Statement by the Leader on the Bournemouth Council Budget

It is with great pleasure that I propose the 2012/13 Budget to the Council.

For the second year running there will be no increase in Council Tax. This will be a support to many working people during these difficult times as well as to many retired people who are struggling on a pension. We are in a position to take the government’s Council Tax Freeze Grant again this year despite the impact this will have on the base budget next year and in future years. Similar to the pressure which will be caused when the current year’s Council Tax Freeze Grant is discontinued in 3 years time, next year’s one year Council Tax Freeze Grant will mean that some £2 million will be removed from the Council’s budget for 2013/14.

In addition to frozen Council Tax, the other good news for the residents of Bournemouth is that despite the severe austerity measures being taken by the government and many other councils up and down the country, it will not be necessary to consider cutting services. This is particularly welcome in the present economic climate where the homeless, elderly and struggling families need support from the Council as never before.

The message is clear - we don’t need to cut services next year and we don’t plan to cut services in future years.

We have worked hard to ensure that Bournemouth Council is in a relatively strong financial position. Due to careful financial planning and despite receiving much less government funding we have been able to balance our budgets. In turn, our financial success as a Council supports residents and the local economy of Bournemouth. This has been achieved despite a 14.9% cut in our government grant in the current year (£12.33 million) and a further cut of 8.3% this coming year (£5.87 million). That’s over £18 million removed from Bournemouth’s income in just 2 years, reducing government grant from £82.9 million to £64.7 million.

Yet many Councils face a far greater financial plight arising from government grant cuts. So much so that some are increasing Council Tax to the 3.5% ceiling allowed by the government and refusing the government’s freeze grant because they will not be able to balance their budgets once the grant runs out next year.
Bournemouth is not in the same position as we have adopted a financial strategy since 2007 to ensure long-term budget sustainability.

In 2007 the Council embarked on a programme of efficiencies founded on:-

- A prudent approach to the budget
- Firm budget management
- A thorough review of service costs
- Reduced bureaucracy

These foundations have created savings of just over £32 million since 2007 which has ensured that the Council can sustain the current level of services. It has also provided balances of £19.5 million to allow the Council to face the future with confidence in what will be an increasingly uncertain financial climate.

We anticipated the need for public expenditure constraint would lead to our grant from government being cut and we made provision for that. Yet last year's announcement of a 14.9% cut exceeded our worst fears and had to be accommodated by the use of £3m of balances for the current year at a time when we were still forecasting a £10.5 million deficit on the General Fund over the following 2 years.

I am pleased to report that the Council has recovered from the grant cuts of last year and the forecast deficit over the next 2 years has been reduced to £2 million. That potential deficit arises as a result of the current uncertainty throughout Dorset over health funding for adult community care and the continuing upward trend in the number of children being taken into care. If it becomes necessary, these pressures will be met from the increased level of balances in order to ensure that front line services do not suffer.

Looking further forward it is vital that the Council succeeds in transforming the delivery of its services such that significant savings are made without undermining our commitment to the residents of Bournemouth. Our partnership with Mouchel is the foundation upon which services will be transformed and savings made. Despite the delays in bringing services into the partnership,
those savings will put the Council in the best possible position to protect and positively transform frontline services in the future.

Thanks largely to this ongoing work, we will continue to invest in areas that are important to residents such as tackling anti-social behaviour, cleaning up our streets and neighbourhoods, improving roads and pavements and supporting jobs in the local economy.

There are many uncertainties ahead, but Bournemouth is now well placed to address them. The government’s proposed changes to the Health Service and the impact on care services as well as the growing numbers of older people and the care they need are a real and expensive concern here in Bournemouth. The growing numbers of children being taken into care – up from 200 to 250 in the space of a year is a worrying additional cost for which we must provide. The agenda for schools is also uncertain as more and more seek to become academies and it is yet to become clear what responsibilities will remain with local authorities and what level of funding will be allocated by government. We have made some provision for these demand led pressures but more may be required.

The government has not yet told Councils what to expect in their grant settlements for 2013/14 or the following year. With growing national and international concerns about sovereign debt, further and deeper cuts in government grants to local authorities cannot be ruled out and further provision may need to be made for this in the Medium Term Financial Plan.

The budget I am presenting to the Council today is financially sound, protects front line services, supports those residents most in need in our community - the elderly, the vulnerable and children in Bournemouth - and recognises the financial strain affecting many families in these difficult times.

I commend this Budget to the Council.

Cllr John Beesley
Leader
Bournemouth Council

21 February 2012