § £50,000 **MPA** funding allocated by the Borough Commander in consultation with the Council.

It is a risk that the Community Safety Fund is provided for one year only. Future funding is likely to be reduced and will be allocated to the Elected Police Commissioner for London. However, it is important to note that any agreement for extra police officers with the Borough Commander will include a break clause to be activated in the event that funding is not available for more than a one year commitment. It is the Mayor's intention to review available budgets in the course of the year to address any gap that may appear in Year 2.

4. RECOMMENDATION

- 4.1. Agree a total Budget Requirement for Tower Hamlets in 2011/12 of £310.960m
- 4.2. Agree a Council Tax for Tower Hamlets in 2011/12 of £885.52 at Band D.
- 4.3. Approve the statutory calculations of this Authority's total Budget requirement in 2011/12, detailed in **Appendix 3**, undertaken by the Chief Financial Officer in accordance with the requirements of Sections 32 to 36 of the Local Government Finance Act 1992.
- 4.4. Subject to the amendments in the revenue budget, approve the Capital Programme, Treasury Management Strategy, and Investment Strategy as set out in the Budget Council Document Pack.