


Non-Executive Report of the: COUNCIL 24 February 2016	 TOWER HAMLETS
Report of: Corporate Director, Resources	Classification: Unrestricted
Budget and Council Tax 2016-17 – Report of the Cabinet Meeting, 2 February 2016 and Budget Proposals of the Mayor and Executive	

Originating Officer(s)	Barry Scarr
Wards affected	All Wards

1. SUMMARY

- 1.1 This report sets out the proposals of the Mayor and Executive for the council's Budget and Council Tax 2016-17, as agreed at the Cabinet Meeting on 2nd February 2016.

2. RECOMMENDATIONS

- 2.1 In accordance with the decisions of the Mayor in Cabinet as set out at section 5 below, Full Council is **recommended**:-

General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2016/20

- (a) To note the feedback from the budget consultation as detailed in section 3.12, appendices 9 and 10 of the budget report and published on the council's website.
- (b) To agree a General Fund Revenue Budget of £361.985m and a Council Tax (Band D) of £920.85 for 2016-17 as set out in the motion attached at Annex 1 to this report. This incorporates a 1.99% general increase on the previous year and a 2% increase in respect of the Adult Social Care 'Precept' announced by the government during its recent budget announcements (SR2015).
- (c) To note an increase of £3.672m in the General Fund Revenue budget 2016-17 as a result of the final settlement announcement in February 2016. The increase is due to additional Public Health grant allocated to fund services for 0-5 year olds.
- (d) To agree a Capital Budget and Medium Term Financial Plan as set out in the motion attached at Annex 1 to this report.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2016-17

- (e) To adopt (as also set out in the motion at Annex 1):
- The Treasury Management Strategy Statement set out in paragraph 3.14 – 3.36 of the report at Annex 4 to this report;
 - The Annual Investment Strategy set out in paragraph 3.37 – 3.38 of the report at Annex 4 to this report;
 - The Minimum Revenue Provision Policy Statement set out in paragraph 3.39 – 3.44 of the report at Annex 4 to this report, which officers involved in treasury management must then follow.

Section 25, Local Government Act 2003

- (f) To note that in line with the requirements of the Local Government Act 2003, the Corporate Director of Resources is of the view that:
- a) The General Fund balances of £64m and the level of reserves are adequate to meet the council's financial needs for 2016-17, and that in light of the economic risks that the council faces, they should not fall below a minimum level of £20m; and
 - b) The General Fund estimates are sufficiently robust to set a balanced budget for 2016-17. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2015/16 budget with the projected spend identified in monitoring reports. The overall level of the corporate contingency has been set at £3.1m, which is adequate to cover any potential costs arising from unforeseen events or cost pressures.

Local Council Tax Reduction Scheme (LCTRS)

- (g) To note that Full Council at its meeting of 20th January 2016 approved:
- the continuation of the current Local Council Tax Reduction Scheme for 2016/17, which will retain the same level of support to all working age Council Tax payers on a low income
 - that the extension of the scheme is for one year only, to be reviewed alongside the impact of the Government's proposed welfare reform changes and an options review for the future of LCTRS during 2016

3. CABINET MEETING, 2nd FEBRUARY 2016

- 3.1 The Cabinet meeting received the report of the Corporate Director Resources on the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2016-20.
- 3.2 In considering the information in the reports, the Mayor and Cabinet took into account the comments of the Overview and Scrutiny Committee (OSC) on the Mayor's initial budget proposals for 2016-17 (which had been published in the 5th January Cabinet agenda), from the OSC meeting held on 18th January 2016.
- 3.3 The Mayor and Cabinet also took into account initial feedback from the budget consultation process and events.
- 3.6 The Cabinet on 2nd February 2016 also considered the report of the Corporate Director, Resources on the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2016-17; and agreed recommendations to the Council in that regard.

4. LEGAL COMMENTS

- 4.1 The legal comments are set out in the reports to Cabinet which are appended and there are no additional comments to be added.

5. DOCUMENTS ATTACHED

- 5.1 The following documents are attached to this report for the Council's consideration:-

Annex 1: Budget Motion from Councillor David Edgar, Cabinet Member for Resources

Annex 2: Report of the Corporate Director Resources: General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2016-2020

Annex 3: Appendices 1 - 10 to the above report:-

- Appendix 1 Summary of the Medium Term Financial Plan
- Appendix 2 Detailed analysis of the Medium Term Financial Plan by Service Area
- Appendix 3 Detailed analysis of projected budget revenue growth resulting from increased service demand and higher unit costs
- Appendix 4.1 Savings 2016-17 – Summary

- Appendix 4.2 Savings 2016-17 – Detailed Proforma and Equality Analysis
- Appendix 5.1 Reserves and Balances
- Appendix 5.2 Risk Evaluation
- Appendix 5.3 Projected Movement in Reserves
- Appendix 6.1 Schools Funding Report
- Appendix 6.2 Schools Budget Allocation 2016-17
- Appendix 7 The Housing Revenue Account Medium Term Strategy
- Appendix 8.1 Current Capital Programme 2015-16 to 2017-18
- Appendix 8.2 Indicative schemes 2016-17 to 2018-19
- Appendix 8.3 Summary of Proposed Capital Programme 2015-16 to 2018-19
- Appendix 9 Public Consultation Feedback
- Appendix 10 Budget Consultation Feedback, Overview and Scrutiny Committee

Annex 4: Report of the Corporate Director Resources to the Cabinet on 2nd February 2016: Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2016-17 (Report presented to Full Council includes subsequent minor amendments made by officers).

LOCAL GOVERNMENT ACT 1972 – SECTION 100D (AS AMENDED)

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background paper"	Tick if copy supplied	If not supplied, name and telephone number of holder
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No unpublished background papers were relied upon to a material extent in the preparation of this report.