

**B U D G E T 23/24**

**S U M M I T S**

# WELCOME TO NEWHAM'S BUDGET SUMMIT

Thursday 2<sup>nd</sup> February 2023

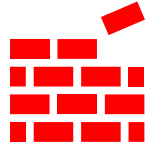
# INTRODUCTION

- **This is your chance to hear about how we propose to spend on critical services and invest in the future of the borough.**
- **We will explain how we expect these decisions to affect you, your household, and our communities.**
- Our budget proposals for 2023/4 are developed to address an incredibly challenging financial environment and meet the needs of our residents – that is why your feedback is so important.



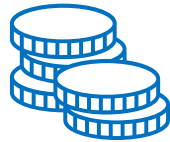
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# AGENDA



## Section 1

- Introduction: setting the scene and our ambition for the 2023/24 Budget



## Section 2

- Overview of the Budget Proposals



## Section 3

- Thematic Discussions

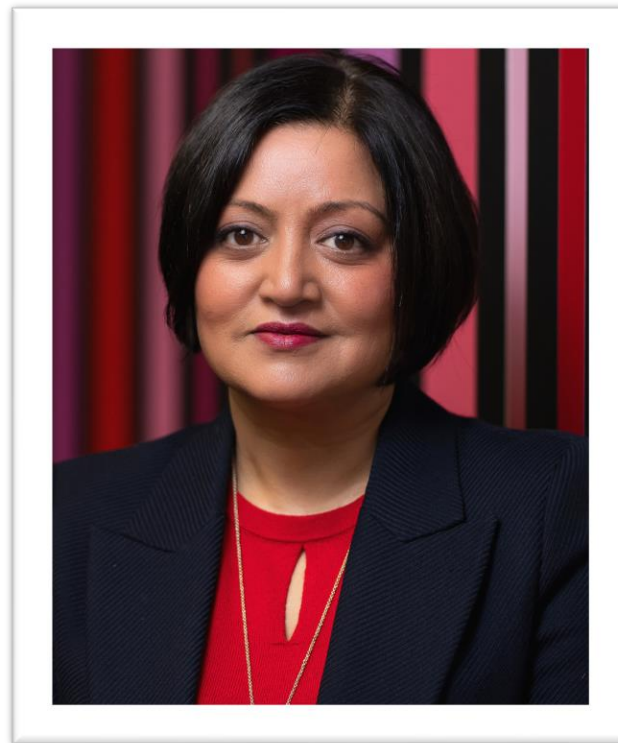


## Section 4

- Next steps

# OUR BUILDING A FAIRER NEWHAM AMBITION

Mayor of Newham  
Rokhsana Fiaz OBE  
&  
Colin Ansell  
Chief Executive



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# CONTEXT

Newham is one of the country's most diverse yet dynamic boroughs.

The Cost of Living crisis is exacerbating the deep inequalities our borough faces.

Rising prices affects the Council too - our budget proposals include £27m just to carry on delivering the same services we did last year.

We are committed to supporting residents through these tough times with our Cost of Living Crisis Response while investing in the long-term future of our residents.



**WE ARE RESPONDING.**

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**TAKING VITAL ACTION  
TO HELP OUR RESIDENTS.**

[www.newham.gov.uk/costoflivingresponse](http://www.newham.gov.uk/costoflivingresponse)



# BUILDING A FAIRER NEWHAM



Building a Fairer Newham is our vision for delivering critical services and investing in the future of this vibrant borough.

We want to share how we will invest on our key priorities and what this means for residents in Newham.

*Play animation. [See link](#)*

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# BUDGET OVERVIEW

# OVERVIEW OF THE BUDGET

**Cllr Ali, Cabinet Member for Finance and Corporate Services**

**Conrad Hall, Corporate Director for Finance and Corporate Services**

- **Our context**
- **How we spend the Budget**
- **How the Council is funded**
- **How we set the Council's Budget**
- **Our key proposals**

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# OUR CONTEXT

We continue to face the impact of cuts, austerities, government funding, increasing cost of living, inflation, high interest rates and increasing energy costs

We also face a 14% increase in population and indeed the ongoing impact of the Covid 19 pandemic.

These are impacting on our residents and placing additional burdens on our limited resources.

Sadly, the Government has failed to recognise growing pressure and increase in service demands on us.

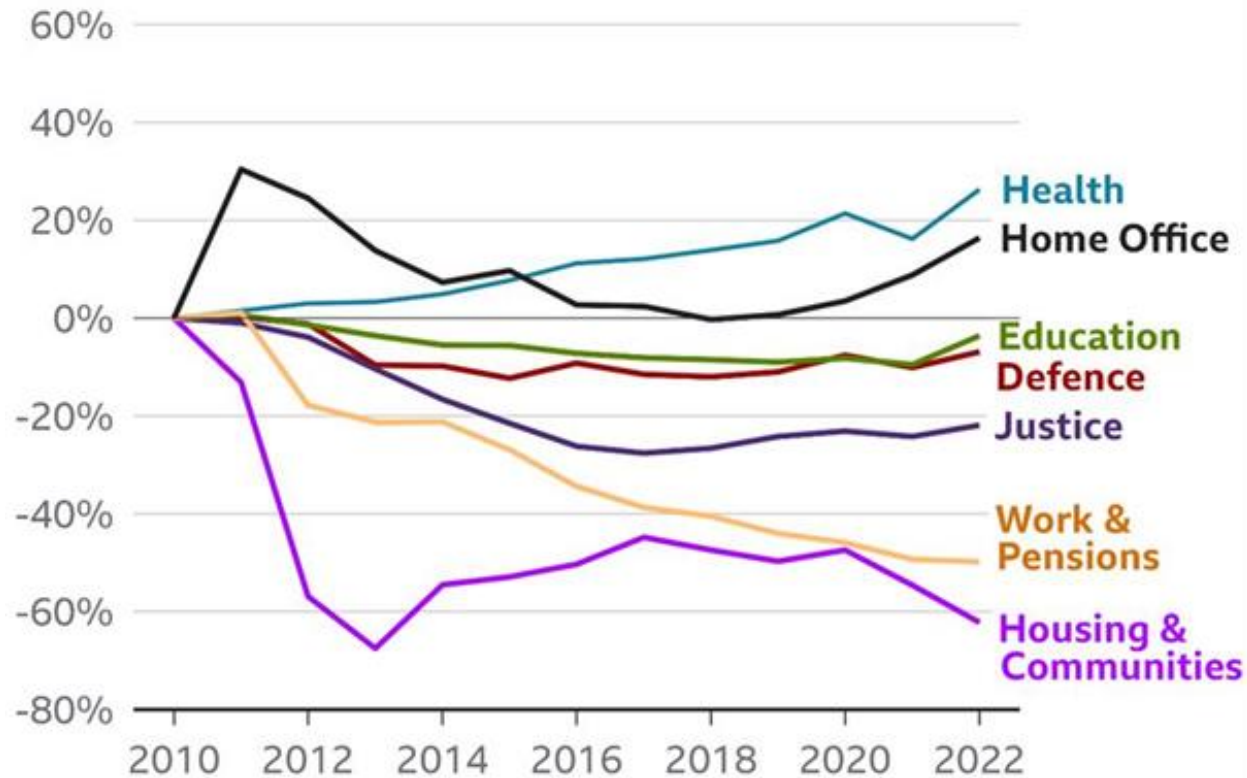
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# PUBLIC SERVICES SPENDING TRENDS

## Government spending since 2010

Percentage change in government spending by department



Note: Figures in real terms. Data do not include Covid spending

Source: IFS, HM Treasury



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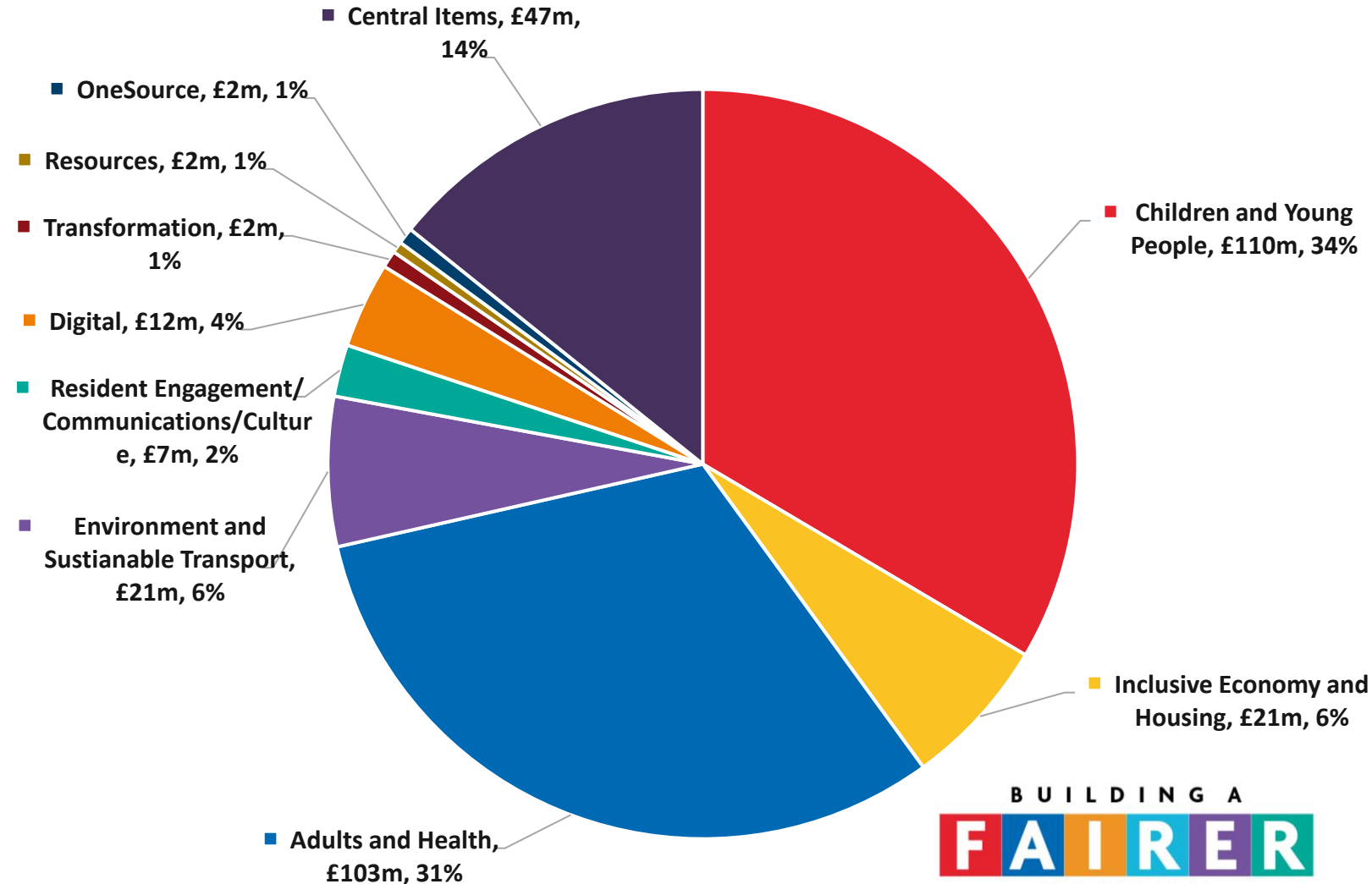
# HOW WE SPEND THE COUNCIL'S GENERAL FUND BUDGET

The General Fund Budget is £327m.

65 pence of every £1 spent goes on Adults and Children's Services.

The pie chart shows how money is distributed to each Council department.

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# THE COUNCIL'S NON GENERAL FUND

## Capital Spend

- £1.5bn of investment over the next 10 years.
- Main investment is in 1,000 affordable new homes.
- Predominantly funded by borrowing.



## Schools and Academies

- The Council administers c.£450m of Dedicated Schools Grant for the borough's Schools and Academies.



## Housing Revenue Account

- £114m a year funded by tenants and so ring-fenced from the General Fund.



## Public Health Grant

- A ring-fenced grant of £33m a year which funds Council activity supporting public health.

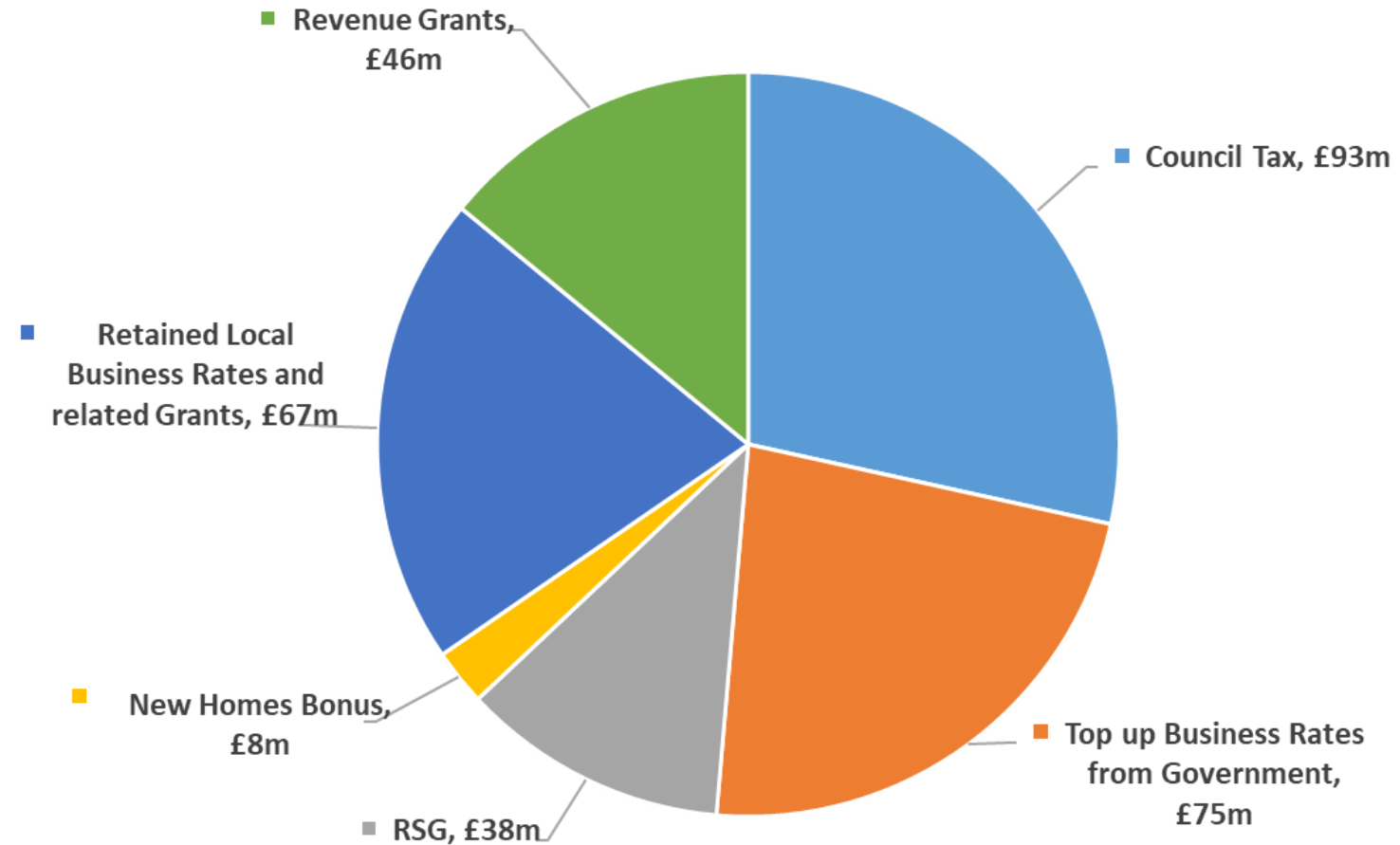
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# HOW WE ARE FUNDED

The General Fund Budget is funded by Council Tax and Central Government Funding.

Over two-thirds of our funding comes from Central Government:

- Business Rates top-ups
- Revenue Support Grant (RSG)
- New Homes Bonus
- Retained Business Rates and a range of other grants and top-ups.



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# HOW WE SET THE BUDGET

Statutorily, there is a requirement for:

- A balanced annual budget
- A chief finance officer who will advise on the robustness of the budget and reserves.
- Councillors make budget decisions based on these requirements.

In practice, the Council needs to:

- Estimate income from all sources, including Central Government and Council Tax
- Plan for pay increases, price inflation, and policy changes
- Balance the books by making savings to directorate budgets
- Set out its strategy for reserves - with increases necessary post-Covid.

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# SAVINGS & GROWTH

# INVESTING IN BUILDING A FAIRER NEWHAM



## £60m growth and £19m efficiencies & savings

- We are protecting our Council Tax Reduction schemes benefiting those in need.
- We are protecting our flagship Eat for Free (£6m) - saving £500 per child per family.

We are investing in

- £1m to pay London Living Wage to our Care workers.
- £10m for building a fairer Newham through service improvements and delivering our corporate plan.
- 0.55m investing in special needs services for our Children
- Investing in our in-house ASB and noise nuisance.
- £2.3m for improving our environment.
- £3m commitment to General Fund Reserves & more Contingencies
- Transformation of our services, community wealth building and Newham Sparks to support our future generations.

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# INVESTING IN BUILDING A FAIRER NEWHAM



- We are investing an additional £256m of capital growth for 16 new projects.
- We continue to invest in our manifesto commitment of 1500 genuinely affordable homes, with £100m capital investment in our housing acquisition programme.
- Additional investment in capital projects to support Building a Fairer Newham include Family Hubs, Newham Sparks Data Hub, respite accommodation and accommodation for looked after children.
- We are also investing £4m to meet the pressures in Temporary Accommodation costs.
- Two thirds of our budget goes towards our adults and children social care services and these remain our priorities.

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# OUR DRAFT BUDGET PROPOSALS: COUNCIL TAX

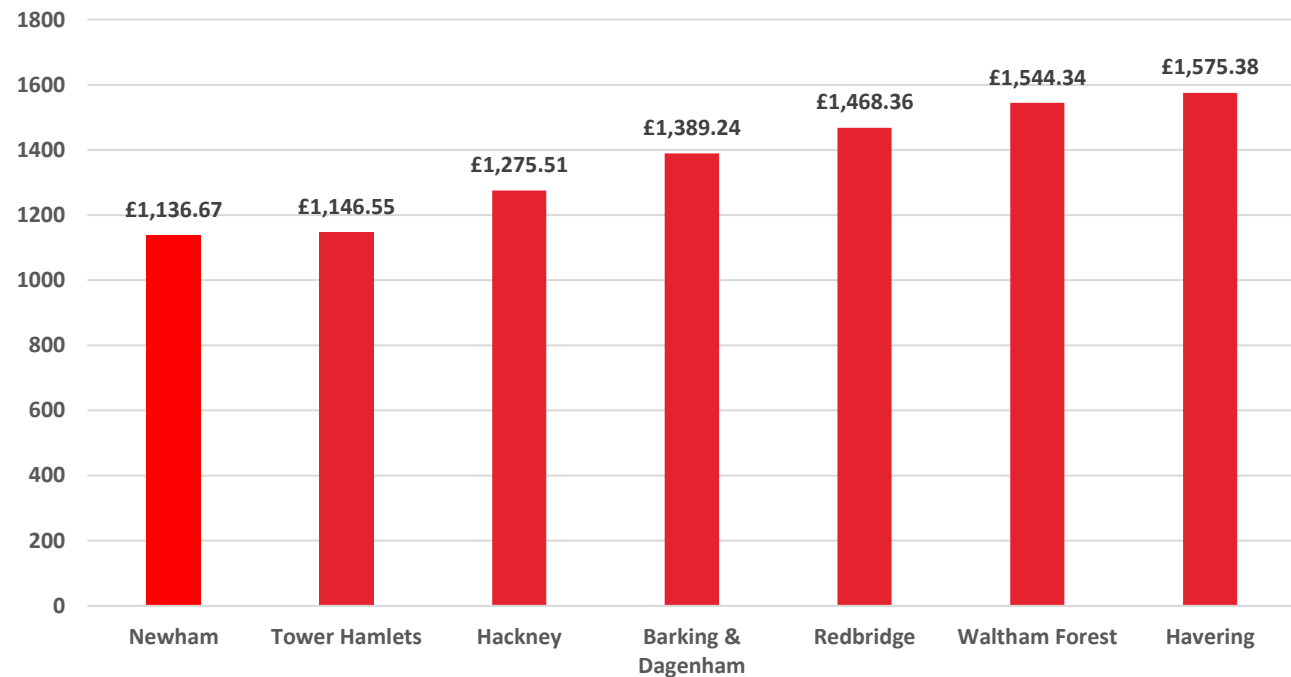
We propose a below inflation rise to Council Tax of 4.99%.

Our Council Tax rates will remain amongst the lowest in London.

An average Band D property would pay no more than an additional £1.09 per week.

We will support eligible residents through our 90% Council Tax Reduction Scheme.

East London Council Tax Charges - 2022/23



# OUR DRAFT BUDGET PROPOSALS: COUNCIL HOUSING RENTS



- High inflation rates and costs of borrowing have affected our housing revenue budget. Inflation will increase our major repairs costs by £20m over five years.
- Social landlords need to increase rents each year, as the costs of managing and maintaining homes increase.
- We propose that Council rents are increased by the 7% allowed. This equates to an £8.71 per week increase for a three bed property, and less than the rate at which goods and services are rising (Retail Price Index: 11%).
- We also remain committed to running significant capital programmes for investing in and improving our homes.

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# OUR DRAFT BUDGET PROPOSALS: SAVINGS AND CONTINGENCIES



- £19 million of savings and efficiencies across the Council to ensure we deliver the services our residents need
- £3 million every year into the Council's General Fund Reserves, and an additional £4 million allocated to its contingencies.

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# THEMATIC DISCUSSIONS

## Mayor and Cabinet

**Feeling safe, connected and proud of our streets and spaces**

**Growing up and learning in Newham**

**WHAT DOES THE BUDGET MEAN FOR YOU**

**Living healthily and caring for others in Newham**

**Working and making a home in Newham**

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# BUDGET SETTING JOURNEY

