



The London Borough of Newham

Overview and Scrutiny Committee

12 February 2025

Budget Scrutiny Commission: Budget Scrutiny Report (2025)

FINAL

Contents

Chair's Foreword.....	3
Executive Summary and Table of Recommendations.....	6
1 Introduction.....	13
2 Methodology.....	15
3 Budget 2024/25: in-year budget position, performance and risks.....	18
4 Draft Budget Proposals 2025/26.....	23
5 Recommendations.....	39
6 Conclusions.....	49
Appendices.....	53

Chair's Foreword

The Overview and Scrutiny Committee via its Budget Scrutiny Commission has to satisfy itself and report to the Executive and Council whether it believes that the £496m General Fund budget, efficiency savings (£32.2m), service growth (£128m) and delivery plans (as identified in the 2025/26 Draft Budget Proposals) are realistic in meeting the priorities identified in the Building a Fairer Newham Corporate Plan. Further, it is the Overview and Scrutiny Committee's responsibility to ascertain what actions have been taken to identify and address over-spending, especially in areas such as temporary accommodation, adult social care and children's services, where overspend is recurrent and whether realistic strategies are in place.

Last year, Newham Council had larger than expected in-year overspend and depleted levels of reserves in a challenging financial context. The Budget Scrutiny Commission's recommendations, which were accepted, had an impact on the financial viability of Newham Council as well as having an impact on Newham lives, such as, for example, via its recommendations concerning increased modelling numbers for Temporary Accommodation, usage of 10 Victoria Street and Newham Sparks.

This year, Newham Council has been honest about the challenges over the Medium Term Financial Strategy period. Despite the depleted levels of unallocated usable reserves, the Council continues to overspend. In-year for instance, the 2024/25 budget is reporting a £45.5m budget gap. The £31m temporary accommodation overspend has largely contributed to this gap. However, there are other factors such as social care, undelivered efficiency savings and failure to secure the £16m Exceptional Financial Support from central government.

We cannot build our way out of our Temporary Accommodation crisis and, perhaps the time has come for Newham Council to pause and review whether we can afford capital expenditure at our current levels. We can ill-afford to be burdening our revenue budget with interest payments as we are currently doing. The Royal Victoria Dock Bridge, which was called in, is an example of this, with annual financing costs estimated to be over £990k per year over the fifty-year term. As things are, projects like this are not affordable or sustainable, greater grip on the capital programme is essential, and we have to grasp this fact.

In light of the £45.5m in-year budget gap and only £59.2m of capital financing reserves, the Council has had permission for an increase of 8.99% in its Council Tax rates whilst an application for Exceptional Financial Support for £16m for 2024/25 and £51.2m for 2025/26 (£67.2m total) from central government is still pending. The forecasted budget gap for next year is £84m, however, even with council tax increases and the identified savings, this will leave a forecasted deficit of £46.9m. These are indications of the Council's continued, severe financial pressures and a possible Section 114 notice over the MTFS period. As committed local politicians with democratic mandate, we are all too aware that a S114 notice will result in government-appointed commissioners taking financial control away from the Mayor and elected Members, resulting in harsher decisions that are less likely to reflect local priorities and nuances.

Given this, next year's financial outlook is teetering towards the issue of a S114 notice. The Council's General Reserves balance, excluding £40m in usable earmarked reserves, is expected to be at £14m by the end of March 2025. This is £11m below the 5% net

revenue budget, a benchmark of £25m that the Council has set as the optimum level to maintain.

Our capacity to navigate continuing, increasing financial pressures is much reduced: our usable earmarked reserves have depleted by 62% since 2022. Hard decisions, made harder in the current context, should have been made easier had we acted earlier in some cases. Unless the Council is able to resolve the budget gap and overspends, it is likely that the current capital financing reserves of £59.2m will be heavily depleted to a mere £13m in-year. If this were to happen and without Exceptional Financial Support from central government, we foresee that the Council's Section 151 Officer will be forced to issue a S114 notice, adding Newham's name to the litany of other authorities, like Birmingham, Croydon, Slough, Thurrock and Woking.

As other local authorities before us have discovered, the timing of the decision on Exceptional Financial Support is only likely to be received very late in our budget process – too late for this report. Even if the Council manages to secure the EFS funding, each application is only intended to provide a one-year stop-gap and it will not be a sustainable solution to Newham Council's challenges: as a Council, Members and Officers must find ways to manage service demand and delivery of quality of services within strict, diminishing funding envelopes.

Owing to tight timescales, we had three thematic Commission evidence-gathering meetings with the Mayor, Cabinet Members, Directors and other officers in which to ask questions and probe proposals focused on council services. As the report indicates, in the limited time available, we were disappointed to find in many cases a lack of agility to effectively address the Council's financial landscape in the shadow of S114. Additionally, there were less than satisfactory opportunities to review and re-focus political priorities.

In terms of the evidence presented to the Commission in support of efficiency proposals, there was a lack of consistency and depth of information to adequately assess the quality of the modelling of growth bids. In many instances, the Commission was only able to acknowledge savings plans and the principles underlying them, without being able to assess their assumptions. The Commission further found some of the information received to be inconsistent and sometimes contradictory – in common with savings plans.

My colleagues and I remain concerned. I am concerned that savings projections are sometimes over-ambitious, overly optimistic and risk repeating the systemic issues. Intelligence used by service areas to inform savings targets is not always reasonable and balanced. I believe that a lack of financial controls at the service delivery front lines and cultural issues are deep-rooted, thus having a persistent influence. In respect of savings, the in-year data for November/ December (P8) 2024 supports my conclusion that Council is persistently failing to meet its savings targets. Period 8 data is suggesting that only £26.8m (or 84%) of the £32m in-year savings are expected to be sustainably delivered by year end. Newham Council will likely need to rely on its reserves to meet any shortfalls, thus adding more pressure on the already depleted reserves and increasing the £72m MTFs budget gap projected for 2027/28. Next year's budget contains a savings requirement of £32.2m and £80m over the three-year MTFs from General Fund, against a moving average of 20% non-delivery. This will only exacerbate the Borough's financial crisis.

A significant driver of budgetary pressure in our Borough is Temporary Accommodation. London councils are spending £4m per day on Temporary Accommodation and Newham

Council is the worst of these, with 7,000 households in Temporary Accommodation, a Temporary Accommodation budget gap for 2025/26 of £52.4m and cost pressures to 2028 forecasted to be £106m. Over the years, new Temporary Accommodation cases per month have risen year on year above the Council projections, resulting in under-estimation of the budget, thus leading to an inevitable in-year overspend against the agreed budget. There is an urgent need for improved analysis in respect of new monthly cases.

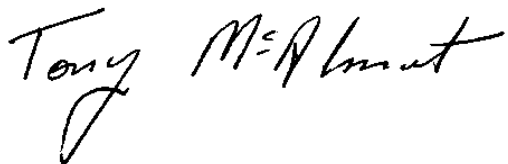
Should Newham Council fail to secure the EFS, what happens? The Commission was not provided with details of a plan B beyond one-off asset sales: interim measures for chronic problems. After review of the Draft Budget Proposals, the Commission has concluded that areas of grave concern remain. Vast increases in borrowing. Inadequate detail on budgetary impact and the implications for Newham. Insufficient levels of Council reserves. Implications for financial resilience, sustainability and viability. Expenditure on statutory duties, such as Temporary Accommodation, Adult Social Care and Children's Services.

Newham Council has to assure its ability to continue delivering essential services, planning for any shocks to come. We therefore recommend in our report that the administration take further steps to identify and reduce discretionary spend immediately. To further enhance financial oversight, the Commission recommends other measures, including income-generation and increased restraint, such as Full Council approval for discretionary spend.

Without the detailed and comprehensive scrutiny that a draft budget warrants, the Commission feels unable to give full assurance that the budget proposals, efficiency savings, service growth and delivery plans are realistic or can align adequately with the Building a Fairer Newham Corporate Plan priorities.

As lead scrutiny member, I am acutely aware of my responsibility to the residents of this Borough. How can we deliver more with less? Whilst there are some instances for celebration in the Executive's Draft Budget Proposals, our role is to challenge, which may lead our report to seem negatively critical. This challenge is the natural consequence of the role of budget scrutiny, to ensure that decision-making is robust, so our attention will necessarily be drawn towards pressure points.

As with last year, the Budget Scrutiny Commission has been aided in its work by an independent advisor. The Commission should like to thank Stuart Brown from Price Waterhouse Coopers for his expert assistance. My thanks also go to all my Commission colleagues and scrutiny officers, as well as those Executive Members and Council Officers who fully participated in and contributed to our evidence-gathering sessions with honesty and transparency, as we attempt to collaboratively serve our Newham residents.



Councillor Anthony McAlmont
Chair of the Overview and Scrutiny Committee
Chair of the Budget Scrutiny Commission

Executive Summary

This is a qualified report, as the work of the Budget Scrutiny Commission was restricted in its ability to perform its role by having insufficient time and limited access to information. Discussions about Exceptional Financial Support (EFS) and Section 114 notices featured in the Commission's sessions and formulation of recommendations this year. Both act as signals of severe financial distress in any local council. Increasing reliance on EFS across multiple councils underscores systemic weaknesses in local government finance and inherited underfunding; these raise concerns about long-term financial sustainability. This is true for Newham Council. The Budget Scrutiny Commission remains concerned that the £50 million EFS request is only a temporary fix. Members also considered progress on the implementation of last year's recommendations and the recommendations of the LGA Corporate Peer Challenge review.

The Commission saw a necessity for correction for organisational optimism bias, unduly optimistic projections that have not been delivered. We also saw longer-term solutions in collaborative partnership working with the third sector, and a necessity for changed mindsets at the local level, both within the organisation and beyond, as we bring our residents with us on this difficult journey. Within Newham Council, realistic attitudes are needed towards our discretionary spending, project overspend, under-delivery on savings, and high borrowing levels, whilst warning that, without fundamental financial reforms at central government level, the problem will persist beyond the current fiscal year.

The findings and corresponding recommendations of the Budget Scrutiny Commission for 2025/26 contained here must therefore be qualified due to factors outside of the Budget Scrutiny Commission Members' control. The conclusions of this report are also limited to the extent that the information on which these conclusions are based was incomplete, inaccurate and bore inconsistencies throughout. Budget Scrutiny Commission Members were also constrained by a tight timeframe within which to perform their scrutiny of the Draft Budget Proposals (from 24 December 2024 to 3 February 2025: 24 working days) and the documentation required or requested to inform the scrutiny process was incomplete or in some cases not provided.

Where last year, the 2024/25 budget reported a £47m budget gap to be closed through an ambitious savings programme and one-off measures including asset disposals, one-off funding and reductions in contingency budgets and a reported £15.9m forecast overspend on its General Fund Revenue Budget as at Quarter 3 for 2023/24, this year Newham Council's financial outlook is starker. The Council's General Fund Reserves

balance (excluding earmarked reserves) is below the 5% net revenue budget benchmark that the Council has set as the optimum level to maintain.¹

The Budget Scrutiny Commission highlighted the serious risk of a Section 114 notice, if financial stability is not achieved and noted reluctance from the Mayor and Cabinet to consider further reductions in discretionary expenditure. To enhance financial oversight, the Commission recommends various measures, including income-generation and increased restraint, such as key officer reporting measures for discretionary expenditures exceeding £50,000 to increase financial mindfulness and probity.

The Budget Scrutiny Commission also calls for a strategic shift in Newham Council's budgeting approach, advocating for a long-term financial strategy that aligns with broader policy goals such as early intervention, prevention and stronger partnerships. It suggests that Newham Council transition from a direct service provider to an enabler, working collaboratively with partners to improve efficiency. Additionally, the Commission highlights the need for enhanced governance, transparency in budget documentation, and meaningful stakeholder engagement to ensure robust financial planning and sustainable service delivery for Newham residents.

Aside from financial outlook, even starker financial choices for Newham Council this year occur in a wider context of the role of local government and how it is funded. As we know, chronic underfunding of local authorities since 2010 has pushed them into entrepreneurial spaces and has also resulted in excessive borrowing and a litany of cautionary tales, which included Barnet, Birmingham, Croydon, Hampshire, Havering, Nottingham, Spelthorne, Surrey Heath, Thurrock and Woking. But there is no cause for complacency in our Council. The balancing of the Budget this year relies on the request for Exceptional Financial Support, the use of sale of assets and delivery of savings. This trifecta gives cause for concern, reliant as it is on uncertain or still unknown variables, including the use of one-off capital receipts to meet ongoing financial pressures and central government aid, some of which will not be made certain until after the budget setting Full Council. These are not sustainable ways to finance local authorities, which touch every aspect of the lives of residents.

Tables of Recommendations

A table of strategic recommendations is included here for ease of reference. A table stating recommendations concerning individual savings proposals is also included. Please see section 5 for narrative relating to the recommendations and Appendix 4 for underlying documentation.

¹Given how local circumstances vary, CIPFA considers that local authorities should determine the level of their reserves, based on the advice of their S151 Officer.

Rec. Number	It is recommended that the Mayor and Cabinet:
1	<p>a) focus on savings delivery throughout the year and continue to provide monthly Budget Monitoring Reports (management accounts) for in-year scrutiny of the accounts to continue.</p> <p>b) share Budget Monitoring Reports (management accounts), business plans and performance reviews of subsidiary companies owned by Newham Council on a quarterly basis with the Overview and Scrutiny Committee, as per the 2023/24 audit recommendations and the LGA Corporate Peer Challenge review.</p>
2	<p>a) identify and make further substantial savings in discretionary spending, to ensure the financial viability of Newham Council. To assist, where information and date has been provided, the Budget Scrutiny Commission has provided suggestions against individual proposals (Appendix 4). These include:</p> <ul style="list-style-type: none"> i) bring forward Libraries Review by a year - B15; ii) further reduce the level of spend on Events, Culture and Heritage – B5; and iii) further reduce spend on Heritage, Archive and Local Studies or replace with grant funding – B6. <p>b) ensure clear identification of discretionary and non-discretionary expenditure and ensure that all expenditure over £50k is declared at a key officer meeting, to be published.</p>
3	<p>a) devise a mission statement for Newham Council, sharing its intent to become an enabler and facilitator (as opposed to a provider) of place, as an underlying principle of budget setting and to be presented to the Overview and Scrutiny Committee by June 2025.</p> <p>b) adopt a position statement on its shared understanding of early intervention and prevention, and consider how this is measured and documented as part of the performance review framework and to be presented to the Overview and Scrutiny Committee by June 2025.</p>
4	Provide bi-annual reports to the Overview and Scrutiny Committee on blockages and delays in delivery of strategic priorities.
5	Develop an improvement framework for the development of budget proposals' savings and growth pro forma documentation in 2025/2026 and beyond by June 2025.

6	<p>Strengthen future budget consultation processes, including development of savings proposals, by June 2025, by:</p> <ul style="list-style-type: none"> a) developing a comprehensive stakeholder engagement strategy; b) establishing formal consultation protocols with public sector partners; c) integrating existing community forums, particularly People Powered Places, into the budget consultation process; and d) creating structured engagement opportunities with the development sector.
7	<ul style="list-style-type: none"> a) develop a comprehensive third sector engagement strategy generally as a council, to reset our relationship with this sector; b) review the cumulative impact of proposed savings on voluntary and community organisations; c) establish clear protocols for managing relationships with the sector; and d) create a structured approach to partnership development and sustainability setting. <p>To achieve this by June 2025.</p>
8	<p>Address concerns of optimism bias, including, for example, in assumptions used as the basis for savings proposals or revenue prediction.</p> <p>Re-examine all savings proposals for achievability of savings, with regard to the average 20% slippage rate and set more ambitious savings targets. The LB Newham scrutiny commissions, in turn, will incorporate optimism bias assessment as a standing item in their budget review processes. This systematic approach will help ensure more realistic planning and risk assessment in future budget cycles.</p> <p>Revise modelling, using 60 presentations as the basis for the Temporary Accommodation model.</p> <p>Accelerate the development of an Asset Management Strategy, including a comprehensive list of assets. To be presented to the Overview and Scrutiny Committee by June 2025.</p>

9	<p>Explore new sources of revenue, including:</p> <p>a) the potential for income generation through a tourist levy (short term) and lobby as a council for primary legislation for a tourist tax in the longer term; and</p> <p>b) business sponsorship to enable the reversal of A14 – the provision of street decorations and lights, as part of a wider repurposing of Community Wealth Building team to source funding and set up BIDS within the borough.</p>
10	<p>Ensure equity of burden and outcomes of the Budget Proposals. Examples of this include:</p> <p>a) a reversal of the savings proposal concerning Our Newham Money - B20;</p> <p>b) a reversal of the savings proposal concerning the removal of the Pest Control Subsidy - A12;</p> <p>c) a reversal of the savings proposal reducing the Council Tax Reduction Scheme – B4; and</p> <p>d) a freeze on Members' Allowances and withdrawal of all Deputy Cabinet Members. In view of Newham Council's serious financial circumstances this year, such a recommendation seems appropriate and necessary.</p>

TABLE OF RECOMMENDATIONS (SAVINGS PROPOSALS)

Rec.	It is recommended that the Mayor and Cabinet:
Reverse	<p>Cease Active Centre Activity (A6)</p> <p>Reduction of Pest Control Subsidy (A12) – there is an unintended consequence of inequity of burden.</p> <p>End the provision of celebration lights and street decorations (A14) – this is currently being met through contingency, but this could be subsidised by sponsorship and is important to residents.</p> <p>Reverse the saving proposal B3, concerning the proposed reductions in Council Tax Support and suggest additional resources to improve Council Tax Collection Rates.</p> <p>Review the Our Newham Money Service (B20) – the proposal should be withdrawn. The service is an essential feature of supporting residents at this critical time.</p> <p>Review People Powered Places (B22) – this is significant discretionary spend and the Commission recommends a cessation of spending for any new rounds of People Powered Places in 2025/2026. In addition to NCIL funds, we were advised by the Cabinet Member that this is also subsidised by Newham Council. This is an uneven programme, the implementation processes of which need to be reviewed and which does not provide universal quality of impact across the Borough.</p> <p>Evolution of Youth Empowerment Service (C6/BCS16) - with immediate effect and for 2025/2026</p>
Make new savings	<p>Reduction of seven (7) Deputy Cabinet Members</p> <p>Freeze of Members’ allowances</p>

<p>Bring forward</p>	<p>Reduction of staff for Newham Council's volunteering service (A13) - originally scheduled for 2026/27, this can be brought forward to 2025/26 and the viability of an in-house service re-examined.</p> <p>Relocation of HQ and disposal of other operational assets (B2) – given the ability of the organisation to work at pace during the pandemic, this can be brought forward.</p> <p>Review of Library service (B15) – this can be brought forward to the first six months of 2025/2026 and the savings proposals can be brought forward.</p> <p>Removal of subsidy for Dockside Diner (A28) - we recommend bringing forward from 2026/2027 to increase savings this year.</p> <p>Savings proposal NCIL and S106 (C7) – this has been raised by the Budget Scrutiny Members in previous years and we believe that there are significant savings to be found from a repurpose of the way in which such monies are used. We understand that this is subject to formal consultation and discussions with developers, but we believe that the process could be expedited.</p> <p>Reduce the Events, Culture and Heritage Budgets (B5) to identify further savings.</p> <p>Review Heritage Funding (B6) - for future years to identify further savings.</p>
<p>Pause and Review</p>	<p>Increase in community centre income (A7) – this places a disproportionate burden on the VCFS and need to be understood in the wider context of the development of a new covenant between Newham Council and the VCFS.</p> <p>Reduce Community Grant Allocations (A26)</p> <p>Pausing saving proposal Review of Children's Sector Thresholds (A32) - to allow cross-referencing with potential cuts to the Children's Sector and reconfiguration of assessment teams and thresholds, pending outcomes from the government's Child Poverty Strategy and Taskforce.</p> <p>Review of Voluntary Sector Estates (B1)</p>

	<p>Cease funding for the VCFS Infrastructure and Capacity Building (B21) – although this is not until 2027/28, it takes typically a year for a VCFS partner to secure funding. We recommend pausing the cut and reviewing this as part of the broader work in developing a new covenant between Newham Council and the VCFS.</p>
<p>Notes of caution</p>	<p>Combine Adult and Children commissioning function (A19) – we would suggest that there is a need to carefully explore the long term risks of losing specialist knowledge and understanding. Further work in this area is required on the long-term implications.</p> <p>Embedding Newham Circles of Support (combining assessment and safeguarding interventions) (A20) – we would recommend again (as in A19) addressing the risk posed by the loss of specialist expertise and knowledge.</p> <p>Asset Sales and Income Generation (A8 and B2) - we note the contradiction in seeking to sell assets and generate income from them simultaneously. The Commission was not provided with sufficient information to address this clear paradox.</p> <p>Review Specialist Offer of Interventions to Adolescents (A31) monitor for risk.</p> <p>BSMI Service Offer Reduction (staffing) (A41) – we note the potential for risk to directorates.</p> <p>Re-design and reconfigure Children’s Centre provision in the borough to achieve scaleable reductions (B13) - the review needs to proceed, being mindful of impact.</p>

1 Introduction

Local government plays a crucial role for our society, providing many of the basic public services, influencing our residents' daily lives, and also enhancing them, as an important investor in infrastructure. Yet, alarmingly, since 2010 investment in (and therefore by) local government dropped substantially as a result of austerity measures, which resulted in lower central government grants to local authorities. The national landscape in 2025 remains one of local authorities continuing to navigate chronic constraints and financial failures. As concluded in our Report last year, failings in local government finance are explained in less binary, less simple ways than as being symptomatic of councils decimated by reduced funding from central government over the last decade or councils that were poorly managed.² Confidence in the sustainability of council finances is low, within the sector and beyond. In such a landscape, scrutiny is essential to ensure robust decision-making in continuingly challenging times for all local authorities, and constructive scrutiny of a local authority budget is crucial towards ensuring its financial viability.

Scrutiny has a specific statutory role to challenge groupthink, optimism bias and undue focus on the potential deliverability of savings and the achievable benefits of transformation, projects and investments, at the expense of proper weighting of the accompanying risks. LB Newham's budget is placed under the scrutiny lens annually as part of the nexus of accountability, assurance and compliance, to deliver good services and Value for Money (VfM) for our residents. As last year, Newham Council's primary vehicle for doing this is the Budget Scrutiny Commission. This sits alongside the work of its Audit Committee and that of the Overview and Scrutiny Commission, which monitors budget performance throughout the year.

The wider context is of course the London Borough of Newham and our residents. A tale of two cities in one borough, Newham thrives as a culturally rich and diverse borough, but it continues to confront significant challenges related to poverty, housing, and the equitable distribution of the benefits from regeneration efforts. Over 350,000 residents co-exist in vibrant communities, both long-established and recent arrivals, and speak over 102 languages. We are also home to the Thames Barrier, City Hall and the 2012 Olympics legacy, which has brought over a billion pounds in investment into the Queen Elizabeth Olympic Park area as the East Bank cultural hub, housing internationally known corporate entities like Sadler's Wells, BBC studios, V&A

² According to the Institute for Government, local authority spending power fell by 17% between 2009/10 and 2019/20, and in 2021/22 it was still 10.2% below 2009/10 levels. Institute for Government, "Explainer: Local government funding in England – How local government is funded in England and how it has changed since 2010" (10 March 2020; updated 21 July 2023). Available at: [Local government funding in England | Institute for Government](#). [Accessed on 19 September 2023]. See also Ogden, Kate, Phillips, David, and Sion, Cian, "What's Happened and What's Next For Councils?", The Institute for Fiscal Studies (7 October 2021) at pp. 299 and 311.

Museum, University College London, and the London College of Fashion.³ But housing is a daily issue for our human residents, of whom close to 7,000 households exist in Temporary Accommodation and 38,614 wait on our social housing list, whilst 70,000 work in low-paying jobs. As one of the youngest and most diverse populations in the country, 44% of our children are growing up in poverty, but we are also an ageing outer London borough, with levels of deprivation and regeneration more typical of an inner London authority. All these contradictory facets contribute to the uniqueness of Newham. Yet we resemble all other local authorities in having to bear ever steeper challenges and rising costs of our strict statutory duties to provide adult social care, children's services, school transport, and homeless provision and accommodation, whatever the wider financial position. Alongside financial and policy decision-making, these four statutory duties are drivers and determinants of LB Newham's financial capabilities, with some 65% of our expenditure going towards Adult Social Care and Children's Services. Despite these significant financial pressures, Newham Council's Draft Budget Proposals for 2025/2026 attempt to maintain our collective dedication towards investing in, protecting and enhancing services for all our residents.

³ See Morrison, R. (2024). "What is our 2012 Olympic legacy? Swanky cultural palaces and a housing crisis", *The Times* (8 August 2024) for a discussion of the cost to the public purse, currently estimated at £675 million in costs to London taxpayers and several hundred million pounds coming from other public funding sources. Available at: [Online] [What is our 2012 Olympic legacy? Swanky cultural palaces and a housing crisis](#). [Accessed on 15 August 2024]. The Olympic legacy and its impact on city housing has also proved controversial in Paris: Ostlere, L., (2024). "The side of the Paris Olympics they don't want you to see", *The Independent*, (10 August 2024). Available at: [Online]: [The side of the Paris Olympics they don't want you to see](#). [Accessed on 15 August 2024]. For a discussion of the contradiction between the discourse of sport mega-events guardians for supporting the United Nations Sustainable Goals (SDG) and impact on housing in host cities of such event, see Rocha, C. R. and Xiao, Z. (2022). "Sport Mega-Events and Displacement of Host Community Residents: A Systematic Review", *Front. Sports Act. Living* (7 January 2022). *Sec. Sports Management, Marketing, and Economics*, Volume 3 – 2021. Available at [Online]: <https://doi.org/10.3389/fspor.2021.805567>. [Accessed on 15 August 2024].

2 Methodology

The Budget Scrutiny Commission (BSC) was established on 4 June 2024 by the Overview and Scrutiny Committee (OSC) to consider the Mayor's Draft Budget Proposals for 2025-2026 and any budgetary matters referred to it, and to report and make recommendations through the OSC to the Mayor, Cabinet and Full Council. At this OSC meeting on 4 June 2024, the terms of reference for the Budget Scrutiny Commission included:

- i) monitoring and reviewing the Council's budget situation and development of budget proposals throughout the year;
- ii) considering the Executive's initial budget proposals for 2025-2026;
- iii) considering any budgetary matters as referred to it by the Overview and Scrutiny Committee from time to time; and
- iv) making any reports and recommendations through the Overview and Scrutiny Committee to the Mayor and Cabinet, and to Full Council.

However, OSC Members subsequently reflected that, since the publication of Newham Council's Budget, the in-year position for 2023/24 had worsened, necessitating further use of an already depleted reserve. Additionally, OSC Members had noted that permission to use capital receipts to fund revenue had not yet been granted, which meant that with the additional overspend and without the ability to use capital receipts, the in-year position for 2024/25 had increased from the reported £24.9 million to somewhere in the region of £40 million.

The Overview and Scrutiny Committee Members also reflected that financial reporting and member oversight of our varied financial processes were conducted by various committees with diverse memberships and on different timescales. The OSC Members therefore believed that an additional body should provide oversight during this unusually challenging year, where closer member oversight and scrutiny were essential, including receipt of regular reports to monitor savings, financial controls, capital and borrowing strategies, progress against financial elements of the Local Government Association (LGA) Corporate Peer Challenge review action plan,⁴ service reorganisation, and the budget-setting process over the coming year.

This mechanism was intended to support and not replace the existing financial reporting structures to the Overview and Scrutiny Committee, Audit Committee and Full Council. It was envisaged as providing an additional level of member oversight that consolidated multiple areas of financial management, allowing for comprehensive

⁴ For more information on the LGA Corporate Peer Challenge, see the Newham Council website. Available at: [Online] [LGA Corporate Peer Challenge](#). [Accessed on 24 December 2024].

monitoring by one member-led group. Considering that an adapted approach was required, the OSC Members decided in July 2024 to commence its budget scrutiny earlier this year, in line with recommendations by the Budget Scrutiny Commission 2023/2024. On 6 August 2024, the Overview and Scrutiny Committee decided to establish an informal working party, which planned to hold monthly meetings to examine in-year budget performance, risks and challenges. This resulted in the establishment of an informal working party, the Budget Scrutiny In-Year Working Party (BSIYWP or the Working Party), to be composed of seven members.⁵ Four informal sessions were held between August and December, supported and attended by Newham Council's scrutiny, directorate and finance officers. BSIYWP Members explored lessons learnt from other local authorities and the Newham context by receiving reports such as the Budget Monitoring Reports, updates on overspend in particular directorates, briefings on areas of local government finance and progress briefings about implementation of the recommendations of the Budget Scrutiny Commission 2023/2024.

This year, the Budget Scrutiny Commission's Members were clear throughout on adopting strategic approaches to scrutiny of LB Newham's budget. This included flexibility around the compressed budget scrutiny timetable, in part due to portfolio holder availability and release to BSC Members of LB Newham's Draft Budget Proposals on 24 December 2024.⁶

In January 2025, the Commission held three evidence-gathering sessions, organised thematically by portfolios to reflect Cabinet, relating to People, Place and Resources, for the LB Newham Draft Budget Proposals of 2025-2026. This complemented the role of the OSC in monitoring budget performance throughout the year and had been supplemented by the work of the informal task and finish group, the Budget Scrutiny In-Year Working Party. On 23 December 2024, LB Newham's Draft Budget Proposals for 2025/26 were published, ahead of Cabinet on 9 January 2025, and at this point provided to the BSC Members. Responding rapidly, the Commission conducted a deliberations session to establish Key Lines of Enquiry on 7 January 2025. The Commission based its Key Lines of Enquiry on the Full Council Budget Papers for 29 February 2024, the Summer Finance Review Report for 6 August 2024, the October Finance Review Report for 15 October 2024, and Draft Budget Proposals (2025/2026) included in the Cabinet papers for 9 January 2025.⁷

Further evidence-gathering meetings to scrutinise the Mayor's Draft Budget Proposals occurred between 14 January and 23 January 2025, ahead of LB Newham's Full

⁵ The membership was to be seven members, drawn from the Labour majority group (six) and the Newham Independents (one). Membership for the period described was as follows: Cllrs Lester Hudson (Chair), Rita Chadha (Deputy Chair), Susan Masters, Anthony McAlmont, Terence Paul, Lakmini Shah and one vacancy (no nomination).

⁶ The Draft Budget Proposals were published at 21:00 on 23 December 2024 as part of the documentation for a meeting of the LB Newham Cabinet on 9 January 2025. Cabinet, Meeting (9 January 2025). Available at: [Online] <https://mgov.newham.gov.uk/mgAi.aspx?ID=86968#mgDocuments>. [Accessed on 24 December 2024].

⁷ Full Council, 29 February 2024, Summer Finance Review Report – 6 August 2024; October Finance Review Report – 15 October 2024; and Cabinet papers - 9 January 2025.

Council meeting scheduled for 27 February 2025. This thematic ordering, adopted from last year's Budget Scrutiny Commission, was reflected in the organisation of the BSC's work as follows:

- 14 January 2025: PEOPLE: Adult Social Care and Health, Children's Services and Education, Youth Empowerment and Resident Engagement;
- 21 January 2025: PLACE: Strategic Housing Delivery, Environment and Sustainable Transport, and Community Safety and Crime; and
- 23 January 2025: RESOURCES: Finance and Resources, Digital, Performance and Transformation.

The Commission met in a closed session on 30 January 2025 to deliberate and reflect on evidence received. This also enabled the BSC Members to formulate thinking and shape some draft recommendations. This phase of the Budget Scrutiny Commission's work was then completed with a meeting held in public for BSC Members to consider and approve their draft recommendations. These draft recommendations, though subject to refinement and consolidation, were then informally shared with the Executive. This was consistent with the BSC Members' preferred approach of collaborative and constructive sharing of information, and with Budget Scrutiny Commission practice last year.

Following consolidation and further agreement by the BSC Members, the draft recommendations and contextual report were submitted to the Overview and Scrutiny Committee for approval on [10 February 2025], ahead of submission to Cabinet for its meeting on [18 February 2025] and Full Council on [27 February 2025].

3 Budget 2024 – 2025: in-year budget position, performance and risks

As a precursor to the planned scrutiny of the Draft Budget Proposals 2023/24, the Budget Scrutiny Commission as a collective had reviewed in-year budget position, performance and risks in two sessions on 10 January and 15 January 2024. The Commission specifically considered two documents concerning the Council's overall financial position: the Part One and Part Two Reports, published for Cabinet meetings on 3 October and 9 November 2023 respectively.^{8 9}

This year, the Overview and Scrutiny Committee considered that more agility and more grip was required and so established an informal working party to examine in-year budget performance, risks and challenges.¹⁰ The Budget Scrutiny In-Year Working Party (BSIWP or the Working Party) held three informal sessions in Dockside between 28 August and 17 December 2024.¹¹ These informal sessions were supported and attended by Newham Council's directorate, finance and scrutiny officers. The Working Party Members explored lessons learnt from other local authorities and the Newham context in addition to receiving reports such as the Budget Monitoring Reports.

In August 2024, the Working Party met to discuss the Period 3 Budget Monitoring Report. Members discussed finances concerning Adult Social Care, Children's Services, the Housing Revenue Account (HRA), Temporary Accommodation and the General Fund, in addition to wider discussions about financial controls, central government funding of local government, mitigations, and efficiency savings. The Working Party Members raised queries and were also advised about the impact of the London Living Wage on council costs, progress on various consultations, wider budget

⁸ Presented to Cabinet on 3 October 2023 and received by the Overview and Scrutiny Committee, Meeting (12 October 2023). Available at: [Online] [Appendix C \(newham.gov.uk\)](#). [Accessed on 23 December 2024]. The report highlighted a forecast overspend position of £14.2m, an adverse movement of £6m from the reported Quarter 1 position in July 2023 and a forecast overspend at the Quarter 2 was £14.2 million against a total fund of £363 million. Significant issues contributing to this overspend included the local and national crises in temporary accommodation and increasing demands in social care.

⁹ Cabinet, Meeting (9 November 2023). Available at: [Online] [Agenda for Cabinet on Thursday 9th November 2023, 10.00 a.m. \(newham.gov.uk\)](#) [Accessed on 23 December 2024]. This report outlined various savings proposals and mitigations across all directorates and service areas for the fiscal year 2023/24 to arrive at a balanced budget. Following the Part One Report's forecast overspend position, the Executive and Corporate Management Team had conducted a review of service area spends, identifying mitigations as part of a recovery plan. As a result of these efforts, the Part Two Report forecast an estimated overspend of £7.3m against the General Fund of £363m.

¹⁰ This was in accordance with the LB Newham Constitution, Part 4 Rules of Procedure, 4.1 Council Procedure Rules at paragraphs 27.9-27.10. The current version of the LB Newham Constitution is dated 16 December 2024 and is available at: [Online] [LB Newham Constitution 16 December 2024](#). [Accessed on 23 December 2024]. Working parties are not subject to usual rights of access rules: rights of access to Working Party meetings and to information of such meetings is restricted for the public, but is available to members on a "need to know" basis.

¹¹ Two sessions were postponed, one due to an emergent briefing by the Mayor on 30 September 2024.

mitigations and savings conversations, higher Medium Term Financial Strategy targets, challenges for social care (such as integrating prevention, reablement and reducing market costs) and the numbers affected by the Cap on Care. The Working Party Members also discussed the Private Rented Sector, benchmarking, the placement policy changes, Temporary Accommodation, 10 Victoria Street, provision for Care Leavers and queried whether Newham Council is building housing that meets the needs of our cohort of young people, that meets predicted needs (such as for Care Leavers), and whether Newham Council had the right resources and strategies in place to achieve this. Members also heard about the preparatory work for budget setting, which was in progress for the October Cabinet meeting.

The session of 30 October 2024 fell coincidentally on the evening of Chancellor Rachel Reeves' first Autumn Budget, which focused on growth and announced several measures with impact on local authority finances. These included increased funding for local authority services, social care and investment in the planning system. The Reeves budget introduced an additional £1.3 billion in grant funding for local authority services, of which £600 million was allocated to social care and £233 million designated for homelessness prevention in the 2025-2026 fiscal year. An additional £46 million was allocated to support recruitment into local planning authorities and to digitise local government processes, aiming to streamline operations and improve efficiency. Whilst welcoming these funding increases, the Working Party Members also recognised that local authorities, including LB Newham, would continue to face significant financial challenges, noting that the Local Government Association (LGA) had warned of potential widespread local authority 'bankruptcies' without further support, and a cumulative £54 billion funding shortfall over this Parliament.

The Working Party was also interested to understand what made Newham Council an outlier, with a Temporary Accommodation crisis of deep historical roots, stemming from a combination of systemic issues and external factors. The Borough has long grappled with high levels of deprivation that have contributed to a persistent demand for housing assistance coupled with increased private rented sector evictions and a reduction in council housing stock, partly due to policies like the 'Right to Buy' scheme, resulting in the shortage of affordable homes.

As Members heard, in recent years, the situation has reached a critical point. As of 2024, close to 7,000 households in Newham are residing in temporary accommodation, marking a 14% increase from the previous year.¹² This surge has placed immense financial strain on Newham Council, with projections indicating that, by 2027/28, one-third of its budget could be consumed by temporary accommodation

¹² Trust for London (2024). London's Poverty Profile. Available at: [Online] [Poverty and Inequality Data For Newham - Trust For London | Trust for London](#). [Accessed on 3 January 2025].

costs.¹³ The COVID-19 pandemic and the subsequent cost-of-living crisis have further intensified demand for housing support, leading to a significant overspend in Newham Council's budget allocated for Temporary Accommodation. External economic conditions have also played a significant role. Rising private rental costs, insecurity in the private rented sector and a lack of affordable housing options have left many of our residents with no choice but to seek assistance from Newham Council. Despite various initiatives and prevention strategies, the challenges persist, highlighting the need for comprehensive solutions that address both the immediate housing needs and the underlying causes of homelessness in the Borough.

However, the Working Party heard that there were risks associated with assumptions around ongoing major pressures on the Temporary Accommodation and the social care budgets. Increasing Temporary Accommodation pressures across London but with severe impact in LB Newham resulted in increased pressure on the LBN General Fund. The Working Party Members queried achievability and robustness of savings proposed, confidence levels, variances, approaches to the Equality duty and screening of the Equality Impact Assessments, and an update on the implementation of the recommendations of the Budget Scrutiny Commission Report 2024. Members also raised questions which spoke to risk, overspend, placement policies (both in Housing and in Adult Social Care), and the Housing Revenue Account Business Plan.

At its December meeting, the day before the announcement of the provisional Local Government Finance Settlement,¹⁴ the Budget Scrutiny In-Year Working Party received various reports and a verbal briefing on Exceptional Financial Support (EFS). Whilst central government's budget in October 2024 had offered positives for local government, the Working Party Members were aware that, according to the LGA, one in four councils in England had indicated that they are likely to have to apply for emergency government bailout agreements to stave off issuing Section 114 notices in the next two financial years (2025/26 and 2026/27). The briefing to BSIWYP Members provided insight into the financial challenges facing Newham Council and the complexities of navigating the government's evolving approach to local authority funding. Discussions also focused on the proposed reorganisation of local government in the English Devolution White Paper,¹⁵ the limitations of the government's one-year settlement for 2025-2026, which provides no certainty for subsequent years, and

¹³ Florence Eshalomi MP, speaking at an Institute for Government event, "Government 2025: IfG's annual conference", referred to London boroughs collectively spending £4m per day or £114m per month on Temporary Accommodation. Davies, N. (Host) 'How to fix local government' [Audio podcast], IfG Events, 25 January 2025. See Lees, M. (2025). Our grotty B&B bedroom costs taxpayers £2,383 a month'. *The Times* (19 January 2025) for a discussion of the human costs and the cost to the public purse of Temporary Accommodation. Available at: [Online] ['Our grotty B&B bedroom costs taxpayers £2,383 a month'](#). [Accessed on 19 January 2025].

¹⁴ Provisional Local Government Finance Settlement (18 December 2024). Available at: [Online] <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2025-to-2026>. [Accessed on 19 December 2024]. The government announced £515m for local authorities in compensation of National Insurance Contributions and the introduction of a new Recovery Grant.

¹⁵ Ministry of Housing, Communities and Local Government (2024). English Devolution White Paper: Power and Partnership: Foundations for growth" (16 December 2024). This is the Labour government's recently announced re-imagining of the state at the place-based level and recognition that the inherited local government funding system was not sustainable. Available at: [Online] [English Devolution White Paper: Power and partnership: Foundations for growth - GOV.UK](#). [Accessed on 19 December 2024].

consequently how Newham Council's Medium Term Financial Strategy (MTFS), spanning 2025-2028, is only partially underpinned by confirmed funding, increasing financial risks and complicating long-term planning.

Members addressed budget reversals and funding allocations for specific projects and raised concerns about items such as the enrichment programme, being removed during subsequent budget adjustments and the status of the Newham Sparks project, which, despite being paused, still appeared to be funded through the Community Infrastructure Levy (CIL). Officers clarified that while the enrichment programme was reinstated for 2024-2025, there was no obligation to continue funding into 2025-2026. Discussion on allocation of CIL funds was revisited with specific reference to a 'data education programme' at East Ham Town Hall, presumed to be linked to Newham Sparks. An officer committed to investigating the matter further and providing clarity.

The discussion shifted to delays in the comprehensive review of CIL funding, with the Working Party Members emphasising the importance of a prioritisation list for CIL and Section 106 (S106) funds to support effective budget scrutiny. Members also highlighted the need for transparent opportunity-cost assessments of CIL funds, with planning representatives and the newly appointed CIL review officer were identified as key to providing further clarification in future sessions.

Noting the recommendations of the Budget Scrutiny Commission in February 2024, the Working Party Members noted improvements in this year's budget consultation process, including higher attendance and more balanced discussions of diverse issues compared to previous years. Members had requested an update on implementation of the 2024 recommendations.

The Working Party also discussed the current council tax system and the government permission needed annually to exceed the 4.99% council tax cap, potentially increasing rates by up to 10% for one year, which could raise additional resources. Members questioned why budget overspends frequently emerge in the first quarter of the financial year, suggesting that initial projections often underestimate known cost pressures and querying the role of optimism bias in this. Officers acknowledged this as a recurring issue and emphasised the need to improve forecasting and align budgets with anticipated demands. BSIWMP Members noted the urgent need for strategic, sustainable solutions to navigate a challenging fiscal environment.

The Working Party Members reviewed the October Budget Monitoring Report, which demonstrated a projected overspend of £46 million, consistent with earlier forecasts. Members considered Value for Money, Outcomes versus Zero-Based Budgeting, and key cost pressures (attributed to Temporary Accommodation demands and rising social care costs, particularly within the Adults and Health Directorate) as well as other detailed information included on the General Fund, Dedicated Schools Budget (DSB), Housing Revenue Account (HRA), and capital programme budget monitoring.

As is to be expected, many themes and lines of questioning which were explored during these closed Working Party sessions between August and December 2024 did recur in later Budget Scrutiny Commission sessions scrutinising the Draft Budget Proposals (2025/2026).

4 Draft Budget Proposals 2025-2026

The Budget Scrutiny Commission Members found that the financial information and documentation provided was inconsistent, which was challenging. Compared to publication last year of the Draft Budget Proposals (DBP) on 23 January 2024,¹⁶ publication of the DBP on 24 December 2024 was an improvement. The Budget Scrutiny Commission had suggested financial briefings and early access to financial information, and a mayoral briefing was offered to the four Scrutiny Commission chairs on [30 September 2024 and] 19 December 2024.

This led BSC Members to reflect on parity of esteem, which means that the scrutiny function of a council deserves the same respect, and has the same importance in the governance system, as decision-making, executive activities.¹⁷ For example, BSC Members were given access to the Draft Budget Proposals on their publication with access in effect on 23 January 2024. BSC Members reflected on how performance of their duties as scrutiny members engaged in scrutiny of LB Newham's budget relies on access to current financial information. Formulating their recommendations, BSC Members noted the importance of parity of esteem and statutory provisions concerning the enhanced rights of access to information of overview and scrutiny committee members, with particular reference to Regulation 17 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations (2012).¹⁸ Where information in the pro forma documentation was assessed as insufficient, BSC Members acknowledged the proposal, without formulating a recommendation.

¹⁶For the Mayor's Draft Budget Proposals 2024/2025, see the agenda for Cabinet on 30 January 2024. Available at: [Online] [Appendix C \(new ham.gov.uk\)](https://www.newham.gov.uk/appendix-c). [Accessed on 24 January 2025].

¹⁷ See Report of the Communities and Local Government Committee, (2017). "Local authority culture change needed to ensure effective scrutiny". Available at: [Online] <https://www.parliament.uk/external/committees/commons-select/communities-and-local-government-committee/news/2017/scrutiny-committee-report-17-19/>. [Accessed on 6 January 2025]. See comments by the Committee Chair, Clive Betts MP. For more information on executive and scrutiny arrangements, see Statutory guidance: Overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities, (2024). MHCLG/DLUHC (22 April 2024). This replaces the guidance issued in 2019. Available at: [Online] <https://www.gov.uk/government/publications/overview-and-scrutiny-statutory-guidance-for-councils-combined-authorities-and-combined-county-authorities/overview-and-scrutiny-statutory-guidance-for-councils-combined-authorities-and-combined-county-authorities#introduction-and-context>. [Accessed on 6 January 2025].

¹⁸ The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 UK Statutory Instruments 2012 No. 2089, PART 5, Regulation 17. Available at: [Online] <https://www.legislation.gov.uk/uksi/2012/2089/regulation/17/made>. [Accessed on 14 September 2024].

14 January 2025 – PEOPLE Evidence-Gathering Session¹⁹

Budget Consultation

The Commission was keen to know to what extent the Draft Budget Proposals had been consulted on with stakeholders, especially key external stakeholders for the Education, Children’s Services, Adult Social Care, Health, Youth Empowerment, People Powered Places and Resident Engagement directorates. BSC Members heard that key external stakeholders were aware of the Draft Budget Proposals, with overarching budget insights and analysis being produced from online meetings and surveys, in addition to in-person meetings. This analysis was then used to provide policy and strategy steer about what should be prioritised and protected, such as, for example, Children’s Centres and Libraries. Stakeholders who were consulted included voluntary sector stakeholders, the Parents and Carers Forum, and the Children’s Safeguarding Partnership. BSC Members were advised that the Integrated Care System (ICS) and East London Foundation Trust (ELFT) had not been formally consulted.

The Commission also wanted to understand demographics and churn within the borough, to establish which of those cohorts would still likely be in the borough in five or ten years’ time. Officers advised that data was indicating a drop-off in the proportion of younger people under 18, with similar trends for under-21s and under-25s and a steady increase in the number of residents of an older age, particularly in the over 60-65 age bracket, constituting a 5 to 10% shift in both of those groups over that period. Officers further advised that these were used as projections to inform the capital programme, including housing needs, for the borough. BSC Members queried whether this would see a re-focus onto residents who are ageing (as a growth cohort) and officers advised that this was likely in the mid-term.

Resident Experience

The Commission queried the timing of the Libraries Review, and People Powered Places. Concerning information drawn from the Draft Budget Proposals consultation and its analysis, officers advised that this had provided useful inputs for considerations around how savings could be implemented. BSC Members referred to Table 2,²⁰ commenting that participatory democracy (such as People Powered Places) had notably placed at the bottom of the hierarchy, lending itself to a conclusion that People

¹⁹ This session was chaired by Cllr Susan Masters, Chair of the Health and Adult Social Care Scrutiny Commission.

²⁰ See the Draft Budget Proposals published as part of the documentation for a meeting of the LB Newham Cabinet on 9 January 2025: Table 2 can be found at page 315. During resident engagement sessions, residents were asked about prioritisation of services, given the challenging financial situation of Newham Council. Likewise, survey respondents were asked to rank ten services in order of importance to them. Of survey respondents, 48% of respondents ranked Children and Young People’s Services as their number one priority out, whereas 37% of respondents ranked participatory democracy initiatives 10th, in last place. Cabinet, Meeting (9 January 2025). Available at: [Online] <https://mgov.newham.gov.uk/mgAi.aspx?ID=86968#mgDocuments>. [Accessed on 24 December 2024].

Powered Places might be a savings candidate. The Mayor disagreed, affirming her support for the programme.

Concerning the Libraries Review, the Commission heard that the public review would be starting in spring 2026 and the outcomes actioned in 2027. Officers advised BSC Members about the difference between a review and a consultation, noting that the Department of Culture, Media and Sport (DCMS) had formal expectations about what constituted a library consultation. The LB Newham Libraries review would encompass nine different areas of libraries in spring 2026. The Commission queried whether there was already a vision of Newham Council's Libraries, what needs assessment would be conducted and how the review aligned with the budget process, with respect to the announced impact of the budget. Officers advised an indicative figure of savings up to £1.6 million and other outcomes such as information on colocation and potential income generation.

Children's Services

BSC Members were aware of the increasing demand for and year-on-year rising expenditure on placements for children and young people in LB Newham, costing between £10,000 and £25,000 per week, which echoes the national picture of demand, need and cost. However, officers were able to report finding efficiencies and ways of working which had enabled a reduction of three placements, generating savings for Newham Council whilst maintaining high standards of care for our children and young people. This included significant progress in cost-saving initiatives within Children's Services, particularly in reducing high-cost placements and agency spending, achieved through weekly oversight meetings which contributed to these savings, ensuring that financial decisions prioritise both efficiency and child welfare.

The discussion also covered potential outsourcing of 0-19 services to the NHS, with initial planning underway and implementation expected to take up to 18 months. Meanwhile, BSC Members also heard that Newham Council is preparing to cut £600,000 from the Youth Empowerment Service budget by April 2025, acknowledging that this programme was always intended to conclude by 2027-2028. Despite these financial pressures, Youth Zones across Newham have seen strong engagement, though their ability to target at-risk youth remains under review.

Budget concerns were a key focus, particularly regarding the future of Children's Centres, SEND funding, falling school rolls and school deficits. Newham Council is assessing potential reductions of up to 75% in Children's Centres whilst considering how to maintain essential services for disadvantaged families. BSC Members recalled similar budget discussions last year, including the key role played by our Children's Centres in improving life outcomes for our children and young people, in a number of ways including ensuring school readiness.

The Commission discussed the decline in primary school enrolment, and exploration of voluntarily reducing school form entries, but financial sustainability remains a challenge. Members heard that Newham Council is closely monitoring schools in deficit, with eight currently receiving targeted support, though concerns were raised about some governing bodies' ability to manage budgets effectively. Additionally, SEND transitions and alternative education provisions require improvement to ensure vulnerable children receive appropriate support as they move into adulthood.

Discussions also addressed the future of Debden House, a historically significant site that has seen reduced use post-COVID. BSC members noted last year's Budget Scrutiny recommendations which had recommended the removal of this asset from Children's Services to the corporate centre. However, since it still appeared under Children's Services. BSC Members wanted to know what possibility there was for ring-fencing and reinvesting its sale proceeds into Children's Services. There was also a focus on the long-term sustainability of fostering and residential care, with plans to transition more children from residential placements to foster homes, generating cost savings while maintaining quality care. The Commission heard that Newham Council remains confident in achieving these goals but acknowledges ongoing challenges in balancing financial constraints with service quality.

Adult Social Care and Health

The Commission revisited the line of questioning around breadth and depth of consultation, noting that there was a suggestion of risk to budget plans if key conversations with senior people in external stakeholders like the East London Foundation Trust (ELFT) or the Metropolitan Police Service did not occur. BSC Members also referred to a heavy focus on resident consultations but were assured by the Chief Executive that budget conversations were being held at very high, strategic levels.

The Commission asked officers to share which proposals they were most concerned about and were advised that the biggest areas of risk involved inflation in the care market and diminishing returns on reviews. Members heard about the increasing demand for and expenditure on adult residential care, which echoes the national picture of demand and cost over longer periods of time. BSC Members heard that the service was dealing with a fragmented, privatised residential care market but that the service was committed to ensuring that more preventative work was undertaken, in accordance with central government directives on caring for and keeping more people at home. There was more upstream preventative work in progress to support reductions in numbers of care packages and Newham Council was on a journey of scaling up reablement for mental health, dementia, and learning difficulties next year.

BSC Members questioned officers about whether they had concerns about merging Adult Social Care and Children's Centres commissioning. Officers advised that savings would derive from the deletion of a post, with the responsibilities being

allocated temporarily to the directors in Children's Services or Adult Social Care. The Corporate Director of Children's Services, the Corporate Director of Adult Social Care and their services were working together to explore efficiencies and potential further service convergence with limited impact on residents.

The Commission considered the evidence received and formulated their People recommendations with a focus on balancing financial sustainability and maintaining essential community services. One major proposal is to cease Active Centre activity, which has been a key part of community engagement efforts. Members found that, whilst this move was expected to reduce operational costs, this raised concerns about the impact on vulnerable populations who rely on these programmes for social interaction, skill development, and well-being. The Commission advised further analysis to determine whether alternative community-led initiatives could fill this gap.

Another key recommendation of the Commission is to increase revenue from community centres by adjusting fees and improving service offerings. The projected savings are £10,000 in 2025/26, increasing to £50,000 by 2027/28. However, the Commission flagged that any charge increase should be carefully structured to avoid deterring participation, especially amongst low-income groups in the Borough. A proposal review is recommended to align with an inclusive community strategy as part of Newham Council's wider review and realignment of its relationship with the voluntary sector.

Beyond financial adjustments, the Commission also highlighted the need for a wider assessment of workforce efficiency in service delivery. This included ensuring that human resources are optimised without compromising service quality and a realistic data-driven workforce management plan to ensure long-term sustainability.

21 January 2025 – PLACE Evidence-Gathering Session

Culture / Heritage

BSC Members value the Borough's diversity, applauding any celebration of culture within LB Newham and initiatives to celebrate the culture of LB Newham. Discussions focused on culture, Value for Money and job creation, with Commission consensus being that, in financially straitened-circumstances, where there were decisions about maximising savings and efficiencies across the organisation, certain cultural expenditures by Newham Council cannot be justified at this time, when securing reserves or maintaining and improving core services are essential. However, the Commission considered that alternative, collaborative approaches are available, with BSC Members persuaded by Cabinet Member comments about encouraging and empowering communities to "own" cultural events. This led the Commission to recommend pursuit of savings combined with alternative approaches to this, including having Newham Council in more of a facilitator role, rather than a provider, with greater

collaboration across faith, voluntary and business communities to bring our residents together for key cultural, religious and heritage events.

CIL/S106

The Commission raised questions concerning CIL and the allocation of the average payment: officers advised that discussions were ongoing on how to accept the offer. In regard to CIL, the Commission heard that money is still to be apportioned as the CIL strategy under review, with consultation due in order to determine what the money can be spent on. The Commission heard that until the review was complete, CIL monies were still being used to support People Powered Places. BSC Members reflected on concerns around the detail concerning what expenditure would be stopped and where else the CIL or S106 funding would be used, noting large savings numbers attached to them

The Committee queried how proposed fee increase in planning applications would translate into benefits, improvement in the quality of service or a reduction in complaints. BSC Members heard that there would be Improvements in how larger applications are processed, enabling the team to deal with the growing demand for the services.

Our Newham Money, Our Newham Work and NEET

The Commission expressed concern over proposed closures relating to Our Newham Money and potential impacts on residents' mental (in addition to their financial) health. This led to a strong recommendation to maintain the service as essential to residents' mental and financial well-being. However, BSC Members queried performance information relating to Our Newham Work, which raised concerns about duplication of work done by other organisations, as well as the Value for Money of Community Wealth Building. BSC Members therefore recommended a repurposing of this team towards part of a wider repurposing of Community Wealth Building to source funding for community events (such as and set up BIDS within the borough.

The Commission queried the funding and targets of programmes aimed at re-engaging young people not in education, employment or training (NEET), usually via Department for Education financing for mentoring, career advice, work experience and support. Officers advised that, whilst over the last two to three years Newham Council had been short of targets, this year the target was close to being met. BSC Members subsequently received the December to February Annual NEET Scorecard (below), which provided information about number of young people not in education, employment and training under the Raising Participation Age (RPA) 2013.²¹

²¹ The Department for Education (DfE) takes a three-month average of the NEET and Unknown young people in a local authority from December to February and assigns a quintile position with Quintile 1 being within the 0-20% range (Lowest NEETS & Unknown) and Quintile 5 being within the 80-100% range (Highest NEETS & Unknowns). Using the DfE scorecard also allows local authorities and their partners to monitor their own performance and compare it other local authorities. Newham Council has moved from Quintile 3 to Quintile 2 in recent years, despite an increase in cohort size and a reduction in provision available for young people.

Year	Average Total Cohort Size (Yr 12&13)	NEET	Dec to Feb Quintile Position
2019/2020	8590	2.10%	3
2020/2021	8800	2.10%	3
2021/2022	8950	1.80%	2
2022/2023	9300	1.80%	2
2023/2024	9450	2.30%	2
2024/2025	9783	2.8%	TBD

Housing and Populo

The Commission had various lines of enquiry about Newham Council’s house building programmes, including local and national challenges which result in significant shortfall in affordable and social housing, planning, high construction costs and significant demand.²² BSC Members raised concerns about borrowing levels, Minimum Revenue Provision, interest, acquisitions, and the lack of information in the Draft Budget Proposals around revenue implications for that borrowing. The Commission concluded that the housing crisis, at local, regional and national levels, is not something that we can ‘build our way out of’ and we query whether Newham Council’s significant borrowing for capital expenditure can be considered prudent at this time.

BSC Members queried the total amount of affordable homes in the Borough provided by Populo, requesting for each of the Populo schemes, the average cost or price per affordable unit in the development, how many homes developed since March 2024, and whether there had a report on Populo’s effectiveness. BSC Members also wanted to understand whether there was potential to recover money or pause spend on Populo as opposed to our Affordable Housing Team. Officers provided a written response, which included the table below depicting the number of new homes delivered in LB Newham from 2019/20 until the end of March 2023. Populo had delivered 366 market units and 317 affordable units (split between Social Rent, London Affordable Rent and Affordable Rent), equating to around 28% of the homes provided across these tenure types. BSC Members noted that the table provided information until 2023; 75 units completed since March 2024, with work progressing on planning and design for circa 300 units at Pier Road and Cyprus.

	2019/20	2020/21	2021/22	2022/23
Market	1855	1233	1787	526
Social Rent	138	81	176	31

²² A shortage of local authority planning staff is cited as having potential to derail national housebuilding pledges, with two-thirds of councils relying on agency planning staff. See Wright, O. and Kendix, M. (2025). “Labour’s housebuilding pledge derailed by planning staff shortage”. The Times, 27 January 2025. Available at: [Online] <https://www.thetimes.com/uk/politics/article/labours-housebuilding-pledge-derailed-by-planning-staff-shortage-bts7wh9x5>. [Accessed on 27 January 2025]. Being able to build housing also relies on the construction and engineering sectors having sufficient (and sufficiently skilled) workers: a recent government review has warned of “unprecedented risk now emerging in relation to declining workforce size and skills misalignment”, in part due to reliance on EU migrant labour. See Topham, G. (2025). “Can we build it? No - because Britain may not have enough workers.” The Observer, 2 February 2025. Available at: [Online] [Can we build it? No – because Britain may not have enough workers | Construction industry | The Guardian](https://www.theguardian.com/construction/2025/feb/02/can-we-build-it-no-because-britain-may-not-have-enough-workers). [Accessed on 2 February 2025].

London Affordable Rent	12	7	81	2
Affordable Rent	266	189	97	0
Intermediate	325	245	241	5
London Shared Ownership	0	69	0	0
London Living Rent	0	28	0	0
Specialist housing bedspaces or units of an unknown tenure	4	56	23	32
Total	2600	1908	2405	596

Officers advised that the average cost per unit delivered did not differ between tenure types. Currently Populo are providing Development Management services to the Council and therefore not directly delivering schemes. This means that the Council has control over the funding of the schemes and none of these schemes will progress to the development stage unless they are viable and subject to Cabinet decisions. The Council could choose to pause this design and planning work at any stage, although it would delay the provision of new homes and potentially lead to abortive costs. The council could also choose to finalise the design work and sell the sites with planning permission (before construction) and through that aim to recover the cost spent on promoting the sites to date.

The Commission was concerned to be provided with no other alternative schemes (or opportunity costs for such schemes) to the Populo model. The BSC Members had noted that in the last two years, [Home Safe Housing](#) had brought a proposal to Newham Council for a scheme to develop homes for Newham Council; no details of the proposal, including how many homes, the cost to the Council, the duration of the scheme, the on-stream date and reasons why this proposed scheme was rejected, were provided. The Commission noted that this scheme was subsequently taken to [Capital Letters](#), a pan-London organisation with participation from the London Boroughs of Brent, Camden, Croydon, Enfield, Hackney, Harrow, Havering, Lewisham, Merton and Waltham Forest. Officers advised that Newham Council had acquired 293 units in the Borough over the last two years and that, at this current point in time, Home Safe Housing is not yet in a contract with Capital Letters as negotiation on the viability is still ongoing and that there were no examples of competition for the same pool of housing (which seemed surprising). Officers further advised that any risk of competition between Capital Letters and Newham Council for the same pool of housing could be mitigated by continued good relationships with a wide ranging set of agents to ensure in-borough opportunities are presented to the Council at the earliest opportunity, and by looking to acquire outside of the Borough, widening the pool of properties available. BSC Members remain concerned by the lack of clarity around numbers of units delivered by Populo, Newham Council's missed housing opportunities, and the Council's position outside a bloc which will be seeking to acquire properties within the Borough.

The Commission was keen to learn about plans or proposals for minimising the impact of Temporary Accommodation. Officers advised that the Council had acquired 369 General Fund units since November 2022 and 194 HRA units; a pipeline of over 800 acquisitions approved by Cabinet and currently undergoing due diligence; and 15 small sites which were being taken forward by Populo to develop 106 units.

BSC Members remembered last year's discussions about audits of Newham Council's tenants (to verify who is living in our properties) and queried the resourcing of Newham Council's Anti-Fraud team. Officers advise that the Counter Fraud Team investigates all fraud against Newham Council, both externally and internally, and so this team does only deal with Temporary Accommodation or with specific focus on Housing. Acknowledging that more scope for investigation provides more opportunity to discover relevant information, there are many variables involved in investigations. However, this year there had been a pilot to move into a 'Business as Usual' model establishing links between the Fraud Team and investigations of Temporary Accommodation.

Temporary Accommodation and Homelessness

The Commission was aware of the acute Temporary Accommodation and homelessness challenges in Britain, London and specifically within LB Newham, and the interplay between decreased central government funding and depleted social housing stock, a lack of affordable private housing, diminished state support, and a sharp rise in homelessness.²³ BSC Members discussed the strategy of acquiring homes to meet Temporary Accommodation needs, the overspend and whether purchasing properties was a viable strategy. The Commission noted favourably the service adjustments and efforts in preventive action and the Homelessness Programme which had led to six-fold improvements in outcomes.

BSC Members again considered optimism bias and remembered that last year Members had recommended that TA modelling be based on 50 presentations per month. Whilst acknowledging the work completed and progress made to ensure a tool that was more sensitive and better tuned to make realistic predictions, Member discussion reflected on last year's recommendation about modelling and focused on a recommendation this year to model for 60 presentations.

Hotel Tax

With an estimated 500-750 hotels in the Borough, the Commission considers that there is an opportunity for income generation that has not been considered: the introduction of a "transient visitor or tourism levy" or occupancy tax. This would generate income, and Newham Council with its proximity to Excel London, City Airport

²³ Britain has the highest rate of homelessness in the developed world, according to the Financial Times using data from the Organisation for Economic Co-operation and Development (OECD) and the National statistics agencies of England, Northern Ireland, Scotland and Wales. Burn-Murdock, J. (2024). "Why Britain is the world's worst on homelessness". The Financial Times, 17 May 2024. Available at: [Online] <https://www.ft.com/content/24117a03-37c2-424a-97ed-6a5292f9e92e>. [Accessed on 23 July 2024].

and central London could use this as a source of funding for infrastructure maintenance, conservation and environmental commitments, and, if a taxation route is pursued, as an offset for the costs of Temporary Accommodation. Other cities have implemented a tourist tax as a way to finance and elevate public services for residents, fuel growth, fund projects that will enhance tourism, and improve infrastructure. Amsterdam has the highest tourist tax in Europe, at 12.5%,²⁴ Paris uses a scale between €0.75 and €14.95 per night,²⁵ and Greece will implement increased tourist taxes dependent on low and high seasons, ranging between €2 and €8.

As a campaigning council, we can innovatively leverage our London location and align with other councils to lobby for the implementation of primary legislation needed to instigate such a tax.²⁶ Manchester and Liverpool have instituted a tourism levy, via BIDs, which operates as a legal workaround. In the first year of the tourism levy, Manchester has raised £2.8m.²⁷ Liverpool's BID levy, which covers the whole of the city, is payable in respect of accommodation properties with a rateable value of £45,000 or more. The levy is administered by Liverpool BID Company.²⁸ Edinburgh has announced that it will be introducing a "Visitor Levy", Scotland's first ever tourist tax, which will be applied to any trips booked after 1 October 2025 and taking place from 24 July 2026. The Visitor Levy will be added onto accommodation charges and will apply to anyone staying in paid overnight accommodation in the city. It will extend to all visitors, including UK and Scottish residents. This type of levy may be another approach to consider in the short term.

Environment and Sustainable Transport

The Commission Members discussed various issues in the Environment and Sustainable Transport directorate. Lines of questioning included roll out of a food waste pilot across the Borough (and potential savings), statutory obligations (especially in a context of climate change), whether it was prudent to rule out savings from reconfiguration of refuse collections and street cleansing, electric and diesel

²⁴ See Kryeziu, A. (2023). "Amsterdam tourist tax set to become Europe's highest in 2024 at 12.5%" Schengen News (29 September 2023) Available at: [Online] <https://schengen.news/amsterdam-tourist-tax-to-become-europes-highest-in-2024-at-12-5/>. [Accessed on 9 January 2025].

²⁵ See the website of the Directorate for Legal and Administrative Information (government of the French Republic), explaining tourist tax rates from 1 January 2025 (17 December 2024). Available at: [Online] [Taxation - Evolution in 2025 of the tourist tax in Île-de-France | Entreprendre.Service-Public.fr](https://www.iledefrance.fr/entreprendre/service-public/fr/taxation-evolution-in-2025-of-the-tourist-tax-in-ile-de-france). [Accessed on 10 January 2025]. See also Which? For a general guide to tourist taxes in various holiday destinations. Available at: [Online] [Tourist tax 2025: Spain, Greece, Portugal rules - Which? News](https://www.which.co.uk/news/2025/01/tourist-tax-2025-spain-greece-portugal-rules-which-news/). [Accessed on 10 January 2025].

²⁶ Sandford, M. (2024), House of Commons Library, 26 September 2024. "Tourist taxes in the UK". Available at: [Online] [Tourist taxes in the UK](https://www.parliament.uk/library/research-briefings/briefing/snippets/2024-09-26-tourist-taxes-in-the-uk/). [Accessed on 9 January 2025]. See also Amin Smith, N. et al (2019). Institute for Fiscal Studies, 21 March 2019. Available at: [Online] [Taking control: which taxes could be devolved to English local government? | Institute for Fiscal Studies](https://www.ifs.org.uk/publications/10107). [Accessed on 9 January 2025]. Centre for Cities (2022). "What could a tourism tax do for city budgets?" Available at: [Online] [What could a tourism tax do for city budgets? | Centre for Cities](https://www.centreforcities.org/insights/what-could-a-tourism-tax-do-for-city-budgets/). [Accessed on 9 January 2025].

²⁷ See BBC News (2024) 'Manchester's tourist tax raises £2.8m after first year', (7 April). Available at: [Online] [Manchester's 'tourist tax' raises £2.8m after first year - BBC News](https://www.bbc.com/news/uk-politics-68000000). [Accessed on 9 January 2025]. This is based on some 12,000 bed spaces.

²⁸ The Liverpool BID levy was set at 1.6% of a property's rateable value, due to rise to 4.5% in 2024/25 and 2025/26. It was expected to raise £939,000 per year in the latter two years. However, analysis in 2024 showed that the Liverpool Accommodation BID had generated £47m for the city. See McDonough, T. (2024) "Accommodation BID 'generates £47m for Liverpool'". Liverpool Business News, 29 May 2024. Available at: [Online] [Accommodation BID 'generates £47m for Liverpool' - Liverpool Business News](https://www.liverpoolbusinessnews.com/news/2024/05/29/accommodation-bid-generates-47m-for-liverpool/). [Accessed on 7 February 2025].

vehicle charging, consultation with stakeholders, alignment with policies, outsourcing, and the impact of our Active Travel spend.

The Commission asked questions about the diesel surcharge and emissions-based charging, particularly with the move from diesel to electric cars, and enquired if the proposal had been researched and benchmarked against other boroughs. Officers advised that schemes would have to be introduced to encourage the adoption of electric vehicles but that the impact of the diesel surcharge on residents would be negligible due to low numbers of diesel vehicles in the Borough. The Commission heard that there had been extensive benchmarking. However, the Commission observed that there was optimism bias around income levels. BSC Members considered that, as the proposed changes to parking charges took effect, and as behaviours changed around diesel or higher polluting vehicles, Newham Council's income levels would reduce, which was not reflected in the future MTFS years. The Commission also discussed the data and benchmarking used to support some of these proposals not being as transparent as they should be when conducting comparisons with other boroughs.

The Commission discussed increasing revenue from existing public assets whilst ensuring that essential services remain accessible. One of the key initiatives proposed is to generate additional income from digital advertising in public spaces, which is expected to bring in £150,000 in 2025/26. Although this approach could provide a sustainable revenue stream, it was felt that careful planning is required to avoid excessive commercialisation of public areas.

Another area of focus for the Commission's Place recommendations was consultation about and a review of park sports pitch fees. The proposed adjustments aim to ensure fair usage whilst generating an estimated £54,000 in 2026/27. The Commission recognises the value of green space for residents and acknowledged the potential benefits of this approach, but also emphasised the need for an Equalities Impact Assessment (EQIA) to ensure that increased costs do not disproportionately affect grassroots sports and youth activities in the Borough.

A more contentious proposal involved the reduction of subsidies for free pest control services. This measure could save £43,000, but concerns were raised about the unintended consequences, particularly for low-income households and vulnerable populations, which pay for this service twice, resulting in an inequitable outcome for our social housing tenants. The Commission discussed how these services and expertise could be marketed and sold beyond the Borough and also suggested that a tiered pricing model to balance cost recovery with social responsibility would ensure that those in need are not disproportionately affected, in line with the principles of Building a Fairer Newham.

Additionally, there were recommendations discussions around urban regeneration and infrastructure improvements to attract external investment and create long-term

economic benefits. The Commission found that strategic review of underutilised spaces to identify opportunities for better resource allocation and revenue generation was essential, given current financial realities, but that there needed to be clarity and transparency about the approaches.

23 January 2025 – RESOURCES Evidence-Gathering Session

Finance and Resources

BSC Members were disappointed by the inconsistencies and incompleteness of the overall pro forma documentation which had been submitted with the Draft Budget Proposals, stating how important accurate and current information is to the work of scrutiny. BSC Members observed that, whilst some selected Equality Impact Assessments had been published, there did not appear to be standardisation of the information; the narrative in the delivery risk, dependencies and mitigations section of the appendices was varied, with most containing light information; and that whilst all of the listed savings in Appendix B had been included in the Draft Budget Proposals, some stated that they were in development or not taken in the appendix. This resulted in BSC Members requesting further information concerning the above during the session or subsequently. In the compressed timetable within which the Commission was having to operate, the lack of information or finalised complete information was frustrating and an impediment to the BSC Members, particularly when trying to reach recommendations. The Commission therefore recommends the development of a framework for the pro forma documentation, to ensure greater consistency of information presented, clarity and transparency.

The Commission's discussions focused on the drivers behind the financial pressures on LB Newham which, having been chronic, are now acute. These included reduced central government funding to local authorities, which is determined annually via the Local Government Finance Settlement.²⁹ As for many local authorities, spending on Adult Social Care, Children's Services, SEND transport and Temporary Accommodation, combined with over a decade of insufficient central government funding, were significant. BSC Members recommended review before the final budget of the savings proposals and new approaches towards LB Newham's financial strategy and planning, including grip on discretionary spending, and financial programmes and project plans to oversee growth and savings.

Exceptional Financial Support

The Commission noted that the Draft Budget Proposals outlined that LB Newham would be making a request for Exceptional Financial Support. BSC Members were

²⁹ See footnote 14 supra. The provisional local government finance settlement for 2025/26 was announced on 18 December 2024 and confirmed on 3 February 2025. For more explanation of the Local Government Finance Settlement generally, see the House of Commons Library, "Research Briefing: Local Government Finance Settlement 2024/25" (5 February 2024). [Online] Available at: <https://researchbriefings.files.parliament.uk/documents/CBP-9956/CBP-9956.pdf>. [Accessed on 31 January 2025]. According to Kate Ogden and David Phillips of The Institute of Fiscal Studies, the real pain would come this year in 2024-25, as the costs facing councils are growing faster than whole-economy inflation. See IFS (19 December 2023). Available at: [Online] <https://ifs.org.uk/articles/2024-25-local-government-finance-settlement-real-pain-still-to-come>. [Accessed on 6 January 2025].

concerned that this presented unresolvable uncertainties, as the outcome would likely not be known until after the budget-setting Full Council on 27 February 2025, though Members noted that a provisional Full Council date has also been set for 4 March 2025. Further, in the event of an award of EFS, there was no guarantee of the amount that would be granted. BSC Members were keen for any award of EFS not to become a reason for the postponement of today's tough decisions, recommending that more discretionary spending should be within scope of savings. From learning from the experience of other authorities that have previously received EFS, including our geographic neighbour Havering, the Commission is of the opinion that however cautious or cushioned our bid for EFS, any headroom or leeway built into that bid will soon evaporate. BSC Members also noted learning from previous recipients of EFS that financing of interest payments starts to dominate a council's finances. The Exceptional Financial Support, like the proposed asset sales last year, is an interim fix to an ongoing problem. Whilst we are cognisant of the unsustainability of inherited local government funding models, this makes delivery on last year's savings crucial, such as those from the Mayor's Office,³⁰ and is not good cause for us to soften our approaches to savings on discretionary expenditure to be made decisively now.

As stated previously, when formulating recommendations, the Commission considered cautionary tales from other local authorities, including last year's 19 councils which sought the Exceptional Financial Support and authorities where their Section 151 Officers have issued Section 114 notices.

As last year, the BSC Members queried the characterisation of LB Newham as a young borough: evidence was presented that we are also an increasingly populous, ageing borough. Members considered that a shift in modelling for the savings proposals and focus for the organisation generally was needed to take this into consideration.

Council Tax Collection Rates

The Commission was concerned to discover that since 2018, Council Tax Collection Rates for Newham Council had dropped. BSC Members were further concerned that, in a time of increased hardship for our residents, an anticipated request for Council Tax increase, and when our council tax collection rates are low, the Executive was considering a saving to the Council Tax Reduction Support service. Again, this was felt to be in contradiction with the spirit of a Fairer Newham. Improved collection of council tax would allow us to continue to support our economically vulnerable residents.

³⁰ See LB Newham, Cabinet, Agenda Papers (15 October 2024), Agenda Item 8, Appendix C. 4.1, MTFS Tracker for Period 5. Available at: [Online] [4.1 App C - Annex 1 MTFS Savings Tracker 2024-25 Period 5.pdf](#). [Accessed on 20 December 2024].

Year	NEWHAM In-Year Col. Rate (%)	LDN Average In-Year Col. Rate (%)	NEWHAM Position (out of 33 Councils)
2017/18	96.13	96.70	23 rd
2018/19	96.20	96.74	22 nd
2019/20	95.90	96.53	20 th
2020/21	89.48	93.94	32 nd
2021/22	89.41	93.88	32 nd
2022/23	90.27	94.88	32 nd
2023/24	89.40	94.95	32 nd
AVERAGE	92.40	95.37	28th

BSC Members found that there may be optimism bias around Newham Council’s ability to collect council tax and increase revenue, with increased council tax rates being sought (up to 10%) at a time when our residents are struggling financially. This would also be in a context of changes to Council Tax Reduction and Support. This finding was based on recent past performance. The Commission also reflected on the amount of revenue not collected combined with the optics of lowered collection rates whilst seeking permission to increase council tax.

It should be noted that on 3 February 2025, it was announced in Parliament that Newham Council would be permitted an increase to its Council Tax of 8.99% without holding a referendum. Five other local authorities were also granted permission to increase council tax without a referendum: all six (including Newham Council) were granted permission for council tax increases lower than they had sought.

Transformation

Last year, there were corporate ambitions for transformation of £1.5m for 2024/25, rising to between £15m and £20m thereafter. BSC Members had commended the efforts being undertaken and planned by the corporate side of the organisation, but felt that this financial grip was not being matched in the political decisions, where there appeared to be continuing reluctance to prune “nice to haves” in order to maintain core services. This year, BSC Members remained unconvinced that the savings promised by transformation are in fact deliverable, noting optimism bias as well as churn in senior leadership. As in many organisations, much depends on our ability to harness the efficiencies promised by AI, technology and digital transformation. However, this

level of expenditure on digital did not appear to provide the level of efficiencies and savings needed.

General discussion and deliberations

The Commission's Resources recommendations focus on asset optimisation and operational efficiency. One of the most significant proposals is the sale of the Debden House assets, expected to generate £300,000. Whilst acknowledging broadly that this initiative aligns with a broader strategy to rationalise underused properties and redirect funds toward priority areas, the BSC Members highlighted concerns regarding the long-term implications of selling assets without a clear reinvestment plan. Members also noted missed opportunities outlined in the November 2020 feasibility study, attributed by the Mayor to officer inaction. A full financial impact assessment should be conducted before proceeding, including scaling charges for users (residents/non-residents), given that during verbal evidence it transpired that only 18% of Debden House users are Newham residents.

Another proposal involves the rationalisation of Council estate and assets used by community and voluntary groups, which could lead to operational savings of £200,000 by 2027/28. Commission Members found that, whilst this initiative aims to streamline the use of physical spaces, reducing available facilities may negatively have an impact on the non-profit organisations and residents that depend on them. The Commission therefore recommended a review and recalibration of Newham Council's relationship with the voluntary, community and faith sector, and engagement with community stakeholders to ensure that essential services are not disrupted.

BSC Members reflected on major cost-saving proposals to relocate Newham Council's operational headquarters and disposal of other operational buildings, with potential savings of up to £2.5 million. This plan includes closing Dockside for council use and exploring leasing or sale options. The Commission acknowledged the financial benefits, though noted that other proposals involved finding tenants for a building slated for sale and emphasised ensuring continuity in administrative functions and accessibility for employees and the public. A phased implementation plan has been recommended to mitigate disruption.

Lastly, the Commission discussed transformation within the organisation, and was not convinced that the amount and timescales of savings in transformation proposals were realistic. BSC Members highlighted the importance of digital transformation and investment in technology in reducing long-term costs, but queried the feasibility of the savings proposed. Members felt that it was important to manage expectations of staff and residents, opining that it may be difficult to improve service delivery and enhance operational efficiency with fewer resources.

In light of last year's Members' Allowances recommendation and with a 'whole council, one borough' approach as a driver, BSC Members queried the amount budgeted for,

roles filled and current headcount of staffing in the Mayor's Office and numbers of Cabinet Member deputies. BSC Members again queried the appropriateness of increases in Members' Allowances, remembering the Commission's discussions last year and the Executive response to last year's recommendation. Whilst wishing to ensure accessibility and assist diversity amongst politicians, local or national, the BSC Members still considered that a rise in Members' Allowances would not be in step with a 'whole council, one borough' approach to current financial imperatives facing LB Newham. All parts of the organisation have a role to play in achieving leaner transformations.

Considering the sustainability of inherited local government financing models, Exceptional Financial Support and Newham Council's potential financial trajectory in the mid-term, the Commission discussed learning from other local authorities, like Woking³¹ and Birmingham, and external and internal factors in failures of local authorities. External factors contributing to failure in councils can include global events and pressures which contribute to the cost of living, National Insurance and National Living Wage, competition for and unnuanced distribution of funding pots, and central government: these are beyond the control of any council. Internal factors which public interest reports often cite as having contributed to a local authority's failure include: council-owned companies and joint ventures, an over-reliance on interim or churn in statutory officers, optimism bias, attitudes towards risk and borrowing, and a lack of challenge.³² The optimism of the Reeves Budget in October is already shadowed by the prospect of stagflation, all the more cause for Newham Council to reduce discretionary spending now. BSC Members reflected on the text for Full Council in 2023, which had accompanied £130m of Council investment in Populo:

"Unallocated Budget to enable opportunistic investments (e.g., Residential acquisitions, supported living accommodation, grant funding opportunities etc.)".³³

Given that recent public interest reports cite instances of Members not being provided with sufficient financial detail or training to understand the financial decisions for which they bear responsibility, BSC Members recommend that more information about subsidiary companies is required to be provided to Members ahead of the budget-setting Full Council. The Commission recalled last year's example of Populo where no business plan or other detailed information were provided ahead of Members' voting on £130m at Full Council in 2023, and also mentioning Juniper Ventures, BSC

³¹ Grant Thornton (November 2024). "Woking Borough Council: Report in the public interest on the council's governance arrangements over investment decisions". Available at: [Online] [Woking Borough Council](#). [Accessed on 9 December 2024]. Notable because Woking issued a S114 notice in 2023, having run up debts of £2 billion, following a "potentially unlawful" approach to Minimum Revenue Provision.

³² Partington, R. (2025). "'Stagflation' fears as Bank of England cuts growth forecast and warns of price rises". The Guardian, 6 February 2025. Available at: [Online] ['Stagflation' fears as Bank of England cuts growth forecast and warns of price rises | Economic growth \(GDP\) | The Guardian](#). [Accessed on 8 February 2025].

³³ See Building a Fairer Newham Budget 2023/24, 27 February 2024 at page 347, para. 4.9 and accompanying table. [Online] Available at: [Agenda for Council on Monday 27th February 2023, 7.00 p.m. \(newham.gov.uk\)](#). [Accessed on 31 January 2025].

Members again stated that business plans for significant strategies, projects and programmes need to be supplied.

LGA Peer Review

In November 2023, the LGA conducted a Corporate Peer Challenge, making some 11 recommendations. Whilst the peer review team saw multiple examples of good delivery and improved service delivery, there was still a need for the council to improve its governance system and empower non-executive members, alongside cultural issues of mistrust that needed to be addressed. The LGA CPC team also noted that the council had introduced several performance management regimes and progress on transformation but commented that the current transformation programme did not go far enough. Additional observations included the need for member development, asset management strategy, and a scale of ambition, which, whilst commendable, did not match the ability of the organisation to deliver in a difficult financial climate. BSC Members had due consideration for the LGA Corporate Peer Challenge recommendations when weighing their own recommendations.

Regulator of Social Housing

On 16 October 2024, the Regulator of Social Housing (RSH) graded the London Borough of Newham with a C4 in October 2024. This grade indicated that Newham Council had serious failings and needed to make fundamental changes. Whilst there were some positive observations, including consideration of diverse tenant needs, accessible, well-publicised complaints handling, and collaboration with partners to tackle anti-social behaviour issues, the C4 grade was the lowest grade possible to award and indicated very serious failings. These have required improvement actions, which include a £64m investment programme, prioritising safety issues, and improving tenant engagement. Again, BSC Members considered the impact of the grading on our residents and (within the context of budget scrutiny) the financial implications of delivering the required improvements.

5 Recommendations

As last year, a key thread to our work was that a “**whole council, one borough**” approach must be taken, that all areas in the organisation must play their part in ensuring our collective financial leanness and health: grip and pragmatism over wishful thinking. This underpins our recommendations, because our role as a scrutiny function is to provide the Executive with alternative perspectives and challenge, to test the robustness of decision-making in a context where difficult decisions are demanded.

These recommendations are underpinned by thematic appendices (People, Place, Resources) relating to the savings within Appendices A, B and C to the Draft Budget Proposals.³⁴

1. Exceptional Financial Support

Exceptional Financial Support (EFS) from central government represents a concerning intervention that signals severe financial distress within Newham Council. The increasing reliance on EFS packages across councils (an estimated 1 in 7 councils in London could be applying) indicates fundamental weaknesses in local government funding structures and raises serious questions about long-term financial sustainability. We note that the EFS request for £50 million to be able to use capital receipts is an interim fix.

In the case of Newham Council, this is something that has continued to concern Members of the Budget Scrutiny Commission since 2022, leading in the last year to a special convening of a year-round task and finish group, the Budget Scrutiny In-Year Working Party, to look at in-year spending.

As the Draft Budget Proposals stand, the Commission considered this fiscal year to have been a wasted opportunity to improve Newham Council’s financial position, where large-scale discretionary spending has continued, projects have overspent (e.g., Affordable Homes for Newham Programme), and the transformation savings offered earlier in the year have not as yet materialised. At the same time, Newham Council also continued to have to invest in subsidiary companies and have considerably high levels of borrowing.

Taken together, the Budget Scrutiny Commission remains concerned that, even with Exceptional Financial Support being granted, this is an interim measure for a year and does not resolve the issue in the long-term. BSC Members considered that any headroom provided by the EFS is likely to evaporate quickly and therefore recommended greater focus throughout the year on savings delivery, including through regular monthly provision of the Budget Monitoring Reports for in-year scrutiny. The Commission also recommended that previous recommendations by the Audit Committee and the LGA Corporate Peer Challenge review should be heeded,

³⁴ See Appendix 4 to this Report.

including quarterly sharing of any management accounts, business plans and performance reviews for Newham Council's subsidiary companies (such as Populo) with the Overview and Scrutiny Committee.

1) Recommendation: that the Executive:

a) focus on savings delivery throughout the year and continue to provide monthly Budget Monitoring Reports (management accounts) for in-year scrutiny of the accounts to continue.

b) share Budget Monitoring Reports (management accounts), business plans and performance reviews of subsidiary companies owned by Newham Council on a quarterly basis with the Overview and Scrutiny Committee, as per the 2023/24 audit recommendations and the LGA Corporate Peer Challenge review.

2. Avoiding a Section 114 Notice

A Section 114 notice represents the most severe financial crisis that a local authority can face, effectively declaring a council effectively 'bankrupt' under the Local Government Finance Act 1988.³⁵ When issued by a Chief Financial Officer (the Section 151 Officer), this notice indicates that a council cannot achieve a balanced budget and is unable to meet its current or future financial obligations. Once declared, the council enters a period of extreme financial restrictions where only essential spending on statutory services and existing contractual obligations is permitted. All new expenditure must cease immediately, except for safeguarding vulnerable people and providing statutory services. The serving of a Section 114 notice triggers immediate intervention from central government and requires the council to meet within 21 days to discuss the situation and develop an emergency financial strategy. The Budget Scrutiny Commission has noted the Section 151 Officer's comments, and general comments through the budget scrutiny process, in stating the precarious nature of the situation and the steps needed to be taken to avoid a Section 114 notice.

The disposal of properties and the use of EFS (if secured) does not reduce the funding deficit of Newham Council. The Budget Scrutiny Commission found during deliberations instances where the Mayor and the Cabinet did not want to consider further savings in discretionary expenditure or appeared to rely on delivery by transformation. The Commission considered that there is potentially more that could be done in this area and therefore recommends that the Executive identify and make further savings. In arriving at their recommendations, the Commission considered how greater grip and oversight could be achieved, by clarifying discretionary and non-discretionary spend, and further how more savings from discretionary spend could be realised, by bringing forward reviews (Libraries, Culture). BSC Members discussed,

³⁵ Local Government Finance Act 1988, c.41, s.114. Available at: [Online] [Local Government Finance Act 1988](#). [Accessed on 10 August 2024]. For an 'explainer', see also Hoddinott, S. (2024). Local government section 114 (bankruptcy) notices. Institute for Government (7 August 2024). Available at: [Online] [Local government section 114 \(bankruptcy\) notices | Institute for Government](#). [Accessed on 10 August 2024].

for example, the Royal Victoria Dock Bridge, street cleansing (frequency of bin collections), People Powered Places and previous savings not implemented (Mayor's Office, Communications), balanced against expenditures that might improve Newham Council's financial situation. The Commission considered that declaration of expenditure over £50,000 at and key officer meeting, and its subsequent publication would contribute to grip, clarity and transparency, and recommended as such. However, BSC Members felt that to arrive a workable and satisfactory solution, further details might require discussion with the S151 and Monitoring Officers. In the event that current constitutional provision did not allow the recommendation, BSC Members considered that the S151 and Monitoring Officers might use any emergency discretionary powers available to them to provide interim provision or that an interim measure be passed for the period of one year to support the management of savings and expenditure.

2) Recommendation: that the Executive:

a) identify and make further substantial savings in discretionary spending, to ensure the financial viability of Newham Council. To assist, where information and data has been provided, the Budget Scrutiny Commission has provided suggestions against individual proposals (Appendix 4). These include:

- i) bring forward Libraries Review by a year - B15;
- ii) further reduce the level of spend on Events, Culture and Heritage – B5; and
- iii) further reduce spend on Heritage, Archive and Local Studies or replace with grant funding – B6.

b) ensure clear identification of discretionary and non-discretionary expenditure and ensure that all expenditure over £50,000 is declared at a key officer meeting, to be published.

3. Strategic approach to budgeting

The Budget Scrutiny Commission acknowledges and endorses the Mayor and Cabinet's approach to framing the budget within the context of Building a Fairer Newham, which is effectively supported by the publication of several Equality Impact Assessments alongside the Draft Budget Proposals. However, the Budget Scrutiny Commission recommends that the Executive considers broader policy implications, particularly in relation to central government's emphasis on early intervention and prevention strategies. In addition, the Commission proposes that Newham Council consider its role as a provider and service deliverer, and shift more towards an enabler and facilitator of place and partners. This resonates with the findings of the LGA Corporate Peer Challenge review, which recommended strengthening partnerships.

The Budget Scrutiny Commission proposes that integrating this perspective, alongside a comprehensive three-year Medium Term Financial Strategy (MTFS) and robust demographic modelling, would significantly enhance:

- Newham Council's operational effectiveness across electoral cycles;
- collaborative working with partner organisations; and
- most importantly, service delivery to Newham residents.

This strategic approach would strengthen our long-term financial planning and ensure sustainable service provision for our community.

3) Recommendation: that the Executive:

a) devise a mission statement for Newham Council, sharing its intent to become an enabler and facilitator (as opposed to a provider) of place, as an underlying principle of budget setting, to be presented to the Overview and Scrutiny Committee by June 2025.

b) adopt a position statement on its shared understanding of early intervention and prevention, and consider how this is measured and documented as part of the performance review framework, to be presented to the Overview and Scrutiny Committee by June 2025.

4. Operational Effectiveness

The Budget Scrutiny Commission expresses its sincere appreciation to those Council Officers, Directors, and Cabinet Members who have addressed our enquiries with transparency and demonstrated a shared commitment to the Borough's advancement. However, the Commission noted with concern the Mayor's statements regarding delays in work progression being attributed to officer inaction. This raised significant concerns about the effectiveness of current governance arrangements.

To address this matter, the Budget Scrutiny Commission recommends that the Mayor's Office provide bi-annual reports to the Overview and Scrutiny Committee regarding the implementation status of strategic initiatives identified within the Corporate Plan, particularly focusing on matters highlighted by the Mayor as requiring attention. This is distinct from directorate service delivery performance indicators, which are currently reviewed by the Overview and Scrutiny Committee on a quarterly basis. Sharing any concerns around strategic blockages would enhance accountability, aid scrutiny, and ensure appropriate oversight of service delivery against agreed strategic objectives.

This structured reporting mechanism would strengthen governance arrangements and provide clear accountability pathways between the Executive and Officers.

4) Recommendation: that the Executive:

a) provide bi-annual reports to the Overview and Scrutiny Committee on blockages and delays in delivery of strategic priorities.

5. Improvements in budget pro forma documentation

Whilst acknowledging the notable improvements in the quality of the budget pro forma documentation, the Budget Scrutiny Commission wishes to highlight the following observations:

i. Information Completeness

Despite improvements, some pro forma documentation contains insufficient detail, necessitating additional queries from the Commission to enable comprehensive assessment. This has also in some cases led to the Commission responding to individual pro forma documentation as having insufficient evidence to make a recommendation on the merits of the proposal.

ii. Evidence-Based Decision Making

The Draft Budget Proposal documentation would benefit from enhanced inclusion of empirical data regarding service utilisation and outcomes. For instance, the Debden House decision should clearly reference that only 18% of campsite users in the previous year were Newham residents.

iii. Accessibility and Clarity

Future iterations of the pro forma documentation should adopt plain English principles to improve accessibility for residents. Where appropriate, hyperlinks to supporting data sets and background documentation should be incorporated to provide additional context.

iv. Financial Transparency

A clear distinction should be made within the pro forma documentation between service reductions and income generation initiatives to ensure transparency, particularly for residents' understanding.

v. Quality Assurance

The Budget Scrutiny Commission identified inconsistencies and limited cross-referencing within the current pro forma documentation. The Commission considered that revisiting the pro formas, and the completion and approval process to ensure that all sections are appropriately completed, was essential to the work of the organisation and of the scrutiny function itself. The Commission recommends that future budget documentation undergo independent review by a third party not involved in the budget-setting process. This would enhance scrutiny efficiency, ensure that the pro forma documentation contains sufficient detail and depth to enable robust oversight and support for delivery, and reduce the need for supplementary information requests.

These observations and the Commission's recommendation aim to further strengthen the budget scrutiny process and improve the accessibility and comprehensiveness of financial documentation.

5) Recommendation: that the Executive:

a) develop an improvement framework for the development of budget proposals' savings and growth pro forma documentation in 2025/2026 and beyond, by June 2025.

6. Budget consultation and engagement

The Budget Scrutiny Commission acknowledges the efforts made this year to initiate consultation on the Draft Budget Proposals earlier and broaden resident engagement. However, the Commission noted significant concerns regarding the depth and breadth of stakeholder participation, particularly with residents and partner organisations.

The Commission expressed disappointment that its previous recommendation - to develop a contemporary framework for consultation and engagement, moving beyond traditional co-production towards resident-centred design – had not been implemented during the past twelve months.

Current limitations in the consultation process include:

i. Insufficient Stakeholder Engagement

The Commission recommends establishing formal consultation mechanisms with public sector partners and developing structured dialogue with developers currently operating within the Borough.

ii. Under-utilisation of Existing Forums

It is particularly notable that the internationally recognised People Powered Places forums, despite their acclaim for participatory budgeting, have not been utilised in the budget consultation process. This represents a missed opportunity to leverage established community engagement channels. The Commission recommends various ways for future budget consultation processes to be strengthened, particularly in how Newham Council engages with partner organisations about our budget and harnesses existing community forums to drive engagement with and development of savings proposals.

6) Recommendation: that the Executive:

Strengthen future budget consultation processes, including development of savings proposals, by:

- a) developing a comprehensive stakeholder engagement strategy;
- b) establishing formal consultation protocols with public sector partners;

- c) integrating existing community forums, particularly People Powered Places, into the budget consultation process; and
- d) creating structured engagement opportunities with the development sector.

7. Impact of the Draft Budget Proposals on the Voluntary, Faith and Social Enterprise Sector

The Budget Scrutiny Commission noted with significant concern that a disproportionate number of proposed budget reductions affect the community, voluntary, faith and social enterprise sectors. This observation is particularly pertinent in light of the recent LGA Corporate Peer Challenge review findings, which emphasised the need for strengthened relationships with these crucial partners.

It is of considerable concern that there appears to be no strategic framework in place for managing corporate relationships with the third sector. Given the vital role these organisations play in delivering services to our most vulnerable residents, this represents a significant strategic gap. The Commission therefore recommends a reset in the relationship with the third sector, as a key partner in service delivery.

7) Recommendation: that the Executive, by June 2025:

- a) develop a comprehensive third sector engagement strategy generally as a council, to reset our relationship with this sector;
- b) review the cumulative impact of proposed savings on voluntary and community organisations;
- c) establish clear protocols for managing relationships with the sector; and
- d) create a structured approach to partnership development and sustainability setting.

8. Optimism Bias in Budget Planning and Implementation

The Budget Scrutiny Commission's recent analysis of the Draft Budget Proposals has identified concerns regarding optimism bias, particularly in relation to project timelines, revenue predictions, savings feasibility, modelling and asset management. This issue requires ongoing attention from scrutiny functions to ensure realistic planning and implementation. BSC Members reflected that as presentations for Temporary Accommodation continue to rise year on year, increasing the monthly figure for modelling to 60 was aligned with this increase. BSC Members also considered that optimism bias was present in the feasibility of delivering savings when, historically, there appeared to be slippage of between 20 and 25% (i.e., savings not achieved). This led to a recommendation that more ambitious targets might operate to bridge current savings gaps.

Key Areas of Concern

The current Medium Term Financial Strategy (MTFS) demonstrates several instances where critical actions are either deferred to the end of the three-year period or lack

specific implementation dates. This creates uncertainty in accurately assessing the timing and value of projected savings.

Evidence from current operations (2024/25) highlights several challenges that support this concern:

1. Asset Management and Sales:

- The ambitious £16 million asset sale target
- The current volume and pace of officer decisions regarding property disposals
- Extended timeframes for property transactions, as demonstrated by the five-year period required to secure tenancy for the Dockside East Wing, attributed to limited in-house expertise.

2. Programme Management:

- consistent cost overruns in the Affordable Homes for Newham programme;
- incomplete or inadequately detailed proposals in certain areas;
- extended implementation periods exceeding initial projections; and
- the absence of information related to the governance of transformation activity.

These factors collectively indicate a pattern of optimistic planning that may impact the achievability of stated financial objectives. The Commission remained concerned around the detail concerning the assignment or profiling of grants, and what expenditure would be stopped and where else any 'freed up' grant (CIL or S106) would be applied. The Commission also considered that several of the proposals lacked depth and had large savings numbers attached to them. BSC Members also discussed capacity for delivery, the level of scrutiny and sign off for proposals to ensure that they are sufficiently robust, and a need to identify the key dependencies and risks. The Commission recommends that these concerns are addressed in a number of ways.

8. Recommendation: that the Executive:

a) address concerns of optimism bias, including, for example, in assumptions used as the basis for savings proposals or revenue prediction.

b) re-examine all savings proposals for achievability of savings, with regard to the average 20% slippage rate and set more ambitious savings targets. The LB Newham scrutiny commissions, in turn, will incorporate optimism bias assessment as a standing item in their budget review processes. This systematic approach will help ensure more realistic planning and risk assessment in future budget cycles.

c) revise modelling, using 60 presentations as the basis for the Temporary Accommodation model.

d) accelerate the development of an Asset Management Strategy, including a comprehensive list of assets. To be presented to the Overview and Scrutiny Committee by June 2025.

9. Income generation

The Commission considered that there are opportunities to generate income. One example that has not been considered: the introduction of a “transient visitor or tourism levy” or occupancy tax. This would generate income, and Newham Council with its proximity to the Excel Centre, City Airport and central London could use this as a source of funding for infrastructure maintenance, conservation and environmental commitments, and as an offset for the costs of Temporary Accommodation.

As a campaigning council, the Commission recommends that we leverage our London location and align with other councils to lobby for the implementation of primary legislation needed to instigate such a tax.³⁶ Manchester and Liverpool have successfully instituted a tourism levy, via BIDs, which operates as a legal workaround. This may be another approach to consider in the interim.

Income generation, via BIDs, can be pursued in other ways. The Commission has elsewhere also recommended a repurposing for the Community Wealth Building team to pursue sponsorship (from businesses and developers), source funding, and work towards establishment of BIDs. Such funding would then facilitate or enable reversal of savings, such as the provision of street decorations and lighting during community festivals. The Commission recommends that new sources of funding be explored.

9. Recommendation: that the Executive:

Explore new sources of revenue, including:

- a) the potential for income generation through a tourist levy (short term) and lobby as a council for primary legislation for a tourist tax in the longer term; and
- b) business sponsorship to enable the reversal of A14 – the provision of street decorations and lights, as part of a wider repurposing of Community Wealth Building team to source funding and set up BIDS within the borough.

10. Ensuring equity

The Commission considered the profile of our residents and the importance of ensuring equity of outcomes of the Budget Proposals. Recent Trust for London analysis indicates that 38% of our residents live in poverty; of these, over 70% live in working households.³⁷ Since early 2021, the UK has experienced cost of living increases and this looks set to continue.³⁸ The Commission considered that a reversal

³⁶ Sandford, M. (2024), House of Commons Library, 26 September 2024. “Tourist taxes in the UK”. Available at: [Online] [Tourist taxes in the UK](#). [Accessed on 9 January 2025]. See also Amin Smith, N. et al (2019). Institute for Fiscal Studies, 21 March 2019. Available at: [Online] [Taking control: which taxes could be devolved to English local government? | Institute for Fiscal Studies](#). [Accessed on 9 January 2025].

³⁷ Trust for London, London’s Poverty Profile (January 2025). This presents analysis across the London boroughs. Available at: [Online] [Poverty rates by London borough | Trust for London](#). [Accessed on 12 February 2025].

³⁸ Department for Work and Pensions (27 January 2025). Cost of Living Payments. Research and analysis indicates that cost of living in the UK in 2025 is expected to continue to increase due to rising food and energy prices. Available at: [Online] [Cost of Living Payments Evaluation - GOV.UK](#). [Accessed on 12 February 2025].

of the savings proposal concerning Our Newham Money was essential to continue to assist our residents.

BSC Members considered other ways in which the Budget Proposals' outcomes may have a greater negative impact on some resident cohorts. Newham Council's residents social housing tenants typically pay rent to cover their accommodation and may also be responsible for service charges covering the maintenance and upkeep of communal areas and services. Our tenants also pay Council Tax. Whilst removing the Pest Control subsidy may present a saving, the Commission considers that the amount is modest, especially when weighed against the unintended consequence of (and inequitable burden on) social housing tenants paying twice for pest control via their rent and/service charges as well as via their council tax contributions. This is contrary to the spirit of a Fairer Newham and ensuring equity across tenures. The Commission therefore recommends that the Pest Control Subsidy be maintained. BSC Members also recommended exploration of selling the expertise and services of our Pest Control service beyond the Borough.

Similarly, the Commission considered that a savings proposal concerning the Council Tax Reduction Scheme would fall heavily on our residents in a time of increased council tax and costs of living. The Commission therefore recommends a reversal of this reduction.

In the interests of sharing and participating in the savings proposals ("whole council, one borough") and adopting a leaner approach, BSC Members considered that fewer deputy Cabinet Members would contribute to this as well as freezing Members' Allowances. Over the financial period 2024/25, the Cabinet has fluctuated between seven and nine Cabinet Members, supported variously by between eight and nine deputies. Noting the LGA Corporate Peer Challenge recommendations, the BSC also recommends that the tough decisions taken last year about staffing of the Mayor's Office need to be implemented.

10. Recommendation: that the Executive:

Ensure equity of burden and outcomes of the Budget Proposals. Examples of this include:

- a) a reversal of the savings proposal concerning Our Newham Money - B20;
- b) a reversal of the savings proposal concerning the removal of the Pest Control Subsidy - A12;
- c) a reversal of the savings proposal reducing the Council Tax Reduction Scheme – B4; and
- d) a freeze on Members' Allowances and withdrawal of all Deputy Cabinet Members. In view of Newham Council's serious financial circumstances this year, such a recommendation seems appropriate and necessary.

Concluding comment

We are conscious that our recommendations will have cost, project, policy, and service implications in a context of constrained funding from central government with increasing responsibilities at the local government level.³⁹

³⁹ c.f., for example, LB New ham, Cabinet Agenda Papers, 3 December 2024, Agenda Item 11, Treasury Management Mid-Year 2024/25 Report, Tables 1 and 2, and Graph 2 (under paragraphs 3.3, 4.1.2 and 4.4.8 respectively). Available at: [Online] <https://mgov.newham.gov.uk/documents/s176537/Mid%20year%20report%20V7SW.pdf>. [Accessed on 20 December 2024]. See also current figures from the Debt Management Office contained in the Public Works Loan Board, including extracts for 2022 and 2023, available at: [Online] [Current Data](https://www.dmo.gov.uk/media/ujcb5pqu/2022yearendvalues.csv); <https://www.dmo.gov.uk/media/ujcb5pqu/2022yearendvalues.csv>; and <https://www.dmo.gov.uk/media/me4hnr3/2023yearendvalues.csv>. [Accessed on 3 February 2025]. See also The Guardian, “Disastrous Truss budget forced UK councils to take out massive 50-year loans at soaring rates” (10 February 2024) for a discussion of the effect of the Truss/Kwarteng budget, local government funding and Labour plans for a “new partnership” with councils and long-term funding settlements. Available at: [Online] [Disastrous Truss budget forced UK councils to take out massive 50-year loans at soaring rates | Local government | The Guardian](https://www.theguardian.com/uk-news/2024/feb/10/disastrous-truss-budget-forced-uk-councils-to-take-out-massive-50-year-loans-at-soaring-rates). [Accessed on 3 February 2025].

6 Conclusions

With optimism renewed since the general election in July 2024 and the Labour administration, the Budget Scrutiny Commission is nevertheless pragmatic about the scale of the chronic issues facing central government and its funding of local government. Moves towards a multi-year approach to local government financial settlements, taking into consideration levels of local need and revenue-raising capacity, are welcome but a deeper reset in the funding of local government by central government is required. Such a reset is unlikely to occur in time for Newham Council's budget proposals this year and would not absolve all Members, collectively and individually, of continuing prudent and pragmatic financial stewardship. The Commission is equally pragmatic about the scale of the chronic issues facing Newham Council itself.

We started this year's budget scrutiny work programme with the news from the LGA in June 2024 that councils in England faced an estimated funding gap of £2.3bn in 2025/26, rising to £6.2bn by 2026/27.⁴⁰ Hampshire County Council (£132m), Bradford City Council (£126m), Birmingham City Council (£119m), Somerset Council (£104m) and Leicester City Council (£90m), the five councils with the biggest predicted shortfalls for 2025/26, collectively accounted for a half-billion-pound funding gap.⁴¹

Then in early September 2024, Hampshire County Council projected a financial forecast of effective bankruptcy within two years without more Government support, and more 'flexibilities' over charging, reporting an overall predicted financial shortfall that had jumped from £132m to at least £175m. In October 2024, Newham Council also projected a significant budget shortfall, anticipating a potential gap of £100 million for the 2025/26 financial year, escalating to £175 million by the end of 2027/28. A substantial portion of this deficit, approximately £106 million, was attributed to rising Temporary Accommodation costs.⁴² To meet the statutory requirement to set a legal, balanced budget, Newham Council will be seeking Exceptional Financial Support. We are not exceptional in this, as we are not alone in facing financial precariousness. Dozens of England's largest councils face 'financial emergency' and Section 114 notices if their multi-billion-pound deficits, driven by meeting statutory duties and demand escalation, are no longer covered by the 'statutory override', scheduled to expire in March 2026. Another statutory override, the IFRS 9 will expire on 31 March 2025.⁴³ Analysis of 317 local authority Medium Term Financial Strategies reveals a picture of widespread financial distress and a deficit of £9.3bn by 2026/27, rising to

⁴⁰ LGA, Local Government White Paper (7 June 2024). Available at: [Online] [Local Government White Paper | Local Government Association](#). [Accessed on 28 January 2025].

⁴¹ UNISON (9 September 2024). "Councils on the Brink". Available at: [Online] [Councils-on-the-brink-with-regional-appendix.pdf](#). [Accessed on 19 September 2024]. See also UNISON Magazine (7 July 2024). "Stats reveal the impact of funding cuts on local government." Available at: [Online] [Stats reveal the impact of funding cuts on local government - Magazine](#). [Accessed on 19 September 2024].

⁴² Gayne, D. (2024), "Temporary accommodation costs could see Newham Council in need of government bail-out". Housing Today, 5 August 2024. Available at: [Online] [Temporary accommodation costs could see Newham Council in need of government bail-out | News | Housing Today](#). [Accessed on 15 August 2024].

⁴³ For IFRS9, see [IFRS - IFRS 9 Financial Instruments](#). For more context of the override, see Room 151 (18 December 2024). Available at: [Online] [Government proposes end to IFRS 9 statutory override from 2025/26 - Room 151](#). [Accessed on 19 December 2024].

£54bn over this parliamentary term, absent intervention and corrective actions, including overrides and realistic, real-market funding.⁴⁴

The Budget Scrutiny Commission's work was taking place against this backdrop. As the Commission discovered from the work of the Budget Scrutiny In-Year Working Party and from its own evidence-gathering, as a council we cannot afford not to embrace challenge, listen and to make changes, however unpalatable these may be now. Nor can we afford to relax into any short-term respite or temporary headroom provided if EFS is granted. With the stakes high for LB Newham and its residents this year, with a £62.3m budget gap, with a further £157m by 2027/28, and the likely consequences of this for our residents, our services and our council, our role was to challenge the assumptions underpinning this budget and to ensure that our council policies are open to proper challenge and focus.

This is no small undertaking, as local government's role across cultural, economic, environmental, political and social dimensions means that local government finance is complex. Newham Council, like other local authorities, touches all aspects of our residents' lives from birth to death and in between, and we have a duty to enhance the interests, prosperity and well-being of our residents and also to manage public money in democratically accountable ways. Some decisions, such as the unintended consequences of efficiencies, the necessary level of financial reserves, and the ratio between income and borrowing, require both expert advice from officers and external advisors, but also active engagement with members. The Commission observed that this year in this financial context, difficult decisions needed to be taken, and hard questions needed to be asked, for which there were no easy answers.

Members bring diverse expertise and life experience to their roles, combined with a democratic mandate from their communities. It is therefore reasonable for members, but particularly so for scrutiny members scrutinising local government finance, to seek information and clarifications in order to understand the risks associated with key investment decisions and the options that have been considered. This year, the Commission was advised that "nothing was off the table", yet following our review of the Draft Budget Proposals documentation, we felt that there was still scope for savings decisions, which, whilst not desirable, are financially imperative.

A further imperative: to resist the illusory siren call that may come with permission to increase LB Newham's rate of Council Tax by 8.99% and the still pending request for Exceptional Financial Support. The imperative is for Newham Council to remain fully focused on delivering savings (which seem ambitious in an historical context of 20% slippage), and increased income proposals. As the Commission concludes its report, central government is grappling with its own dwindling headroom, and the Commission is prompted to consider it important that Newham Council not rely on any perceived or increased fiscal leeway built into the EFS and thus avoid having to make the difficult choices and tough decisions today or maintain momentum on the speed of delivering these in order to ensure future financial viability.⁴⁵

⁴⁴ Pike, A. and Shaw, J. (2024) 'Mapping the gaps: the geography of local authority financial distress in England', Bennett Institute for Public Policy, University of Cambridge. Available at: [Online] [Tow nscapes-Mapping-the-Gaps.pdf](#). [Access on 30 October 2024].

⁴⁵ c.f. recent w arnings by the Office for Budget Responsibility that leew ay in central government finances has "evaporated". Sw inford, S. et al (2025) "Rachel Reeves left w ith tough choice as fiscal headroom dw indles". The Times, 4 February 2025.

The Budget Scrutiny Commission's guiding interrogative principle is: how can we deliver for residents in these acutely challenging times? Residents are at the heart of scrutiny, and, in line with our statutory role as a scrutiny function, we aim to amplify the resident's voice and assure world-class services here in LB Newham. But how can we continue to deliver and for which residents? With the inherited funding gap fuelled by rising costs in and demands for adult social care, children's services and SEND transport, many councils like LB Newham will have to divert even more funding from services which our residents value, such as libraries and parks, to prop up these statutory services which our residents need, with the all too real prospect that, by the end of this Parliament, councils will be providers of little more than care services.⁴⁶ Or we risk borrowing money to service interest payments, and this will come at a cost for our residents.

In order to be able to review decisions and decision-making processes, to be a meaningful governance partner to the Executive, enhanced access to information is necessary. Building on last year, there are yet lessons to be harvested from this year's budget scrutiny process, requiring further progress on organisational culture and embracing parity of esteem. Despite these constraints, we know, both as Executive and Scrutiny Members, that it is necessary to make savings if we are to ensure the future viability of Newham Council and still manage demand, meet need and fulfil statutory duties with less money. The Budget Scrutiny Commission's recommendations in this report recognise that there are hard decisions to be taken, including reviews of policy concerning areas of discretionary expenditure, but these decisions are inevitable if we are to avoid increasingly insidious financial positions.

Failings in local government finance are explained through a complex mosaic where financial management, successively austere funding of local authorities by central government, local government financialisation, demands outstripping supply and budgets, lack of pragmatic grip on discretionary expenditure as crisis approaches, failure to review decisions in changed circumstances, optimism bias, ambitious intentions to serve residents and acute need all may feature.⁴⁷ Last year, there were successes for the Budget Scrutiny Commission. The Commission made recommendations which had an impact on the financial viability of Newham Council as well as having an impact on Newham lives, such as, for example, its recommendations concerning increased modelling numbers for Temporary Accommodation, usage of 10 Victoria Street⁴⁸ and Newham Sparks. There were

Available at: [Online] <https://www.thetimes.com/uk/politics/article/rachel-reeves-tough-choice-economy-taxes-q3f0cw9j9>. [Accessed on 4 February 2025].

⁴⁶ Pike, A. (2023). *Financialization and Local Statecraft*. Oxford: Oxford University Press. See page 3 for an introduction to the concerns about national governments seeking efficiencies by compelling local government to behave more commercially and Keynes's identification of problems arising when "...national capital development becomes a 'by-product of the activities of a casino'".

⁴⁷ According to the Institute for Government, local authority spending power fell by 17% between 2009/10 and 2019/20, and in 2021/22 it was still 10.2% below 2009/10 levels. Institute for Government, "Explainer: Local government funding in England – How local government is funded in England and how it has changed since 2010" (10 March 2020; updated 21 July 2023). Available at: [Online] [Local government funding in England | Institute for Government](https://www.instituteforgovernment.org.uk/explainers/local-government-funding-in-england). [Accessed on 20 October 2024]. See also Ogden, Kate, Phillips, David, and Sion, Cian, "What's Happened and What's Next For Councils?", *The Institute for Fiscal Studies* (7 October 2021) at pp. 299 and 311.

⁴⁸ See LB Newham Budget Scrutiny Commission: Budget Scrutiny Report 2024 at page 15. The Commission revisited the previous year's recommendations, noting that scrutiny recommendations had succeeded in finding savings that are still delivering. The scrutiny call-in of the Cabinet decision about 10 Victoria St Call-in had saved 100 units of single person, self-contained accommodation, thereby avoiding need for nightly placements. It had also saved £50m of spend, preventing a four-year gap (demolition of building followed by re-build) and has delivered an avoidance of placements in current budget.

nevertheless difficult financial decisions to be taken last year. Newham Council's circumstances have not changed: in retrospect it might arguably appear that last year's trajectory was maintained, so the opportunity presented in this year's Draft Budget Proposals must be seized, not squandered.

As Members of this Commission, we have made recommendations for areas of saving. Whilst recognising valiant efforts and that current overspending may be a result of historic underfunding, we nevertheless recommend tighter grip in areas of discretionary spending that we cannot currently afford, even if this means grasping nettles. There are no easy answers or decisions. Decisions made even less than a year ago may not be the right decisions now, in light of LB Newham's current financial health. Until local authorities are empowered with resources to match our responsibilities for demand-led, high-need services - resources that extend meaningfully beyond a sticking plaster⁴⁹ - then we as a council must navigate risks and take fast grip on hard decisions today to prioritise tomorrow's financial viability in order to continue to serve our residents.

⁴⁹ Demos (12 August 2024). "Beyond the sticking plaster: Introducing Demos's new project on local government finances" Available at: [Online] <https://demos.co.uk/blogs/beyond-the-sticking-plaster-introducing-demos-new-project-on-local-government-finances/>. [Accessed on 15 August 2024]. See also Holland, J., "New ham seeks EFS to stave off section 114 – but says only funding reform will prevent 'exceptional becoming normal'". Room 151 (15 October 2024). Available at: [Online] [New ham seeks EFS to stave off section 114 – but says only funding reform will prevent 'exceptional becoming normal' - Room 151](#). [Accessed on 20 October 2024].

Appendices

1. Budget Scrutiny Commission Membership
2. Budget Scrutiny Commission Work Programme Timelines
3. Budget Scrutiny Commission Phase II Work Programme Draft Timetable
4. Budget Scrutiny Commission (2024/25): Appendices to the Recommendations
5. Budget Scrutiny Commission (2023/24): Report, Recommendations and Executive Response
6. Mayor and Cabinet Portfolios
7. Benchmarked Table of Members' Allowances
8. Increasing/Decreasing the Budget Gap

Appendix 1 – Budget Scrutiny Commission Membership

As of 6 August 2024	As of 21 December 2024
COUNCILLORS	COUNCILLORS
Anthony McAlmont (Chair)	Anthony McAlmont (Chair)
Rita Chadha	Rita Chadha
Stephanie Garfield ⁵⁰	Lewis Godfrey ⁵¹
Lewis Godfrey	Lester Hudson (Deputy Chair)
Lester Hudson (Deputy Chair)	Danny Keeling (Green)
Danny Keeling (Green)	Susan Masters
Susan Masters	Thelma Odoi
Thelma Odoi	Terence Paul
Terence Paul	Lakmini Shah
Lakmini Shah	Harvinder Singh Virdee
Harvinder Singh Virdee	

DECLARATIONS OF INTEREST

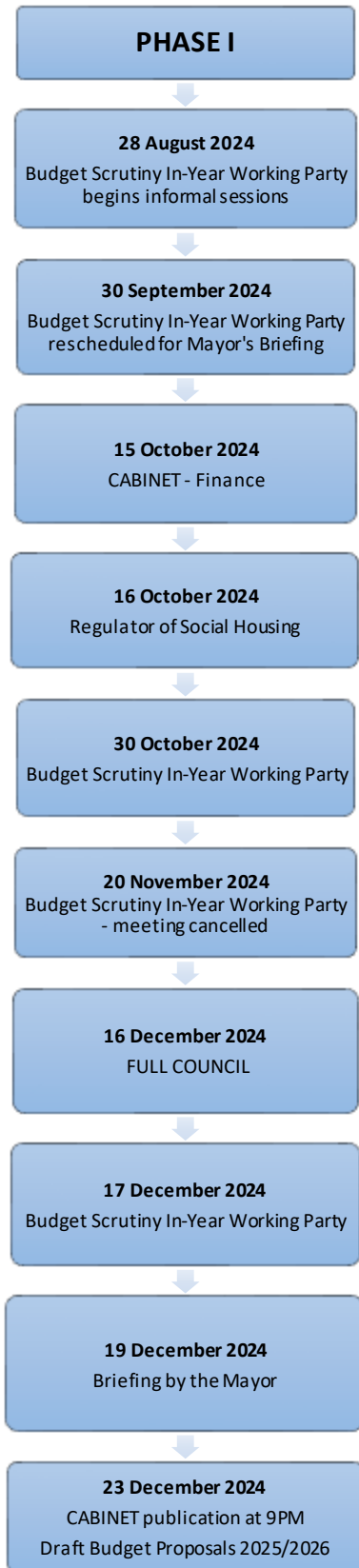
All Members' interests are held in the [Register of Interests](#). All Members' gifts and hospitality are listed in the [Register of Gifts and Hospitality](#). For transparency, Budget Scrutiny Commission Members have highlighted and declared the following interests during their conduct of scrutiny of the Draft Budget Proposals 2025/2026:

Councillor	Interest
Anthony McAlmont	Private Landlord
Lester Hudson	Family member on a care package
Danny Keeling	Advice recipient, Our Newham Money
Terence Paul	Board Member, Fight for Peace
Harvinder Singh Virdee	Private Landlord

⁵⁰ As from 21 January 2025, Cllr Stephanie Garfield resigned from the Budget Scrutiny Commission.

⁵¹ Cllr Lewis Godfrey was unable to participate due to personal circumstances.

Appendix 2 – BSC Timelines



Appendix 3 – Budget Scrutiny Commission 2024/2025: – Phase II Work Programme Timetable

23 December DAY 1	<p>Publication of Draft Budget Proposals (DBP) EqIAs published</p> <p><u>BUDGET SCRUTINY COMMISSION</u> BSC Members to receive the DBP* for 2025/2026</p>	Publication: 9PM
24 December DAY 2	<p><u>BUDGET SCRUTINY COMMISSION</u> BSC Members receive the DBP</p>	
25-26 December	BANK HOLIDAYS	
27-31 December	CLOSEDOWN	
1 January	BANK HOLIDAY	
2025		
6 January DAY 5	<p><u>Member Development</u> Treasury Management Strategy Statement Training Time: 6:30 – 8:00pm Venue: online</p>	<p>Audit Committee BSC Members Cabinet</p>
7 January DAY 6	<p><u>BSC</u> Time: 7:00pm Venue: Dockside (in person) Planning Session for KLOE</p>	BSC Members
9 January DAY 8	<p><u>CABINET</u> Time: 10:30am Finance Reports</p> <p><u>Key Lines of Enquiry</u> Time: 15:00 Draft Key Lines of Enquiry sent to PEOPLE directorates</p>	<p>Cabinet</p> <p>*earliest date, absent information/briefings before DBP publication date</p>
13 January DAY 10	<p><u>BSC</u> <u>Pre-Meeting (tbc)</u> Time: 6:00pm Venue: Dockside (tbc)</p>	BSC Members Scrutiny Team
14 January DAY 11	<p><u>BSC</u> <u>First Meeting – PEOPLE</u> Time: 6:30pm Venue: EHTH (tbc) Witnesses:</p> <ul style="list-style-type: none"> • Mayor • CMs 	<p>BSC Members Mayor CMs Cllr Charlene McLean Cllr Melanie Onovo Cllr Sarah Ruiz Cllr Neil Wilson</p>

	<ul style="list-style-type: none"> • Corporate Directors • Officers <p>Key issues: Draft Budget Proposals Key challenges, pressures, risks and investments</p> <ul style="list-style-type: none"> • ASC and PH • ECYP • Resident Experience 	<p>Chief Executive Directorate Officers Laura Eden James Partis Jason Strelitz Finance Team Conrad Hall Andrew Ward Heads of Finance Monitoring Officer Scrutiny Team</p>
15 January DAY 12	<u>AUDIT COMMITTEE</u>	Audit Committee
16 January DAY 13	<u>BSC</u>	BSC Members Scrutiny Team
17 January DAY 14	BSC – PLACE AND RESOURCES Time: 12:00 Directorates to provide any written reports/responses requested	Directorates
20 January DAY 15	<u>BSC</u> Pre-Meeting Time: 7:00pm (tbc) Venue: online (tbc) PLACE and RESOURCES	BSC Members
21 January DAY 16	<u>CABINET</u> Time: 10:30 am	Cabinet
21 January DAY 16	<u>BSC</u> <u>Second Meeting – PLACE</u> Time: 6:30pm Venue: WG.04, Dockside Witnesses: <ul style="list-style-type: none"> • Mayor • CMs • Corporate Directors • Officers <p>Key issues: Draft Budget Proposals Key challenges, pressures, risks and investments</p> <ul style="list-style-type: none"> • Housing • Inclusive Economy • Environment • Community Safeguarding • Transport 	<p>BSC Members Mayor CMs Cllr Sarah Ruiz Cllr Amar Virdee Cllr John Whitworth Cllr Blossom Young Chief Executive Directorate Officers Paul Kitson Darren Mackin David Padfield Candida Thompson Aled Richards Finance Team Conrad Hall Andrew Ward Heads of Finance Monitoring Officer Scrutiny Team</p>
22 January DAY 17	<u>Member Development</u>	

<p>23 January DAY 18</p>	<p>BSC Third Meeting – RESOURCES Time: 6:30pm Venue: WG.04, Dockside Witnesses:</p> <ul style="list-style-type: none"> • Mayor • Chief Executive • CMs • Corporate Director • Officers <p>Key issues: Draft Budget Proposals</p> <ul style="list-style-type: none"> • Overview 2024/25 • Local Government Financial Settlement • Background to 2025/26 • MTFP to 2028/29 • Transformation • IT/Digital 	<p>BSC Members Mayor Chief Executive CMs Cllr Zulfiqar Ali Directorate Officers James Partis Amit Shanker Finance Team Conrad Hall Andrew Ward Heads of Finance Monitoring Officer Scrutiny Team</p>
<p>28 January DAY 21</p>	<p>HASC</p>	<p>HASC Members</p>
<p>29 January DAY 22</p>	<p>ALL RESPONSES TO INFORMATION REQUESTS TO BE PROVIDED TO BSC BY 12:00 --- BSC Time: 6:30pm Venue: Dockside (tbc) Deliberations meeting in closed session to finalise recommendations [Deliberations closed session meeting]</p>	<p>Executive Directorates --- BSC Members</p>
<p>30 January DAY 23</p>	<p>BSC Fourth Meeting Time: 7:00pm Venue: EHTH Meeting held in public - Recommendations</p>	<p>BSC Members</p>
<p>31 January-3 February WEEKEND DAYS 24-25</p>	<p>BSC Produce Report Draft and agree BSC Draft Report Comments by Cabinet Members, Chairman of BSC and relevant members of Executive Leadership team Design?</p>	<p>BSC Members Mayor Chief Executive CMs Directorate Officers Finance Team Scrutiny Team</p>
<p>4 February DAY 26</p>	<p>CABINET Time: 10.30am OSC – to be re-scheduled to 10 Feb Time: 7:00pm Venue: EHTH (tbc) Meeting Acknowledgement/Endorsement of BSC budget scrutiny recommendations</p>	<p>Cabinet Members OSC Members Mayor Cllr Ali Conrad Hall Monitoring Officer</p>

	Recommendations by OSC	
6 February DAY 28	HRegen Time: 7:00pm Venue: EHTH (tbc) Moving HRegen of 21 Jan to this date	HRegen Members
8-9 February WEEKEND	BSC Finalise Report Draft and agree final version of BSC Report Comments by Chairman of BSC, Cabinet Member and relevant members of Executive Leadership team Design	BSC Members Mayor Chief Executive CMs Directorate Officers Finance Team Scrutiny Team
10 February DAY 30	CABINET PAPER DEADLINE Papers published for Cabinet (18 February) BSC Report with recommendations to form part of those papers [nb: late publication of Cabinet papers up to Friday 14 Feb] OSC Time: 7:00pm Venue: EHTH (tbc) Meeting Acknowledgement/Endorsement of BSC budget scrutiny recommendations Recommendations by OSC [Moving OSC of 4 Feb to this date]	OSC Members
11 February DAY 31	All Member Briefing	
12 February DAY 32	AUDIT COMMITTEE	Audit Committee
18 February DAY 36	CABINET Time: 10.30am BSC Report LB Newham Budget ECYP	Mayor Cabinet ECYP Members
19 February DAY 38	FULL COUNCIL PAPER DEADLINE Papers published for Full Council (27 February) BSC Report with recommendations to form part of those papers	
21 February DAY 41	CET	CET Members
26 February DAY 42	HREGEN	HREGEN Members
27 February DAY 43	FULL COUNCIL Draft Budget to be approved	Full Council
4 March DAY 46	Provisional FULL COUNCIL	Full Council
10 March DAY 50	DEADLINE FOR BUDGET SETTING Statutory deadline	

Appendix 4 – Budget Scrutiny Commission (2024/25): Appendices to the Recommendations

Please see PEOPLE, PLACE and RESOURCES Appendices to the Recommendations.

Appendix 5 – Budget Scrutiny Commission (2023/24): Report, Recommendations and Executive Response

In 2023 – 2024, the Budget Scrutiny Commission (BSC) was the scrutiny vehicle via which LB Newham's Building a Fairer Newham Budget (2024/25) was scrutinised. At its meeting on 6 February 2024, the BSC made recommendations, which were rationalised and are listed as 15 recommendations in a table below. Of those recommendations, Recommendation 1.iii (Members' Allowances) was not accepted. All other recommendations were accepted at Full Council on 29 February 2024.

The report was submitted to Cabinet on 20 February 2024 (Agenda Item 8). A copy of the report can be accessed via the LB Newham website [here](#) and Action Log (Appendix 7) [here](#).

A copy of the Executive's response to the BSC's recommendations can be accessed [here](#) (at Agenda Item 8).

Rec. Number	It is recommended that the Mayor and Cabinet:
1	<p data-bbox="340 338 1576 373">Make the following changes to the savings and growth proposals in the 2024/25 budget:</p> <ul style="list-style-type: none"><li data-bbox="385 405 1055 440">a. Changes to the following savings proposals:<ul style="list-style-type: none"><li data-bbox="362 475 1720 510">i. Reversing saving SAV / CYPS 006 / 24-25 proposing to reduce Children’s Centres (£500k),<li data-bbox="362 545 1951 580">ii. Reversing saving SAV / CYPS 007 / 24-25 proposing to reduce the Enrichment Programme budget (£440k),<li data-bbox="362 616 1715 651">iii. Reversing saving SAV / MAR 001 / 24-25 in relation to discontinuing Active Centres (£74k),<li data-bbox="362 686 1899 721">iv. Reversing saving SAV / MAR 009 / 24-25 proposing to cease the Community Grant Programme (£160k)<li data-bbox="385 756 1039 791">b. Changes to the following growth proposals:<ul style="list-style-type: none"><li data-bbox="362 826 1464 861">i. Pausing growth RES-GRO-06 feasibility study costs for Stratford (£500k),<li data-bbox="362 896 2085 970">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 year.<li data-bbox="362 1005 2085 1078">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.

2	<p>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);⁵² 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.
3	Cease or pause the Newham Sparks Project in its entirety.
4	Undertake a rigorous review and reconsider the Council’s contribution (financial and in-kind) to the Borough of Culture bid.
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 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.
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 proposal development in July to October preceding the February budget submission.
7	<p>Commit the Council to:</p> <ul style="list-style-type: none"> a. standardising the use of the equality screening tool, with all proposals being subject to at least basic screening; and b. developing and applying clear guidelines for demonstrating the ‘due regard’ principle in budget setting and the completion of the Equality Impact Assessments (EQIA) pro formas during the consultation stage of budget setting.

⁵² At the BSC PEOPLE evidence-gathering meeting on 29 January 2024, there were no savings proposals relating to the Youth Empowerment Service and no EQIA pro forma existed. This was requested on 5 February 2024 and received on 8 February 2024 after close of business.

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.
9	<p>Make a public statement on its approach and methodology to external budget consultation for the 2025/26 financial year and onwards.</p> <ul style="list-style-type: none"> a. That the Executive provide, within this public statement, provisional 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. 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. c. That the Executive review and improve the Council's definition of 'consultation' and the organisation's general engagement processes.
10	Commit to publishing a Medium-Term Financial Plan that covers a three-year period as part of LB Newham's annual budget submission.
11	<p>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> <ul style="list-style-type: none"> 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.
12	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 budget impacts are clearly outlined in the budget submission.

13	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.
14	Review the policy of providing a relief period for Council Tax on second homes and introduce a rate multiplier for empty homes.
15	Review its approach to management of Community Infrastructure Levy (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.

Appendix 6 – Mayor and Cabinet Portfolios

Cabinet until 30 May 2024

CABINET MEMBER	PORTFOLIO	Supported by
Mayor Rokhsana Fiaz OBE	Strategic Housing Delivery; Culture; Climate Emergency; Youth Empowerment; Youth Safety; Early Help; Children’s Health; Performance and Transformation	<p>Councillor John Whitworth - Deputy Cabinet Member for Planning and Development, Air Quality and Climate Emergency</p> <p>Councillor Caroline Adaja - Deputy Cabinet Member for Community Wealth Building, Business, Enterprise and Future World of Work</p> <p>Councillor Rohit Dasgupta - Deputy Cabinet Member for Equalities, Social Justice and Culture</p> <p>Councillor Steve Brayshaw - Commissioner for Skills and Lifelong Learning</p>
Councillor James Asser⁵³	Deputy Mayor and Cabinet Member for Environment and Sustainable Transport	<p>Councillor Miraj Patel - Deputy Cabinet Member for Environment</p> <p>Councillor John Morris - Deputy Cabinet Member for Highways and Sustainable Transport</p>

⁵³ Cllr James Asser resigned from his Cabinet position on 30 May 2024 to stand as a Labour candidate in the West Ham and Beckton constituency ahead of the General Election on 4 July 2024.

CABINET MEMBER	PORTFOLIO	Supported by
Councillor Zulfiqar Ali	Cabinet Member for Finance and Resources	
Councillor Neil Wilson	Cabinet Member for Health and Adult Social Care	Councillor Mumtaz Khan - Deputy Cabinet Member for Health and Adult Social Care
Councillor Sarah Ruiz	Cabinet Member for Children's Services and Education	
Councillor Shaban Mohammed	Cabinet Member for Housing Management and Modernisation; Housing Needs; Homelessness; and Private Rented Sector	Councillor Sabia Kamali - Deputy Cabinet Member for Housing Management and Modernisation; Housing Needs, Homelessness and Private Rented Sector
Councillor Charlene McLean	Cabinet Member for Resident Engagement and Resident Experience	Councillor Canon Ann Easter -Commissioner for Interfaith and Interreligious Dialogue
Councillor Amar Virdee	Cabinet Member for Community Safety and Crime	

Cabinet from 21 October 2024

CABINET MEMBER	PORTFOLIO	Supported by
Mayor Rokhsana Fiaz OBE	Inclusive Economy and Strategic Housing Delivery; Culture; Climate Emergency; Youth Empowerment; Youth Safety; Early Help; Children’s Health; Performance and Transformation	<p>Councillor John Whitworth - Deputy Cabinet Member for Planning and Development, Air Quality and Climate Emergency</p> <p>Councillor Caroline Adaja - Deputy Cabinet Member for Community Wealth Building, Business, Enterprise and Future World of Work</p> <p>Councillor Rohit Dasgupta - Deputy Cabinet Member for Equalities, Social Justice and Culture</p> <p>Councillor Steve Brayshaw - Commissioner for Skills and Lifelong Learning</p>
Councillor Sarah Ruiz	Statutory Deputy Mayor and Cabinet Member for Environment and Sustainable Transport, and Cabinet Member for Children’s Services and Education	<p>Councillor Miraj Patel - Deputy Cabinet Member for Environment</p> <p>Councillor John Morris - Deputy Cabinet Member for Highways and Sustainable Transport</p> <p>Councillor Madeleine Sarley Pontin – Deputy Cabinet Member for Education</p>
Councillor Zulfiqar Ali	Cabinet Member for Finance and Resources	

CABINET MEMBER	PORTFOLIO	Supported by
Councillor Neil Wilson	Cabinet Member for Health and Adult Social Care	Councillor Mumtaz Khan - Deputy Cabinet Member for Health and Adult Social Care
Councillor Charlene McLean	Cabinet Member for Resident Engagement and Resident Experience	Councillor Canon Ann Easter -Commissioner for Interfaith and Interreligious Dialogue
Councillor Amar Virdee	Cabinet Member for Housing Needs, Homelessness and Private Rented Sector, and Community Safety and Crime	
Councillor Blossom Young	Cabinet Member for Housing Landlord and Tenant Experience Improvement	

Cabinet from 16 December 2024 until 29 January 2025⁵⁴

CABINET MEMBER	PORTFOLIO	Supported by
Mayor Rokhsana Fiaz OBE	Inclusive Economy, Strategic Housing Delivery, and Culture	<p>Councillor Caroline Adaja - Deputy Cabinet Member for Community Wealth Building, Business, Enterprise and Future World of Work</p> <p>Councillor Rohit Dasgupta - Deputy Cabinet Member for Equalities, Social Justice and Culture</p> <p>Councillor Steve Brayshaw - Commissioner for Skills and Lifelong Learning</p>
Councillor Sarah Ruiz	Statutory Deputy Mayor and Cabinet Member for Environment and Sustainable Transport, and Cabinet Member for Children’s Services and Education	<p>Councillor Miraj Patel - Deputy Cabinet Member for Environment</p> <p>Councillor John Morris - Deputy Cabinet Member for Highways and Sustainable Transport</p> <p>Councillor Madeleine Sarley Pontin – Deputy Cabinet Member for Education</p>
Councillor Zulfiqar Ali	Cabinet Member for Finance and Resources	
Councillor Neil Wilson	Cabinet Member for Health and Adult Social Care	Councillor Mumtaz Khan - Deputy Cabinet Member for Health and Adult Social Care

⁵⁴ See LB Newham website for current details of the Cabinet. Available at: [Online] [Cabinet – Newham Council](#). [Accessed on 31 January 2025].

CABINET MEMBER	PORTFOLIO	Supported by
Councillor Charlene McLean	Cabinet Member for Resident Engagement and Resident Experience	Councillor Canon Ann Easter -Commissioner for Interfaith and Interreligious Dialogue
Councillor Melanie Onovo⁵⁵	Cabinet Member for Youth Power (incorporating Youth Empowerment, Youth Participation and Youth Safety)	
Councillor Amar Virdee	Cabinet Member for Housing Needs, Homelessness and Private Rented Sector, and Community Safety and Crime	
Councillor John Whitworth	Cabinet Member for Planning and Development, Air Quality and Climate Emergency	
Councillor Blossom Young	Cabinet Member for Housing Landlord and Tenant Experience Improvement	

⁵⁵ Cllr Melanie Onovo resigned from her Cabinet position on 29 January 2025.

Appendix 7 –Table of Members’ Allowances (benchmarked* for 2024/2025)

	ROLES	NEWHAM	HACKNEY	LEWISHAM	TOWER HAMLETS
Basic Allowance					
	All elected Members (Except the Mayor)	£15,960	£12,792	£12,792	£11,898
Special Responsibility Allowances					
6	Directly Elected Mayor	£93,575 (no Basic Allowance Paid)	£95,004 (No Basic Allowance paid)	£85,989 (No Basic Allowance paid)	£80,579 (No Basic Allowance paid)
5	Cabinet Member (2 to 9)	<ul style="list-style-type: none"> • £44,082 (Deputy Mayor) • £38,430 (Cabinet members) 	<ul style="list-style-type: none"> • £48,942 (Deputy Mayor) • £41,542 (Cabinet members) 	<ul style="list-style-type: none"> • £44,317 (Deputy Mayor) • £44,317 (Cabinet Members Level 1) • £17,376 (Cabinet members Level 2) 	<ul style="list-style-type: none"> • £32,631 (Deputy Mayor) • £21,754 (Cabinet members)
4	<ul style="list-style-type: none"> • Chair of Overview & Scrutiny • Deputy Cabinet Member • Commissioner • Chairs of major regulatory committees (Strategic Development & Licensing) • Chair of Health & Wellbeing Board 	£20,346	<ul style="list-style-type: none"> • £16,726 (Chair of Scrutiny) • £18,466 (Deputy Cabinet members) • £20,504 (Chair of Planning) • £20,504 (Chair of Licensing) 	<ul style="list-style-type: none"> • £13,796 (Chair of Overview & Scrutiny) • £7,614 (Deputy Cabinet Members) • £10,877 (Chair of Planning) • £7,614 (Chair of Licensing, Pensions, Council, Sustainable Development) • £7,614 (Chair of Healthier Communities) 	<ul style="list-style-type: none"> • £11,965 (Chair of Scrutiny) • £11,965 (Chair of SDC) • £6,526 (Chair of Licensing)
3	<ul style="list-style-type: none"> • Committee Scrutiny Lead Member/Chair of Scrutiny Sub-Committee • Chief Whip of Majority Group 	£16,955	<ul style="list-style-type: none"> • £16,726 (Scrutiny Commission Chairs) • £6,516 (Majority Group Whip) 	<ul style="list-style-type: none"> • £7,614 (Scrutiny Select Committee chairs) • £6,704 (Maj 	£8,702 (Chairs of Scrutiny sub-committees)

				Group Whip)	
2	<ul style="list-style-type: none"> • Other committee Chairs (Local Development, Pensions Committee, Audit Committee) • Chair of Council • Leader of Principal Opposition Group 	£15,523	<ul style="list-style-type: none"> • £9,233 (Chairs of other committees Audit and Corporate) • £18,466 Chair of Pensions Committee • £20,504 (Chair of Planning) • £22,515 (Speaker) • £25,893 (First Opposition Group Leader, where only one opposition group) • £16,271 (First Opposition Group Leader where two opposition groups) 	<p>£7,614 (The Speaker and Chairs of other committees)</p> <p>£n/a Leader of Principal Opposition</p>	<ul style="list-style-type: none"> • £11,965 (Chair of Development) • £6,526 (Chairs of pensions and audit committees) • £10,877 (Speaker) • £12,291 (First Opposition Group Leader, if has 10%+ of seats) • £5,439 (First Opposition Group Leader if has 10%- of seats)
1	<ul style="list-style-type: none"> • Vice Chair of Council • Majority Group Secretary • Assistant Whip of Majority Group • Chief Whip of Principal Opposition 	£3,956	<ul style="list-style-type: none"> • £6,232 (Deputy Speaker) • £2,989 (Majority Group Secretary and Chair) • £2,989 (First Opposition Group Whip) • £10,150 (Second Opposition Group Leader) 	<ul style="list-style-type: none"> • £0 Vice Chair of Council • £0 Majority Group Secretary • £0 Assistant Whip of Majority Group • £n/a Chief Whip of Principal Opposition • £6,704 (Labour Group Chair) • £2,152 (Standards Chair) 	<ul style="list-style-type: none"> • £5,439 (Deputy Speaker) • £5,439 (Any Opposition Group Leader if has 10%+ of seats)

*Tower Hamlets froze allowances for 2024-25; figures remain the same as for 2023-24.

Appendix 8: Budget Scrutiny Commission: Increasing/Decreasing the Budget Gap

INCREASING THE BUDGET GAP	
Directorates	25/26
People	973,000
Place	1,032,000
Resources	3,100,000
TOTAL	5,105,000

DECREASING THE BUDGET GAP	
Key Individual Savings	
A13 – Bring forward the reduction of staff for Council volunteering service	60,000
RE5- Bring forward the removal of subsidy for Dockside Diner	100,000
C7 - Bring forward savings proposal NCIL and S106	2,000,000
B2- Bring forward benefits of sale	2,000,000
B5 - take all of the budget Culture	687,000
B15- Bring forward the Review of Library service	500,000
Reduction of 7 Deputy Cabinet members	140,000
Freeze of Members' Allowances	150,000
TOTAL	5,637,000

