

Non-Executive Report of the:  <b>COUNCIL</b>  21 February 2018	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Zena Cooke, Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Budget and Council Tax 2018-19 – Report of the Cabinet Meeting, 30 January 2018 and Budget Proposals of the Mayor and Executive</b>	

<b>Originating Officer(s)</b>	Neville Murton, Divisional Director, Divisional Director, Finance, Procurement & Audit
<b>Wards affected</b>	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 2018-19, as agreed at the Cabinet Meeting on 30<sup>th</sup> January 2018.

## 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 2018-21**

- (a) To note the feedback from the budget consultation as detailed in section 3.13, appendix 10 of the budget report and published on the council's website.
- (b) To agree a General Fund Revenue Budget of £343.730m and a Council Tax (Band D) of £986.14 for 2018-19 as set out in the motion attached at Annex 1 to this report. This incorporates a 2% increase in respect of the Adult Social Care 'Precept'.
- (c) To note an increase of £916k in the General Fund Revenue budget 2018-19 as a result of the final settlement announcement in February 2018. The increase is due to additional funding through the Adult Social Care Support Grant
- (d) To note the Business Rates income includes the RSG element in 2018-19 only, additional income and net adjustments for tariff and payment due to London councils. The RSG amounts remain as stated separately for 2019-20 and 2020-21 respectively.

- (e) To note the change in Retained Business Rates income due to the final completion of the NNDR 1 return on the 24<sup>th</sup> January 2018; And the inclusion of the estimated outturn position in relation to the 2017-18 financial year.
- (f) To note the additional requirement of £340k from General fund reserves to balance the budget in 2018-19
- (g) To note that a revised Proforma has been included for MPG /HAC01/18-19 - Community Safety, ASB & Crime.
- (h) To note the Mayor in Cabinet agreed that a review of savings proposal 'CHI 003/17-18' relating to 'Widening Participation in Early Years' agreed in the 2017-18 budget to take place and for further information on the impact on affordability and level of provision for under 5s to be provided
- (i) To agree a Capital programme 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 2018-19**

- (j) To adopt (as also set out in the motion at Annex 1):
- The Treasury Management Strategy Statement set out in section 5 and 6 of the report and Annex 4 to this report;
  - The Annual Investment Strategy set out in section 7 of the report at Annex 4 to this report;
  - The Minimum Revenue Provision Policy Statement set out in section 2 of the report at Annex 4 to this report, which officers involved in treasury management must then follow.

**Section 25, Local Government Act 2003**

- (k) 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 £28m and the level of reserves are adequate to meet the council's financial needs for 2018-19, 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 2018-19. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2017-18 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)**

- (l) To note that The Mayor in Cabinet agreed a report on the 9th January 2018 which proposed no changes to the 2017-18 Local Council Tax Reduction Scheme (LCTRS).

### **3. CABINET MEETING, 30<sup>th</sup> JANUARY 2018**

- 3.1 The Cabinet received the report of the Corporate Director Resources on the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2018-21.
- 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 2018-19 (which had been published in the 9<sup>th</sup> January Cabinet agenda), from the OSC meeting held on 15<sup>th</sup> January 2018.
- 3.3 The Mayor and Cabinet also took into account feedback from the budget consultation process and events.
- 3.4 The Mayor in Cabinet agreed that a review of savings proposal 'CHI 003/17-18' relating to 'Widening Participation in Early Years' agreed in the 2017-18 budget to take place and for further information on the impact on affordability and level of provision for under 5s to be provided.
- 3.5 The Mayor in Cabinet also agreed to authorise the Corporate Director, Resources after consultation with the Mayor and Lead Member of Resources to make any changes required to the budget following the final settlement announcement in February.

### **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 2018-2021

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

- Appendix 1A Summary of the Medium Term Financial Strategy
- Appendix 1B Detailed analysis of the Medium Term Financial Strategy by Service Area
- Appendix 2 Tower Hamlets Core Spending Power
- Appendix 3 New growth proposals 2018- 2021
- Appendix 4 New Savings proposals 2018- 2021
- Appendix 5 Reserves Policy
- Appendix 6 Risk Evaluation
- Appendix 7 Projected Movement in Reserves
- Appendix 8A Draft Housing Revenue Account Medium Term Financial Strategy 2018-2023
- Appendix 8B Indicative THH Housing Capital Programme 2018-2023
- Appendix 9A Current Capital programme 2017-2028
- Appendix 9B Increases to Existing Schemes & New Schemes 2018-2028
- Appendix 9C Summary of Proposed Capital Programme 2017-2028
- Appendix 9D Proposed New Schemes 2018-2028
- Appendix 10 Budget Consultation Feedback

Annex 4: Report of the Corporate Director Resources to the Audit Committee 23rd January 2018: Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2018-19 (Report presented to Full Council includes subsequent minor amendments made by officers).

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## **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**

No unpublished background papers were relied upon to a material extent in the preparation of this report.