

BUDGET COUNCIL

22nd February 2017

COUNCIL TAX REQUIREMENT 2017-18

**BUDGET MOTION FROM COUNCILLOR DAVID EDGAR,
CABINET MEMBER FOR RESOURCES**

I propose the following motion in relation to Agenda item 5: "Report of the Mayor in Cabinet on 7th February 2017:-

That Council: -

General Fund Revenue Budget and Council Tax Requirement 2017-18

1. Agree a General Fund revenue budget of £338.896m and a total Council Tax Requirement for Tower Hamlets in 2017-18 of £85.836m as set out in the table below.

Service Area	Total 2016-17 £'000	Savings		Growth		Adjustments £'000	Total 2017-18 £'000
		Approved £'000	New £'000	Approved £'000	New £'000		
Health, Adults & Community	93,150	(241)	(3,012)	3,403	419	-	93,719
Public Health	35,314	-	(678)	(1,354)	-	1,553	34,835
Children Services	97,641	-	(2,193)	419	5,680	120	101,667
Place	69,438	-	(1,944)	658	610	1,797	70,559
Governance	9,731	-	(4)	-	563	-	10,290
Resources	17,146	-	(4,665)	250	580	1,667	14,978
Net Service Costs	322,421	(241)	(12,496)	3,376	7,852	5,137	326,049
Other Net Costs							
Capital Charges	7,854	-	-	(419)	-	-	7,435
Levies	1,742	-	-	-	-	-	1,742
Pensions	18,960	-	(1,000)	1,500	(1,500)	-	17,960
Other Corporate Costs	7,868	241	(6,900)	(4,815)	2,148	(21,123)	(22,581)
Total Other Net Costs	36,424	241	(7,900)	(3,734)	648	(21,123)	4,556
Inflation	3,141	-	-	5,500	(350)	-	8,291
Total Financing Requirement	361,985	-	(20,396)	5,142	8,150	(15,986)	338,896
Funding							
Government Funding	(68,665)	-	-	14,707	-	-	(53,958)
Retained Business Rates	(125,339)	-	(20,318)	14,350	-	-	(131,307)
Council Tax	(76,884)	-	(8,953)	-	-	-	(85,837)
Collection Fund Surplus							
- Council Tax	(1,278)	-	(1,000)	1,278	-	-	(1,000)
- Retained Business Rates	(2,597)	-	-	2,597	-	-	-
Core Grants							
- Public Health Grant	(36,883)	-	-	909	-	-	(35,974)
- NHB	(21,617)	-	(5,000)	7,287	-	-	(19,330)
- Education Services Grant	(3,799)	-	-	1,027	-	-	(2,772)
- Improved Better Care fund	-	-	(1,640)	-	-	-	(1,640)
- Adult Social Care Support Grant	-	-	(1,500)	-	-	-	(1,500)
- Local Lead Flood	-	-	(32)	-	-	-	(32)
Reserves							
- General Fund (Corporate)	(2,080)	-	-	-	-	(4,014)	(6,094)
- Earmarked (Directorate)	-	-	-	-	-	-	-
- General Fund (Smoothing)	-	-	-	-	-	-	-
Total Financing	(339,141)	-	(38,444)	42,155	-	(4,014)	(339,443)

2. Agree a Council Tax for Tower Hamlets in 2017-18 of £966.80 at Band D resulting in a Council Tax for all other band taxpayers, before any discounts, and excluding the GLA precept, as set out in the table below:-

This incorporates a 1.99% general increase on the previous year and a 3% increase in respect of the Adult Social Care 'Precept' announced by the government during its recent budget announcements.

BAND	PROPERTY VALUE		RATIO TO BAND D	LBTH COUNCIL TAX FOR EACH BAND £
	FROM £	TO £		
A	0	40,000	6/9	644.54
B	40,001	52,000	7/9	751.96
C	52,001	68,000	8/9	859.38
D	68,001	88,000	9/9	966.80
E	88,001	120,000	11/9	1,181.65
F	120,001	160,000	13/9	1,396.49
G	160,001	320,000	15/9	1,611.34
H	320,001	and over	18/9	1,933.61

3. Agree that for the London Borough of Tower Hamlets in 2017-18:-

(a) The Council Tax for Band D taxpayers, before any discounts, and including the GLA precept, shall be **£1,246.82** as shown below: -.

£	
(Band D, No Discounts)	
LBTH	966.80
GLA	280.02
Total	1,246.82

(b) The Council Tax for taxpayers in all other bands, before any discounts, and including the GLA precept, shall be as detailed in the table below: -

BAND	PROPERTY VALUE		RATIO TO BAND D	LBTH £	GLA £	TOTAL £
	FROM £	TO £				
A	0	40,000	6/9	644.54	186.68	831.22
B	40,001	52,000	7/9	751.96	217.79	969.75
C	52,001	68,000	8/9	859.38	248.91	1,108.29
D	68,001	88,000	9/9	966.80	280.02	1,246.82
E	88,001	120,000	11/9	1,181.65	342.25	1,523.89
F	120,001	160,000	13/9	1,396.49	404.47	1,800.97
G	160,001	320,000	15/9	1,611.34	466.70	2,078.04
H	320,001	and over	18/9	1,933.61	560.04	2,493.65

4 Approve the statutory calculations of this Authority's Council Tax Requirement in 2017-18, detailed in **Appendix A** to this motion, undertaken by the Corporate Director Resources (Chief Financial Officer) in accordance with the requirements of Sections 31 to 36 of the Local Government Finance Act 1992.

- 5 Note the Capital Strategy and to the intention to undertake a comprehensive review of the Council's approach to the prioritisation and governance of capital expenditure based on the outcomes based budgeting methodology already adopted for the revenue elements of the MTFs.
- 6 Approve the Treasury Management Strategy Statement, the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement as presented to Cabinet on 7 February 2017.
- 7 Approve the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2017-2020 as recommended by the Mayor in Cabinet on 7 February as set out in the attached report of the Mayor in Cabinet and summarised in the tables below.

Summary of Medium Term Financial Plan 2016-2020

	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Net Service Costs	350,346	361,985	338,895	329,415
Growth				
- Approved	27,563	(16,344)	3,506	3,174
- New	-	8,500	(1,757)	-
Savings				
- Approved	(4,000)	-	-	-
- New	(17,423)	(20,396)	(15,460)	(15,773)
Inflation	5,500	5,150	4,231	4,440
Total Funding Requirement	361,985	338,896	329,415	321,256
Government Funding (RSG)	(68,665)	(53,958)	(43,795)	(33,281)
Retained Business Rates	(125,339)	(131,307)	(135,194)	(139,555)
Council Tax	(76,884)	(85,837)	(90,180)	(93,814)
Collection Fund Surplus				
- Council Tax	(1,278)	(1,000)	-	-
- Retained Business Rates	(2,597)	-	-	-
Core Grants	(62,299)	(61,248)	(48,807)	(51,378)
Earmarked Reserves (Mayoral priority)	(2,080)	(6,094)	(5,980)	(5,384)
Total Funding	(339,141)	(339,443)	(323,956)	(323,413)
Budget Gap (excluding use of Reserves)	22,845	(548)	5,459	(2,157)
Unallocated Contingencies	-	-	-	-
Budgeted Reserve Contribution GF smoothing (Approved Feb 2016)	(22,845)	-	-	-
Budgeted Reserve Contribution	-	548	(5,459)	2,157
Unfunded Gap	-	-	-	-
	31/03/2017	31/03/2018	31/03/2019	31/03/2020
Balance on General Fund Reserves (£000s)	31,100	31,648	26,189	28,346

Detailed Analysis of the Medium Term Financial Plan by Service Area 2016-17 to 2019-20

Service	Total	Savings		Growth		Adjustments	Total	Savings		Growth		Adjustments	Total	Savings		Growth		Adjustments	Total
	2016-17 £'000	Approved £'000	New £'000	Approved £'000	New £'000		2017-18 £'000	Approved £'000	New £'000	Approved £'000	New £'000		2018-19 £'000	Approved £'000	New £'000	Approved £'000	New £'000		2019-20 £'000
Health, Adults & Community	93,150	(241)	(3,012)	3,403	419	-	93,719	-	(1,985)	2,057	-	-	93,791	-	(2,245)	-	2,125	-	93,672
Public Health	35,314	-	(678)	(1,354)	-	1,553	34,835	-	(749)	(581)	-	-	33,505	-	(411)	(730)	-	-	32,364
Children Services	97,641	-	(2,193)	419	5,680	120	101,667	-	(2,012)	-	(135)	-	99,519	-	(2,967)	-	(414)	(370)	95,768
Place	69,438	-	(1,944)	658	610	1,797	70,559	-	(1,485)	714	(136)	(114)	69,538	-	(2,921)	-	577	(225)	66,969
Governance	9,731	-	(4)	-	563	-	10,290	-	(4)	-	-	-	10,286	-	(4)	-	-	-	10,282
Resources	17,346	-	(4,665)	250	580	1,667	15,178	-	(3,275)	-	(252)	-	11,651	-	(2,525)	-	-	(1)	9,125
Net Service Costs	322,621	(241)	(12,496)	3,376	7,852	5,137	326,249	-	(9,510)	2,190	(523)	(114)	318,291	-	(11,074)	(730)	2,288	(596)	308,180
Other Net Costs																			
Capital Charges	7,854	-	-	(419)	-	-	7,435	-	-	-	-	-	7,435	-	-	-	-	-	7,435
Levies	1,742	-	-	-	-	-	1,742	-	-	-	-	-	1,742	-	-	-	-	-	1,742
Pensions	18,960	-	(1,000)	1,500	(1,500)	-	17,960	-	-	1,000	(1,000)	-	17,960	-	-	1,000	(1,000)	-	17,960
Other Corporate Costs	7,668	241	(6,900)	(4,815)	2,148	(21,123)	(22,781)	-	(5,950)	430	(234)	-	(28,535)	-	(4,700)	3,500	(1,288)	-	(31,023)
Total Other Net Costs	36,224	241	(7,900)	(3,734)	648	(21,123)	4,356	-	(5,950)	1,430	(1,234)	-	(1,398)	-	(4,700)	4,500	(2,288)	-	(3,886)
Inflation	3,141	-	-	5,500	(350)	-	8,291	-	-	5,500	(1,269)	-	12,522	-	-	5,500	(1,060)	-	16,962
Total Financing Requirement	361,985	-	(20,396)	5,142	8,150	(15,986)	338,896	-	(15,460)	9,120	(3,026)	(114)	329,415	-	(15,774)	9,270	(1,060)	(596)	321,256
Funding																			
Government Funding (RSG)	(68,665)	-	-	14,707	-	-	(53,958)	-	-	10,163	-	-	(43,795)	-	-	10,514	-	-	(33,281)
Retained Business Rates	(125,339)	-	(20,318)	14,350	-	-	(131,307)	-	(4,100)	214	-	-	(135,194)	-	(4,600)	238	-	-	(139,555)
Council Tax	(76,884)	-	(8,953)	-	-	-	(85,837)	-	(4,343)	-	-	-	(90,180)	-	(3,634)	-	-	-	(93,814)
Collection Fund Surplus																			
- Council Tax	(1,278)	-	(1,000)	1,278	-	-	(1,000)	-	-	1,000	-	-	-	-	-	-	-	-	-
- Retained Business Rates	(2,597)	-	-	2,597	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Core Grants																			
- Public Health Grant	(36,883)	-	-	909	-	-	(35,974)	-	-	581	-	-	(35,393)	-	-	730	-	-	(34,663)
- NHB	(21,617)	-	(5,000)	7,287	-	-	(19,330)	-	(5,000)	20,407	-	-	(3,923)	-	(5,000)	5,741	-	-	(3,182)
- Education Services Grant	(3,799)	-	-	1,027	-	-	(2,772)	-	-	1,026	-	-	(1,746)	-	-	1,026	-	-	(720)
- Improved Better Care fund	-	-	(1,640)	-	-	-	(1,640)	-	(6,071)	-	-	-	(7,711)	-	(5,066)	-	-	-	(12,777)
- Adult Social Care Support Grant	-	-	(1,500)	-	-	-	(1,500)	-	-	1,500	-	-	-	-	-	-	-	-	-
- Local Lead Flood	-	-	(32)	-	-	-	(32)	-	(2)	-	-	-	(34)	-	(2)	-	-	-	(36)
Reserves																			
- General Fund (Corporate)	(2,080)	-	-	-	-	(4,014)	(6,094)	-	-	-	-	114	(5,980)	-	-	-	-	596	(5,384)
- Earmarked (Directorate)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- General Fund (Smoothing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing	(339,141)	-	(38,444)	42,155	-	(4,014)	(339,443)	-	(19,517)	34,891	-	114	(323,956)	-	(18,302)	18,249	-	596	(323,413)

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 22nd FEBRUARY 2017
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

SETTING THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA

1. That the revenue estimates for 2017-18 be approved.
2. That it be noted that, at its meeting on 10th January 2017, Cabinet calculated 88,784 as its Council Tax base for the year 2017-18 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
3. That the following amounts be now calculated by the council for the year 2017-18 in accordance with Section 31 to 36 of the Local Government Finance Act 1992 as amended and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2011:
 - (a) £1,289,163,591 Being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) of The Act. [Gross Expenditure]
 - (b) £1,203,326,974 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of The Act. [Gross Income]
 - (c) £85,836,618 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of The Act, as its council tax requirement for the year. (Item R in the formula in Section 31B of The Act). [Council Tax Requirement]
 - (d) £966.80 Being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of The Act, as the basic amount of its Council Tax for the year. [Council Tax]

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 22nd FEBRUARY 2017
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

(e)	VALUATION BAND	LBTH £
	A	644.54
	B	751.96
	C	859.38
	D	966.80
	E	1,181.65
	F	1,396.49
	G	1,611.34
	H	1,933.61

Being the amount given by multiplying the amount at 3(d) above by the number which, in the proportion set out in Section 5(1) of The Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of The Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2017-18 the Greater London Authority has stated the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

VALUATION BAND	GLA £
A	186.68
B	217.79
C	248.91
D	280.02
E	342.25
F	404.47
G	466.70
H	560.04

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 22nd FEBRUARY 2017
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

5. That, having calculated the aggregate in each case of the amounts at 3(d) and 4 above, the council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2017-18 for each of the categories of dwellings shown below:-

VALUATION BAND	TOTAL COUNCIL TAX £
A	831.22
B	969.75
C	1,108.29
D	1,246.82
E	1,523.89
F	1,800.97
G	2,078.04
H	2,493.65

6. That the council hereby determines in accordance with Section 52ZB of the Local Government Finance Act 1992, that its relevant basic amount of Council Tax for 2017-18 is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Local Government Finance Act 1992. As the billing authority, the council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2017-18 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.