

Cllr Abdal Ullah
Chair of the Overview and Scrutiny Committee
Tower Hamlets Council

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Dear Cllr Ullah

Thank you for the Overview and Scrutiny Committee's recommendations following your scrutiny of my administration's proposed Budget.

I note that you have requested that I present a report to the Council meeting setting out a formal response to the recommendations. I thought it would be useful to instead write to you to set out my response ahead of the meeting so it can inform your comments at Full Council. This letter should be read in conjunction with my comments at the Cabinet meeting on 30th January.

Recommendation 1: *That the Council identifies potential savings proposals and engages businesses and local residents earlier in the year so service users and the Overview and Scrutiny Committee can better contribute to the development of budget proposals.*

The council is committed to consulting and engaging our residents in the setting of our Budget. This year the Your Borough, Your Future consultation resulted in over 2,000 residents, businesses and community organisations responding to share their priorities for how the council spends their money. While there is always more we can do I am proud we actively seek to involve local people in decision making, that's why we wrote to all our households inviting them to get involved. I will ask officers to explore whether the timeline for public consultation can be brought forward in future years. I would also highlight that, unlike some other councils, the three year Budget setting process we operate in Tower Hamlets allows our community sight of many of our plans years in advance of their implementation, many of which are then remarked upon or considered by the relevant Scrutiny Committee.

Recommendation 2: *That the proposed savings set out by the Executive be brought to the Overview and Scrutiny Committee individually at the appropriate times over the next three years to contribute to the oversight of savings proposals in year.*

I would encourage the O&S Committee to incorporate savings and growth proposals into their work programme each year as these are often key areas of focus for the administration and Directorates so it would make sense for them to also be the focus of scrutiny. I have been clear however that I do not think it is for the Executive to seek to set O&S's work plan and as such I would not want the Executive to refer items to the Committee to examine. Instead the Committee may wish to consider reviewing the budget proposals for the Directorates as part of their agenda planning meetings at the start of the municipal year.

O&S may also want to consider incorporating a greater focus on the previously agreed savings in their Budget scrutiny as I would be more than happy to consider their concerns should the context have changed since the original decision was taken. A tool which might be helpful in this would be the savings tracker which accompanies the budget monitoring reports each quarter and gives the Committee, and the wider public, the ability to scrutinise progress on individual savings each quarter.

Recommendation 3: *That the Council reviews its modelling for income projections and testing expenditure assumptions to ensure income growth is more accurately reflected than it has been in the past three years.*

Modelling income and expenditure is always fraught with challenge, particularly when Government have taken to releasing the Local Government Finance Settlement so late in the day. I am sure the Corporate Director for Resources would be more than happy to work with the Committee to better understand the methodology and where there may be scope for improvement. The unknowns of the Government's 'Fair Funding Review' however may make our income and spending projections more challenging.

Recommendation 4: *That the Council develops a more ambitious income generation strategy in collaboration with partners, businesses and residents.*

Better use of our assets to unlock income potential is a developing strand of the council's work. While there are many services we deliver which should and will remain free to residents, we have enviable assets which could be better utilised to bring in income for taxpayers when we are not using them. To this end this Budget includes an increased income generation target which we will seek to deliver over the coming years. This is broadly a new area for the council to expand, and as we develop it I share the O&S committee's view that we should be more ambitious in future. I note that this might be an area where a piece of detailed O&S scrutiny work might add significant value to help the council develop new ideas for income generation based on best practice elsewhere.

Recommendation 5: *That the Overview and Scrutiny Committee is provided with the Council's assumptions in modelling increases in fees and charges above the rate of inflation.*

I would be more than happy to ask the Corporate Director for Resources to provide any underlying modelling for increases in fees and charges for further scrutiny.

Recommendation 6: *That, in advance of the Council's February Budget meeting, the Council undertake and publish an assessment of the cumulative impact of proposals, including increases in Council Tax and fees and charges to better understand the impact of multiple decisions on particular groups of residents.*

Given the three year nature of the proposed Budget many of the proposals are in outline form. This means work will be done on the implementation strategies over the coming year. As you would expect, any savings proposals which would have a significant impact on residents, service provision or staffing that are subject to equality analysis will include consultation on the detail of these proposals. Once this process has taken place the decision will be agreed often through a Cabinet decision and following associated pre-scrutiny by the O&S Committee before implementation.

Set out at section four of the report is the council's approach to equality analysis. This is proportionate and includes setting out the borough's inequalities according to different protected characteristics. The report also sets out responses to our consultation on our budget proposals highlighting issues of concern in relation to policy areas and protected characteristics. In addition, the budget proposals set out where there is a need to undertake equality analysis before implementing any decision.

Recommendation 7: *The Council more proactively monitors how partners and service providers (whether through commissioned services or grants funding):*

- 1 • address inequality in the borough
- 2 • support access to employment
- 3 • support progression into leadership roles for under-represented groups, such as BME residents and women.

Since my re-election the Council has re-introduced robust partnership arrangements across the board. Many of these organisations have their own mandates and processes but we have come together to agree a joint borough-wide Tower Hamlets Plan setting out shared high-level aims and ambitions each of our organisations will work towards. The areas rightly identified by O&S are prominent features of the Tower Hamlets Plan and responsibility for monitoring progress sits with the Partnership Executive Group which I as Mayor Chair. The Partnership Executive Group is working with the Partnership sub boards to identify how they are addressing needs and addressing inequality through their Boards and Strategies. We will review progress on the four themes of the Plan on an annual basis and provide challenge and support to address areas where progress is not being made.

All commissioned providers and those that are grant funded are expected to support delivery of the council's priorities including addressing inequality which is a key outcome in our Strategic Plan. Through contract and grant monitoring providers are required to produce equalities monitoring data and contract managers review and work with providers to ensure services reach our most vulnerable residents.

Recommendation 8: *That the Council explores the option of means-testing Community Language Services.*

The Community Language Service is a valued but non-statutory service. With increased pressure on our budget and with the Government's Fair Funding Review likely to reduce our funding further in coming years we face significant challenges and tough decisions when it comes to our non-statutory services. Our aim is to move the service to a more sustainable long-term footing by supporting it over three years to operate as a self-funding, or substantially self-funding, model. Currently the council provides significant amounts of funding for a wide range of classes with varying levels of attendance. By reviewing the setup of the service, and in consultation with the groups supporting community languages, we are confident the service can be transformed with quality maintained but costs significantly reduced. While introducing a means test for a reduced contribution may be an option it would need to be managed within the new structure of the service and at least substantially self-funded.

Recommendation 9: *That the Council ensures it uses empirical evidence to assess the equalities impact of remodelled services on service users.*

The Budget report identifies savings proposals that will need to be to have full equalities analyses and as part of this will consider empirical evidence to assess impact on service users including actions to mitigate any adverse impact on particular equalities group.

You also in your verbal comments referred to the need for equality analysis to be undertaken at the formative stage to understand the potential impact on residents and feed into decision-making processes sooner as well as asking whether fees and charges alone can change behaviours or if they needed to align with education campaigns to have a greater impact. As you will have seen, an overarching equalities impact assessment of the budget has been undertaken and was included in the

Cabinet report of 30th January. Individual proposals which require them will then have to conduct analysis on the impact of these proposals before further they are implemented and where appropriate, make any necessary changes.

With regards to the ability of fees and charges to change behaviour, this is only one of a number of strands of our work. For example, over the last year the Breathe Clean campaign and outreach work has consistently highlighted the danger of air pollution and its impact. Our anti-idling policy and signage has helped to change behaviour around our schools, much like the 20mph limit we introduced on local roads. Financial incentives are an important tool in this process and help to provide a tangible recognition of choices which result in public benefits or in the case of the diesel surcharge, to disincentivise actions which result in public harm. Such is the scale of the air pollution crisis facing London that none of these measures alone would make the difference we need to see.

Finally, my Cabinet and I would like to thank you, the Vice Chair and your fellow committee members for your constructive scrutiny of this Budget. As we have discussed before, I know how much positive difference an active scrutiny committee can make to the way a council runs and the quality of the services we deliver, particularly in times of fewer resources.

I am happy that this response be considered a matter of public record and have as such asked for it to be published as an appendix paper for the Budget Council meeting.

Yours sincerely



Mayor John Biggs
Executive Mayor of Tower Hamlets