

Budget Engagement Session

30 October 2024

Welcome and introductions

Agenda Item	Lead
Welcome and introduction	Mayor Rokhsana Fiaz OBE
Overview of financial context	Conrad Hall, Corporate Director for Resources
Presentation of October Cabinet report	Cllr Zulfiqar Ali, Cabinet Member for Finance and Resources
Breakout sessions	All attendees
Feedback from breakout sessions	Cllr Amar Virdee, Cabinet Member for Housing Need, Homelessness and Private Rented Sector and Community Safety and Crime
Next steps	Cllr Amar Virdee, Cabinet Member for Housing Need, Homelessness and Private Rented Sector and Community Safety and Crime
Closing remarks	Cllr Zulfiqar Ali, Cabinet Member for Finance and Resources

Housekeeping



There are no fire alarms planned today, if you hear the fire alarm please exit the building using the nearest fire exit signs



The toilets are outside this room



Please be respectful to all here today. Allow all to speak during discussion

Overview of our financial position (1)

- **£175m** forecast budget gap over the next three years to financial year 2027/28
- Forecast overspend for the current 2024/25 financial year in the region of **£40m to £50m**
- Of this, a **£31m overspend is forecast on Temporary Accommodation (TA)** and **£16m on social care provision.**
- The significant costs of TA means that the Council's forecast annual expenditure on this will grow to **£145m in 2027/28**
- Currently £70m of potential savings identified over the next 3 years.
- Ongoing work to identify additional savings and efficiencies, including through Council's transformation programme
- Ongoing lobbying to central government for a fair funding settlement for Newham alongside the urgent measures required to support local government in the face of the TA crisis facing many councils.
- Continuing discussions with the (MHCLG) about one-off Exceptional Financial Support request in response to TA challenges.
- Without the scale of TA challenge, Council's budget would have been balanced.

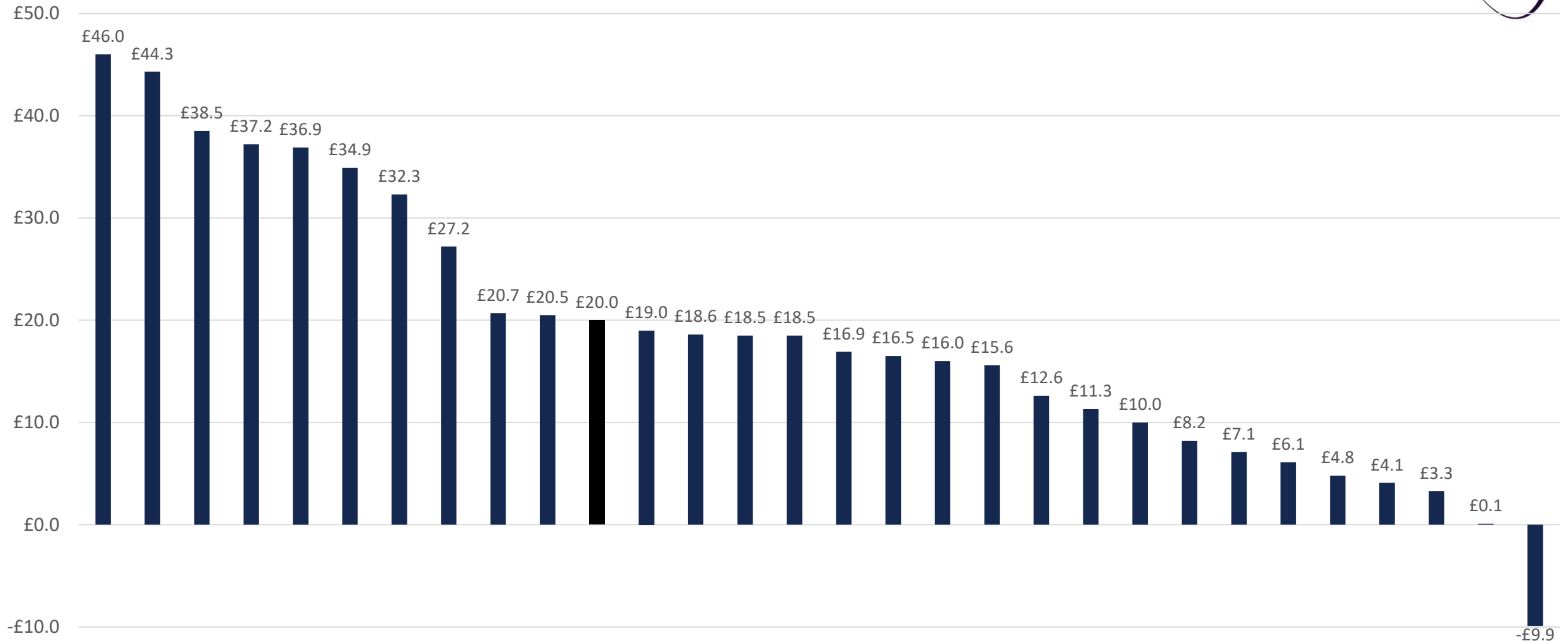
Overview of our financial position (2)

- Each year the Council must set a balanced budget each year; this is a legal requirement.
- Local Government as a whole is facing an enormous financial challenge. The cumulative impact of rising costs, increases in demand, reductions in funding and additional responsibilities means that many Councils are struggling to create a balanced budget.
- London Councils research suggests that overall resources remain 15% lower in real terms compared to 2010. Over the same time period, the population in London has grown and boroughs now serve 800,000 more residents.
- Particular pressures in social care and temporary accommodation (TA): with Councils in England spending a record £1bn on TA for homeless families in the past year, which is 50% higher than the year before.
- Driven by record numbers of families living in costly / short-term housing, including over 150,000 children.

Overview of our financial position (3)

- Councils spent £417m accommodating families in increasingly costly hostels and bed and breakfasts, reflective of a housing market that needs urgent fixing.
- The latest MHCLG quarterly homelessness data reveals that in the first three months of 2024, Newham reported the highest rate of households in TA, with 53.1 per 1,000 households.
- Newham is not the only borough with such pressures: London Councils highlights that council's in London are spending £90m per month on TA, up by almost 40% last year, with one in 50 people in the capital are homeless / living in TA.
- Newham faces acute challenges, particularly in relation to increases in the number of residents facing homelessness. The housing crisis means the Council is funding the highest levels of temporary accommodation.

London Boroughs - Q1 2024-25 - Forecast General Fund Overspend (£/M)



Newham is not alone amongst London Boroughs; all of the London Boroughs are forecasting an overspend as at Quarter One 24/25, with only the City of London Corporation anticipating an underspend.

Overview of our financial position



The housing crisis has created a £31m overspend on Temporary Accommodation this year and a £145m pressure over the next three years



Rising demand for adults social care and children's services, including £16m of additional expenditure on social care provision this year



Rising costs due to inflation, market trends and population growth / need. The Bank of England estimates that costs of goods and services are 24.5% higher today than five years



These pressures are coupled with underinvestment from central Government over the last 14 years.

How we currently allocate our budgets



1. 29% support for older people, mental health support & disabled people
2. 23% social care & services for children & young people
3. 11% Homelessness & Housing services
4. 10% Back office HR, Legal, Property & IT
5. 7% Newham Council Education Scheme
6. 5% Leisure, Parks & Community Centres
7. 5% Keeping the borough clean & green
8. 5% Levies & central budgets
9. 3% Workplace & employment, Planning & Economic Regeneration
10. 1% tackling crime & anti-social behaviour

The Council has specific legal obligations to deliver certain services such as social care. For other areas the Council has discretion on how it allocates budgets.

Setting the budget for next year

We estimate a budget gap of £175m by 2027/28, with much of that gap, over £100m, in the 2025/26 financial year.

- The only way we can achieve a balanced budget is by reducing, changing or even stopping some activities and/or by increasing fees and charges or increasing Council Tax.
- That's why it is critical that we understand the potential impact of any proposals to balance the budget and ensure we are developing our budget with a full understanding of your priorities.
- The Mayor and Cabinet will consider all options alongside the results of conversations with residents and councillors, alongside required consultations that we'll carry out during the Autumn. Our engagement activities will inform decisions to set the Budget early next year.
- **Our final budget will be created in February 2025.**

Our October Cabinet report

Our October Cabinet report is published on our website. It sets out the progress made in creating a budget for 2025/26. This report is a first step in ranging work over the coming months including resident engagement and consultation. The October report covers:

1. Options approved for Delivery

We will begin working on implementing these ideas with the goal of achieving them as soon as possible.

2. Options we are considering

These are ideas that we are considering that we want to engage residents on and explore further.

3. Options we will not be taking forward

These are ideas that we have considered and decided not to take forwards at this time.

1. Options approved for delivery

- **Transformation Plan:** We have a comprehensive transformation plan in place which will save around £20m includes:
 - Co-locating more services together in the borough & integrating service delivery.
 - Improving resident experience by enhancing our website, automating processes and improving technology.
 - Increasing preventative services such as programmes to reduce homelessness.
 - Creating internal efficiencies and reducing expenditure with third parties.
- **Increasing fees and charges:** Increasing our fees and charges by around 20% subject to consultation. This could generate around £5m a year.
- **Invest to save in Social Care:** Investing more in areas such as social care, for example creating more specialist foster carers to reduce the number of children in residential homes.

1. Options approved for delivery

- **Selling assets:** Selling some of our buildings such as the Debden Centre and reducing operational costs.
- **Newham Magazine:** We will pause the Newham magazine for the rest of this year if we can't find alternative sources of external funding.
- **Maximising our use of grants:** We will ensure all grants pay towards overheads to cover the true cost of delivery.
- **Increase income:** We will increase income from community centres, sports pitches and digital advertising.
- **Promote independence:** We will use technology, enhance reablement services and work with the NHS to help more disabled and older people remain independent and in their own homes.
- **Celebration lights:** We will stop expenditure on celebration and festival lights.

2. Options we are considering

- **Relocating Council HQ:** We will explore the potential to move out of our main Council offices in the Royal Docks to save money (and find a more cost effective solution).
- **Libraries:** We will consider the potential of future savings from our library services, including how we can co-locate.
- **Our Newham Money advice:** We explore the potential to save money from our money advice services.
- **Our Newham Work:** We will explore the potential to save money from our employment services.
- **Children's Centres efficiencies:** We are fully committed to children's centres but will review whether savings can be gained from service efficiencies.
- **Council Tax Reduction Support:** We will explore the council tax reduction support offer.
- **Emission based charging and diesel charges:** We will explore increasing diesel surcharges for all and emission based charging for vehicles (excluding residents).

3. Options we will not be taking forward at this time

- **Street Cleansing:** This includes the cleaning graffiti, rubbish and litter from our parks and streets.
- **Refuse Collection:** This includes household bin collection and recycling services.
- **Youth Empowerment (Youth Zones):** Our Youth Empowerment Service, including youth zones, which provide opportunities and services for young people
- **Enrichment budget:** Our enrichment budget provides extra curricular activities for children and young people, and will not be removed in its entirety, but will be subject to further savings proposals as part of a revised approach to existing enrichment, heritage and cultural strategy programmes, including Cultural Passport.

Breakout session discussions

Discussion questions:

- What do you think of the proposals?
- Where do you think we should save money?
- Which services should be prioritised?
- How can we do things differently to improve service delivery?

Next steps



You can also share your views to help us plan the budget, by filling out our survey on: www.newham.gov.uk/wevegotthis



Thank you