

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **General Comments of the Chief Financial Officer**

The proposals are deemed to be cost neutral in 2014/15, although there would be some additional one-off costs. Those could be provided for within the Medium Term Financial Plan as set out below and in the detailed comments.

It is likely that one-off reserves would be required to fund minor costs of decommissioning services, where they would be subject to the Council's organisational change procedure, or involve termination of contracts, and so would not be implementable from 1<sup>st</sup> April. These additional costs could be contained within the MTFP period by bringing forward use of available general reserves. However, the proposed additional savings over the period of the MTFP are assumed to be some £200k per annum from 2015/16.

The funding for additional free school meals assumes the 2014/15 financial year cost only. The cost of provision for a full academic year would be approximately £2.3m. Therefore the cost of providing for the academic year 2014/15 would require further growth in 2015/16 of some £1m.

### **General Legal Comments**

The proposals appear capable of being carried out within the Council's statutory powers. Where necessary, additional comments are set out below.

Where budget is made available for a particular proposal, implementation will generally be a matter for the executive.

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

To provide Universal free school meals for all primary age pupils from September 2014 - £1.3m

### **Corporate Director's Comments**

Schools currently pay for pupils who are eligible for statutory free school meals through their devolved budgets. Currently, the Public Health Grant meets the cost of a lunchtime meal for pupils in Reception to Year 1 who are not otherwise eligible.

From September 2014, the Department for Education will pay for a meal at lunchtime for all pupils in Reception – Year 2 for those pupils not otherwise eligible. This will be funded through a specific grant.

In order to pay for meals for those in Years 3 – 6 who are not otherwise eligible, this is estimated to cost £2.321m in a full academic year. This is based on 6,784 pupils currently in Years 3-6, not eligible for statutory free school meals at £2.30 per meal for 78.3% (ie current) take-up.

Pupil numbers will fluctuate, as will take-up. Younger year-groups are larger than older ones, so a steady rise can be expected over time. If take-up was at 90%, the costs would rise by £0.347m in a full year.

The additional cost of the meals is not the only consideration, however. It is extremely difficult to determine the burden on schools if all pupils were to have a free meal however the expectation is that additional supervision will be required in the dining hall and timetables will need to be reviewed to ensure all pupils have sufficient time to eat which may require staggered lunch breaks.

There would be less of a burden on schools if they were not collecting cash and the use of appropriate software – in conjunction with the kitchen may ease the administration. Schools may need to purchase additional dining furniture.

From a catering service's point of view additional staffing would be required along with additional light and heavy equipment and in some instances (dependent on a site by site review) additional space. Some sites may require additional electrical and gas supply installations.

It is likely that a project officer would be required to carry a full feasibility of each site if this project was to move forward.

**Any additional comments of the Chief Financial Officer**

The direct costs of this initiative are estimated to be £2.321m in a full year. So, for 2014/15 financial year (i.e. from September 2014 to March 2015), the estimated cost would be around £1.3m (i.e. 7/12ths of the full-year cost). If the initiative ran for the full academic year, this would require a further £0.967m in 2015/16 financial year. The actual costs will be dependent on actual pupil numbers and the level of take-up. Any additional costs can be contained within the overall Public Health Budget.

Cabinet on 5<sup>th</sup> February 2014 considered a proposal to allocate £1.3m over two financial years for a Women into Employment initiative which would use the Public Health Grant released by the introduction of the national FSM scheme for R-Y2 pupils. If this were not to proceed, it would cover the first £1.3m of the cost of this alternative proposal, leaving £0.967m to find if it runs for a full academic Year.

There are likely to be costs on schools associated with what might be a stepped change in the number of pupils accessing a meal at lunchtime, but these will vary from school to school and no estimates are readily available.

There may need to be some capital investment if school facilities are insufficient to meet the requirements and the DfE has allocated £0.748m school meals capital grants for Tower Hamlets (including £0.157m for VA schools) for 2014/15, which might be used to deliver this.

**Any additional legal comments**

Council may allocate budget for free school meals, but the question of whether the Council will charge for provision of free school meals (where it has discretion to do so) is an executive function.

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

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### **Proposal**

Departmental top slice for advertising CLC, D&R & ESCW – £200k

### **Corporate Director's Comments**

This will mean a top slice in departmental budgets for supplies and services which is achievable in 2014/15.

### **Any additional comments of the Chief Financial Officer**

The saving is assumed to be ongoing from 2014/15.

### **Any additional legal comments**

The Council will need to continue to meet its obligations in relation to the publication of statutory notices associated with consultation and decision-making.

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The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Cut to the Mayoral Car - £30k

### **Corporate Director's Comments**

The cost of the Mayor's car and Chauffeur is £42k. This is inclusive of the driver, lease charges and petrol. A cut in the budget will result in residual charges for the lease and potential staffing implications. The reduction of £30k can be achieved in 2014/15 but any additional costs from potential redundancy will need to be funded from bringing forward the use of general fund reserves

### **Any additional comments of the Chief Financial Officer**

None

### **Any additional legal comments**

None

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The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Cut in Chief Executives cost for Mayoral advisors / consultants - £296k

### **Corporate Director's Comments**

This would reduce the budget in effect to more or less than 2011/12 level when the office was originally established. The reduced amount would be enough to fund core staff of the office. The main effect would be to delete almost all the budget for the Mayoral advisors. This is do-able legally as they are not a statutory function, but would reduce the Mayors capacity to respond on matters requiring policy input.

The saving of £296k for mayor's advisors is one-off for 2014/15.

### **Any additional comments of the Chief Financial Officer**

The Mayor's office is part-funded from reserves and therefore a cut would not deliver an on-going saving.

Where employees of the council, advisers may be entitled to severance pay on the termination of contracts and funding for this would need to be found from Council reserves.

### **Any additional legal comments**

None.

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Remove Community ward forum funding following completion of 2013/14 programme pending review - £170k

### **Corporate Director's Comments**

The Local Community WardForum initiative would need to be reviewed and expectations of the community managed after setting up the first year of the participatory budget process.

### **Any additional comments of the Chief Financial Officer**

None

### **Any additional legal comments**

None

**OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL**

## **BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Savings from the Reduction to 45 Councillors - £28k

### **Corporate Director's Comments**

The decision to reduce councillors from 51 to 45 will result in an on-going full year saving of £60k. Currently for 2014/15 only, most of the saving had been set aside to fund any potential additional costs arising from the election in May 2014. If the saving is to be achieved in 2014/15, less funding will be available to support the election process.

### **Any additional comments of the Chief Financial Officer**

None

### **Any additional legal comments**

None

**OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL  
BY THE LABOUR PARTY**



The following sets out our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Town Hall – Delay decision on Town Hall pending options review and move funding allocated to a separate earmarked reserve – £2m

### **Corporate Director's Comments**

Scenario: 9 -12 month delay on making a decision.

The Council is unlikely to be able to stay in Mulberry Place beyond the expiry of the current lease in 2020. East India Dock is likely to be converted into a residential scheme. The landlord has already held pre-application discussions with planners and has begun the public consultation process. As a result, there is a need to plan and secure alternative administrative facilities (in the form of a new civic centre) from mid-2019 to ensure consistent and protected front line service delivery.

Officers have ruled out the possibility of using any existing assets to develop out a new civic centre and have therefore had to look externally for a viable development opportunity.

The Council have a commercially advantageous position with NHS Barts on the purchase of the Royal London Hospital Site in Whitechapel through the public assets register disposal procedure.

An offer has been made to and accepted by the board of trustees of NHS Barts which is subject to contract and ratification at Budget Council.

Any delay on the purchase of the site would likely mean that NHS Barts would offer the site to the open market and that the Council would have to bid in a competitive tender process alongside residential developers, thereby significantly increasing the likely total purchase price of the site. This could reasonably be anywhere in the region of £4 to £5 million more than the provisionally agreed and budgeted purchase price. Even in a tender process there is no guarantee that the Council would be the highest or most attractive bidder. If the Council were not able to purchase the site as a result of a delay then it would also represent a significant missed opportunity in terms of making a meaningful contribution to the widely publicised Whitechapel Masterplan/Vision.

If the delay extended to 12 months there would be the potential for a significant increase in the unit rates of construction which at the current rate of increase would add £600-750k to the build cost. If an alternative site to the

RHL site was required, further project team and consultant support would be required on due diligence and feasibility work costing approximately £200k.

The delay would inevitably lead to a more condensed construction and implementation phase, shifting more risk to the Council and costing more risk in to the programme.

If a delay in making a decision on a new civic centre meant that the Council was unable to proceed with a purchase of the Whitechapel site, then there would be an urgent need to address alternatives. Assuming that no viable alternative development sites could be secured to suit the Councils operational requirements, the council may find itself without an administrative and/or civic centre.

The proposal to purchase the Whitechapel site following ratification at Budget Council is still considered to be the most cost effective use of resources in the face of operational requirements, the ability (or lack of) to stay in Mulberry Place past lease expiry on favourable financial terms and the commercially advantageous position that currently exists with NHS Barts to purchase the site without competition from developers. A delay of up to a year is highly unlikely to result in any financial savings over the short to medium term and is more likely to result in additional funding requirements.

#### **Any additional comments of the Chief Financial Officer**

The proposal would add £1m to Earmarked General Fund Reserves and £1m to HRA reserves.

#### **Any additional legal comments**

The Council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The Council is required to consult for the purposes of deciding how to fulfil its duty. The commercial implications referred to above may in turn give rise to issues about best value and how this may be achieved.

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Provide Funding to Develop a Council run lettings agency to support people into the private rented sector - £250k

### **Corporate Director's Comments**

The council has previously attempted to deliver its own lettings agency; with limited success.

The proposed scheme is not dissimilar to the current leasing schemes operated by all councils (although the current Tower Hamlets scheme is a less constrained licence scheme) but with the tweak that the council endeavours to work directly with property owners (as opposed to managing agents). The owners benefitted by not having to pay the fees they typically experience when dealing with agents. LB Hackney was recently featured in the Evening Standard for a similar scheme. However, there is no evidence that this mechanism has proved at all successful; that authority's success in avoiding the use of B&B is in direct consequence of its preparedness to rent self-contained accommodation on a "nightly let" basis, paying high hotel rates for residential accommodation. Offering no more security than B&B, this practice actually inflates property costs (considerably) and renders it difficult to resist existing landlords if they request converting weekly rents to nightly lets. That is way, between Hackney and Newham councils, over 1,000 units of "normal" residential accommodation are held under nightly let arrangements.

Our keys costs (and pressure) in relation to this would be as follows:

1. Marketing costs – these would be minimal and the council would use existing advertising and marketing avenues to ensure maximum impact with minimal spend
2. Staff – running our own lettings agency would result in an increased workload and require sufficient staffing resources to manage a lot more small suppliers, rather than the existing situation where staff deal with fewer, but bigger, suppliers. Without doing additional work to estimate the numbers of landlords the scheme would attract, it would be difficult to quantify the staffing resources required to deliver the required level of service.

3. Rent guarantee – this would be the second largest cost pressure resulting from such a service. Based on the council’s current portfolio, and the arrears accrued (and forecast to be accrued) by private rented sector tenants in temporary accommodation this year, this could require up to £904k per annum. When the council has done this in the past, landlords have not been satisfied with the maximum we were willing – and able – to pay. Without offering a rent guarantee scheme, at a sufficient level (see below), it would be difficult to secure the interest of a sufficient volume of landlords, something that is required for a successful scheme. Hackney’s scheme offers a rent guarantee; however, this will either mean a considerable cost pressure in the regions of millions of pounds to ensure the guarantee pays out at or above the market rates, or their scheme will fail to attract the volume of landlords and properties required to make the scheme a success.

4. Rental fee levels – based on our knowledge of the market, the rental fees we currently pay are £50-70 p/w below the market level. With a portfolio of 1,600 properties, this means a difference of £4.2m-£5.8m. As stated above, without offering a sufficiently high enough rental fee level, it will be difficult to deliver a successful scheme.

When the council attempted to do this in the past, the key constraint was our ability to offer higher rental fees.

There is another potential model that has the council take on the roles currently done by absentee leaseholders (or their agents) when renting ex-RTB accommodation, albeit typically not necessarily for homeless households. The costs of such a scheme would be comparable to the costs occasioned by THH (management and maintenance figures) but allowing these to be influenced by two factors – high rents not necessarily being paid and the excessive demands of non-resident landlords. The former is an income threat, the latter a threat to operational costs. Consideration was previously given to this under the auspices of an “Ethical Lettings Company”

#### **Any additional comments of the Chief Financial Officer**

The £250k proposed budget for 2014/15 is assumed to be one-off, but would need to be reviewed during the year, and if necessary additional growth would need to be sought for 2015 and beyond.

#### **Any additional legal comments**

Council may allocate budget for this proposal, but its implementation will be an executive function. The proposal will need to be approached carefully to ensure that creation of an agency does not lead to any unlawful distortion of competition.

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The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Restoration of Victoria Park Fireworks Display - £45k

### **Corporate Director's Comments**

The amount proposed will facilitate restoration of the display.

### **Any additional comments of the Chief Financial Officer**

This is assumed to be a one-off additional cost for 2014/15 funded through the identified compensatory savings.

### **Any additional legal comments**

None

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The following sets out our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Build capacity for council house building programme – to be funded from within the existing budget. - £0

### **Corporate Director's Comments**

As a landlord function, the costs of developing new council dwellings will fall upon the Housing Revenue Account and there will be very little impact, if any, on the General Fund.

Officers are currently investigating various initiatives for the provision of new council housing, with this work being contained within existing resources. Any proposals that do proceed will require revenue costs to be included within scheme development budgets. If a new model for funding council house building is developed this will need to be thoroughly tested, and the financial implications for both the general fund and the housing revenue account will need to be subject to rigorous affordability, value for money and financial risk analysis

It must be stressed however that the key issue is the availability of capital resources to finance any building programme, and any impact on the Housing Revenue Account in light of the need to maintain the existing stock and complete the Decent Homes Programme, which is currently in the third year of the five year programme. Any borrowing undertaken within the Housing Revenue Account to undertake the building of new dwellings has to be considered in light of these other commitments and must be assessed in relation to the Authority's debt cap and the consequential need to finance the debt charges arising from the borrowing. Currently there is extremely limited capacity in relation to the debt cap which effectively means that there is no new borrowing capacity for capital spend. There is no capacity for financing additional borrowing in the next few years either without making compensatory revenue savings elsewhere in the HRA.

### **Any additional comments of the Chief Financial Officer**

The proposal does not seek to provide further funding other than the opportunity cost of officer time.

**Any additional legal comments**

None

**OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets out our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

**Proposal**

Restoration of 24hour noise service at weekends - £110k

**Corporate Director's Comments**

The allocation of additional funding to keep the Noise service open for 24 hours Thursday to Sunday would provide for the equivalent cost of 2 FTE at a cost of £110k including shift allowance.

**Any additional comments of the Chief Financial Officer**

For the purpose of the MTFP, this is assumed to be an ongoing budget requirement of £110k funded through identified compensatory savings.

**Any additional legal comments**

None

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Neighbourhood Community safety plan - £0 – From existing budget

- Develop capacity to implement a community safety plan for each neighbourhood to ensure local residents have their say on local priorities;
- Provide additional resources to officers to tackle the scourge of drug dealing that blights many parts of the borough, including fully funding the sniffer dogs patrols to be rolled out across the borough;
- Reverse the cuts to the out of hours noise team to ensure that all noise nuisance and ASB can be reported around the clock at the weekends.

### **Corporate Director's Comments**

Crime and ASB is the primary responsibility of the MET Police. The Council is a key partner in development of the Community Safety Plan for the Neighbourhoods. Development of capacity will require the cooperation and engagement primarily of the MET Police in supporting the local authority. As there is already a ward level Community Policing forum. The Police are unlikely to want to duplicate this function via a neighbourhood community safety plan.

The sniffer dogs are funded by Tower Hamlets Homes properties and the service supported by enforcement officers. The service is managed through a service level agreement. Additional resources would be required outside of the core budget to roll out the service across the borough or clarity regarding where budgets should be reduced to fund it given.

In response to the proposal ASB can always be reported and dealt with around the clock at weekends 24/7. However noise and nuisance is reported through the out of hours service. The reversal of the cuts in the out of hours budget would need to be supported by additional resources or clarity regarding where budgets should be reduced to fund it given.

### **Any additional comments of the Chief Financial Officer**

The proposal does not seek to provide further funding other than the opportunity cost of officer time.



**Any additional legal comments**

The Council is one of the responsible authorities for Tower Hamlets, within the meaning of section 5 of the Crime and Disorder Act 1998. Other responsible authorities for Tower Hamlets include: every provider of probation services in Tower Hamlets; the chief officer of police whose police area lies within Tower Hamlets; and the fire and rescue authority for Tower Hamlets. Together, the responsible authorities for Tower Hamlets are required to formulate and implement, pursuant to section 6 of the Crime and Disorder Act 1998, strategies for: the reduction of crime and disorder; combating the misuse of drugs, alcohol and other substances; and the reduction of re-offending. Consistent with these provisions, proposals for crime and disorder reduction should be taken forward in partnership.

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### **Proposal**

Expansion of Sniffer dog patrols to tackle drug dealing - £144k

### **Corporate Director's Comments**

Borough Wide coverage could be secured with 2 dogs although 3 dogs would ensure a more frequent and effective service.

### **Any additional comments of the Chief Financial Officer**

The cost of the proposal is deemed to be one-off and funded through identified compensatory savings.

### **Any additional legal comments**

The use of sniffer dogs will need to be in accordance with the Council's statutory powers. As the Council has no powers of arrest in relation to drug offences, the use of dogs will either be for deterrent purposes or will need to be in conjunction with police.

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Deliver the final recommendations from RSL co-regulation scrutiny review specifically in relation to the tenants' panel - £50k

### **Corporate Director's Comments**

The recommendations within the scrutiny review can be implemented with the creation of an additional post to deliver the work and utilisation of some of the proposed funding for training initiatives and independently-led seminars.

It should be noted that some of the recommendations of the review rely on the borough's Registered Providers becoming party to the activities we will be undertaking. While the council can build on existing strong partnerships with local Registered Providers, including via the Tower Hamlets Housing Forum, this might be harder to achieve with RPs who also hold stock outside of the borough, as they often have national or regional policies and procedures.

### **Any additional comments of the Chief Financial Officer**

This is assumed to be a one-off additional expenditure for 2014/15 funded through identified compensatory savings.

### **Any additional legal comments**

None.

## **OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE LABOUR PARTY**

The following sets our comments by officers on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

### **Proposal**

Public Realm and Park Improvements - £125k

### **Corporate Director's Comments**

A sum of £125k would provide for the refurbishment of one or two smaller pocket parks, dependent upon the exact nature of the works involved: In general hard landscaping such as footway renewals, walling, lighting and the like is considerably more expensive than soft landscaping with tree, shrubs and other planting and smaller infrastructure items such as bins and benches.

£125k could pay for a noticeable level of soft landscaping for up to four parks. The sum might be extended further but impacts of spend would be less visible.

### **Any additional comments of the Chief Financial Officer**

This is assumed to be a one-off additional expenditure for 2014/15 funded through identified compensatory savings.

### **Any additional legal comments**

None