

LONDON BOROUGH OF TOWER HAMLETS

REPORT OF THE MAYOR IN CABINET

08 FEBRUARY 2012

To receive the report of the Mayor in Cabinet arising from the Cabinet meeting held on Wednesday **08 February 2012**.

The Members who attended the meeting were: -

Cabinet:

Mayor Lutfur Rahman	
Councillor Ohid Ahmed	(Deputy Mayor)
Councillor Rofique U Ahmed	(Cabinet Member for Regeneration)
Councillor Shahed Ali	(Cabinet Member for Environment)
Councillor Abdul Asad	(Cabinet Member for Health and Wellbeing)
Councillor Alibor Choudhury	(Cabinet Member for Resources)
Councillor Shafiqul Haque	(Cabinet Member for Jobs and Skills)
Councillor Rabina Khan	(Cabinet Member for Housing)
Councillor Rania Khan	(Cabinet Member for Culture)
Councillor Oliur Rahman	(Cabinet Member for Children's Services)

Other Councillors:

Councillor Kabir Ahmed	(Executive Advisor to the Mayor and Cabinet)
Councillor Stephanie Eaton	
Councillor David Edgar	
Councillor Marc Francis	
Councillor Ann Jackson	(Chair, Overview & Scrutiny Committee)
Councillor Md. Maium Miah	(Advisor to the Mayor and Cabinet on Third Sector and Community Engagement)
Councillor Joshua Peck	(Leader of the Labour Group)
Councillor Bill Turner	

1. General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2012-2015 (CAB 071/112)

Councillor A. Asad declared a personal interest in Agenda item 11.1 "General Fund Capital and Revenue Budget and Medium Term Financial Plan 2012-15" (CAB 071/112). The declaration of interest was made on the basis that the report contained recommendations relating to Youth Service provision and Councillor Asad was employed by a youth service provider.

The order of business was varied by decision of the Mayor in Cabinet earlier in the proceedings in order to:-

- Allow this report to be considered following a deputation from Staffside in respect of it (which the Mayor had permitted under the constitutional provisions of Council Procedure Rule 7.2) received earlier in the proceedings.
- To allow all reports comprising and linked to the Authority's 2012/2013 Budget comprising Agenda items 11.1 to 11.3 as below to be considered in conjunction:
 - Agenda Item 11.1 General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2012-2015
 - Agenda Item 11.2 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2012-13
 - Agenda Item 11.3 Housing Revenue Account - Budget Report 2012/13 Adoption of non Decent Homes Housing Capital Estimates

The Mayor considered a report (CAB 071/112) (See **Budget 2012/2013 Document Pack - Agenda item 11.1**), detailed Budget pages to be deposited with the Clerk to the Council and in the Group rooms, which informed and advised him that:-

- The Mayor in Cabinet was invited to submit his recommendation for the General Fund capital and revenue budgets and Council Tax for 2012-13, and a Medium Term Financial Plan (MTFP) 2012-13 to 2014-15 to Budget Council for consideration on 22nd February 2012.
- On the 11th January 2012, the Mayor in Cabinet considered the General Fund capital and revenue budgets and referred initial budget proposals to Overview and Scrutiny Committee for consultation in accordance with the Budget and Policy Framework Procedure Rules.
- The Overview and Scrutiny Committee met to consider these matters at an extraordinary meeting held on 30th January 2012 and comments arising from the meeting would be reported to the Mayor in Cabinet on 8th February 2012 [circulated in a supplemental Cabinet agenda prior to the Cabinet meeting].
- The report before the Mayor set out the results of public consultation on the Budget, with residents and business ratepayers.
- The Greater London Authority (GLA) was due to meet on 9th February 2012 to set its precept, and the report before the Mayor sets out the latest available information on the Mayor of London's budget proposals at the time of writing and any update would be provided verbally to the Mayor in Cabinet. The final GLA budget and precept would be reported to Budget Council on 22nd February 2012.
- The draft MTFP has been prepared against a backdrop of an uncertain national economic position. Low growth and rising unemployment, allied to higher than projected inflation, increases the risk of both a growing demand for the Authority's services and an increase in the unit costs of providing those services. At the same time the Government was proposing major

changes to the way public services are both delivered and financed in the future with a significant transfer of risk to local authorities; some of these changes are currently planned to be introduced within the next three years.

- Although the Chancellor of the Exchequer made his Autumn Statement on 29th November 2011 with further information provided through the Office for Budget Responsibility there remained great uncertainty over the level of public services investment that would be available over the business planning period and beyond.
- Therefore, the MTFP, of necessity, included a number of key planning assumptions which would need to be closely tracked as part of the Authority's established financial and performance monitoring process. This would ensure that any significant variances are quickly identified together with appropriate mitigating actions.
- The report before the Mayor included an update on advice from the Corporate Director Resources on these financial risks and his statutory advice on the robustness of the budget process. The report before the Mayor considered the impact of these risks on the overall General Fund budget, and reviewed the level and planned use of general and earmarked reserves. The Mayor in Cabinet was invited to consider a strategy in relation to maintaining reserves at a level consistent with known pressures on the Authority's budget and unquantifiable future risk.
- Two other reports contained in the business for consideration of the Mayor in Cabinet on 8th February 2012 were also concerned with budgeting and forward financial planning for the next three year period and both would impact upon the General Fund. Appropriate cross-references were included in the report before the Mayor. These were:-
 - Housing Revenue Account - Budget Report 2012/13 Adoption of non Decent Homes Housing Capital Estimates
 - Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2012-13

The Mayor informed Cabinet members and others present that:

- A supplemental agenda had been circulated previously containing a paper, arising from the deliberations of the Extraordinary Overview and Scrutiny Committee, held on 30th January 2012, detailing comments in respect of a Budget Framework matter: the Executive's initial Budget proposals made by the Mayor in Cabinet on 11th January 2012.
- Councillor Ohid Ahmed, Deputy Mayor, had **Tabled** a proposed alternative option/amendment in relation to the recommendations set out in the report. [Please note the alternative option is reflected in the report below and is therefore not re-circulated separately].

Mr Naylor, Corporate Director Resources, advised the Mayor:

- Of several revisions to the Medium Term Financial Plan as follows:
 - That as a consequence of the participation of many Tower Hamlets trade union members in industrial action on 30th November 2011

there had been a saving to the Authority's staffing budgets of £350,000; and these resources were now available for allocation in the Budget to be proposed for 2012/13.

- At the request of the Cabinet Member for Resources, officers had undertaken a review of earmarked reserves with a view to testing whether these were still required to be held for their original purpose. This review set out at Appendix 6.3 to the report had reached the following conclusions:

£1.3 million of Area Based Grant carry forward was now available for application in the Budget to be proposed for 2012/13.

£100,000 of partnership monies earmarked to fund redundancies was no longer required for this purpose and consequently available for allocation in the Budget to be proposed for 2012/13.

£280,000 of monies earmarked to employment initiatives in last year's budget had yet to be allocated.

This £1.68 million of reserves formed part of the "Employment and other Corporate Initiatives" reserve (£4.1 million) shown at Appendix 6.3 (page 188 of the report).

Officers advised that all other earmarked reserves still needed to be held for their original purpose.

- It should be noted that after publication of the draft final budget proposals, in the agenda before the Mayor/ Cabinet, the Mayor of London announced a proposed 1% reduction in the Greater London Authority (GLA) precept. This would be subject to the agreement process within the GLA, but if so agreed would reduce council tax bills for all taxpaying residents in London. The detail was set out at paragraph 7.24 of the report (page 11) but in summary the impact on a band D property in Tower Hamlets would be a reduction of £3.10p.
- That it had been agreed that any significant changes to the Executive's initial Budget proposals of 11th January 2012, made by the Mayor in Cabinet on 8th February 2012, would be referred to the Overview and Scrutiny Committee in accordance with the Authority's Budget and Policy Framework. The Executive [Mayor] would subsequently take account of these before recommending final Budget proposals to full Council [22nd February 2012] for consideration.

Councillor Choudhury, Cabinet Member for Resources, in introducing the report, summarised the key points contained therein:-

- Thanking Councillor Eaton, Respect Group Councillors, trades unions and others in the Community who had engaged with the Administration to discussed the content of the Budget. He also thanked Councillor Eaton and Staffside for addressing the Mayor and Cabinet in relation to their concerns about the Budget proposals earlier in the proceedings.
- Outlining the Budget challenge for the year ahead:

- Having agreed savings of £55 million in the previous year, the Council must find £40 to 50 million to close the Budget gap and balance its books in 2012/13.
- The Council faced a reduction in funding from Government of 17.9% in 2012/13, and projected further reductions of 1.1% in 2013/14 and 8.7% in 2014/15.
- Outlining the principles of the Mayor's Administration which had formed the basis for the Budget setting process:
 - Protection of vulnerable residents and vital services which they relied on: libraries, Ideas stores, youth services, children centers and free homecare.
 - Protection of frontline staff.
 - Ensuring that residents were better off with more money in their pockets: freezing Council Tax, introducing the Mayor's Education Award and limiting increased in fees and charges for residents to inflation, as far as possible.
 - Helping to put money back into the local economy: extending the London Living Wage as far as EU Law allowed and making it easier for local businesses to bid for Council contracts eg Homecare contract.
 - Protection of the Council's previous investment in the third sector and working more closely with it to deliver public services.
- Commenting that he considered proposed savings were being made fairly:
 - Improving independent living thereby supporting people to live with dignity: – telecare, supported accommodation, foster caring, hostel changes.
 - Further "back office" savings that would not compromise service delivery: – insurance, planning consultation changes, management de-layering.
 - Additional income generation – advertising, better use of the Authority's premises (childrens' centres, Northumberland Wharf, events in parks), ensuring debt collection.
 - Anchorage House – further savings
- Outlining elements of fresh consultation, since the Mayor had made his initial Budget proposals at the January Cabinet, including talking and listening to residents, trade unions, councillors from other political parties (particularly Liberal Democrat and Respect) and constructive engagement with the Overview and Scrutiny Committee. These contributions had highlighted key concerns which the Mayor and he were keen to address. As a result of this consultation, and following the deputation from Staffside and Councillor Eaton earlier in the proceedings he commented that there had been a reduction in use of One Stop Shops, as more services were made available online and by phone. The Administration was committed to reviewing services and focusing reduced resources where they were most needed by residents. However on reflection he considered there were better ways to make these savings and those proposed for Housing Link which

would also address residents', trade unions and Councillors' concerns. The Administration would work with the Trade Unions to develop these revised proposals. Accordingly **two alternative options** in relation to Budget proposals in respect of Rushmead One Stop Shop and Housing Link were **proposed** for the Mayor's agreement [see Decision below: alternative options (a) and (b)].

- Concluded by **commending** the **recommendations set out in** Section two of **the report**, together with the **alternative options/amendments he had proposed**, to the Mayor for agreement.

Councillor Ohid Ahmed, Deputy Mayor:

- Commented that:
 - An excellent partnership relationship had been established through the original partnership police deal which introduced an extra 16 police officers to the streets of Tower Hamlets.
 - There was widespread concern that there had been a reduction in police numbers in London of 1,700 officers, under the GLA Mayor, Boris Johnson.
 - This year's Annual Resident's Survey showed that community safety remained a top priority for residents of the borough, and it was also a top priority for the Administration.
- Considered that the Administration should use £1.485 million of the additional resources identified by the Corporate Director of Resources as available for allocation in the Budget to fund an additional 17 police officers for 3 years to tackle crime and anti-social behaviour in partnership with the Metropolitan Police. Accordingly **an alternative option as Tabled** in relation to Budget proposals was **proposed** for the Mayor's agreement [see Decision below: alternative option (c)].

Councillor Eaton commented that the Mayor had consulted widely on the Budget and invited comments and suggestions from stakeholders. In response Councillor Stephanie Eaton (Liberal Democrat) and Councillor Fozol Miah (Leader of the Respect Group) had decided to request that the Mayor incorporate an alternative option into the Budget proposals to be considered by Budget Council on 22nd February, rather than to table an amendment at that meeting. They considered the changes proposed in the alternative option would complement the Mayor's proposals and were modest in terms of the overall Medium Term Financial Plan, but significant because they would bring benefits to the Borough greatly in excess of their cost. Accordingly **an alternative option** in relation to Budget proposals was **proposed** for the Mayor's agreement [see Decision below: alternative option (d)]. The alternative option comprised 3 elements as below and the reasons for the alternative option were as follows:

1) **Supporting victims of crime and anti-social behaviour**

- Crime and anti-social behaviour are a significant concern for residents and the proposed resourcing of an additional 17 police

officers was welcome (a total of 38 extra officers over 2 years) and it was to be hoped these additional officers would reassure residents and reduce crime.

- However, support for victims of crime, especially victims of violent or sexual crime is necessary and critical. There was currently no victim support service located in the Borough, the nearest location being Forest Gate. This lack of access was particularly problematic for vulnerable women, children and victims of domestic violence. A presence in the borough would enable a faster, safer and more effective service for victims of serious crime.
- After-school patrols protect children from anti-social behaviour, bullying and hate crime and are valued by children, parents and residents for their potential to prevent problems with after-school crime and disorder.
- Accordingly proposed alternative option (d)(i) and (d)(ii) below be funded from the additional resource capacity identified by the Corporate Director Resources.

2) Fuel Poverty

- In January 2012 the Mayor indicated his intention to help Council tenants and residents in fuel poverty in the Borough. To facilitate and accelerate this work accordingly proposed alternative option (d)(iii) below be funded from the additional resource capacity identified by the Corporate Director Resources.

3) London 2012 Olympics and wider cultural Olympiad

- The London 2012 Olympic and Paralympic games would be a fantastic celebration of sport and culture. However there would inevitably be some disruption to local businesses during the games which the Council could help to mitigate. The final proposals, if accepted, will create an environmental and cultural legacy with which to remember the 2012 games and the visitors from around the world that will come to Tower Hamlets. Accordingly proposed alternative option (d)(iv) to (d)(vii) below be funded from the additional resource capacity identified by the Corporate Director Resources.

Councillor Shafiqul Haque:

- Commented that:
 - The Coalition Government had reduced the amount of funding available for English for Speakers of Other Languages (ESOL) classes and was no longer offering free classes to many of those who used to be eligible.
 - ESOL classes in Tower Hamlets were always oversubscribed.
 - It was acknowledged that ESOL was key to helping people into employment, key to helping parent's involvement in their children's education, key to helping all residents play an active role in the community.

- The Mayor's Administration had a vision for Tower Hamlets: one in which poverty or family background doesn't hold back aspiration or achievement and providing ESOL classes was one important way that vision could be realised.
- A small amount of resources earmarked for the support of apprenticeships, leadership training and new graduate employment initiatives in 2011 had been identified as unspent and it was the intention of the Mayor's Administration to use this to support the delivery of 3rd sector ESOL classes in the community.
- Accordingly **an alternative option** in relation to Budget proposals was **proposed** for the Mayor's agreement [see Decision below: alternative option (e)].

Concern was expressed that there had been a significant number of reports from residents that a cut in homecare provision had resulted in a significant impact on the quality of homecare provision. Long term providers whom users (which were the most vulnerable in the community) trusted (personal care of a very "personal" nature being provided and requiring trust) being replaced with agency staff which frequently changed resulting in much poorer quality of service provision. The matter would be raised at Budget Council but **an alternative option** was **proposed** that the Mayor and Cabinet reconsider the Budget proposals in this context.

A short discussion followed, during which:

- Councillor Choudhury, Cabinet Member for Resources, welcomed the alternative options proposed as set out in the Decision below at alternative options (a) to (e) as progressive and an enhancement of the Administration's Budget proposals. The alternative option proposed in relation to homecare provision was noted but not accepted. Accordingly **an alternative option** in relation to Budget proposals was **proposed** for the Mayor's agreement [see Decision below: alternative option (f)].
- The revised Budget proposals, highlighted by the Cabinet Member for Resources, together with the alternative options welcomed by him, were welcomed by members of the Cabinet. It was acknowledged that the Authority had an obligation to set a balanced budget, in the face of severe Government cuts to funding across the public sector, and therefore despite endeavouring to soften the impact on local residents some difficult Budget decisions were required. Nevertheless, the Budget was seen as progressive and reflective of the Administration's willingness to listen to the concerns of stakeholders.

The Mayor:-

- Noted the comments of the Overview and Scrutiny Committee in relation to the Executive's initial Budget proposals, made by the Mayor in Cabinet on 11th January 2012, arising from its deliberations at an extraordinary meeting, held on 30th January 2012, as set out in the paper contained in a

supplemental agenda circulated previously. These would be given due consideration in his deliberation and agreement of revised Budget proposals to be recommended to full Council.

- Commented that:
 - With regard to the Budget that his objective was simple: providing maximum protection for the Borough's community from the Coalition Government cuts agenda. Only the start of these cuts had been experienced: a new report by the Institute for Fiscal Studies estimated that only 6% of these public sector cuts had been implemented. These cuts had been extremely damaging to Tower Hamlets with £100 million pounds worth of cuts forced on the Authority in its last two Budgets. The havoc that would be caused by implementation of the remaining cuts agenda could not be imagined. However delivery of value for money was also a priority and he considered the proposed Budget achieved both objectives.
 - The proposed Budget committed the Administration to protecting frontline services:
 - There would be continued provision of free homecare. Tower Hamlets would now be the only borough in the country not to charge for homecare.
 - The funding for the Youth Service, Children's Centres and THEOs would continue to be protected.
 - There would be no closures of libraries or leisure centres in Tower Hamlets.
 - The proposed Budget committed the Administration to protecting frontline staff. He would ensure that very few of staff would be affected by the budget proposals, and as far as possible all changes will be managed through Voluntary Redundancies, Early Retirement and Redeployment to other Council jobs.
 - The proposed Budget committed the Administration to protecting lower waged staff. He was proud that the Council paid all its staff the London Living Wage (LLW) and was also proud that his Administration was extending the requirement for LLW in Tower Hamlets contracts, as far as allowed under EU law. He was determined that rising unemployment did not ensure wages for the low paid were slashed.
 - The proposed Budget also protected the third sector with the commitment of the Administration to maintaining the level of grants to the voluntary sector.
 - The proposed Budget ensured that at a time when the Coalition Government was taking money out of the pockets of the poorest, his Administration put some back in.
 - He was proud that Council Tax would be frozen for the third year in succession.
 - He was proud that Fees and Charges would be squeezed, with no increases above inflation for the vast majority of services provided to residents.

- He considered it wrong that the poorest in society were being made to suffer for an economic mess caused by the richest in society. The priority of his Administration was to best protect the most vulnerable in the community, and he considered the proposed Budget enabled the Authority to do so, and called on all councillors in Tower Hamlets to support it.

The **Mayor** subsequently **agreed** the recommended decisions as set out in the three reports considered in conjunction, as detailed in the decision to vary the order of business earlier in the proceedings [and listed above]; taking account of, in relation to the Agenda item 11.1 General Fund Capital and Revenue Budget and Medium Term Financial Plan 2012-15: the proposed amendments to the options being considered (from Councillor Choudhury/Councillor Ahmed/Councillors Eaton and Miah jointly/Councillor Haque [these are set out at Decision below: alternative options (a) to (f)]).

The Decisions of the Mayor in Cabinet are set out below: -

Decision

Decisions 1 to 12 below agreed subject to revision to reflect alternative options proposed and subsequently agreed as set out at (a) to (f) below:-

Budget Consultation

1. That the comments and recommendations of the Overview and Scrutiny Committee [on the Executive's initial Budget proposals, considered at by the Mayor in Cabinet on 11 January 2012], be noted;

Formula Grant Funding

2. That the funding available for 2012-13 and the indications and forecasts for future years, as set out in Section 7.5 of the report (CAB 071/112), be noted;

Directorate Base Budgets 2012-13

3. That the base budgets for 2012-13 for each Directorate, as set out in Appendix 2 to the report (CAB 071/112), be agreed.

Approved Budget 2012-13

4. That the growth contingency and savings for 2012-13, as set out in Sections 8 and 9 and Appendices 3, 4.1, 4.2 and 5 of the report (CAB 071/112) be agreed; and that the implications for later financial years be noted;

Medium Term Financial Plan 2012-13 to 2014-15

5. That the Medium Term Financial Plan set out in Appendices 1 and 2 to the report (CAB 071/112), the savings target arising in relation to future years and the actions being undertaken to address it, be noted;

Capital Programme 2012-13 to 2014-15

6. That the capital programme for 2012-13 to 2014-15, as set out in Section 13 and detailed in Appendices 9.1, 9.2 and 9.3 to the report (CAB 071/112), be agreed;

Dedicated Schools Grant 2012-13

7. That the proposals with regard to the Dedicated Schools Grant for 2012-13, as set out in Section 11 and Appendix 7 to the report (CAB 071/112), be agreed; and that it be noted that final budgets for schools will be driven by actual, rather than estimated pupil numbers in January 2012.

Housing Revenue Account

8. That the position with regard to the Housing Revenue Account, as set out in Section 12 and Appendices 8.1, 8.2 and 8.3, to the report (CAB 071/112), be noted;

Financial Risks: Reserves and Contingencies

9. That the advice of the Corporate Director of Resources on strategic budget risks, as set out in Section 10 and Appendices 6.1 and 6.2 to the report (CAB 071/112), be noted;

Robustness of Budget Process

10. That the advice of the Corporate Director of Resources in relation to the robustness of the budget process, as set out in Section 10, paragraph 10.6 of the report (CAB 071/112), be noted;

Balances/Reserves

11. That the review of reserves and advice on the strategy for general reserves, as set out in Sections 7 and 10 and further detailed in Appendices 6.1 and 6.3 of the report (CAB 071/112), be noted; and

General Fund Revenue Budget and Council Tax 2012-13

12. That a General Fund Revenue Budget of £292.265m and a Council Tax (Band D) of £885.52 for 2012-13 be agreed and recommended to Budget Council for consideration and approval.

[Please note that the Corporate Director Resources advises that the General Fund Budget Requirement and Council Tax set out at Decision 12 above reflects all the alternative options agreed at (a) to (f) below].

Alternative Options

- (a) Agreed with regard to Savings Proposal RES 4 (2012) "Rationalisation of One Stop Shops" [Appendix 5 New Savings Options (detailed proformas) to the report (CAB 071/112)] that the specific reference to the closure of the One Stop Shop at Rushmead be removed and instead a review into other options for achieving this saving be undertaken.
- (b) Agreed with regard to Savings Proposal AHWB 6 (2012) "Housing Link Phase 2" [Appendix 5 New Savings Options (detailed proformas) to the report (CAB 071/112)], that the Corporate Director Adults Health and Wellbeing, after consultation with the Corporate Director Resources, produce an alternative proposal which will keep a transitional Housing Link Service with two members of staff.
- (c) Agreed that £1.485 million be allocated to fund 17 police officers for the following three years; and that:-
- (i) These police officers will be tasked with tackling drug dealing, organised crime and anti-social behaviour.
 - (ii) These police officers will be subject to joint tasking by the Borough Commander and the Council's Community Safety team.
- (d) Agreed that:
- (i) £210,000 be allocated to fund two dedicated borough-based victim support officers for the next three years; and that these officers be located in Tower Hamlets and recruited in partnership with the LBTH Community Safety Team.
 - (ii) £10,000 be allocated to commission a feasibility study to explore how after-school patrols may be re-introduced through reconfiguring the existing partnership Police, THEO's and the Truancy Team to deliver this service.
 - (iii) £30,000 be allocated to support the development of an Energy Co-operative and exploration of innovative fuel purchasing models, identifying a community energy partner, in order to facilitate and

accelerate work to help Council tenants and residents in fuel poverty in the Borough.

- (iv) In the context of disruption to local businesses during London 2012 Olympic and Paralympic games, that £10,000 be allocated to assist businesses affected by the Olympic Route network and other disruption to trade by signposting the business rates relief that is available from HMRC to individual businesses. The work to include holding workshops to assist local business to access the business rate relief.
 - (v) £30,000 be allocated to promote local businesses in Tower Hamlets during the London 2012 Olympic and Paralympic games by providing 6 double-page spreads in East End Life over the games period to promote local businesses and voluntary organisations that would not otherwise advertise in East End Life.
 - (vi) A musical instrument recycling scheme, be funded from existing resources, to encourage donations of unwanted instruments, and to refurbish and distribute them to provide wider access to musical instruments for the Borough's children.
 - (vii) £10,000 be allocated to support the development and planting of a new avenue of trees to commemorate the London 2012 Olympic and Paralympic games.
- (e) That £245,000 of unallocated resources earmarked for the support of apprenticeships, leadership training and new graduate employment initiatives in 2011/12 be used to support the delivery of 3rd sector English for Speakers of Other Languages (ESOL) classes in the community.
- (f) That the funding for the alternative options (a) to (e) above be from the resources identified by the Corporate Director Resources at the Cabinet meeting, as relating to: -
- A saving to the Authority's staffing budgets of £350,000 resulting from industrial action on 30 November 2011.
 - £1.3 million of Area Based Grant carry forward currently unallocated.
 - £100,000 of partnership monies earmarked to fund redundancies no longer required for this purpose.
 - £280,000 of monies earmarked to employment initiatives in last year's budget yet to be allocated.

I therefore recommend Council to: -

Agree a General Fund Revenue Budget of £292.265m and a Council Tax (Band D) of £885.52 for 2012/13.

2. **Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2012-13 (CAB 072/112)**

The order of business was varied by decision of the Mayor in Cabinet earlier in the proceedings in order to allow all reports comprising and linked to the Authority's 2012/2013 Budget comprising Agenda items 11.1 to 11.3 (listed above) to be considered in conjunction.

The Mayor considered a report (CAB 072/112) (See **Budget 2012/2013 Document Pack - Agenda item 11.2**), which informed and advised him that:-

- The Authority was required by legislation and guidance to produce three strategy statements in relation to its treasury management arrangements:
 - A Treasury Management Strategy which sets out the Authority's proposed borrowing for the financial year and establishes the parameters (prudential and treasury indicators) within which officers under delegated authority may undertake such activities.
 - An annual Investment Strategy which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.
 - A policy statement on the basis on which provision is to be made in the revenue accounts for the repayment of borrowing – Minimum Revenue Provision (MRP) Policy Statement.
- The report before the Mayor dealt with the setting of Prudential Indicators for 2012-13, which ensure that the Authority's capital investment decisions remain affordable, sustainable and prudent; the proposed indicators were detailed in Appendix 1.
- With the introduction of the Government's self financing arrangements for the Housing Revenue Account (HRA) there are now specific indicators relating to HRA capital investment.
- The Authority was required to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) which required the following:
 - A Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities. Set out in Appendix 3.
 - Treasury Management Practices which set out the manner in which the Authority would seek to achieve those policies and objectives;
 - Approval by Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy, and prudential indicators for the year ahead together with arrangements for a Mid-year Review Report and an

Annual Report (stewardship report) covering activities during the previous year.

- Clear delegated responsibility for overseeing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. For this Authority the delegated body was the Audit Committee. The scheme of delegation for treasury management was shown in Appendix 4.
- Officers would report details of the Authority's treasury management activity to the Audit Committee at each of its meetings during the year. Additionally, a mid-year and full-year report would be presented to full Council. More detailed reporting arrangements were shown in Appendix 5.
- Under the new self financing arrangements for the HRA the Authority would now operate separate loans funds for the General Fund and HRA with effect from 1st April 2012.

[Please note: The deliberations of the Mayor/Cabinet in respect of this report are detailed at 1. General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2012-2015 above, but subsequent decisions taken, are set out below for ease of reference.]

The Decisions of the Mayor in Cabinet are set out below: -

Decision

1. That Full Council be recommended to adopt: -
 - (a) The Treasury Management Strategy Statement set out in Sections 6 to 9 of the report (CAB 072/112);
 - (b) The Annual Investment Strategy set out in Section 10 of the report (CAB 072/112);
 - (c) The Minimum Revenue Provision Policy Statement set out in Section 11 of the report (CAB 072/112) which officers involved in treasury management must then follow; and
2. That the Corporate Director Resources be authorised, after consultation with the Cabinet Member for Resources, to vary the figures in the report (CAB 072/112) to reflect any decisions made in relation to the Capital Programme prior to submission to Budget Council.

I therefore recommend Council to: -

Adopt the following:

- (a) The Treasury Management Strategy Statement set out in Sections 6 to 9 of the report (CAB 072/112). (See **Budget 2012/2013 Document Pack - Agenda item 11.2**)

- (b) The Annual Investment Strategy set out in Section 10 of the report (CAB 072/112). (See **Budget 2012/2013 Document Pack - Agenda item 11.2**)
- (c) The Minimum Revenue Provision Policy Statement set out in Section 11 of the report (CAB 072/112) (see **Budget 2012/2013 Document Pack - Agenda item 11.2**).

**Mayor Lutfur Rahman
Chair of the Cabinet**

NOTE FROM CLERK - OVERVIEW AND SCRUTINY COMMITTEE COMMENTS ON THE MAYOR'S REVISED BUDGET PROPOSALS:

In agreeing the above recommendations to the Council, the Mayor agreed a number of amendments to his initial budget proposals that had been the subject of consultation with the Overview and Scrutiny Committee and discussed at the committee's meeting on 30th January 2012.

These revised proposals were therefore subject to a further round of consultation with the Overview and Scrutiny Committee and the committee's further comments, agreed at an extraordinary meeting held on 13th February 2012, are included elsewhere in the supplementary agenda pack for the Budget Council Meeting.

The Mayor has confirmed that following consideration of the further comments made by the Overview and Scrutiny Committee, he has not further amended his budget proposals to the Council and these therefore remain as set out in the above recommendations. The Mayor has also stated that he would like to express his thanks to the Overview and Scrutiny Committee members for their involvement in the budget process.

John Williams
Service Head, Democratic Services

LOCAL GOVERNMENT ACT 1972 – SECTION 100D (AS AMENDED)
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background paper" number of holder	Tick if copy supplied	If not supplied, name and telephone
Cabinet Meeting 08/02/12 Draft minutes		Angus Taylor 020 7364 4333