

**5.2 Petition relating to Budget Cuts and Council Reserve Funds.
(Petition from Mr Pete Dickenson and others)
(Petition received after the agenda had been published but in
advance of the petitions deadline)**

Summary of Petition:

We the undersigned call on Tower Hamlets Mayor and Councillors to:

- use council reserves to put forward a 'no-cuts' budget in 2016/17 as detailed in the statement below
- use this to start a mass campaign to get the money needed for council services from the government
- increase the living wage across the council to £10 per hour
- start a mass programme of council house building

See www.tuscth.wordpress.com for full statement. Below is an edited version:

The overall political strategy of 'austerity' is to secure the wealth of the richest in society regardless of the insecurity and hardship caused particularly to the poorest but in reality to the vast majority of people. For this reason we are opposed to 'austerity' and the attacks on the budget of this council.

The Government announced the grant for Tower Hamlets in December although there could still be some small adjustments to this figure. On top of this the Mayor has agreed the Council needs to spend £23 million on new responsibilities or to meet needs that have not been properly funded in the past. The real funding gap facing the Council for 2016/17 is £44 million.

This poses a political crisis for the Mayor in his first full year in office. This crisis is a direct result of Tory austerity cuts facing Local Authorities across the country and not a unique situation facing Tower Hamlets Council. The Mayor may choose to blame the previous administration for financial mis-management but nothing could be further from the truth.

The Council's General Reserves, monies the Council has saved up, have increased since 2011 to £71.5 million as published in the Draft Statement of Accounts for 2014/5. This financial year 2015/16 it is planned to use £7.8 million from the General Reserves and £1.8 million from the earmarked reserves, money saved for specific projects, to bridge some of the funding gap in the Council's budget.

These healthy savings mean that the Mayor is proposing to spend £25 million from these funds to help him balance the budget for 2016/17. On top of this he is now planning to cut £17 million of cuts to services on top of £4 million that he has already signed off.

However the situation will get worse if the Mayor chooses not to make a clear stand and fight for the full resources needed to run our borough's services. His strategy (MTFS) predicts the Council will face a fresh funding crisis of £30 million in 2017/18 followed by £18 million in 2018/19 and £10 million in 19/20.

The cuts identified for 2016-17 fall into the following broad categories:

- Reducing or ending the provision of services
- Transferring financial responsibility from the general fund to other specific areas of council funding
- Transferring financial responsibility to other public sector organisations
- Increasing contract income from the contracts with the commercial sector
- Savings achieved because of reduction in use of services

This amendment opposes all cuts to services provided by Tower Hamlets Council. We are opposed to transferring financial responsibility to other specific areas of council funding such as the DSG. This transfers the decision for providing these services from the Council to other managers of Council services, for example schools in the case of transfers to DSG e.g. the cuts to school crossing patrol service and the Gorsefield study centre.

Reserves

The Council's General reserves stand at £71.5 million and after the potential use of £7.8 million could fall to £63.6 million. We propose using £40 million from the General reserves to fund the Council's budget gap for 2016/17. This would still leave the General Reserves at £23.6 million which is above the £20 million estimated by the Chief Finance Officer to cover for risks to the budget.

Campaign to Fund Our Services.

We accept that the use of reserves is not a long-term solution to the financial problems imposed on the Council by the government. However it gives breathing space for the Councillors to develop a mass political campaign throughout the borough for resources to meet the needs of residents in Tower Hamlets and link up with other councils and anti-austerity campaigns.

The Mayor is faced with a stark choice: Defend Council services now or start down the road to cut Tower Hamlets spending by £75 million by 2020. If the Mayor's budget is passed and £17 million cuts are made this year there will be opposition from service users and the workforce in this borough. The Mayor will be setting himself and his party in opposition to the needs of the borough. In doing so, he will create division in our communities to push these cuts through: He will justify cuts to some services whilst justifying that others should remain, for the time being!

Corbyn's landslide victory to become Labour leader was on the basis of a commitment to fight the Tories' austerity measures. That has already brought about the successful defeat of cuts to tax credits - a major attack on the poor. He has written to Council leaders to implore them to defend Council services, in a letter at the end of last year. Tower Hamlets Mayor should start by refusing to cut services now whilst he can still balance the budget.