

Budget Speech February 2014

“Chairman,

We have frozen our council tax for the last two years and we will do it again this year. We plan to do it the year after as well.

Amongst other things, we were elected to control the level of council taxation and that is what we are doing.

We are delivering our promise in the face of unprecedented financial constraints.

The budget we are proposing supports hard pressed taxpayers in our District. Once again it keeps more of their money in their pockets.

The most significant part of the budget papers is our Medium Term Budget Outlook. This was shown at Appendix E in the Cabinet Budget papers – on pages 55 and 56. It paints a tough picture of the challenges we face through to 2019/2020.

With due regard to the budget amendments being tabled today, ALL members should note that no contracts have as yet been signed for the 49 sites and a small amount of income has only been entered into the forecast tentatively for 2016/17. Members should also note that our budget still requires significant savings to be made and we will continue using our working reserves until 2019/2020. Only at this point will the budget be sustainable with no further savings being needed or spending from reserves being required. In my view when we listen to the proposed amendments we should be mindful that they are mainly ideas to spend more money and if not already in our financial forecast, will need additional funding or efficiency savings to be found. Predictably I will return to this point later.

This 6 year planning time frame is being used by a number of Councils, including East Sussex County Council. It is also the time frame used by the Local Government Association who’s publication ‘Future funding outlook of AnyDistrict Council’ gives an insight into the challenges faced by Council’s through to March 2020.

Not surprisingly since the elections in 2011 Lewes District Council has been delivering a new more radical reformation of local government services. Officers and members working with a shared vision and determination to reshape this Council to ensure it becomes match fit for the new challenges being faced. Interestingly our plan to a large extent is now being advocated as best practice in this document which was published in July last year. I would like to give you some examples of its statements, conclusions and recommendations.

In the short term it says that some statements have resonance:

‘AnyDistrict recognises that using reserves and balances to support the budget is not sustainable in the longer term’. We on this side of the chamber would agree with this statement.

‘AnyDistrict predicts that we are approaching the limit of how much can be saved without impacting on frontline services’. Again we had already recognised that it will get harder as each year passes, to make the efficiency savings required, to balance the budget without structural and cultural change being made a priority.

AnyDistrict puts ‘Emphasis on reducing overheads and consolidating back office costs’ Our Agile working program and IT refresh is proof of our determination to access these savings whilst at the same time improving Customer Services.

'AnyDistrict' comments that head count has reduced by 10% across Councils since 2011/2012. Regrettably and it gives our administration no pleasure to agree that headcount has been reduced since 2011/12. This has been achieved through a redundancy programme, deletion of vacant posts, recruitment freezes and natural wastage. Our Voluntary Severance Scheme is delivering this change.

In the medium term this report signposts good practice and projects for consideration such as:

Sharing of Council Services. You will all be aware we are now pursuing a capacity review with our partners at Eastbourne Borough Council.

Another recommendation is the 'Commercialising the use of council assets'. This continues to be an established cornerstone of our regeneration programme.

This report highlights that 'Councils should be delivering and promoting growth in the local economy' We have become partners in developing and delivering first and second wave City Deal proposals. We are key partners working with neighbouring Councils through Brighton and Hove City Council.

This report recommends the urgent review of land assets with a view to releasing them to bring forward new affordable housing, more often than not these will be in partnership with a supporting investment plan to make best use of its housing borrowing allowance to invest in new and existing housing stock'. Again a cornerstone of our regeneration programme with the much talked about and soon to be realised.

Again almost as though the authors took the lead from us, it goes on to say 'Discussions with strategic partners which led to an agreement to establish a specialist green business cluster and a refurbishment programme of existing retail and business parks to increase occupancy and attract new businesses'. Our collaborative work in Newhaven, particularly with the dfe, Brighton University and other partners to bring the UTC into being is going to provide significant employment and housing opportunities for this area and incentives for new business will be part of these endeavours.

I could go on but the point I believe is made, this document sign posts the best practice for meeting the considerable financial challenges into the future and since 2011.

Working with the excellent officers and staff and under the inspirational leadership of Councillor James Page this administration has ensured significant projects and changes have already been delivered, with more in the process of being completed.

So now taking an early look at Cllr Osborne's amendment 1 as an example which paraphrased means; 'to work with a partner to deliver more affordable housing and to maximise the use of our assets and borrowing.'

We are now in the final stages of appointing a partner. This is a significant and large project, which is not conceived one week and delivered the next. The success in delivery is dependent upon good planning and groundwork.

I can assure Cllr Osborne that:

- we are going to use our borrowing headroom
- we are going to use retained capital receipts
- and we are going to apply for more borrowing headroom from our Local Enterprise Partnerships. [Page 2 of 4](#)



Don't forget that we were a trailblazer using retained receipts and borrowing headroom when we acquired the Crest in Newhaven. This is an example of what is already being done by this administration.

So to return to the budget outlook which I am hoping you are feeling more positive about. Our main assumption is that the current form of Revenue Support grant will reduce from £2.3m next year down to zero by 2019/2020. When the Revenue Support grant ends the two most significant funding streams left to pay for services will be our share of retained business rates and our local taxpayers.

The retained business rates income stream has a number of inherent risks and we have not assumed any real terms increase in this income stream beyond next year. The income stream from local taxpayers is subject to limits on increases. This means that on the basis of our stated assumptions:

- £1.146m of savings must be made by 31 March 2016.
- A further £1.812m of savings will be required from April 2016 through to 2020.
- By 2019/2020 we will have a sustainable budget
- To recap - A sustainable budget means:
 - no savings remaining to be delivered
 - and no use of the Working Balance to balance the recurring base budget is required.

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As I have stated I believe that it will get harder to find savings after the next financial year and that we must put in hand the preparation of a comprehensive plan that will take us through to 2020.

You can rest assured that the shape of councils in 2020 will not resemble those in 2015/2016. Fortunately this Council's finances remain in good shape, but they will come under strain with each advancing year.

This now leads me to mention the remaining written budget amendments that seek to earmark the funds we have established to progress our priorities.

Whilst I am pleased to receive suggested uses for these limited resources they must relate to our priorities. They should in my view go through normal due process at Cabinet. As you already know there will soon be a report on the issue of business rates discounts that we are bringing forward at Cabinet. I would suggest that all proposals should follow the same route at the earliest opportunity. In fairness the majority of the proposed amendments acknowledge they cannot commence until capital receipts flow into the Council.

The budget papers show that we have maintained a healthy balance in our Strategic Priority Fund and in the budget for Service Priorities. This will help us advance our Priorities to be agreed at Cabinet over the coming year.

Finally for the sake of clarity I would like to explain to you that the Coalition Government has defined a Council Tax Freeze through legislation. A freeze relates to the statutory "Basic Amount of Tax" for the Council. It is a Council decision as to how this basic amount of tax is recouped through its general expenses and its special expenses. The basic rate of tax for Lewes District Council will remain at £192.48 for a Band D property and so this can be called a tax freeze within the scope of the legislation.

So in summary the budget I am recommending to you today is another tough one. This is not a tax and spend opportunity, this is about understanding the very real risks of failure, being bold and innovative, being prepared to do new things and on occasions take risks.

This is about recognising that reduced funding going forward has an impact on services, on jobs on the people we care about, including our staff, our residents and our businesses.

Failure is not an option with the budget setting process and this administration will continue to drive the changes necessary to ensure our Council continues to deliver its excellent services in these new and challenging times.

I hereby move the budget recommendations and the Council Tax freeze for 2014/15 to you. And now I welcome the opportunity to discuss Cllr Osborne's amendments, some of which I will seek to amend and others will be agreed as is. Cllr Gardiners amendments to the budget will be dealt with by Cllr Nicholson."