

Conservative Budget Amendment

Proposed: Cllr Peter Golds

Seconded: Cllr Andrew Wood

This Council supports:

- A 3% Council tax increase (not 3.99%)

This Council notes that the current administration has increased Council Tax every year substantially above inflation except in a local election year.

The cumulative effect has been to increase Band D Council tax from £885.52 in 2015/16 to £1,060.35 in 2020/21, a 20% increase in five years. CPI inflation has gone up by 9% in a similar time period (this assumes CPI remains at 1.4% this coming year). These have been the increases each year in the Tower Hamlets Council portion of Council tax.

Year	Inflation element	Adult Social Care element	LBTH Increase	CPI inflation
2016	1.99%	2%	3.99%	1.0%
2017	1.99%	3%	4.99%	2.6%
2018	0%	2%	2.00%	2.3%
2019	2.4%	1%	3.40%	1.4%
2020	1.99%	2%	3.99%	1.4%

The need to spend money before it is lost to inflation

This Council notes that the Council has substantial reserves and that we are currently earning less in interest than is lost to inflation which means that over time our reserves are declining in value. Although thanks to the recent fall in inflation and earning higher interest rates the rate of loss has declined but is still substantial.

Below is an estimate of those losses:

	Final 31/03/2018	Draft 31/03/2019*	Projected 31/03/2020
Total value of reserves £m	543.6	548.4	469.6
Projected loss in reserves through inflation £m	(9.0)	(2.7)	(2.6)

This is a loss of £14.3 million in three years.

We have therefore allocated £372,813 to increase the size of the Infrastructure Planning Team. We also believe it would be appropriate to spend Community Infrastructure Levy & S106 funds on programme delivery teams.

Locally the GLA/TfL/LBTH Isle of Dogs and South Poplar Development Infrastructure Funding Study (DIFS) finalised in November 2017, had these forecasts of monies that needed to be spent on the Isle of Dogs and South Poplar. Very little of this money has been spent except for some work on the new South Quay pedestrian bridge. This work should be prioritised based on the recommendations from the GLA.

Category	2017/18	2018/19	2019/20	2020/2021
£'000				
Utilities	£2,728	£11,088	£8,838	£11,838
Transport & Local Connections	£139	£9,806	£18,756	£23,830
Education	£28,946	£28,946	£28,946	£28,946
Fire, Ambulance, Police, CCTV	£2,930	£0	£0	£0
Health	£1,526	£1,526	£1,526	£1,526
Leisure	£4,764	£4,764	£4,764	£4,764
Community facilities	£738	£738	£5,411	£5,411
Total Low	£41,771	£56,868	£68,241	£76,315
Priority of Spending - Low growth option				
Critical	£2,450	£17,310	£20,310	£18,185
Essential	£35,974	£39,141	£47,314	£55,313
High	£3,347	£417	£417	£917
Desirable	£0	£0	£200	£1,900
	£41,771	£56,868	£68,241	£76,315

This Council believes it is better to be building new schools, GP surgeries, playgrounds, leisure facilities, community centres, youth centres then having money sitting in the bank losing value.

Investment Programme proposal

This Council notes:

It holds substantial reserves including £44.9 millions of New Homes Bonus as well as owning other assets that could be sold.

This Council recommends:

A new programme of investments with the objective of each investment achieving ideally 2 of the following 3 objectives:

1. Climate change mitigation
2. Housing crisis mitigation especially for key workers
3. Financial return to help fund future Council services

Three examples of what such an investment programme could include are:

1. Warrington Borough Council – who purchased two solar wind farms + batteries for energy storage at night – one to generate electricity for Council buildings, 2nd to sell into National Grid to generate a financial return.
2. Purchase off-plan new apartments for key workers – to be rented out at subsidised rental levels affordable to LFB officers, Police officers, Nurses, Junior Doctors, Junior Teachers etc or else set at outer London Borough private rent levels – lets says we can buy 300 apartments at that level – allocate x number of apartments to each surgery, school, Met, Fire station etc dependent on need. To be THH managed.
3. Build new electric vehicle charging network – charge at cost to TH residents to encourage EV uptake, charge a profit to taxis & commercial vehicles. Replace commercial fuel stations with a publicly owned charging network.

Communications

In total we spend more than £864k on the budget for the salaries of the External Communications team alone. This is more then we spend on the ASB or CCTV teams, this is the wrong priority.

We also propose to end Our East End. Like its predecessor East End Life it has become a tool for propaganda. While the Mayor is an important person does he really need his name mentioned an average of 25 times per edition? This will save £80,852 a year.

How often name appears in Our East End editions

Edition	Dec -19	Sep -19	Jun -19	Mar -19	Dec -18	Sep -18	Jun -18	Total
Biggs (Mayor Biggs or John Biggs)	20	19	28	22	41	30	21	181

However, we propose to increase the budget of the social media team by £50k to reflect the importance of communicating with residents rather than the external press.

Police, ASB & Security & Out of Hours Service improvements

We believe that there needs to be a substantial investment in services that improve the safety of residents and or their quality of life. We propose to increase funding as follows:

Extra police funding	£186,000
Out of hours service increase	£150,000
CCTV	£266,057
Community Safety Team	£211,065
Youth centre	£100,000

Fireworks & Celebration%

Bonfire night is held on the border of Hackney but currently LBTH pay for all of these costs. This is iniquitous, that Hackney residents attend but do not contribute. We propose that this year Hackney pay the full cost for a change and that in future years we share the costs equally of this event. If they think this event is valuable, we are sure they will agree.

Language

The Casey review into “opportunity and integration” said on page 94

“6.51. In relation to integration and economic success, one factor that stands out strongly as a barrier to progress is proficiency in English. English language is a common denominator and ensuring everyone is able to speak English enjoys strong public support. Lack of English skills presents a clear barrier to social and economic mobility – going for a job interview, writing a letter to a bank or understanding the country you live in.”

In Tower Hamlets 27% of adults of Bangladeshi origin cannot speak English well or at all.

We therefore propose an increase of £300,000 in funding for English for Speakers of Other Languages (ESOL). This will be provided by the Community Language Team.

Given that at school pupils are able to learn a variety of modern languages we believe that it is unnecessary for the Council to fund the teaching of another language after school. We therefore propose to remove this funding.

Commercialisation

For many years now we have discussed launching a strategy on finding new ways of generating an income to help cover the cost of Council services. No strategy has ever resulted. Although the monies generated from filming show what is possible.

The budget includes £100k for a new team to start developing an income strategy for Tower Hamlets.

Joint Working

It is clear that running small specialist Council teams and being able to recruit and retain specialist staff can be a struggle. It would be easier to do that in larger teams, with a more defined career structure and less reliant on a few individuals. That can best be done by working with neighbouring Boroughs perhaps by sharing teams. Given the difficulties of implementation it may be better to do this team by team finding the right solution for each team then doing a whole Borough merger. Some examples might include:

- Pensions administration team – given recent issues it is clear that the team need more stability and expertise. Options of merging with another organisation need to be considered.
- Risk & audit team – while we can buy in external assistance there are other advantages to sharing a risk and audit team then just cost savings from a common management. Best practise can be easily shared across participating Councils and poor practises more easily spotted.
- Planning team – there is a lot of high-density development underway across east London, do we need completely separate planning teams for big applications?

We propose a budget of £60k to help investigate options.

Special Responsibility Allowances

There was a substantial increase in SRA Allowances in 2018 which substantially increased the number of Councillors who received an SRA.

It is not clear that those increases have contributed to any improvements noticeable to residents of LBTH nor is there a method for identifying what work is being done in return for the SRA. We therefore propose to remove those allowances and to budget for the Conservative group proposal submitted in 2018 which will save £93k.

Finally we propose two changes to the 2021/22 budget process:

Zero based budget for 2021/22

This Council recommends that in next year's budget process we adopt a zero-based budget process (aka bottom up budget).

The current budgeting process focusses on changes: cuts or growth to the existing budget. It therefore never looks at those areas which have no material budget changes. This means large sections of the overall budget may never be reviewed and that we lack a detailed understanding of where money is spent and the opportunities that exist. Given a new national funding settlement we believe this is the right time to do that detailed review for next year's budget. We need to be looking in more detail at:

1. Staff structure – how many people work in each area?, how much are they paid? how are they managed?, is that too much, too little?

2. Contracts review – to look again at the contracts we have, are they value for money?
3. Assets review – what assets do we hold that could be disposed of or utilised differently?
4. Capital budget review
5. Reserves review – our are reserves adequate? can we use our reserves to generate a financial return

We should do this exercise once every 4 years, once in each Mayoral cycle and then use the normal budgeting process for the intervening 3 years.

Wage Increase Conundrum

This Council believes that Council tax increases should be more explicitly tied to wage increases. That Council tax increases should not exceed wage growth and ideally be less than average wage growth so that Council tax becomes more affordable over time.

This Council notes that the ONS Annual survey of hours and earnings - resident analysis – Median pay - Weekly pay in £ – gross shows the following numbers:

	Tower Hamlets residents	Increase on previous year	London residents	Increase on previous year	Great Britain residents	Increase on previous year
2016	£664.7	4.7%	£631.8	1.8%	£540.9	2.2%
2017	£710.4	6.9%	£654.1	3.5%	£552.3	2.1%
2018	£723.2	1.8%	£670.8	2.6%	£571.1	3.4%
2019	£780.0	7.9%	£699.2	4.2%	£587.0	2.8%
Avg increase from 2016 over 3 years		5.8%		3.6%		2.8%

- That London wage growth last year was at least 4.2% although nationally wage growth was 2.8% (from ONS Median weekly pay gross full-time workers by where workers lived)
- That the ONS reported Tower Hamlets residents wage growth as 5.8% a year on average over the last three years. It suggests pay rose by 7.9% in the last year (but only with a 4.2 confidence level).
- The 3.6% average increase for London residents is what has determined the proposed 3% Council Tax increase as it means Council tax is a declining % of overall earnings.

On the surface this would suggest that even the Councils above inflation Council tax increases are still less than the average wage increases for full time employees resident in Tower Hamlets making Council tax more affordable for many.

This Council therefore recommends more work on understanding wage increases year on year for Tower hamlets residents so that we can better calculate what is an affordable annual increase for different groups.

This Council amends the Mayor's budget as follows:

Implement the following reductions in expenditure:

Description	2020/21 Impact	Detail
Smoking cessation	£1,216,000	Transfer of budget internally to mental health, given wide availability of information on how to quit smoking
Communication budget	£216,057	Reduction of staff in the external Comm's team who deal with external journalists, this does not directly benefit residents
Mother tongue/Community Language Support	£645,000	Remove budget for Mother Tongue / Community Language Support – move £300k into ESOL
SRA Allowance	£93,300	Reduction of SRA Allowances to reflect proposal made by Conservative group in 2018 to better match allowances
Bonfire night	£120,000	Until agreement sought to share costs with Hackney Council
One Tower Hamlets	£356,000	Reduction in external payments budget for One Tower Hamlets
Trade Union Facility Time	£274,000	Removal of funding for full time staff
Celebration events	£100,000	Removal of four celebration events
Our East End	£80,582	Stop publication
Town hall subscriptions & external venues	£31,000	Removal of subscriptions & use of external venues
Non-statutory translation	£129,000	Stop non-statutory translation of documents into foreign languages in order to promote cohesion, and follow DCLG best practice (see ESOL below)
Media monitoring	£25,000	Ending external cost of monitoring THC news, this can be got for free
Staff costs	£909,227	25% reductions (or internal transfers) in various departments including Whitechapel Vision, Executive Mayor, Economic Development, Rapid Response, Local Plan team in 2nd half of year.

2. Implement the following increases in expenditure:

Description	2020/21 Impact	Detail
Mental Health	£1,216,000	Transfer from smoking cessation
Police extra funding	£186,000	To be left to Borough Commander whether to invest in additional officers, stations or overtime allowing SNT's team to do more night work
OSS/Idea Store	£150,000	Additional staff in Idea Store to support access to Council services that were OSS provided
Community Safety & ASB Investigation	£311,065	Extra resources in the teams that deal with community safety and ASB
CCTV control staff	£266,057	Extra operators to staff control room
Out of hours	£150,000	To make a 7-day service not just 4 days a week
Joint working project	£60,000	Project to investigate opportunities to reduce costs by working more closely with other Boroughs
Commercialisation team	£100,000	Team look at generating other income sources
Digital communications	£50,000	Extra resources for the social media team to improve communication with residents
ESOL classes	£300,000	Fund extra ESOL classes in order to promote cohesion in the borough and employability
Infrastructure Planning	£372,813	Increase in budget