

Review and Scrutiny Committee
1 December 2020



MTFS 2021-24



Agenda

- Introduction from Councillor Candida Ronald, Cabinet Member for Resources
- Economic outlook for Local Government
- Update on MTFS process (including, if time permits, an explanation of the Business Rates reset methodology at the end of the presentation)
- Spending Review 2020 – main impacting factors
- Budget consultation process
- Questions and Answers



2020-21: impacts on councils and other public sector organisations



- Worst UK economic performance for 300 years
- Major increase in demand for/costs of many public services
 - The NHS
 - Social care, especially for older people in care homes
 - Council Tax Support (LBTH still has a 100% scheme)
 - Administration of grants to companies etc
- Significant loss of income to local government
 - Car parking revenues, leisure centre income, rents, interest on investments
 - Inevitable loss of business rates and council tax income
- Losses to other services, eg:
 - Transport fares down 75-90%
 - Arts & culture, sport [need for bailouts]



MTFS budget gap as at July 2020



	2021-22 £000	2022-23 £000	2023-24 £000
Forecast Budget Gap at July Cabinet	12,931	26,348	25,790

Work done through the summer to identify savings to be approved by the Council

MTFS assumptions re-appraised over that period too

MTFS report to Cabinet in January 2021 will set out the proposals and revised assumptions

Significant changes as a result of Spending Review 2020



Revised Assumptions



- Council Tax – collection better than forecast in July; not a material decline, as at December 2020, since December 2019
- Business Rates – although slightly better in 21/22; there is a reduced forecast in both 22/23 and 23/24
- A review of previous years savings – some will require writing off
- Budget realignment for Temporary Accommodation costs
- Consideration of base budget increases for priorities previously funded from reserves
- Inflation assumptions changed



Spending Review 2020



Government announced a number of new measures which will affect our budget position (although final allocations are not yet known):

- **Business Rates and Council Tax** – 75% of the “irrecoverable” Covid-19 deficit will be covered by new government funding
- Smaller grants for **Adult Social Care** and **Homelessness** were also announced as increasing for one year funding only
- **New Homes Bonus (NHB)** funding extended for a further year
- **Council Tax** – ASC precept – Councils can now levy 3% (instead of 2% last year) without referendum. Maximum overall increase could now be 4.99%



Budget Consultation 2020



- The council ran a six-week budget consultation campaign with residents, businesses and local organisations from Wednesday 28 October to Wednesday 9 December 2020
- The key campaign narrative focused on the challenges the council faces, impacted by Covid-19. It has saved £200m since 2010 and needs to save a further c£30m by 2024. It has worked hard to protect as many frontline services as possible and to invest in other areas including tackling poverty and housing
- Respondents were asked to give their views on a range of council services, potential options for and impact of savings, income generation, as well as attitudes towards Council Tax rates
- Consultation took place on the Council's Let's Talk Tower Hamlets survey hub, with additional commissioned telephone surveys to ensure a statistically robust response for the borough. Face-to-face survey not possible this year
- Promotion of the survey included social media, website, Our East End, local media, and an 8-page budget booklet sent to each home in the borough
- A special budget "Ask the Mayor" virtual event took place on Tuesday 24 November
- Consultation ended at 5pm on Wednesday 9 December. Final analysis and report writing is taking place, with results being published online at lunchtime Monday 14 December



MTFS next steps



- Draft budget to be considered by Cabinet on 6th January
- O and S committee scrutinise the budget on 11th January
- Cabinet consider final budget package on 27th January
- Full Council approve budget and Council Tax rate on 24th February



Questions and answers

