Statement by the Leader - Bournemouth Council Budget 2014/15

I am pleased to propose the 2014/15 Budget to the Council.

For the fourth year running there will be no increase in Council Tax bills in Bournemouth. This has been made possible by our proposal to reduce the Council’s share of the bill for Council Tax by 0.4%, on top of the 0.7% reduction this year, making a total cut in Bournemouth’s Council Tax of 1.1% for the two years. The financial cost to the Council’s base Budget is a further £300,000 in addition to the £500,000 that this cost in the current year, and we have done this to compensate for the increases levied by the Police and Fire Authorities.

The Government have 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 have again been increases in the precepts levied by both the Police & Crime Commissioner and the Fire Authority in Dorset, this time by 1.96% and 1.93% respectively. This means that over the two years 2013/15, the Police will have increased their compounded precept by 4.0% and Fire by 10.3%. I have studied the financial proposals from both the Police and the Fire Authority and can see no justification at all for any increase and cannot understand why they are not both taking Council Tax Freeze Grant from Government. I would like to thank those Bournemouth Members who have done their utmost to hold both proposals to account in the best interests of taxpayers across Dorset.

Through Bournemouth Council ensuring that Council Tax bills will remain frozen for the fourth year in a row, we can be sure that this will be a welcome support to many working people during these continuing difficult times, as well as to many retired people who are struggling on their pensions. I am pleased to report that we are in a position to take the Government’s Council Tax Freeze Grant again this year despite the cumulative impact this will have on the base Budget in future years. This pressure will amount to a further 5% reduction in funding by the end of 2014/15, equivalent to a loss in local funding of £3.6million.

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 by many other Councils up and down the country, again it will not be necessary to consider cutting front line services in Bournemouth. 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.
The message is clear – once again, 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 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 supports residents and the local economy in Bournemouth. Our achievement has been despite the substantial year on year cuts made by the Government to our core revenue grant since 2010/11. This means a further reduction of almost £7.4million (10.6%) to spend on local services for residents in 2014/15, and yet another cut in our grant proposed by the Government for 2015/16 of £9.7million (15%). That amounts to nearly £39million removed from Bournemouth’s income in a few short years, a total loss of 47% overall – 3% more than the average for all Councils – and far more of course, than the 28% originally promised by the Government in setting out its Comprehensive Spending Review plans in 2010.

Yet many Councils and precepting authorities face a far greater financial challenge arising from Government grant cuts, in many cases due to their delay in commencing an efficiency and transformation programme as radical as that adopted by this Council. So much so that some 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.

Bournemouth is not in the same position due to the Financial Strategy we have been following since 2007 to ensure long-term budget sustainability.

In 2007 the Council embarked on 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, bureaucracy and red tape wherever we find it

This work has led to savings of nearly £37million since 2007 with a further £34million scheduled over the next three years. I am delighted to say that this means we are on track to achieve our target of £326million in savings and efficiencies by 2020/21 as planned. This has ensured that the Council
is able to sustain the current level and quality of the services it provides for all residents. Of course it also allowed us to prudently build general reserves and balances over time, ensuring that the Council could manage its financial strategy over the medium term. At the same time this has ensured that the Council could remain confident in its ability to successfully deliver an ambitious agenda for the Town, despite the demanding financial times.

Thanks largely to this ongoing work, we will continue to invest additional resources 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. I am pleased to be able to announce that in addition to the base Budget, funding for 2014/15 will include:

- Road Rescue Fund of £1.0 million to continue to tackle the urgent repair of potholes and other damage caused by the severity of this past winter, as well as further resourcing the successful Smarter Streets programme.

- Recession Fund of £500k to continue to give support to initiatives which will help stimulate growth and jobs in the local economy.

- Community Action Fund of £290k to continue to fund additional measures to combat anti-social behaviour and other priorities in the local community.

- Local Improvement Fund of £81k for Members to spend in their Wards on the smaller things that matter to local residents. A further £9k will be made available to support events to commemorate the start of WW1.

Having built a strong foundation, we successfully brought forward the second phase in our Financial Strategy during 2013/14. This has enabled us to buck the national trend, and to:

- continue to safeguard priority services without increasing costs to local Council taxpayers again this year. The exception to this is where services have been provided at less than cost, or below the charges made by other Councils, to people who can afford to pay enough to cover the cost of the service. Most service users will be unaffected;

- 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, especially that which is affordable to first time buyers;
• facilitate growth and investment in the Town to support economic development and regeneration, and to support the private sector in creating sustainable employment;

• drive 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;

• ensure the delivery of further organisational change within the Council, driving out further savings and efficiencies wherever possible;

• gain the best overall value for money and added value possible from the Council’s existing partnerships with BH Live, Bournemouth 2026, the Bournemouth Development Company and Mouchel.

• look to diversify the Council’s revenue base to secure alternative sources of income to better support the Budget position in future years.

This is an exciting and ambitious plan for economic growth and substantial inward investment to deliver our housing and regeneration plans for the Town. It clearly demonstrates our understanding of the hugely positive role that can and should be played by local Councils in driving recovery and shaping community regeneration in the absence of private sector growth and expansion in these continuing difficult economic times. The need for Councils to act in this way to support economic recovery fully reflects the Government’s agenda. The Government and other key agencies have repeatedly demonstrated their confidence in the ability of this Council to deliver, investing more than £45million over the past 18 months in important new schemes in services such as Waste and Recycling, Public Transport and Highways, and Tourism.

In taking forward our financial strategy we have been very keen to think innovatively about how we can do things differently and benefit from the creation of new income streams to offset the large losses in Government funding and the reduced value of Council Tax receipts through inflation. We are focussed on doing this to ensure the Council can better serve Bournemouth’s residents and allow us to provide the services they depend on now and in the future. With this in mind we created the Bournemouth Group during 2013/14 which provides a new structure within which to operate a series of Council owned Companies. These will be able to act commercially to the benefit of the Town, unencumbered by the trading restrictions otherwise imposed on the Council as a provider of public services. This new freedom to act will allow us to generate revenues that will go to support the future costs of public services that might otherwise fall
as an increased burden solely to our local Council Tax payers. The first Company to be created within the Group is the Bournemouth Community Finance Company.

The Council committed £15million to support the development of this initiative when setting the budget last year. The Company will provide accessible mortgages for first time buyers, as well as loans to small businesses and local entrepreneurs who need help to get started but can’t access the finance they need from the banking sector at this time. The Company will begin lending in April 2014 and 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 and universities who want to live and work in Bournemouth, and add to the economic vibrancy and well being of the Town in future years. I am delighted that we have been able to make such speedy progress and I expect us to be in a position to bring forward other Companies, which are now in the initial planning stages, just as quickly during 2014/15.

In addition, we are bringing forward our new strategic public/private partnership with Legal & General Property, with total investment of up to £300 million. The first programme of work (worth £25million) was approved by Cabinet in December and is about to be implemented. The initial programme will see a further 100 new affordable homes being built over the next two years as well as helping us to address increasing demands for specialist dementia care by financing the development of a new, purpose built, 60 bed care unit in Kinson. Again, investment of this kind will help the Council to better serve its community and enable us to become more self sufficient financially, reducing our exposure to future Government funding cuts and easing the burden for local Council Tax payers.

This Budget also makes substantial provision, yet again, for the most vulnerable in our community. Over the last three years we have provided an additional £14.5million for Adults’ & Children’s Services over and above the base Budget. A further £2.5million will be allocated for Children’s Social Care in 2014/15. This means that approximately 64% 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 60% this year. 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.
In addition, we recognise that Welfare Reform, Universal Credit and the imposition of the Government’s Local Council Tax Reduction Scheme may cause hardship for some. Although there is no direct requirement by the Government for the Council to do so, we set aside £1.0 million to establish a Local Welfare Assistance Fund to provide targeted relief in 2013/14 as needed. Based on our experience of actual take up during the current year, and being mindful of competing and pressing financial priorities, we are making provision for this of £750k to be able to meet demand in 2014/15. However, we will provide further support should it be required on the introduction of Universal Credit through the deployment of the Welfare Reform Reserve of £500k. Very few authorities are able to act in this way at this time. We are committed to ensuring we support the most vulnerable members of our local community to the best of our ability, particularly in the areas of housing and homelessness that might follow from the change to a system of Universal Credit. We will continue to work closely with third sector providers such as local Credit Unions, to provide practical support and advice to those who are struggling the most with these changes being made by the Government.

There remain many uncertainties ahead, but Bournemouth is well placed to address them. The transfer of Public Health duties to Local Government from April 2013 has gone well, but the growing numbers of elderly people and the care they need, are a pressing and expensive concern here in Bournemouth. The ‘Better Together’ Programme, one of only two programmes nationally to receive such a high level of Government support, will help us to mitigate future pressures, but this issue will remain a pressing matter of concern for all in Local Government for the foreseeable future. The numbers of children being taken into care in Bournemouth have further increased to 280 in 2013/14, and as I have announced, there will be an additional allocation of £2.5 million for 2014/15 to reflect this increase in demand. However, high unit costs mean that even a slight increase in numbers can cause significant financial pressures in the system. We have put in place a robust risk mitigation strategy to manage the potential financial impact of numbers increasing further during 2014/15 but clearly this remains a matter of concern and will be kept under close review.

We know that public finances will remain under extreme pressure for the foreseeable future and that the Council expects further cuts in Government funding of approximately £10 million next year as a result. Our current forecast for the next three years anticipates a cumulative resourcing gap of £40 million by the end of 2016/17 as things stand. 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 make a small but important financial contribution back to the taxpayer which will be welcome to all those struggling to make ends meet in these continuing difficult times for many local residents.

The Budget I am presenting to the Council today is financially sound, protects 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 affecting many families.

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

I commend this Budget to the Council.

Cllr John Beesley
Leader
Bournemouth Council

25 February 2014