Bournemouth Council Budget 2015/16

Statement by the Leader of the Council, Cllr John Beesley

I am pleased to propose the 2015/16 Budget to the Council.

A key principle in setting this Budget and maintaining the Medium Term Financial Plan is that it will underpin the Council’s ambition for the Town and its services for residents.

The vision to be a “top performing, efficient Council, leading Bournemouth to greater economic prosperity” sets the scene for how we will organise and focus our resources.

Ambition 2020 – Building a Better Bournemouth, approved by the Council on 17 June 2014, highlights the Council’s commitment to four key priorities:–

- An Efficient Council
- An Active Community
- An Improving Environment
- A Thriving Economy

We have maintained our ambition despite the increasingly difficult financial climate for Local Government, especially for Unitary Authorities.

As expected, the Local Government Financial Settlement saw our Government funding significantly reduced again. This time by £10million. Despite this, for the fifth year running there will be no increase in Council Tax bills for Bournemouth residents. The Council has had a clear ambition both to maintain frontline services, and equally to ensuring that Council Tax payers are not burdened with additional cost, and for 2015/16 we are able to continue with that strategy.

As a Council, we recognised some years ago that we would need a strategy to address the impacts of both unprecedented reductions in funding and increased service demand, to ensure certainty regarding our financial sustainability. We have remained true to this strategy.

We have chosen to invest rather than withdraw or reduce resources to ensure the Council, and our local economy, are positioned well to ride out the aftermath of the recession. We recognised that our strategy needed to ensure a long term, sustainable future for the Town. The timing of our actions has been crucial and to have delayed would have been a serious mistake. We only need to look at the Bournemouth skyline to see that the private sector has responded to our message of confidence. Investment interest in Bournemouth has probably never been greater.
We know that whoever is successful in the General Election in May, the likely outcome for Local Government is uncertain. Despite the financial pressure we face, we are better placed than many other Local Authorities. However, the ongoing constraints on funding will mean our opportunity to invest in new initiatives will require even more innovative thinking and may increasingly be focused on those that deliver the best financial return alone.

The decision to freeze Council Tax yet again does not come without a consequence to our Council Tax base position. However, I recognise the role we must play in supporting the residents of Bournemouth in this period of austerity. By not increasing Council Tax we can be sure that this will bring some welcome support to many working people during these continuing difficult times, as well as to many retired people who are struggling on their pensions and savings.

Had we increased our element of the Council Tax each year to within the referendum limit since 2011/12, a band D Bournemouth Council Tax payer would be over £150 per year worse off than they are now. To achieve this, we have frozen Council Tax bills through reducing by 1.2% the amount raised by the Council over the past three years, one of only two Unitary Councils in the country to do so.

I am pleased that as a result of a clear financial strategy we are in a position to take such action again this year despite the cumulative impact this will have on the base budget in future years. Taking freeze grants each year has meant that we have needed to work harder than most to balance the budget, as we would be collecting over £8.7million more in Council Tax in 2015/16 had we not accepted them.

The Government has been very clear that they expect Councils, as well as the Police and Fire Authorities, to take Council Tax Freeze Grant and do everything possible to ensure that Council Tax bills are not increased. It has been very disappointing that there has again been an increase in the precept levied by the Fire Authority in Dorset, this time by 1.89%. This means that over the three years 2013/16, the Fire Authority will have increased their compounded precept by 12.4%.

Having studied the financial proposals from the Fire Authority I can see no justification at all for any increase and cannot understand why they are not taking Council Tax Freeze Grant from the Government. I would like to thank those Bournemouth Members who have done their utmost to hold the proposals to account in the best interests of taxpayers across Dorset.

On the other hand I commend the Police & Crime Commissioner and the Dorset Police Panel for their decision to freeze the Police precept for Dorset. This is a fair and sensible decision and I express the hope that it will be recognised and acknowledged by residents in Bournemouth and across Dorset for being the right thing to do.

In addition to freezing Council Tax, our priority has also been to avoid reducing frontline services. This will be particularly welcome in the present economic climate where the elderly, the vulnerable and struggling families need support from the Council as never before.
We have worked hard to ensure that Bournemouth Council is in a stable financial position. Due to careful financial planning and despite receiving much less Government grant funding, year on year in each of the last five years, we have been able to balance our Budget. In turn, our financial success as a Council strongly supports residents and the local economy in Bournemouth.

For 2015/16, we will see a further reduction of £10 million (15.8%) to spend on local services for residents. Of this, the Revenue Support Grant for 2015/16 will now be £25 million, a reduction of over £9 million (26%) in comparison to 2014/15. Further cuts are expected for 2016/17, but given the level of Revenue Support Grant received now, at least future cuts, if at the same level, will become a smaller proportion of the whole.

In addition to the changes seen to our Revenue Support Grant I need to comment on the changes in the business rate retention system. The promises surrounding the benefits of partial retention of business rates have not materialised, with the passing of a proportion of the financial risk of backdated appeals onto the Council. We now find ourselves funding repayments of business rates going back to 2010. It is hard to believe that the Government intended this outcome which presents an unfair and imbedded disadvantage to Local Authorities in their ability to deliver services out of further reduced resources.

However, Local Government finance will still be a probable target towards balancing the nation’s deficit whoever forms the next Government. We are only part way through the austerity programme and I am expecting that a future Government will again turn to Local Government to deliver further savings.

The scale of recent reductions to our funding is significant and amounts to over £41 million being removed from Bournemouth’s income in a few short years, a total loss of 50% overall and far worse than the 28% originally promised by the Government in setting out its Comprehensive Spending Review plans in 2010. In addition, the effects of cost shunting continue to exert pressures on the Council’s finances, especially in the area of Health.

Yet this year many Councils and precepting authorities are increasing Council Tax to almost the 2% ceiling allowed by the Government and refusing the Government’s freeze grant because they maintain that they will not be able to balance their budgets once these time-limited support grants run out in future years, due to the erosion of the Council Tax base.

However, I reiterate what I said last year - Bournemouth is not in the same position due to the Financial Strategy we have been following since 2007.

In 2007 the Council embarked on and will continue to embed, a programme of efficiencies founded on:-

- Achieving financial and budget stability through prudent and rigorous financial management and control.
• Driving out sustainable savings and efficiencies by thoroughly reviewing the costs and effectiveness of all services.

• Reducing waste and seeking further efficiencies in all services.

All these actions are reflected in the 2015/16 Budget, which, at this time last year, showed that a funding gap of £18 million needed to be addressed. Through the hard work of Portfolio Holders and Officers throughout the course of the past year we have closed this gap. The work has been detailed, in depth and at times very challenging, yet we have maintained focus and have again delivered a balanced budget.

In doing so, we have recognised that it remains right to continue using the reserves we built up between 2007 and 2013. This provides a risk buffer for the uncertainties of the Care Act and increasing demand for Adults’ and Children’s Social Care. We will therefore be continuing to apply the Council’s reserves to fund this expenditure and to act as an in-year contingency as necessary.

There has been speculation recently about the Mouchel partnership, much of which has been wholly inaccurate. Together with a core team of Officers and Councillors, I was one of those closely involved in the negotiations at the outset. It therefore follows that I am fully aware of the detail of the partnership contract and the financial and service improvement benefits it is bringing and will continue to bring to both the Council and to Bournemouth residents. In my role as Portfolio Holder for Resources, the Council would rightly expect me to be constantly and closely involved in the monitoring of the partnership contract, as I have been since its inception. In terms of renegotiation of parts of the contract from time to time, as circumstances have changed, I have ensured that I have led on this with our Officer team at every stage, whenever it has been in the interests of Bournemouth to do so. I am pleased to clarify that in its first four years, the partnership with Mouchel has delivered over £10 million of savings to the Council whilst at the same time improved services to our residents. In a complex and varied partnership such as that with Mouchel, specific monitoring and performance management processes are put in place, and include regular Partnership Board meetings. This performance monitoring examines service delivery, service improvements and financial savings to date, as well as providing a platform for constructive challenge where necessary. I am confident that these arrangements are entirely appropriate and that the partnership continues to deliver both significant financial savings and service improvements, in addition to creating 154 new and sustainable jobs in Bournemouth, with more on the way.

For the avoidance of doubt, I am not aware of any fundamental issues around the contract with Mouchel having been raised by Council Officers over the past three years, nor currently. As I have repeated elsewhere, it is for Members to scrutinise the performance of the partnership at any time through the democratic process. This can be done through the Audit & Governance Committee or the Administration & Resources Overview & Scrutiny Panel as appropriate. It is a matter for those bodies to determine how often they wish to do so, in holding both me and Mouchel to account.
Despite the Council achieving in-year savings of £47million since 2007, the next few years remain extremely challenging. I am confident though that Councillors and Officers have what it takes to deliver a further £24million of in-year savings by the end of 2015/16.

This means that by the end of 2015/16, we will have achieved cumulative savings of £222million since 2007, towards our target of £326million by 2020.

This has ensured that the Council is able, to broadly sustain the current level and quality of the services it provides for residents. This prudent approach has allowed the Council to build general reserves and balances over time, ensuring that we could manage the financial strategy through the medium term. This strategy is now proving to have been sound as the need to use reserves to smooth the current position emerges.

This Budget makes substantial provision, yet again, for the most vulnerable in our community. Over the last four years we have provided an additional £17.0 million for Adults’ & Children’s Services over and above the base Budget. A further £5.2million will be allocated for Adults’ and Children’s Social Care in 2015/16. This means that approximately 75% of the Council’s entire Budget next year will be used to meet the costs of these statutory, demand led services for adults and children, up from about 71% this year. We continue to meet the rise in the challenges presented by these areas which I believe is a test of an excellent Council; a test we are prepared to take on. These are very necessary, but costly services which the Council must shoulder in the absence of any national funding solutions to the burgeoning Adult Social Care problems we face nationally and, in particular, here in Bournemouth.

There will be no quick fix and we will continue to face challenges of this nature for some time to come, but our track record demonstrates that Bournemouth can meet these. The Care Act 2014 will come into force in April 2015 and is likely to present financial pressures which are difficult to quantify at the moment. This, along with the growing numbers of elderly people and the care they need, is a pressing and expensive concern here in Bournemouth. Whilst the number of Looked After Children has hopefully reached a plateau, the nature and complexity of many of the current cases is severe, resulting in the need to commission high cost care packages. Additional funding will be included within the base budget and a review of commissioning will be undertaken to mitigate this ongoing pressure.

Whilst we continue to bear down on spending, we must not forget the additional investment made by the Council over the past 6 years in addition to the base budget to support important priorities. These include £ 8.45million within the Road Rescue Fund, the Community Action Fund and the Recession Fund.

- Road Rescue Fund
  The Smarter Streets campaign and Road Rescue Fund has continued to bring Bournemouth’s roads up to an improved standard through the allocation of almost £3.7million of new funding by the Council over the past 6 years. This has enabled the Council to target a variety of works, from repairing potholes, refreshing road markings and re-painting lamp columns, to major resurfacing and re-construction works.
In addition, Government funding of almost £350k through a Council bid, has allowed us to carry out essential surfacing and remedial works in priority areas throughout the Town, with particular attention given to Throop Road, Holdenhurst Village Road and the rural section of Muscliffe Lane.

- **Community Action Fund**
  In excess of £1.75million has been spent on priority works within Bournemouth to deal with community issues which would otherwise have been unaffordable within service budgets. This has enabled the Council to concentrate on anti-social behaviour and related issues to keep Bournemouth safe and attractive to residents and visitors to the resort.

- **Recession Fund**
  The Council has invested in the local economy throughout the recession and has spent almost £3.0million through the Recession Fund on a variety of initiatives. Some of these have been through the Council itself and others with outside bodies such as the Chamber of Trade and the Bournemouth Tourism Management Board.

Other initiatives include:-

- **The Local Welfare Assistance Fund**
  This was established to provide support for the most vulnerable members of the community when confronted by an urgent need resulting in a period of financial difficulty. We continue to work with The Costal Credit Union and the CAB to ensure that the necessary support is available when it is most needed, for those Bournemouth residents requiring financial and debt management advice.

- **Seafront Strategy Funding**
  The Seafront Strategy encompasses the entire seven miles of Bournemouth’s unique seafront. It sets out our ambition to deliver economic growth which will sustain and power the local tourism economy for future generations. We have made a bold start with work to complete phase 1 of the regeneration of Pier Approach to create a world-class quality gateway to the seafront. Over the next 15 years the Seafront Strategy will be used to guide investment decisions on the seafront and attract businesses to invest in tourism and create new and sustainable jobs. The Seafront Strategy is central to helping the town achieve its ambition to be Britain’s premier resort, competing with the best in Europe.

- **Street Lighting Investment**
  During 2015, the Council will complete an ambitious project to replace all the Town’s street lights with over 16,500 LEDs. The option also includes the replacement of 1,000 lighting columns and over 1,600 lit signs and bollards. The Council has taken the opportunity to bring Bournemouth’s lighting design in line with current standards which will result in a 73% reduction in electricity usage and a yearly saving of 3,700 tonnes of carbon, 19% of the Council’s current total carbon output.
Digital by Default
The implementation of a new online method of accessing services through Digital by Default will enable customers access to services online and to track the progress of their enquiries. The Council will use the same online technology to provide supported access for those who require it.

Festivals
The Air Festival is globally recognised as the UK’s and Europe’s most popular Festival, and last year attracted some 1.2 million visitors. The unique offer of Night Air sets the Festival apart. It is recognised by all three of the Armed Forces to be the number one event in which to be involved, both for their public engagement work and for recruitment. My special thanks go to Commodore Jamie Miller for playing such a significant role in making the Festival what it is today in this its eighth year.

The Arts by the Sea Festival is a nationally recognised Festival and has been given National Portfolio Organisation Status by the Arts Council England. It engages national, regional and local artists and performers, reaching out to a wide audience.

The Wheels Festival has already established itself as a major Festival in the region, attracting an estimated 500,000 people in year one and the likelihood of more this year as a significant boost to the start of the summer tourism season.

Bournemouth’s Council Housing is continuing to perform very well, with exceptionally high levels of resident satisfaction and good levels of rent collection. The proposed rent increase for 2015/16 of 2.8% or £2.33 per week on average is the lowest for 5 years but will still produce a reasonably healthy financial position within the Housing Revenue Account. Some rents are still below their target rent as it is proposed to cap rent increase at £4 per week, but those tenants who would otherwise see higher rent increases will have their financial burden eased by this lower cap.

A positive financial outturn each year from the Housing Revenue Account enables sustained funding for improvements to the existing housing stock and to fund other wider council housing priorities such as the purchase of HMO’s for conversion into self contained flats in Boscombe. We have also bought back 10 existing homes and have recently purchased 5 former Police Houses in Boscombe, currently undergoing complete refurbishment and to be let as family council homes.

Our Council Housing new build programme is thriving with 66 new homes being completed this year alone. More schemes are being progressed for future years. It is particularly encouraging that some of these homes are being built by our own workforce. Affordable Housing development is important for Bournemouth in many ways, not least by creating employment and apprenticeships and as a stimulus to the local economy. Primarily of course, every new home means a reduction in the Housing waiting list and another priority family or person housed by the Council.
Having brought forward the second phase in our Financial Strategy during 2013/14 we can see the benefits of this as we:

- Continue to safeguard priority services without increasing Council Tax again this year.

- Continue to secure the early delivery of the Council’s strategic housing ambitions, both in terms of building Council housing through investment from the Housing Revenue Account or through market housing in the private sector, particularly that which is affordable to first time buyers.

- Have facilitated growth and investment in the Town to support economic development and regeneration, and to support the private sector in creating sustainable employment.

- Have driven forward the Council’s commitment to improving the quality of life in the most deprived areas in Bournemouth, especially in Boscombe and West Howe over a shorter time-scale than previously planned.

- Continue with the delivery of further organisational change within the Council, driving out further savings and efficiencies wherever possible.

- Are seeing tangible financial returns and added value from the Council’s existing partnerships with BH Live, the Bournemouth Development Company and Mouchel.

- Now have the commercial platform to diversify the Council’s revenue base to secure alternative sources of income to better support the Budget position in future years.

The die is cast for future Government funding of Councils so it has been crucial for us to lay the foundations early to enable our ambitious plan for economic growth and investment to deliver our housing and regeneration plans for the Town. We can already see the positive impact this has had in driving recovery and shaping community regeneration by looking at the development coming forward in the town centre. The Council has been a major catalyst for this and we shall be spending even more time and resources on attracting investors to Bournemouth in the future.

This confidence has been further reflected in the funding we have received from the Government, where we are now progressing with significant investment in Recycling Facilities, Public Transport, Highways, and Tourism.

We have significantly progressed the platform from which to launch our commercial aspirations. The internally facing Bournemouth Building Maintenance Limited went live on 1 October and will be fully operational, along with the externally facing building company, in April 2015. These two wholly Council owned companies will be the initial step in offering profitable trading to enable reinvestment back into the Council. In addition, the companies offer scope for the Council to undertake the building out of sites included within the inward investment strategy itself.
The first project in this portfolio, the Durley Chine development, is underway with further projects being worked up over the months ahead.

The Bournemouth Development Company with its pipeline of projects offers further opportunity for the Council to benefit from controlling the development of its own sites. The Madeira Road scheme included student accommodation for 378 students at Bournemouth Arts University and a new multi-story car park. The Citrus Building at Leyton Mount is now nearing completion with 54 of the 64 flats either sold or reserved. Further projects are now being developed for the provision of new housing in the Town Centre. At the same time we are incorporating new car parking provision into these schemes overall in order to protect the retail and tourism economy in the town centre. Through the Bournemouth Development Company, the Town Centre Vision is now delivering the outputs for which it was set up and enabling Bournemouth to be right at the top of the national league for inward investment. Together with the private sector there is probably about £180million of gross development value being undertaken currently in the town centre with much more pipeline investment on the way over the next two years.

Of course it's not only about what is happening in the town centre, but across the rest of Bournemouth as well, where we have seen substantial investment in a variety of developments from both the Council and the private sector. In Kinson these have included Pelhams Park Leisure Centre and the Kinson Hub, as well as the new Tesco store and a major new housing scheme at Duck Lane. In Boscombe there has also been continuous investment in a number of housing schemes, as well as developing the shared space in the Precinct, improving the Crescent and most recently providing new facilities in the former Argos building. In addition, at Hengistbury Head we have the superb new Visitor Centre which has been truly successful in involving the community through both its local visitors and volunteers.

The Bournemouth Community Finance Company, set up to provide accessible mortgages for first time buyers, as well as loans to small and start up businesses, plans to submit its application for a full banking licence during 2015/16. This initiative will help to create greater movement in the housing market to the benefit of residents and the local economy as a whole. It will also allow us to make a real difference in how we are able to support young people leaving our schools, colleges and universities who want to live and work in Bournemouth, and add to the economic vibrancy and wellbeing of the Town in future years. I am delighted that we have been able to make such progress as we have moved out of the recession.

In conjunction with Dorset County Council and the Borough of Poole we will be creating a Local Authority Care Company which has a projected turnover of £37million. This will not only benefit all partner Authorities but will create a significant, well placed employer within Dorset.

The future relationship and respective responsibility between Health and Local Authorities will be an interesting dynamic that the new Government will need to address. The Better Care Fund has not created the financial benefits originally envisaged, more a passporting of existing resources. Expectations of this changing through the national mechanism are low and any gains will rely on locally working together.
Despite this, the transfer of Public Health duties to Local Government from April 2013 continues to go well with the Public Health Dorset agreement being extended and the commissioning of 0-5 year olds being transferred from NHS England to Local Authorities in 2015/16.

We know that public finances will remain under extreme pressure for the foreseeable future and that the Council expects further cuts in Government funding on an unprecedented scale. Our current forecast for the next three years anticipates a resourcing gap of £18.3million by the end of 2017/18. However, we need not be daunted by the challenge this represents. The Council has a proven track record of managing through adversity and balancing its financial position year on year. This year we have achieved even more and have been able to continue to offer a small but important financial contribution by freezing Council Tax bills again which will be welcome to all those struggling to make ends meet in these continuing difficult times for many local residents.

Given the uncertainties regarding the current and future Local Government funding landscape, the Budget I am presenting to the Council today is financially sound, continues to deliver front line services, supports those residents most in need in our local community - the elderly, the vulnerable and children here in Bournemouth - and recognises the financial strain still affecting many families.

Looking to the future, the ongoing rolling out of our Financial Strategy means that we have been able to create the potential for substantial and sustainable growth in the Town, to the benefit of all Bournemouth residents over the next few years.

I commend this Budget to the Council.

Cllr John Beesley
Leader of Bournemouth Council

24 February 2015