



Havant

BOROUGH COUNCIL

BUDGET REPORT 2005-2006

Presented by

Councillor David Gillett
Leader of the Council

Full Council - 23 February 2005

**"It is not easy for men to rise whose qualities are
thwarted by poverty"**

Juvenal (Decimus Junius Juvenalis)
Roman poet and satirist (55 AD - 127 AD)

Leader's Budget Speech 2005

Presented to Full Council 23 February 2005

I was going to say it gives me great pleasure to present this budget speech tonight but on reflection the pleasure is not as great as it could be. Pleasure there is indeed in reflecting on our various successes and achievements during the last 12 months which I will mention in a moment but there is certainly no pleasure in taking some of the difficult budget decisions we are tonight.

Some years ago we realised the pressures that would be facing all local authorities, and those pressures have been realised not only in struggling with ever reducing Government Grant Support but we had not envisaged the extent to which external meddling, both in what we do and how we do it, would have on the bottom line.

I make no apologies for the opening tone of this important speech. The Local Government Act 2000 was very much aimed at not only streamlining the decision-making processes but creating an environment for greater public participation and engagement. We are quite happy to be willing partners with the electorate in developing stronger and more clearly accountable local democracy and effective local government, but we will not be willing partners in a game of deceit whereby our electorate's aspirations are raised beyond the point of our being able to deliver them.

It is not that we do not want to nor that we are unable to but with a tighter than ever straight jacket on our finances and expectations on additional 2% budget reductions we are coming closer to the point of service collapse. We have run this Council debt free and very prudently for some years now and I resent the centralist dictates that smack of big brother when at the same time the Prime Minister talks of a partnership with Local Government to deliver modern services.

For any partnership to succeed there needs to be mutual trust. We are reaching out to the residents and other partners within the Borough in new ways and the key to developing and delivering this two-way dialogue is mutual trust, we can only deliver our part of the bargain if we have the resources to achieve it. Only a few short years ago I believe we were not in such a position to deliver an increased level of public aspiration, however, we have made some very important and difficult decisions about the future management of this organisation with just one thing in mind - to be in a position to deliver better and most cost effective and flexible services.

Colleagues, that aspiration is being endangered due to the penalising Rate Support Grant that has seen our level of grant reduce by 15% against inflation since 1994. The Government states that local authorities should be able to manage on their inflation only increase, if that is their view then no wonder we are building up national debt at an alarming rate. The Office of the Deputy Prime Minister is well aware of the real increases in costs to local government, not only in terms of nationally agreed pay settlements and pension short falls but the true cost of additional responsibilities they have heaped on us without so much as a by-your-leave.

We are one of only a few councils with recommendations for a Council Tax increase above the Government's stated preference for no more than a 5% rise, we take no pleasure in being in this situation but the stark choice is a higher tax percentage to hit our balances. We

are in this position even though we have found savings of £500,000, on a turnover of £15m that is quite a large sum to have found. This authority has been soundly financially managed for some time and if the Government choose to penalise us for going over their limit then shame on them.

Faced with such stark choices we have looked closely at our expenditure and one cannot avoid the issue of identifying statutory and non-statutory functions. With the statutory work we have looked at levels of service delivery to ensure that we are not over investing in this area, some savings have been made without compromising our legal and service obligations. Non-statutory areas do, however, provide some options for savings and taking the last two years responses from Community Pulse we have taken the difficult decision to scrap the travel token scheme and the discounted rail pass. Contrary to the belief of some groups we are not obliged to provide either of these schemes and they are not a "right". They were introduced by Havant Borough Council at a time when pressures on our finances were not so great and it is prudent under present circumstances to review wholesale the situation. I would inform members that when travel concession schemes were introduced in 1973/4 they cost a total of £32,000, projected expenditure of concessionary travel for 2004/5 is approximately £638,000. A total of £11m has been spent altogether.

We are mindful that many elderly and disabled people have real transport issues and to this end we are reinvesting £22,000 in Call-and-Go - formerly known as Dial-a-Ride - to extend the operating hours and I have opened discussions with the County as to how we can further enhance and protect this service. The half price bus pass is available to anyone over 60 and we are looking at ways to promote and expand usage of this, our only statutory transport obligation.

Another low priority feedback from Community Pulse is the continuation of the position of Mayor of the Borough. I can understand that for many people who have not had any contact with our Mayor, either past or present, that it would seemingly be unimportant and an area of potential savings. However, those of us here know and appreciate how valuable the Mayor is to this Borough both in terms of representation and in support and fund raising for many worthwhile voluntary and charitable organisations. The non-political status of the Mayor is a considerable asset, which we will continue to support.

The last year has seen a steady maturing of the Local Strategic Partnership, now renamed the Havant Community Partnership. Having steered it through its first two years I was delighted last autumn to be able to hand over the chairmanship to Margaret Scott who is also the chair of the East Hants Primary Care Trust. It was never intended that it should be a council centred body and true partnership means ownership by and among the members of it. It has now completed and published its first Community Strategy - "Stronger Together" - and we look to see how the various partners use it to inform their own corporate strategies.

We are revising our own Corporate Strategy against the new directions set in the Community Strategy and I have asked for a complete audit of all our various strategies to ascertain their relevance and viability. Considerable effort and manpower goes into these documents and it is a waste of resources to leave them gathering dust on shelves. We aim to have a streamlined list of strategies addressing such important issues as Regeneration, Culture, Housing, Waste, and the new Local Development Framework.

The resounding defeat in the North East over having a directly elected Regional Assembly should tell this Government what the people as a whole think of the idea. Unfortunately, the powers that be still feel that voluntary Regional Assemblies are worth retaining especially as they are tasked with forming Regional Spatial Assemblies. Politically, the Conservatives are committed to scrapping regional bodies but we are pragmatic enough to recognise that these bodies have considerable influence now and in the near future and it is in our residents' interests that we are at the table fighting for our corner. While SEERA exists I believe we should be there and play our full part in it.

There is also an important part for us to play in the Partnership of Urban South Hampshire, otherwise known as PUSH. It represents a unique partnership of local authorities in South Hampshire, which is cross party and united in opting for a growth area status for this sub-region, within the RSS. We have created this partnership for one reason - to address the problem of South Hampshire continually under performing in economic development terms when compared with the remainder of the County and the South East as a whole. In opting for this growth area status we have two specific criteria, 1) is that any growth must be accompanied by investment in new infrastructure and 2) that growth should be driven by economic development and not housing. The housing issue is surrounded by contention, as there are differing arguments as to what level of housing is required to support real economic growth.

Our common view is that by adopting a growth area status we have a degree of control over where the growth is - especially any additional housing growth, rather than have large unjustified numbers of houses thrust upon us by some remote government department or organisation.

Running parallel with the problems of failing economic growth is the sticky issue of unemployment and lower than national average skills levels. Havant has consistently, during the last 12 months, had the highest unemployment levels of any district in Hampshire and unenviably very close to the levels experienced by Portsmouth. No longer can we view and address these issues in isolation, which is why we value the PUSH agenda so highly. All of the PUSH authorities are interdependent on each other so common solutions to common problems will be coming out of the sub-regional work.

I do not wish to gloss over the skills issues, whilst ultimately it is not our responsibility we clearly have a role to play in improving the life chances and opportunities of all our residents. We are working closely with organisations such as the Wheatsheaf Trust, Highbury College and the Learning and Skills Council to maximise training and development opportunities which especially target those who have been unfortunate enough to experience long term unemployment or who have various disabilities - physical or mental.

Traditional and vocational education is at the root of many of the solutions we seek and I am delighted that the Mayor will be hosting an event shortly, which will bring together local senior educationalists and key commercial and industrial local partners. Youngsters these days seem to have little idea what the real world of work is all about and I am keen that we should be a catalyst to drive solutions for this crucial area of need.

We are always going to have to be innovative and always prepared to respond to situations that challenge the economic stability of the Borough. The sad loss of several hundred jobs at Proctor and Gamble is a case in point but due to our proactivity and the co-operation of P&G and other partners the loss has been mitigated by a range of mixed uses which provides new quality housing, new commercial opportunities and a new community facility.

Innovation and quality are words becoming synonymous with the Borough. We are delighted that The News recently awarded the Business Excellence Award to Havant International. We owe a great deal to Chris Allington and his team for creating the right environment to attract successful household names to the town.

We are entering an exciting era for Havant Borough. New industrial development at Broadmarsh is coming on line and a revised scheme for Dunsbury Hill will be a major enhancement to that crucial gateway on the A3(M). Consultants are now well underway with work on Havant Town Centre under the guidance of the Havant Town Centre Task Force. The Borough is in a unique position, both economically and geographically. In the vibrant south coast stretch between Brighton and Bournemouth Havant has the most potential for investment and growth. Land values here have not yet reached an optimum level and the opportunities for major institutional investors and entrepreneurs are considerable. Havant Borough Council is a willing and visionary partner to anyone who wants to come here and invest in the Borough and our workforce.

The next two years should see major changes to several areas of the Borough thanks to Liveability. I know it has been something of a nightmare setting it up and there is still some disquiet amongst a couple of the Community Boards but we were given a considerable target to meet and we have had to set strict criteria and processes in order to deliver. Apart from the obvious environmental enhancements we will see I look forward to seeing the service improvements that are supposed to be part of the scheme. I am confident that our own teams in Environmental Services will respond to the challenge but I wait with interest to see how our external partners responsible for trunk roads and motorways respond. Woe betide them if an improved Borough is let down by three foot grass on the A3(M) and A27 verges lattice worked with rubbish strewn everywhere.

On the subject of rubbish I would like to thank all the officers involved in the considerably detailed reports that have been going through the system outlining the options for changes to the waste and recycling process. As we watched Chichester District Council being pilloried by the local press for the introduction of alternate weekly collections I publicly promised that Havant would not introduce such a scheme without prior consultation. Two years ago consulting the public on a choice would have been possible, however, once again the Government have moved the goal posts and made our recycling targets so high that the only possible way to achieve them is by going alternate weekly. Not only will this deliver the required target but will also show a considerable financial saving which will be put to constructive use. And we *will* be engaging residents on how to roll out alternate weekly collections effectively.

We know that alternate weekly collections (AWC) will be very difficult for some. Some residents will have access issues such as terraced houses opening onto the pavement with no rear access or elderly, infirm or disabled residents who may find it difficult to manoeuvre large wheelie bins. Special arrangements for these groups of people will be put in place and they will be supported through the changeover process and beyond. Other difficulties occur

with large family groups who although recycling diligently will still have a large level of residue rubbish. Larger bins will be on offer and support teams will be calling on all residents to help them minimise their output of net refuse. We have carefully analysed the experiences of other local authorities who have introduced AWC and we believe that we can minimise the overall impact and negative response as a result. The Borough will completely change to AWC during a period of 18 months commencing this September as the first tranche (one third of the Borough) goes live.

Another duty on the Council is taking over responsibility for liquor licensing from the courts. The constantly delayed start date for this typifies the contempt the Government seems to have for local authorities. There has been a huge amount of work going into this behind the scenes by the officers and for those members involved it has meant an almost doubling in their usual workload. Certainly, for the first year, depending on the response of extended opening hours, they will be seriously burdened and I have asked for consideration of options and additional compensation to those involved.

This time last year I called for us to review the way we engage with the public and I am pleased to report that the two public events held here, whereby the public held Executive members to account, were very successful. Although it centred on budgetary issues the debate did widen slightly and I am sure from the feedback from those who attended that they were much better informed of the issues and challenges facing us. I have asked Management Team to look into us holding these public meetings regularly which will provide our residents the opportunity to quiz members of the Executive on any subject they wish.

As last year, our capital programme is heavily over subscribed. There are difficult decisions to be taken on this and the challenge will be how we fund it appropriately without using up all the proceeds we expect from sales including Potash Terrace. It has been our aim to start to reinvest in assets, which will provide a medium and long term income and where possible have a physical strategic potential and it is imperative that part of the Potash Terrace proceeds go towards this. It has been some time since the revenue account has been able to support the capital programme and it is unlikely that we will be able to do this for a couple of years but we must build this into the revenue account projections, probably from 2007 onwards.

With so many demands forcing us into difficult choices on priorities, it is increasingly desirable to review radically budgets for all departments. This is a huge undertaking for senior management and Councillor Briggs is currently debating with Management Team how this can best be achieved for next year's budget process.

By far our single biggest expenditure is staff. Over the years, various functions have been outsourced saving Havant Borough Council considerable on costs in terms of pensions etc. We have tried to keep the organisation as lean as possible but with various new duties thrust upon us we have had little option but to increase the establishment levels where necessary. Yet we have in fact reduced the size of our staff, from 688 in 1993 to just over four hundred at the end of 2004. Some step changes were achieved in that period through major procurement decisions, such as the outsourcing of housing and revenues collection and benefit payments.

As for the list of proposed charges we intend to levy this coming year, there are no major alterations from the proposal approved by Executive several weeks ago. Those where we have discretion we have increased by inflation only, the key points to note are that we have frozen car parking charges - with the exception of long term permits, and we have frozen the charges for individual domestic collections.

The following table shows our reserves position, it is interesting to note our increasing allowance for insurance cover.

RESERVES AND DEVELOPERS CONTRIBUTIONS	31 March 2004 Actual	31 March 2005 Estimate	31 March 2006 Estimate
Revenue Reserves	£1,774,000	£1,200,000	£1,300,000
Insurance Reserve	£137,000	£200,000	£250,000
Capital Reserves and Receipts	£3,407,000	£791,000	£2,262,000
Contributions from Developers for specific purposes	£502,000	£450,000	£250,000
TOTAL RESERVES AT END OF YEAR	£5,820,000	£2,641,000	£4,062,000

The recommendation coming from the Executive is for a Council Tax increase of 6.5%. this would mean that the Havant share of residents Council Tax at Band D would be £161.77, an increase of £8.39 per year or 16p per week. Taking into account the Council Tax increases from the County Council, Police Authority and Fire and Rescue, the total payable for a Band D property will be £1,197.04 or £23.02 per week. Please remember that of this total only £3.11 goes to Havant Borough Council.

The total increase for a Band D property equates to £45.35 or 87p per week. This equates to an overall Council Tax increase of 3.9%. To break it down further - Hampshire County costs £16.72 per week, the Police Authority £2.19 per week, Fire and Rescue costs £1 per week and Havant Borough costs £3.11 per week.

Below, are the comparisons which indicate the differing grant and charge levels from 2004/5 to 2005/6.

Council Tax calculation	Total 2004/2005	Band D Council Tax 2004/2005	Total 2005/2006	Band D Council Tax 2005/2006	% change of Band D tax over 2004/2005
	£ 000's		£ 000's		
Net expenditure	14,690	£349.79	15,291	£363.82	4.0%
National Non-Domestic Rate	-3,171	-£75.50	-3,360	-£79.94	5.9%
Government Grant					
Revenue Support Grant	-5,078	-£120.91	-5,127	-£121.99	0.9%
Total Formula Grant	-8,249	-£196.41	-8,487	-£201.93	2.8%
Sub-total	6,441	£153.38	6,804	£161.89	5.5%
Deficit on Council Tax Collection Fund	8	£0.19	16	£0.38	N/A
Surplus on Community Charge Collection Fund	-71	-£1.69	-21	-£0.50	N/A
NET EXPENDITURE	6,378	£151.88	6,799	£161.77	6.5%
County Council Tax		£840.15		£869.40	
Fire Authority Tax		£51.30		£52.11	
Police Authority Tax		£108.36		£113.76	
Total Band D Tax		<u>£1,151.69</u>		<u>£1,197.04</u>	
Taxbase	41,997		42,029		

The following table shows how our budgets have grown since 1993 and how Government support has failed to keep up. Since 1999 much has been due to additional responsibilities put upon us by the Government.

	Budget £ million	% budget increase	Govt. grant/ NDR £ million	% grant increase	% Council Tax increase
1993/94	12.370		8.466		
1994/95	12.586	1.7%	8.925	5.4%	-19.3%
1995/96	12.649	0.5%	8.689	- 2.6%	0.4%
1996/97	12.736	0.7%	8.533	- 1.8%	6.3%
1997/98	12.806	0.5%	8.255	- 3.3%	- 3.4%
1998/99	12.806	0	8.214	- 0.5%	- 2.3%
1999/2000	13.064	2.0%	8.288	0.2%	4.5%
2000/2001	13.407	2.6%	8.362	1.6%	4.5%
2001/2002	14.116	5.3%	8.830	5.6%	5.7%
2002/2003	14.751	4.5%	9.081	2.8%	6.9%
2003/2004	15.343	4.0%	9.193	1.2%	9.0%
2004/2005	14.690	-4.3%	8.249	-10.2%	5.8%
2005/2006	15.291	4.1%	8.487	2.9%	6.5%

The final and following page gives a breakdown of Council Tax increases across Hampshire. I take no pleasure in recommending the highest increase in the County but based on our medium term financial strategy I refuse to make recommendations to you that will jeopardise our long term financial stability. I suspect that many of our sister authorities have raided balances in order to keep their increases within the Government limits. In the run up to a probable General Election dare I suggest that it is in the Government's best interest that the Council Tax increases are as low as possible?

Members, the exciting opportunities facing the Borough as a whole are immense. Our efforts to make this organisation as businesslike as possible are really bearing fruit. The response from our dedicated staff has been wonderful and we owe them a great deal. Let's all work hard to continue the efforts of putting Havant firmly on the map and very much a place to be.

Members I commend this budget to you.

David Gillett

Leader of the Council
23 February 2005

2005/06 Hampshire Council Taxes	Status Provisional / Rec from/to / Council decision	Council Tax 2005/06		Council Tax Increase	
		average over area	excluding parishes & special exp	average over area	excluding parishes & special exp
		£ /band D	£ /band D	%	%
Basingstoke	Recommendation of Cabinet/Executive	104.95	92.09	1.7%	2.5%
East Hampshire	Recommendation of Cabinet/Executive	168.48	124.57	4.5%	2.5%
Eastleigh	CFO's best estimate to date	165.81	110.39	1.7%	1.1%
Fareham	Recommendation of Cabinet/Executive	126.27	126.27	2.4%	2.4%
Gosport	Recommendation of CFO	178.93	178.93	2.6%	2.6%
Hart	NO DATA AVAILABLE				
Havant	Recommendation of Cabinet/Executive	161.77	161.77	6.5%	6.5%
New Forest	CFO's best estimate to date	188.14	137.21	4.7%	4.8%
Rushmoor	Recommendation of Cabinet/Executive	158.57	158.57	4.3%	4.3%
Test Valley	Recommendation of CFO	122.74	99.00	3.4%	4.9%
Winchester	CFO's best estimate to date	153.31	107.82	3.9%	3.3%
Portsmouth	CFO's best estimate to date	955.67	953.73	5.0%	5.0%
Southampton	Recommendation of Cabinet/Executive	1,066.53	1,066.53	4.9%	4.9%
Isle of Wight	NO DATA AVAILABLE				
Hampshire Fire Authority	AGREED BY HFRA	52.11	52.11	1.6%	1.6%
Hampshire Police Authority	AGREED BY HPA	113.76	113.76	5.0%	5.0%
Hampshire County Council	Recommendation of Cabinet/Executive	869.40	869.40	3.5%	3.5%