

<p><b>BUDGET COUNCIL</b></p> <p><b>22<sup>nd</sup> February 2012</b></p> <p><b>COUNCIL TAX REQUIREMENT 2012/13</b></p>
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**BUDGET MOTION FROM COUNCILLOR ALIBOR CHOUDHURY, CABINET MEMBER FOR RESOURCES**

***I propose the following motion in relation to Agenda item 5.1: "Report of the Mayor in Cabinet on 8<sup>th</sup> February 2012:-***

**That Council: -**

**General Fund Revenue Budget and Council Tax Requirement 2012/13**

1. Agree a General Fund revenue budget of £292.265m and a total Council Tax Requirement for Tower Hamlets in 2012/13 of £80,430,000 as set out in the table below.

Service	Revised Base	Savings		Growth	Earmarked Reserves	Total Budget
	2011-12 £'000	Approved £'000	New £'000	£'000	£'000	2012-13 £'000
Adults Health & Wellbeing	99,463	(3,329)	(801)	1,213	(1,100)	95,446
Children, Schools and Families	60,812	(2,627)	(150)		(618)	57,417
Communities, Localities and Culture	61,437	(4,355)	(1,060)	2,230	(1,027)	57,225
Development & Renewal	31,359	(1,228)	(150)	30	(30)	29,981
Resources	21,948	(858)	(2,600)	10	(10)	18,490
Chief Executives	8,535	(348)	(290)	30	(464)	7,463
<b>Net Service Costs</b>	<b>283,554</b>	<b>(12,745)</b>	<b>(5,051)</b>	<b>3,513</b>	<b>(3,249)</b>	<b>266,022</b>
<b>Other Net Costs</b>						
Capital Charges	11,055		(1,445)	400		10,010
Levies	2,415					2,415
Pensions	12,151			1,250		13,401
Other Corporate Costs	8,269	(1,125)	(200)		2,154	9,098
<b>Total Other Net costs</b>	<b>33,890</b>	<b>(1,125)</b>	<b>(1,645)</b>	<b>1,650</b>	<b>2,154</b>	<b>34,924</b>
<b>Core Grants</b>	<b>(10,391)</b>		<b>(3,647)</b>			<b>(14,038)</b>
<b>Reserves</b>						
General Fund	3,000		(3,000)			-
Earmarked	907				1,188	2,095
General Fund (Smoothing)	-				(838)	(838)
<b>Inflation</b>	<b>-</b>			<b>4,100</b>		<b>4,100</b>
<b>Total Financing Requirement</b>	<b>310,960</b>	<b>(13,870)</b>	<b>(13,343)</b>	<b>9,263</b>	<b>(745)</b>	<b>292,265</b>
<b>Formula Grant</b>	<b>(229,673)</b>			<b>17,838</b>		<b>(211,835)</b>
<b>Council Tax</b>	<b>(81,287)</b>	<b>(725)</b>		<b>1,582</b>		<b>(80,430)</b>
<b>Total Financing</b>	<b>(310,960)</b>	<b>(725)</b>	<b>-</b>	<b>19,420</b>	<b>-</b>	<b>(292,265)</b>

2. Agree a Council Tax for Tower Hamlets in 2012/13 of £885.52 at Band D resulting in a Council Tax for all other band taxpayers, before any discounts, and excluding the GLA precept, 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 2012/13:-

(a) The Council Tax for Band D taxpayers, before any discounts, and including the GLA precept, shall be **£1,192.24** as shown below: -

	£
	(Band D, No Discounts)
LBTH	885.52
GLA	306.72
Total	1,192.24

(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: -

<b>BAND</b>	<b>PROPERTY VALUE</b>		<b>RATIO TO BAND D</b>	<b>LBTH</b>	<b>GLA</b>	<b>TOTAL</b>
	<b>FROM</b> £	<b>TO</b> £				
A	0	40,000	$\frac{6}{9}$	590.35	204.48	794.83
B	40,001	52,000	$\frac{7}{9}$	688.74	238.56	927.30
C	52,001	68,000	$\frac{8}{9}$	787.13	272.64	1,059.77
D	68,001	88,000	$\frac{9}{9}$	885.52	306.72	1,192.24
E	88,001	120,000	$\frac{11}{9}$	1,082.30	374.88	1,457.18
F	120,001	160,000	$\frac{13}{9}$	1,279.08	443.04	1,722.12
G	160,001	320,000	$\frac{15}{9}$	1,475.87	511.20	1,987.07
H	320,001	and over	$\frac{18}{9}$	1,771.04	613.44	2,384.48

- 4 Approve the statutory calculations of this Authority's Council Tax Requirement in 2012/13, detailed in **Appendix A** to this motion, undertaken by the Chief Financial Officer in accordance with the requirements of Sections 31 to 36 of the Local Government Finance Act 1992.
- 5 Approve the Treasury Management Strategy Statement, the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement as presented to Cabinet on 8 February 2012.
- 6 Approve the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2012-2015 as amended by the alternative options as agreed by the Mayor in Cabinet on 8 February and as set out in the attached report of the Mayor in Cabinet and summarised in the tables below.

#### Summary Draft Medium Term Financial Plan 2012-15

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000
<b>Net Service Costs</b>	335,048	320,074	307,465	294,403
<b>Growth</b>	9,787	5,163	5,077	3,745
<b>Savings</b>				
<b>Approved</b>	(28,870)	(14,595)	(11,977)	0
<b>New</b>	0	(9,696)	(12,247)	(6,427)
<b>Inflation</b>	4,479	4,100	7,100	6,400
<b>Core Grants</b>	(10,391)	(14,038)	(14,070)	(16,070)
<b>Earmarked Reserves</b>	907	2,095	(300)	0
<b>General Fund Reserves</b>	0	(838)	8,365	(8,904)
<b>Total Funding Requirement</b>	<u>310,960</u>	<u>292,265</u>	<u>289,413</u>	<u>273,147</u>
<b>Formula Grant</b>	(229,673)	(211,835)	(209,411)	(191,077)
<b>Council Tax</b>	(81,287)	(80,430)	(80,002)	(82,070)
<b>Total Funding</b>	<u>(310,960)</u>	<u>(292,265)</u>	<u>(289,413)</u>	<u>(273,147)</u>

## Detailed analysis of the Medium Term Financial Plan by service area 2012/13 to 2014/15

Service	Base	Savings		Growth	Earmarked	Total	Savings		Growth	Earmarked	Total	Savings		Growth	Earmarked	Total
	2011-12	Approved	New		Reserves	2012-13	Approved	New		Reserves	2013-14	Approved	New		Reserves	2014-15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adults Health &amp; Wellbeing</b>	99,463	(3,329)	(801)	1,213	(1,100)	95,446	(2,529)	(2,205)	1,452	(200)	91,964		(900)	1,600	(300)	92,364
<b>Children, Schools and Families</b>	60,812	(2,627)	(150)		(618)	57,417	(1,810)	(5)	80		55,682		(960)	(100)		54,622
<b>Communities, Localities and Culture</b>	61,437	(4,355)	(1,060)	2,230	(1,027)	57,225	(3,757)	(1,495)	1,295	(860)	52,408	(150)	(200)	1,245	(565)	52,738
<b>Development &amp; Renewal</b>	31,359	(1,228)	(150)	30	(30)	29,981	(2,716)	(2,701)		(475)	24,089		(1,534)			22,555
<b>Resources</b>	21,948	(858)	(2,600)	10	(10)	18,490	(299)	(907)			17,284		(230)			17,054
<b>Chief Executives</b>	8,535	(348)	(290)	30	(464)	7,463	(187)	(100)			7,176		(100)			7,076
<b>Net Service Costs</b>	283,554	(12,745)	(5,051)	3,513	(3,249)	266,022	(11,298)	(7,413)	2,827	(1,535)	248,603	(150)	(3,924)	2,745	(865)	246,409
<b>Other Net Costs</b>																
Capital Charges	11,055		(1,445)	400		10,010			1,000		11,010			1,000		12,010
Levies	2,415					2,415					2,415					2,415
Pensions	12,151			1,250		13,401			1,250		14,651					14,651
Other Corporate Costs	8,269	(1,125)	(200)		2,154	9,098	(125)	(1,434)			7,539		(2,503)			5,036
<b>Total Other Net costs</b>	33,890	(1,125)	(1,645)	1,650	2,154	34,924	(125)	(1,434)	2,250		35,615		(2,503)	1,000		34,112
<b>Core Grants Reserves</b>	(10,391)		(3,647)			(14,038)		(32)			(14,070)		(2,000)			(16,070)
General Fund	3,000		(3,000)			-					-					-
Earmarked	907				1,188	2,095		(3,400)		1,005	(300)				300	-
General Fund (Smoothing)	-				(838)	(838)				9,203	8,365				(17,269)	(8,904)
<b>Inflation</b>	-			4,100		4,100			7,100		11,200			6,400		17,600
<b>Total Financing Requirement</b>	310,960	(13,870)	(13,343)	9,263	(745)	292,265	(11,423)	(12,279)	12,177	8,673	289,413	(150)	(8,427)	10,145	(17,834)	273,147
<b>Formula Grant</b>	(229,673)			17,838		(211,835)			2,424		(209,411)			18,334		(191,077)
<b>Council Tax</b>	(81,287)	(725)		1,582		(80,430)	(554)		982		(80,002)			(2,068)		(82,070)
<b>Total Financing</b>	(310,960)	(725)	-	19,420	-	(292,265)	(554)	-	3,406	-	(289,413)	-	-	16,266	-	(273,147)

**LONDON BOROUGH OF TOWER HAMLETS  
COUNCIL 22<sup>ND</sup> FEBRUARY 2012  
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

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

1. That the revenue estimates for 2012/2013 be approved.
2. That it be noted that, at its meeting on 11<sup>th</sup> January 2012, Cabinet calculated 90,828 as its Council Tax base for the year 2012/2013 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
3. That the following amounts be now calculated by the Council for the year 2012/13 in accordance with Section 31 to 36 of the Local Government Finance Act 1992 as amended and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2011:
  - (a) £1,184,959,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of The Act. [Gross Expenditure]
  - (b) £1,104,529,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of The Act. [Gross Income]
  - (c) £80,430,000 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 31A(4) of The Act, as its council tax requirement for the year. (Item R in the formula in Section 31B of The Act). [Council Tax Requirement]
  - (d) £885.52 Being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of The Act, as the basic amount of its Council Tax for the year. [Council Tax]

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(e)	<b>VALUATION BAND</b>	<b>LBTH £</b>
	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(d) 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 2012/13 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:-

<b>VALUATION BAND</b>	<b>GLA £</b>
A	204.48
B	238.56
C	272.64
D	306.72
E	374.88
F	443.04
G	511.20
H	613.44

**LONDON BOROUGH OF TOWER HAMLETS  
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BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

5. That, having calculated the aggregate in each case of the amounts at 3(d) 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 2012/13 for each of the categories of dwellings shown below:-

<b>VALUATION BAND</b>	<b>TOTAL COUNCIL TAX £</b>
A	794.83
B	927.30
C	1,059.77
D	1,192.24
E	1,457.18
F	1,722.12
G	1,987.07
H	2,384.48

6. New government regulation now requires a local authority to conduct a referendum where if compared with the previous year, they set council tax increases that are “excessive”. Under current legislation and in accordance with principles approved under Section 52ZB Local Government Finance Act 1992, the Council tax set by the London Borough of Tower Hamlets for 2012/13 is not deemed to be excessive.