

OVERVIEW AND SCRUTINY COMMITTEE
BUDGET WORKING COMMISSION RECOMMENDATIONS
EXECUTIVE RESPONSE
APPENDIX A [FINAL]

BUDGET SCRUTINY COMMISSION RECOMMENDATIONS FOLLOWING CONSIDERATION OF THE DRAFT BUDGET 2024/25 PROPOSALS	EXECUTIVE RESPONSE
<p>1. Make the following changes to the savings and growth proposals in the 2024/25 budget:</p> <p>a. Changes to the following savings proposals:</p> <ul style="list-style-type: none"> i. Reversing saving SAV/CYPS006/24-25 proposing to reduce Children's Centres (£500k); ii. Reversing saving SAV/CYPS007/24-25 proposing to reduce the Enrichment Programme budget (£440k) iii. Reversing saving SAV/MAR001/24-25 in relation to discontinued Active Centres (£74k) iv. Reversing saving SAV/MAR009/24-25 proposing to cease the Community Grant Programme (£160k) <p>b. Changes to the following growth proposals:</p> <ul style="list-style-type: none"> i. Pausing RES-GRO-06 feasibility study costs for Stratford (£500k) 	<p>1.a.i ACCEPT</p> <p>Recognising the important role that our Children's Centres play in our communities, we will be reviewing the current Children's Centres offer in line with our Building a Fairer Newham Corporate Plan objectives which places a value in an enhanced system-wide approach to universal Early Help as a preventative measure to support the best outcomes for children, young people and families in our borough. Additionally, in line with the national policy context driving a step change in improved early identification and support via Family Hubs and the national review of children's social care; we must review our current universal Early Help operating model to ensure that it is financially sustainable, and inclusive to achieve the required outcomes over the medium and long-term.</p> <p>That is why the ambition is to work towards a model that broadens the reach of the commissioned Early Help offer (currently delivered through Children's Centres) to become an integrated whole family service with consistent roles and models of practice; and to align with our emerging Family Hubs offer and Family Hubs network.</p> <p>As any changes to the current model would mark a change in the existing Children's Centre offer and approach; thoughtful consideration in collaboration with our schools and local partners (such as our health partners) in the context of changing national policy and financial pressures facing local government will be required. As part of a review during the 2024/25 financial year we will explore options to either repurpose buildings, close buildings or scope the potential for co-location opportunities followed by a public consultation. Consequently, there are no savings proposals with regards to Children Centres for 2024/25.</p>

<p>ii. Recommending to Council that it approve only an inflationary increase to Members' Allowances for 2024/25 and delay the implementation of the findings of the Independent Remuneration Panel until the following financial year2.</p> <p>iii. Changing the assumptions driving the growth bid RES-GRO-11 for Temporary Accommodation from 30 presentations per month to 40 presentations a month, which is the current trend .</p>	<p>1.a.ii REJECT</p> <p>Amending the Council's Enrichment programme in its current form with a focus on music and chess specifically, is in acknowledgement that music plays a key role in child brain development through nurturing of language, motor skills, emotional intelligence and collaboration skills; with chess supporting improved personal resilience, confidence and strategic decision making skills.</p> <p>The Enrichment Theatre offer will be removed as the Council accelerates its Cultural Passport plans to ensure every 10-18-year-old (and up to 25 years for young people with SEND) has access to wider enrichment, skills and learning opportunities to widen participation and embrace the diversity of cultural and creative forms that they are also interested in. The Council will be working with a wider range of cultural partners, alongside anchor partners, in the borough to develop the Cultural Passport; and will leverage further opportunities if it is successful with its Borough of Culture 2025 bid.</p> <p>Additionally, the Council will explore ways to mitigate the impact to current providers of the Theatre Enrichment offer, through scoping potential sponsorship and alternative funding opportunities with other private and voluntary sector partner, as part of the Council's Community Wealth Building strategy.</p> <p>1.a.iii ACCEPT</p> <p>1.a.iv REJECT</p> <p>The Community Small Grants programme was developed in the 2019/20 financial year, following a review of the previous grant schemes known as 'Let's Get the Party Started' and 'Go for It'; and in line with the new Corporate Plan objectives of the Council at that time.</p> <p>For background, these historical grant schemes had been introduced in 2012 to ensure that everyone in Newham was provided the opportunity to celebrate the Diamond Jubilee of the late HM The Queen and the London 2012 Olympic Games, when Newham was the Host Borough. Through the schemes, small grants up to £500 were made available for residents and community groups to host street parties or deliver various community based projects in the borough - with the condition that they had to be open to everyone and promote broader community cohesion or contribute to 'building resilience' in the case of the 'Go for It' grant scheme.</p>
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Following the establishment of the Community Small Grants programme and in response to the Covid-19 pandemic, the grant programme was changed through the scheme of delegation to support community organisations to deliver essential humanitarian aid and well-being activities to vulnerable Newham residents as part of the Council's borough-wide Covid-19 response.

Since 2022, a small proportion of the Community Small Grants programme has been used to provide additional support for those community organisation partners delivering Warm Haven provision as a part of the Council's Cost of Living Crisis response. It was predominately used over this period to support residents and community groups who wanted to host events to mark and celebrate the Queen's Platinum Jubilee in June 2022 and the King's Coronation in May 2023.

There are other small grants provided through the Council and its partners, including the Lyle's Local Fund which amounts to £25k per year and the Aspers Good Causes Fund, which amounts to £40k per year. Additionally, the Council provides a well-used free online community grant search engine platform called 'Newham 4 Community', that lists all the current grant opportunities available for Newham residents and local organisations for their social and community projects.

Furthermore, the Council has developed the UK largest participatory budget programme, called People Powered Places supporting Newham residents and community groups to deliver local projects and initiatives to improve areas and neighbourhoods. Launched in 2018, to date the programme has funded 320 projects in total since its inception; and in 2023 engaged over 10,000 residents to direct £1.68 million of Neighbourhood Community Infrastructure Levy (NCIL) towards 120 local projects. People Powered Places sets a new standard in community-driven decision-making, ensuring continued advancements in public service delivery and community engagement in Newham.

1.b.i REJECT

Without the Stratford [Town Hall site] feasibility study, it will not be possible to proceed with a robust options appraisal to enable informed decision-making in line with the Council's good governance framework. The feasibility study is required to inform officer deliberations and reports; alongside any subsequent report to Cabinet if any further funds are sought for the Stratford Civic Hub scheme. Moreover, a pause in the feasibility study will significantly delay the potential transformation of the Stratford [Town Hall] site to a modern civic hub space so that the Council can effectively provide modern facilities for members in the discharge of its duties as

	<p>well as a civic space for local residents and community group; as well as leverage income generation opportunities for the Council. Any delays are likely to lead to increases in project costs overall if the works do eventually proceed, as well as leaving the Council exposed to increased costs because the site is expensive to maintain in its present underused and underdeveloped position.</p> <p>1.b.ii Neither ACCEPT nor REJECT</p> <p>It is not for the Mayor or Cabinet to recommend what Member Allowance levels should be; as this is always a determination of members at a meeting of Full Council, following consideration by political groups through their own processes. Consequently, the BWC recommendation does not apply to the Mayor and Cabinet.</p> <p>Furthermore, and for noting purposes only, on the recommendation of officers the Budget 2024/25 Report includes a sum sufficient to cover the full amount recommended by the Independent Panel on Members' Remuneration (IPMR) in their report published in 2023. If members determined and approve the IPMR 2023 recommendation, there will be sufficient resource to cover the increase; and conversely the budget line could be used partly to resource any lower amount determined by members. If members determine that there be no increase in member allowances in the 2024-25 financial year, the amount allocated will be treated as an in-year saving through the normal reporting processes.</p> <p>1.b.iii ACCEPT</p> <p>The growth assumption has been changed from 30 to 40 presentations per month.</p>
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<p>2. Identify efficiencies in the following areas, not mentioned in the 2024/25 Draft Budget Proposals:</p> <ul style="list-style-type: none"> a. Youth Empowerment Service (£4m) b. A review of the FTE posts in the Mayor's Office and the Communications and Public Affairs team; and c. A review of the Temporary Accommodation placements 90-minute distance travel policy. 	<p>2.a ACCEPT</p> <p>Within the Youth Empowerment Service (YES), there are savings and efficiencies identified as follows:</p> <ul style="list-style-type: none"> • £150k (2024/25) • £150k (2025/26) • £300k (2026/27) <p>Details of the YES savings are set out in Appendix 5 of the Final Budget 2024/25 Report [SAV / CYP 016 /24-25] see: https://mgov.newham.gov.uk/documents/s170614/Appendix%205%20-%20Detailed%20Savings%20Proforma%2011.02.24%20Final.pdf.</p> <p>2.b ACCEPT</p> <p>A review of the posts in the Mayor's Office and Communications and Public Affairs teams are planned to be undertaken; and this is reflected in the final Budget 2024/25 report including:</p> <ul style="list-style-type: none"> • A reduction of £100k in the Mayor's Office staffing; • At least £400k in Communications and Public Affairs. <p>Furthermore, there will be a further review as part of the overall operating model of the Council, as to the best structure of all of the Council's service areas and functions to determine where further efficiencies can be made.</p> <p>2.c ACCEPT</p> <p>The final Budget 2024/25 references that the policy will be reviewed and changed for approval at a formal meeting of Cabinet in March or April 2024.</p>
<p>3. Cease or pause the Newham Sparks Project in its entirety.</p>	<p>3. REJECT</p> <p>Newham Spark's vision is to drive the economic regeneration in the borough through opportunities in the data sector. This programme is central to the delivery of our inclusive economy and community wealth building strategies. The programme is designed to both attract inward investment into the borough and ensure that our residents are equipped with the skills to</p>

	<p>access data related jobs and opportunities. This programme's vision is being implemented across key activity streams focused on:</p> <ol style="list-style-type: none"> I. Establishing East Ham Town Hall as a data campus, used for imparting training, skills, and data events II. Creating job and career opportunities in the data sector for 16-30 year olds living in the borough, and upskilling job seekers III. Supporting local businesses to have better growth, efficiencies and innovation using data IV. Attracting inward investment into Newham via commercial organisations looking to establish data operations in east London V. Leveraging the IT and digital transformation initiatives in Newham to provide more effective engagement with our partners (e.g. adults, children, health) <p>Like many other industry sectors, technology industry dynamics are cyclical in nature; and while a number of job cuts have been recently announced, the upward trend of employment and job opportunities in the data and technology sector remain robust for the foreseeable future. In fact, AI based solutions are heavily based on data and data related skills. Newham Sparks' vision is based on the long-term trends for the data sector rather than short-term industry cycles.</p> <p>For the 2024/25 financial year, the Newham Sparks programme budget has been reduced by over 50%, and is now built up of £690k of capital budget and a £100k of revenue budget. The capital budget is earmarked for refurbishing areas of the under-used East Ham Town Hall towards establishing it as a data campus, and this spend is subject to cabinet approval. The £100k of revenue budget is for driving pilot phase activities in the EHTH during FY24/25 to establish the feasibility of the data campus on an ongoing basis.</p> <p>We currently have a number of strong partnerships established via the programme, contributing to the programme deliverables for free Microsoft, Cognizant, Bloomberg, Barclays, London Design and Engineering UTC to name a few. We will be attracting financial and non-financial contributions from our partners during the Sparks journey to minimise costs to council and maximise impact.</p> <p>Regionally, work is underway under the stewardship of the Mayor of London's Data for London Board developing the future vision of London as the centre of the global AI and Data economy. The evidence base for the growth opportunities in this sector, in addition to the expert UCL research provided in Newham Sparks Chapter 2 is significant and an upcoming GLA white paper (launching in London Data Week 2024) provides additional evidence on the economic and social opportunities for our residents.</p>
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	<p>Newham has an unique opportunity and first mover advantage to be the borough that is at the centre of this regional ambition, with deferral or removal of this policy initiative directly impacting on the opportunity for Newham residents and businesses to benefit from this growth sector.</p>
<p>4. Undertake a rigorous review and reconsider the Council's contribution (financial and in-kind) to the Borough of Culture bid.</p>	<p>4. REJECT</p> <p>Our fifteen-year Cultural Strategy, Building Newham's Creative Future set out our ambition for delivering inclusion and participation, unlocking cultural and creative opportunities as a critical part of inclusive growth in Newham. It recognises that culture is one of the pillars for progressing the Community Wealth Building ambitions that are at the heart of our Building a Fairer Newham programme. Bidding to be London Borough of Culture is a cost-effective way of progressing this strategy, because Borough of Culture status brings with it £1,350,000 in funding from the GLA to support the programme, and in addition will unlock a further potential £1million in potential external grants and sponsorship which will be invested directly in the Newham economy.</p> <p>In terms of the Council's contribution to the programme, this has been rigorously reviewed as part of the bid development process, and is constituted by the Council's already established budgets for culture, heritage and arts, and an additional contribution of £2m from the Neighbourhood CIL budget which is designed to support community engagement and community development, the delivery of which is provided for through Borough of Culture programme.</p>
<p>5. Give timely access to the Budget Scrutiny Commission to accurate financial information as requested and as soon as possible, not only at the point of public access to the information, and that the Executive commit to updating the Scrutiny Executive Protocol to make explicit provision of the budget information in a confidential manner to the Budget Scrutiny Commission (or any successor committee) before statutory public publication deadlines. This will ensure transparency and parity of esteem between Cabinet and the Budget Scrutiny Commission.</p>	<p>5. REJECT</p> <p>Timely information has been provided within the time constraints that the Budget Working Commission and Cabinet have been required to work too, and a learning exercise is presently underway so that further improvements can be instituted for future years.</p>

<p>6. Begin the budget setting / consultation process earlier in the financial year and engage with the Budget Scrutiny Commission at the onset of savings/growth proposals development in July to October preceding the February budget submission.</p>	<p>6. ACCEPT</p> <p>To the extent practical, the budget process should be started as early as possible. As discussed at the Budget Working Commission, the council will begin the process to develop a longer term MTFs, which will provide greater clarity on our longer-term financial position and aligned to the council's soon to emerge transformation plan. This will provide early engagement around budget and will enable us to be better positioned to begin the process earlier. We cannot at this time clarify what this looks like until the work on the longer-term plan and transformation process begins; and there remains a commitment by the Mayor and the cabinet to ensure that the council supports better processes for budget engagement with residents and stakeholders.</p>
<p>7. Commit the Council to:</p> <p>a. Standardising the use of the equality screening tool, with all proposals being subject to at least basic screening; and developing and applying clear guidelines for demonstrating the 'due regard' principle in budget setting and the completion of Equality Impact Assessments (EqIA) pro formas during the consultation stage of budget setting</p>	<p>7. ACCEPT</p> <p>While there is a policy framework in place and assurance that due regard has been paid, there is a commitment by the Mayor and the cabinet to ensure that the council supports better processes in this important area and inconsistencies will be addressed.</p>
<p>8. Require the design of and implement appropriate quality assurance measures and governance arrangements to ensure accuracy and consistency in the Draft Budget Proposals prior to publication.</p>	<p>8. ACCEPT - The quality control of some of the documents provided was not always as good as it needed to be, and we will conduct a thorough lessons learned lesson, including engagement with Scrutiny to ensure their perspective is also taken into account</p>
<p>9. Make a public statement on its approach and methodology to external budget consultation for the 2025/26 financial year and onwards.</p> <p>a. That the Executive provide, within this public statement, provision proposals and dates for resident and stakeholder engagement and an indicative timetable for budget consultation in the September preceding the financial year for the budget in question.</p>	<p>9. ACCEPT</p> <p>The practical constraints around late funding announcements are well understood. Next year's approach to external budget engagement will need to balance the practical constraints presented by late financial settlement announcements and a dynamic and changing financial climate with the important need to engage at the earliest possible stage with residents, communities and businesses. Reflecting on the challenges presented by this year's budget setting process, we are planning to implement a multi-phased approach to engaging stakeholders which will take place throughout the course of the coming year on both our budget priority and strategy development process and the critical engagement required on detailed budget proposals.</p>

<p>b. That the Executive ensure residents have ample opportunity to consider the impacts and changes of the proposed Council budget and that any resident feedback is provided to the Budget Scrutiny Commission as part of the initial engagement.</p> <p>c. That the Executive review and improve the Council's definition of 'consultation and the organisation's general engagement approach.</p>	<p>As part of this process, we will review our organisation-wide approach to consultation and engagement, drawing on the wide-range of skills and capabilities the Council has in engaging communities, demonstrated through our People Powered Places programme, our co-production and co-design strategy and our wider practice in engaging residents, communities, businesses and partners on how we are planning to deliver Building a Fairer Newham in the context of current and future financial constraints.</p> <p>There is a commitment by the Mayor and the cabinet to ensure that the council supports better processes in this important area and inconsistencies will be addressed.</p>
<p>9. Commit to publishing a Medium-Term Financial Plan that covers a three-year period as part of LB Newham's annual budget submission.</p>	<p>10. ACCEPT</p> <p>The published budget includes forward looking estimates; and the approach adopted has included long-term decisions to invest now to cut future costs. With the uncertainty over future funding it is hard to see how creating more specific estimates will improve planning, but the views of the BWC on the matter would be welcome.</p>
<p>a) Introduce and implement governance arrangements to formally manage savings and growth delivery, independent of basic budget monitoring at a corporate level, and for this programme to report to the Independent Chair of Audit Committee on a quarterly basis.</p> <p>a. That as part of these arrangements, the Executive develop and produce a detailed project plan on savings/growth delivery in the April/May Cabinet following budget approval.</p>	<p>11. REJECT</p> <p>There are arrangements in place to track the delivery of savings. The overspend in the current year is not primarily due to failure in this area so it is unclear why the recommendation is proposed. Nonetheless, there is a commitment by the Mayor and the cabinet to ensure that the council supports better processes in this important area and inconsistencies will be addressed.</p> <p>It is not agreed that the Audit Committee should take on this role, and there is no need when the reports are already in the public domain and it is open to the Audit Committee to review them if it so desires. It would be advisable for the Audit Committee to agree the approach with the Overview and Scrutiny Committee, so that the two member committees do not take duplicate work and use up valuable time and officer resource.</p> <p>a. ACCEPT</p>
<p>11. Review the Council's current approach to capital borrowing and ensure that borrowing is considered in the context of the challenging financial environment; and that any revenue</p>	<p>12. REJECT</p> <p>The impact of borrowing is set out in the Budget 2024/25 Report and relevant appendix. In summary, the Capital Programme has been robustly reviewed leading to significant reductions</p>

budget impacts are clearly outlined in the budget submission.	of circa £45m; with some £243m re-phased over future years. We will be continuing with this approach as we continue to pay legacy borrowing costs that pre-date May 2018.
12. Commit to a review of the Council's fees and charging practices and develop a robust strategy that demonstrates that the Council optimises its fees and charges.	<p>13. REJECT</p> <p>The approach pegs average increases of discretionary charges to the September CPI figure, which is a reasonable average. The increase in charges have to be justifiable and fair and results in an additional income stream of around £1m per annum and allows for flexibility. A review would need to agree substantially different and higher charges regime – if that is what Budget Working Commission is suggesting - in order to affect the overall strategic financial position.</p>
13. Review the policy of providing a relief period for Council Tax on second homes and empty homes.	<p>14. REJECT</p> <p>This has been done to the maximum amount allowable under current legislation.</p>
1. Review its approach to the management of Community Infrastructure (CIL) monies and consider whether there may be opportunities for CIL to be collected/spent more effectively, particularly in its relevance in potential reductions to capital borrowing.	<p>15. REJECT</p> <p>CIL is applied annually to assist the operation and maintenance costs of a range of infrastructure across the borough and allocations are all within the agreed framework.</p> <p>CIL funds in reserve are ring-fenced towards the capital programme, as first expressly agreed by the Council for the 2023/24 budget to reduce capital borrowing pressures.</p> <p>The application of CIL to projects is based upon whether they met eligibility criteria and whether there is programme slippage.</p> <p>CIL is not a reliable source of funds and is considered in the forecast funding mix of the 2024/25 budget.</p>