

## Elmbridge Borough Council's Leader's Budget statement 24<sup>th</sup> February 2010

I am delighted to confirm that we have achieved the ambitious target we set ourselves last February and for the third time in four years I am pleased to be able to recommend to this council our budget details and spending plans for the 2010/11 fiscal year without imposing any additional financial burden upon our Council Tax payers.

In the four years since we formed the Administration, the Elmbridge component of the Council Tax has risen by just 4.9%, compared to an overall inflation rate of 12%, and I have to say it contrasts with the staggering 60% increase in the last 5 years of the RA Administration.

When I delivered my budget statement here in this Chamber last year I said that it was formed against a background of the worse economic conditions since this borough was formed in 1974 and possibly the worse since the great depression of the 1930s. Well Mr Mayor the true effects of Mr Brown's disastrous handling of the nation's economy continue to worsen and this has had an inevitable damaging and detrimental impact on our own finances. The Country has a visible debt of £848billion according to official figures as of last week and if one includes the 'invisibles' and public pension deficits that figure rises to somewhere between £1.3 and £2 trillion depending upon which commentator you elect to believe.

It is truly an awful financial position for the Country as a whole and for us in Elmbridge in particular due to the extremely poor government grant formula and derisory annual settlement. Nationwide this is a legacy which will leave every man woman and child paying for Mr Brown's almost relentless financial mismanagement for many years to come. Quite what the level of squeezing of funding will be for Local Authorities in the future is yet to be revealed.

Additionally the National economy has shrunk by 6%. We are not immune and are expecting this council's 2009/10 income from chargeable services to shrink by almost 11%.

### **The simple headline statement for this Council's budget is as follows:**

- Against continuing and ever more difficult economic circumstances we are proposing no increase in the Elmbridge portion of the Council Tax
- Our Council continues to provide tremendous value to our residents at just **£3.83 per household** per week again using the **Band D** property as the standard comparator

### **For the fourth year running we have absorbed a further £1.8m of financial pressures and we have achieved this by:**

- Continuing to scrutinise and review our income sources

- Continuing to scrutinise and reviewing every aspect of the Council's business by following on from the VFM reviews with the nationally acclaimed BEAM reviews which delve deeper into operational practises to streamline and optimise our business activities
- Continuing to look at ways we can deliver services more economically
- Continuing to review staffing levels and introducing further measures which will reduce staff numbers by almost 10% of the levels applicable in 2008/9 by the end of 2010/11 fiscal year
- Freezing salaries for officers and staff, and for the second year, freezing allowances for members
- Using the *interest equalisation reserve* to off-set the continuing fall in interest rates on our investments

### **Moreover**

- During this current year our income stream from the Council's activities is expected to show a shortfall of £1.2m on that forecast last February as I indicated a moment ago, approaching 11% less than we forecast. The Council's Chief Executive and management team took immediate prudent steps to deal with that shortfall as soon as the trend became clear, and this Administration has fully supported the measures taken. The Borough is overly dependent on housing development which has declined sharply as a result of the recession and consequently the income from land searches, building control and planning applications has fallen dramatically. There has also been a further modest dip in car parking income and a few other discretionary service delivery areas
- as in previous years we have continued to ensure a balance between income obtained from service users and income generated from Council tax payers
- and in all our reviews and actions we are taking every precaution to ensure that changes in service delivery continue to protect the vulnerable members of our society

### **The basis for delivering this budget is sound, admittedly cautious but nevertheless progressive:**

- it is a balanced budget
- it is fully in accordance with our medium to long term financial strategy
- We have retained healthy reserves for what we believe will continue to a trying and uncertain economic future. To reduce these last year Mr Mayor, as was suggested by members on that side of the Chamber, when it was already clear to us that so many potential perils lie ahead, would have been hugely irresponsible, and to do so now would be equally so. We are not prepared to do this and our Medium and Long Term Financial Strategy clearly sets this out in the papers before you.

### **And this Administration is committed to preserving and protecting our valued front-line services. The last year alone has seen significant enhancements to our Borough.**

- We have built year on year for providing investment within a sound and sustainable framework. The work this Conservative Administration has put in since 2006 has provided a solid foundation for all the difficulties being thrown at us now and I am

confident that it will continue to do in the coming couple of years or so particularly when I suspect the Nation's financial woes are more likely to be even more painful

- We are continuing to think creatively - last October I made it clear to business representatives that we are here to do business. I offered a special deal to encourage use of our car parks by employees of local businesses . The response has been slow but progressive and we now have a strong indication of wide interest from the business community. Accordingly my colleagues are in the final phases of developing a charging structure which will be attractive, and those details will be rolled out within the next month.
- I am also pleased to say that we are well advanced in the major upping of Walton High Street from the ECIF funds we put aside, and this work is scheduled to start in July
- Several other ECIF awards have been made to various business initiatives around the borough
- We continue to protect the Quality and character of the Borough by – taking over the grass cutting from SCC and increasing the number of cuts and, continuing to run the Street Smart service
- The dogmatic chasing of every opportunity for outside funding resulting in success and our ability to open the new Synthetic Turf Pitch next to the Xcel leisure Centre
- We have reduced our impact on the Environment by more than doubling our recycling targets since 2006 and reducing energy usage in our properties
- We are providing services to our community 24 /7.
- Against all the odds in these difficult times we are continuing to widen the councils activities with residents and businesses by expanding our abilities to deal with challenging issues
- We have leapt at the opportunity which presented itself via SCC to develop a seventh day centre for the elderly in Thames Ditton. We reacted swiftly and I am pleased to say that this facility will be open and operational in April on target and within budget.
- And we have extracted contract savings from the waste collection service and recycling which together total almost £750,000 and has helped us achieved recycling rates of over 50% as mentioned earlier
- We have provided for additional spending pressures such as Homelessness and Housing Benefit subsidy reduction
- With our feet firmly on the ground this is a budget backed up by a sound, robust financial strategy and businesslike approach that continues to balances the needs of service users with those of the Council taxpayer and one that anticipates a continuing and increasing demand for the Council's services

**In addition, we have a fully financed although more modest capital programme:**

- With a general capital programme provision of £900,000
- Plus specific earmarked provisions of £590,000 (including the reinvestment of some external funding and Section 106 monies)

**Revenue growth improvements and Capital Programme cover a wide range of activities, benefiting all of our residents, and include:**

- Building upon our **enhanced** waste management programme, new recycling contract and street cleansing services
- Continued investment in the upgrading of children's' play areas
- Further optimisation of our community transport provisions
- Plus investment in some Day Centres for retired people

We are also extending our cooperation with partners to develop shared services support, best use of assets and combining operational centres.

**All this, despite a derisory increase in Formula Grant received from this Labour Government**

- in 2010/11 we will receive a net increase in Formula Grant of just £80,000, an increase over last year of only 1.25%
- this equates to a total government grant of just £ 47.21 per resident, the lowest government grant settlement in Surrey and it continues to be one of the lowest in the Country
- But as I said earlier, I expect the financing of public finances to be seriously curtailed in the years ahead and we are yet to discover the overall effect on our numbers

Mr. Mayor, let me now turn briefly to the process within the Council for members' input into Overview and scrutiny of this budget. Last year we scrapped the Finance Panel as it proved to be restrictive in that not all members were in full possession of the facts until very close to the February Council meeting, and had almost no chance to debate and properly scrutinise it. Instead we changed tact.

- Our full financial strategy was submitted for Full Council approval in July 2009
- The bulk of our plans went to Cabinet and onto Council in September followed by smaller financial proposals in October, November, December and finally February – the reasons for us doing this was twofold:
  - Firstly to allow officers to move ahead with approved proposals so that we have best chance to realise savings from the start of the 2010/11 fiscal year
  - And secondly so that members had ample time to study and scrutinise the proposals – and where they felt necessary members had the opportunity to suggest amendments, tweaks or whatever to enable Council achieve best results from these proposals

This change in the way we operate has made the financial plans of this Administration more open and transparent than ever before. Every member of the Cabinet, including myself, has appeared before their relevant O&S Committee to answer questions about the budgetary implications for each portfolio. More information has been provided to members, and earlier, than any budget setting process since I have been a member.

Mr. Mayor, our record in providing high quality services with sound financial management has been recognised again. The Audit Commission has awarded us a top rating, 3 stars out of four in every category scrutinised which put us comfortably in the top quartile of all Local

Authorities in the Country. A record we deserve to be proud of. And we shall maintain our effort to deliver our services more economically and effectively. As last year I make no apologies whatever for such a policy. In this recession, it is our ongoing duty to hard-pressed Council-taxpayers that we explore every opportunity to increase efficiencies and promote innovations

**Looking forward, in addition to the dire state of the national economy we have other specific factors to deal with:**

- The triennial review of our pension scheme takes place in April this year and will be published prior to March 2011
- We are already aware that the underfunding of Surrey public pensions as a whole will be well in excess of £1billion – the Elmbridge portion included - and we await guidance as to how the government of the day determine how we should deal with that
- And we have no idea how our formulae grant will be viewed going forward – for budgeting purposes we have assumed a 5% reduction year-on-year for the next three years
- Obviously we are unaware of other possible ways central government may revise funding local authorities so, if any emerge, we shall have to review and deal with these changes as they occur
- On the plus side, there are early and encouraging signs that income from planning applications, land searches and car parking have bottomed out
- Our medium and long term financial strategy has factored in a modest and partial recovery for these income streams
- Additionally we are participating in the **Surrey First** initiative where all the Boroughs and Districts in Surrey together with SCC are collaborating to explore savings through shared delivery of both back office support functions and frontline services

Mr. Mayor, before I conclude, I would like to express my thanks and appreciation to the Chief Executive, his colleagues on the CMB, and the Council's entire workforce. We could not have made such progress on so many fronts without their unstinting support, dedication and professionalism. This has also been a tough year for our employees, and on behalf of all Councillors and our residents, we see in their efforts in public service at its best. For that I am extremely appreciative.

It should not pass that whilst all this work was being undertaken, the Chief Executive set a target to improve our IIP status and not only did so, but achieved the Gold Star rating; almost unique for a Local Authority and a brilliant achievement.

**In summary we have in this budget, even under the most trying of circumstances**

- promoted service improvements, and will continue to innovate
- achieved further efficiencies, and will strive to find more
- Secured substantial financial savings on our improved recycling contract
- protected front line services
- invested sustainably for the long term
- set a balanced budget, backed up by healthy reserves

- Continued to act prudently and creatively for an increasingly uncertain economic future.

Mr Mayor, as my colleague, Cllr Roger Whittaker, said at the last Cabinet meeting, “Some of our residents in Elmbridge have fallen on hard times. Jobs have been lost and pensioners have seen their pockets hit. Our overriding priority has to be to protect residents and this we have done with a zero per cent increase”.

**Accordingly,**

**I fully commend this budget to the Council**