

Scrutiny Action Log 2021-22

Overview and Scrutiny Committee

Reference	Action	Assigned to	Scrutiny Lead	Due Date	Response
24/05 Meeting	1. <u>BAME inequalities Commission Report</u> Note to be provided to O&S Committee on details of any allegations (individual claims of discrimination) presented to the Commission and how this has been taken forward.	Sharon Godman	OSC Chair	28/06	See attached appendix 1 for response (June OSC papers)
	2. <u>Air Quality Action Plan Report</u> Add an air quality monitoring station for the Council's Blackwall Depo due to Euro 6 Vehicle emission standards in the area (as part of Air Quality Report Recommendation	Dan Jones & Dave Tolley	OSC Chair	28/06	Set up an air quality monitoring station for the Council's Blackwall Depot due to Euro 6 Vehicle emission standards in the area. This to take the form of an additional NOx tube to be included near the depot site. Completion date: 31 Aug 2021
12/07 Meeting	<u>Strategic Target Setting Briefing Session</u> 1. Submit recommendations from target setting briefing to Mayors Office. Mayor and IP officers to provide a response to committee comments/recs.	Mayor & Thorsten Dreyer	OSC Chair	13/08	Response received and circulated (via email) to O&S Members 29.01.2021
28/07 Meeting	1. <u>Safer Neighbourhood Ward Panel Action Plan</u> Request a copy of the letter from the Mayor to the Home Office lobbying for further resources to 101 service	Ann Corbett & Stephen Bramah	OSC Chair	13/08	Complete
	2. <u>Outturn Budget 2020/21 Report</u> Request a briefing note on the ongoing squeeze on expenditure through the HRA and THH management fee	Ann Sutcliffe	OSC Chair	13/08	Complete

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20/09 Meeting	<p><u>Strategic Performance and Delivery Reporting Q1 2021-22</u></p> <p>1. The committee requested a written response to their recommendations/ comments from the target setting briefing session held in July 2021</p>	Sharon Godman & Thorsten Dreyer	OSC Chair	Sep 2021	Response sent to OSC Members via email on 29.09.2021
	<p><u>Budget Monitoring Report period 3 2021/22</u></p> <p>1. Analyses on the impact a rise in inflation will have on council contracts</p>	Hitesh Jolapara	OSC Chair	25/10	<p>The current estimate for the annual costs of contract inflation for the General Fund is £3.1m. This includes an allowance for 2% on adult and children’s social care spot placements (for London Living Wage and Ethical Care Charter increases).</p> <p>If inflation was between 3% and 5%, this could increase the cost of inflationary increases to between circa £5m and £8m for the General Fund, depending on contract negotiations and individual uplift clauses in block contracts (which can reference increases to CPI/RPI of specific months).</p> <p>Please note that there are currently price pressures in the market across various service areas which could be experienced as block contracts come up for retender/extension, including pressures relating to increases in wage levels, fuel costs and food costs.</p>
	<p>2. What will the impact be of the NI increase for Health & Social Care have on the Council both as an employer and as purchaser of services?</p>	Hitesh Jolapara	OSC Chair	25/10	<p>The one-off increased cost in 2022-23 of the NI increase (health and social care levy announced 7/9/21) for the Council as an employer is estimated at £1.4m for the General Fund. The government indicated that funding would be provided to public sector bodies for the extra cost burden.</p> <p>Providers of adult social care residential and community-based services could request funding from the Council of</p>

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	<p>3. What assumptions have other authorities made in the MTFS on the use of New House bonus?</p>	<p>Hitesh Jolapara</p>	<p>OSC Chair</p>	<p>25/10</p>	<p>circa £1m for the extra NI cost of providing care (cost for the request estimated as 1.25% NI increase on an assumed 80% staffing component of the £94m annual spend). Similarly, providers of children's social care may request an estimated circa £0.3m for the extra cost of providing care. It is unclear whether the government will provide funding through Councils to support social care providers directly for the extra NI cost or indirectly through allocation from the income raised from the health and social care levy. Providers of other services purchased by the Council could also request an increase of funding, especially for non-block commissioned services and the extra cost could be included in contract bids by providers for contracts coming up for retender/extension.</p> <p>See appended table for response</p>
	<p>4. A number of assets have lost income or have occurred additional costs. The Committee requested further information on what the council is planning to do with their physical assets and what the costs of these are (either direct costs or income forgone)</p>	<p>Ann Sutcliffe & Vicky Clark</p>	<p>OSC Chair</p>	<p>25/10</p>	<p>Awaiting final response</p>

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25/10 Meeting	<p><u>Cumulative Impact Assessment Report (Licensing)</u></p> <p>1. To provide a written note for Members on how they raise issues with licensed premises to enable a review</p>	Dave Tolley & Dan Jones	OSC Chair	12/11	<p>“Note for Members will be provided by end of next week (19.11.2021) and will be shared via email.”</p> <p>Sent out to OSC Members via email on 15.11. 2021</p>
	<p>2. <u>Liveable Streets Programme Spotlight</u></p> <p>(a) Following the spotlight, OSC to write to the Mayor with their recommendations/ actions for</p>	Cllr Mohammed Pappu	OSC Chair	11/11	Letter sent out to the Mayor, Cabinet lead and council officers (see appendix 2)
	<p>(b) The Mayor to provide a written response to OSC’s recommendations on LV Programme</p>	Mayor’s Office		10/12	
22/11 Meeting	<p>1. <u>Waste and Recycling Service</u></p> <p>To provide a written response to the following Recommendations:</p> <p>a. The service must investigate the contamination of waste and recycling (not just in instances where URS vehicles breakdown). This impacts on residents confidence and behaviour and we must better communicate to residents what happens with contaminated waste.</p> <p>b. The service must improve the communications around recycling champions and raise awareness that small electrical items can be disposed at Ideas Stores</p>	Cllr Asma Islam & Dan Jones	OSC Chair	20/12	

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	<p>c. The service needs to provide clarity on what additional costs RPs are incurring on waste which is being charged to leaseholders and this needs to be communicated to residents.</p> <p>d. To mitigate the issues caused by URS vehicles on estates, the council must support investment in vehicles to increase capacity. This must consider our growing population and regeneration and therefore needs to consider future need.</p> <p>e. The service must look at the impact of Northumberland Wharf on residents and strengthen the contract with the provider and explore what mitigation is needed.</p> <p>f. Explore how we can improve and expand the enforcement procedures we have in place. This may include publicising court cases where successful so people are aware that severe penalties may be given.</p> <p>g. The recent introduction of food waste recycling into the Bow Quarter has worked well. The council should continue to monitor the implementation at Bow Quarter and explore introducing more food waste recycling in other similar developments across the borough.</p> <p>h. There needs to be a greater focus and monitoring on whether contaminated recycling wheelie bins are being followed up within 24/48 hours to ensure it's been carried out effectively.</p>				
<p>2. <u>Budget Monitoring Report – Period 6 as at 30th September 2021</u> Breakdown of the recent Autumn Budget and</p>		<p>Cllr Candida Ronald, Kevin Bartle & Nisar</p>	<p>OSC chair</p>	<p>03/12</p>	<p>Attached appendix 3 for response</p>

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	Spending Review announcement and the projected implications for Tower Hamlets	Visram			
	Leisure Centre review report to be provided to OSC	James Thomas & Judith St John	OSC Chair	03/12	Circulated to OSC Members via email on 03.12.2021
	Provide a written note explaining why the decision to agree the extension of AEG wasn't a key decision	James Thomas & Judith St John	OSC Chair	03/12	<p>Explanation as to why the decision to agree the extension of AEG wasn't a key decision:</p> <p><i>The key decision was taken by Cabinet (January 2021) when approval was obtained in order to change the event capacity, maximum number of events per year and to further extend the contract. Cabinet authorised the Divisional Director – Legal Services, after consultation with the Corporate Director for Children and Culture, to execute and enter into all necessary agreements.</i></p>
13/12 Meeting					
10/01 Meeting					
24/01 Meeting					

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21/02 Meeting					
07/03 Meeting					

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Appendix 1: New Homes Bonus Benchmarking

London Borough	What assumptions have you made in your MTFS on the use of New Homes Bonus (NHB)?	Are you holding any unallocated NHB as a reserve	If yes to question 2, what is the value of that reserve?
1	Currently only legacy, less than £2m	No	n/a
2	Loss of £2m pa (so, -£2m, -£4m, -£6m, -£8m across MTFS; will leave final value at nil	No	n/a
3	Assumption is payment for the fourth year of payments from 2019-20. Not assumed yet that there will be any additional funding in 2022-23 although this assumption will be revised before setting the budget. SR/Budget will make this clearer.	No	n/a
4	Assuming that NHB is no longer available from 2024/25.	No	n/a
5	No assumption of NHB in our 22/23 MTFS. Historically we had quite significant NHB payments which have now all dropped out. We will receive a small amount of legacy NHB + any award this year or returned NHB. We will treat this as one off so are not including in the MTFS	No	n/a
6	Currently use NHB to reduce general revenue costs, which would indirectly include offsetting costs around housing related expenditure. MTFS assumes that NHB will gradually reduce by the legacy payments and we will receive no more payment by 2023/24. However, we have assumed that we will continue to receive funding in future years from the new scheme which the government is currently working on but this will only be a fraction of what we have received in the past, i.e. 1 payment each year compared to 4-6 legacy payments each year	No	n/a
7	Use NHB as part of the total revenue funding.	No	n/a
8	NHB is baked into the base budget and we are forecasting a reduction in line with the model produced at Settlement last year.	No	n/a
9	Nil	allocated previously some NHB monies to	n/a

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		support housing initiatives (earmarked reserve)	
10	Only assuming legacy payments from previous years allocations and no further new funding. Therefore, we have built-in £0.565m in 21/22 which we are due this year and £0.492m for 22/23. Without any further info, we have assumed that the NHB will cease and be wrapped up in the fair funding review for now. Have not always met the threshold to receive NHB in recent years, so have made no assumption for receiving an additional allocation in 23/24 at this stage.	No	n/a
11	21/22 - £5.168m, 22/23 - £7.595m, 23/24 - £9.363m This is being reviewed in light of Housing Ministry changes.	Yes	£11.3k
12	We build out NHB into our MTFs and it just helps out the bottom line. We based the calc on the govt calculator.	No	n/a
13	Does not form a significant element of the financial resources and at this stage have rolled over the current funding as per the expected distribution under the current scheme.	No	n/a
14	Full use in year of receipt to fund revenue spend. To run down to zero in 2023/24 (as 2022/23 is the last year in the NHB calculator)	No	n/a
Tower Hamlets	Given the uncertainty in the amounts to be received and that payments in future will be significantly lower, the Council prudently reduced its reliance on NHB as a funding source in support of its general revenue budget and allocated £10.0m in 2021-22 to the revenue budget with the additional sum of £7.6m received placed into earmarked reserves.	Yes	£40m (31/3/20)

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Appendix 2

3 December 2021

Overview & Scrutiny Committee: Liveable Streets Recommendations

Dear Mayor Biggs

Thank you for attending the Overview & Scrutiny Committee meeting on Monday 25 October to discuss the Liveable Streets programme. It was a very productive discussion, and the Committee welcomes further engagement on the programme as we enter a period of review and consider how we can amend the programme to best meet the needs of all our residents.

The Committee encourages the council to really listen and respond to what our residents are telling us and this needs to be an iterative process given the nature of this programme and the wider perception of what other boroughs are doing. We must ensure that as we move through each stage of the programme, we are taking our residents with us and guiding them through what are transformative changes to their habits and behaviours.

We appreciate getting the balance right is always going to be challenging but keeping our residents and other stakeholders informed in a timely manner (not just through consultation) will be critical to the delivering the programme successfully.

It's clear to the Committee that we need to move swiftly to find a resolution to address the concerns our residents have raised, and this programme has become very polarising and damaging for our community. To this end, the Committee strongly suggests the following recommendations to help tackle and progress some of the key issues emerging from the programme.

The Committee recommends the following:

- R1.** That the council investigates the use of capital for a local green transition fund to support delivery of the wider agenda.
- R2.** That the Committee be provided with a copy of the letter from the Chief Executive of London Ambulance Service and a response to this in writing to understand how the issues have been addressed.
- R3.** That the council establish a mechanism for speedy and transparent responses to unforeseen negative impacts of the schemes when these are brought to our attention by residents and businesses.
- R4.** That the council establish a reporting facility for persistent speeding and provide a quick way for residents to report hotspots
- R5.** That the council establish a policy on resident exemptions so that future schemes and those currently being designed can take this into account. Need to be clear on what this means for residents in

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- car free developments.
- R6.** That the council open an ongoing, borough wide, listening platform (outside of specific consultations) so there is an ongoing process for residents to communicate with the council.
- R7.** That the council increase cycle parking provision in the borough and provide the committee with a note in writing with details how this will be delivered.

Thank you for consideration of the Committee's recommendations. We would be grateful if you can provide us with a written response which details how the recommendations will be addressed.

Yours Sincerely

Cllr Mohammed Pappu

Chair of Overview & Scrutiny Committee

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Appendix 3

Briefing note: MTFS 2022 25 further update and future outlook

Date: 1 December 2021

Author: Nisar Visram, Director Finance, Procurement and Audit (Deputy s151 Officer)

Medium Term Financial Strategy (MTFS) Update Summary

This briefing note is designed to bring members up to date following the Spending Review 2021, announced by the Chancellor on 27 October, which set out departmental budgets up to 2024-25.

The Spending Review stated that departments would receive an increase in real terms funding over the three-year period 2022-23 to 2024-25. Core Spending Power (CSP) for local authorities is estimated to increase by an average of 3% in real terms each year over the period, which will **include** the proposed investment in Adult Social Care reform (including funding the Care Cap).

The Government Spending Power calculation assumes local authorities will enact the maximum available increases for Council Tax and the ASC Precept. The Spending Review has suggested a referendum level of 2% for Council Tax increases and an ASC Precept of 1% to be levied in each of the three years, however this will be confirmed in the provisional Local Government Finance Settlement (LG

The fair funding review and the business rates reset were not mentioned in the Spending Review so are likely to be delayed and the impact on the income for the Council is, therefore, unclear.

The provisional LGFS is expected to be received in mid-December and this will give a clearer view of the distribution of funding for local government and for individual local authorities. The Council's MTFS will be updated following receipt of the provisional LGFS.

The Council's position from the 2021-24 approved MTFS was a budget gap of **£19.1m** for 2022-23, which reduced to **£11m** after the planned usage of **£8.2m** from one-off reserves (we are already using £1.3m of our reserves to balance 2021-22).

The Council's MTFS funding assumptions have improved in three main areas:

- Business Rates - the most recent intelligence continues to suggest that the planned Business Rates reset is more likely than not to be delayed by a further year from 2022-23 to 2023-24. (£14.5m one off benefit in 22-23). This is a short term gain that helps next year but not the total MTFS, as the reset is just slipping a year.
- Revenue Support Grant – a net forecast increase to include assumed recycling of New Homes Bonus funding (replacing the previous grant). (£2.8m in 22-23 and £4.8m in 23-24). We have had no confirmation of what the Government intends to do with New Homes Bonus – a consultation was completed in early 2021 and it is forecast that funding could be repurposed as part of the settlement.
- Council Tax – property growth forecast to be 3.5% in 22-23 (rather than 3% originally budgeted) and estimated reduction in LCTRS claimants in future years (following the increase in 20-21 and 21-22 due to the pandemic). (£0.7m in 22-23 and £1.4m in 23-24)

The detailed settlement will be published in mid to late December 2021 and this will outline specifically the funding the council will receive. There is a risk that the Government may vary the distribution of funding as part of its levelling up agenda, with potentially sums being redistributed out of London.

There are unavoidable growth pressures and savings delays/write off currently under review, risks of ongoing costs from the pandemic and from the wider economy which provide a backdrop of uncertainty and caution when setting our Medium Term Financial Strategy going forward. Further details on these items are outlined below.

Review of Savings

The Council is not introducing new savings for 22-23, however the savings already approved by Council would need to be delivered or the budget gap would increase (and alternative savings would

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need to be found). Council has previously approved savings totalling £19.5m in 21-22, £9.2m in 22-23 and £7.2m in 23-24.

Officers have carried out a review of existing savings plans to identify savings that could be at risk of delivery or require more time to deliver. This review has identified £2.3m of savings which may be undeliverable and £2.4m of savings which may need to be re-profiled to later years, taking into account the impact of the pandemic on greater commercialisation opportunities (including property rentals), changes to the Idea Store Strategy following stakeholder consultation, and to allow time for service redesign and system improvements in HR and legal services.

Review of growth and inflation requirements

There remain significant risks around the impact of inflation on the council's budgets. The MTFS currently allows for 2% pay inflation (£3.8m per annum) and 2% non-pay inflation (£3.1m per annum). Current inflation is running comparatively higher than recent years (CPI 3.1% & RPI 4.9% in September 2021). At present, above target inflation is expected to be temporary and CPI is expected to return to around the 2% target in the medium term.

Officers are currently also reviewing growth pressures and any growth requests approved would increase the level of planned use of reserves for 2022-23, if compensatory savings are not to be found, and increase the budget gap for future years.

Budget Forecast and Covid-19

The Council's budget monitor is forecasting almost to budget; however this is after the application of £19.6m in one off COVID grant funding to meet pandemic related pressures in year. Although many of the costs are one off in nature, there are potentially ongoing impacts of the pandemic on Care services, temporary accommodation, lower economic activity, and shortfalls in income collection. The full ongoing impact of these costs upon the council's finances have yet to be fully ascertained.

Council Tax

The MTFS assumes a Council Tax increase of 1.99% in each of the next three years 2022-23 to 2024-25, in line with the current expectation of the government's referendum level (and therefore the Core Spending Power calculation for local government funding). The Government set out in the spending review that it expects councils to increase Council Tax by 1.99% and to levy an additional 1% for the Adult Social Care Precept.

The 1.99% increase provides extra income of £2.424m (22-23), £2.760m (23-24) and £3.092m (24-25).

A Band D council taxpayer in Tower Hamlets currently pays £1,476.92 per annum including the GLA element (£1,113.26 Council element and £363.66 GLA element). Each 1% increase in Council Tax, would add approximately 21p extra a week (£11.13 per year) for a Band D property (excluding any increases that could come from the GLA element). This is before any discounts, reliefs or benefits. Those on low incomes would still receive support through the LCTRS, including 100% relief for those on the lowest incomes.

The Covid-19 pandemic has reduced the collection rate and it has increased significantly those claiming benefits including through the Local Council Tax Reduction Scheme (LCTRS). As at the end of September 2021, the Council had collected 45.8% of Council Tax compared to 46.5% over the same period in 2020, with collection levels lower than last year and pre-pandemic levels. The cost of the LCTRS scheme rose from £26.7m in 2019-20 to £31.6m in 2020-21. The level of claimants has remained at the increased pandemic level to date (estimated £33.2m cost in 2021-22).

Adult Social Care (ASC) Precept

The latest iteration of our MTFS assumes an Adult Social Care (ASC) Precept of 1% for each of the next three years and that this will be allocated to support ASC demographic pressures. The LGFS will confirm both the referendum level for Council Tax increases and the maximum level of the ASC

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Precept. At 1%, the ASC Precept provides extra income of £1.212m (22-23), £1.380m (23-24) and £1.546m (24-25) which is a contribution towards the estimated ASC demographic pressures of circa £5m per annum based on our latest understanding of population and care need trends.

Housing Revenue Account (HRA)

Local authorities are permitted to increase housing rents by a maximum of CPI + 1%. Any rent increase is based on the September CPI figure which has now been announced as 3.1%. The Council will need to consider the increase for 2022-23.

Similarly, tenanted service charges are normally subject to an inflationary increase. A decision will need to be taken on rental increases with consideration of the sustainability of the HRA business plan going forward.

Fees and Charges

The MTFS currently assumes an increase of £420k for 2022-23 which contributes towards the budget gap. Charges are either statutory or discretionary and broadly aim to cover costs.

Inflation from September (CPI 3.1% & RPI 4.9%) have been utilised as a guide for setting charges, together with other factors such as service demand, the cost of providing services, benchmarking with other Councils and the impact on residents. Some figures are rounded for practical purposes.

Budget consultation

The Budget Consultation closed on 15 November 2021. The results will be presented to Cabinet on 15 December. Changes can then be made to the Budget Report prior to its presentation to Cabinet in January 2022.

Budget setting timetable

Budget Consultation Results - Cabinet 15 December 2021

Budget Report 2022-23 and MTFS 2022-25 - Cabinet 5 January 2022

- Including Capital, Housing Revenue Account (HRA) and Dedicated Schools Budget (DSB)
- Agreement of Council Tax Base calculation for 2022-23. Delegation will be requested from Cabinet for the S151 Officer to agree future year's calculations.

Fees and Charges Report - Cabinet 5 January 2022

- Agreement of Fees & Charges (£420k saving already 'baked in' to the approved 2022-23 budget)

Budget Report 2022-23 and MTFS 2022-25 - Cabinet 26 January 2022

- Including Capital, Housing Revenue Account (HRA) and Dedicated Schools Budget (DSB)

Full Council March 2022

- Budget Report 2022-23 and MTFS 2022-25 (including Capital, HRA and DSB)
- Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report for 2022-23