



CHAIRMAN OF STRATEGY COMMITTEE: COLIN SPENCE

BUDGET STATEMENT FOR COUNCIL **ON 28 FEBRUARY 2003**

This is the fourth budget statement that I will make to this Council as Chairman of its Strategy Committee, in this the final year of the current term of this Council.

This budget is the culmination of a great deal of hard work over the last year on the service and financial planning process by both officers and Members. It has been a different and well-structured process, which has involved Members throughout the year. In the summer the two Overview and Scrutiny Committees gave detailed consideration with Management Team and the Heads of Service to the Council's performance and the service and policy issues for the future.

Those Committees considered Business Case Assessments for possible service improvements to meet and support the Council's objectives, and both Committees suggested what they saw as the Council's priorities for service improvement. Those priorities were considered by the Strategy Committee in September, along with a careful consideration of the Council's vision, purpose and objectives, and recommendations were made to the Council in October on the policy and budget framework for next year.

That was the meeting at which the Council held its first ever "State of the District" debate. Members will recall that we had a thorough and interesting debate about the needs of the District, how we were working with others to achieve our objectives, and what more we should do to improve services for our public. That was all linked to a consideration of our financial position and the financial pressures facing the Council for the coming year.

At the end of that meeting the Council decided on a "vision" and confirmed that its "purpose" and "objectives" were still relevant. The priority service improvements were agreed for possible inclusion in the Council's final budget and a decision was made to both inform and consult the public through "Babergh Matters" in November.

"Babergh Matters" included a 4-page article on the Council's performance, financial position and suggested service improvements, as well as the potential implications for Council Tax. It also included a consultation questionnaire on those issues, which was returned by 2,300 (6%) of the households in the District. They told us that:

- residents are satisfied with the Council's performance;
- they believe that the Council is achieving its objectives;
- the priority service improvements are supported;
- recycling, public transport and conservation were felt to be particularly important;
- and many would prefer services to be funded from Council Tax rather than charges.

As regards the balance between service provision and the cost to the public through Council Tax, the response was that:-

- 21% wanted the Council to maintain services, meet commitments and improve some services, even if the Council Tax increase was at least 14%;
- 55% wanted the Council to maintain services and meet existing commitments, even if the increase was at least 10%;
- and finally, 24% wanted to reduce services to a level which enabled a Council Tax increase of no more than 10%.

Whilst that was not a referendum, it was useful for the Strategy Committee to know the public's views and to know that three quarters of the respondents wanted the Council to at least maintain services, even if the Council Tax increase was at least 10%. It was also useful to know that they considered the suggested service improvements to be important.

The Strategy Committee gave very careful consideration to the budget for next year, and I am pleased to be able to say that the proposed budget of £8,291,000 is £166,000 less than anticipated in October. This is partly due to additional specific grant on housing benefit administration, but it is also due to other factors, such as additional income from land charges and local taxation, and to officers keeping to the policy and budget framework which was supported by the Council in October. The final outcome is an increase in the budget of 9.9% and the following are the most significant reasons for that increase:-

- **Inflation**, with a large proportion of the Council's budget being staff related. Provision has been made for a 3.5% pay award for next year and, in addition, there is a need to provide for the under-provision in the current year when pay awards averaged 4% rather than the 3% provided for in the 2002/03 budget.
- **Existing commitments**, most of which are necessary to meet statutory requirements, total £540,000 and 7.2% of the current year's budget. This is substantial and includes:-

- recycling and the new Pink Bag arrangements
 - the preparation of the Local Plan
 - the District elections in May
 - an increased take-up in concessionary fares, including the lowering of the age for men from 65 to 60
 - the increase in National Insurance rates from April
 - and the phased increase in pension contributions to remove the deficit over a number of years.
- **A reduction in use of reserves** on a phased and prudent basis, both for next year and future years. Last year it was decided to take a substantially increased amount of £750,000 from reserves in order to keep the Council Tax increase to 7.9% for that year. That was a perfectly sound financial decision, but it was taken in the knowledge that the amount to be taken from reserves would have to reduce in future years and that the reduction would have an effect on Council Tax in those years. The £90,000 reduction in the use of reserves for next year equates to a 1.2% increase on the Council's budget.
 - **Service improvements** supported by the Council in October, plus a few essential items that have arisen since then, total £173,000 and account for a 2.3% increase in the budget requirement. These improvements include recycling, conservation, concessionary fares, planning enforcement and partnership working.
 - **Additional income** and additional **specific Government grant on housing benefit administration**, which I referred to earlier, have helped to reduce the budget significantly by £222,000.
 - **Savings** of £142,000 and 1.9% of this year's budget have also been found during the budget process and these significantly benefit the overall position.

The General Fund budget is then, as you know, financed by a combination of Government grant and Council Tax. Last year the Council received the minimum increase in Government grant for District Councils of only 2.3%, but I am very pleased to say that under the new formula grant and with the additional population which was identified at the 2001 census, the Council has been given the highest increase possible of 9.6% and an additional £418,000 for the coming year. What is also pleasing to know, although we would have preferred the additional amount this year, is that under the new formula grant there should be a further £350,000 due to this Council in future years. But that is another year and an issue for the new Council to consider.

So, Madam Chairman, the Committee is recommending a budget which maintains and improves services, but at a lower overall cost than anticipated in October. Those improvements were supported by Members in October and they are clearly service areas which the public consider to be important for their quality of life.

After allowance is made for the increased Government grant and the income from additional properties, **the recommendation before you today from the Strategy Committee is that the increase in Council Tax for next year for this Authority should be 9.75%**. That is a lower increase than expected in October and I believe that it is a responsible budget and increase, both for next year and as a foundation for the future. It is a budget and an increase on which we have consulted with the Business Ratepayers, as we are required to do, and no adverse comments were received. The two Overview and Scrutiny Committees have also considered the position carefully and have supported the service priorities which are included in the budget and the recommendation of a 9.75% increase.

Madam Chairman, I have dwelt of necessity on the Council Tax position. However, I would now like to talk briefly about the increases for next year for our Council house tenants. Members will recognise from our discussions last year that we are now approaching the second year of the Government's rent restructuring requirements. Under those requirements, the objective is to bring the rents for Council and registered social landlords into line by 2011/12, and for similar rents to be charged for similar properties. The result of these long-term requirements is that rents will need to increase on average next year by 4.1%, but for some tenants the increase will be less and for others more. The Tenants' Forum has considered and accepted this increase.

Another important change for some of our Council tenants next year is the Supporting People arrangements. Under the Supporting People contracts, which are currently being finalised with the County Council for 2003/04, there will be different charges for the households in each of the Council's sheltered and very sheltered accommodation. In almost all cases, these charges will be higher than for the current year, but for existing tenants the charge will be no more than the current charge plus inflation. However, for new tenants the new charges will apply. In some cases they will be substantially different from the charges for existing tenants.

So, Madam Chairman, the recommendations of the Strategy Committee for a 9.75% increase for Council Tax and an average increase in Council house rents of 4.1% are included in Report B288 and the budget for 2003/04 which is before you today and which I commend to the Council. That report also includes the precept requirements for the other authorities and the implications for the Council Taxpayer. I do not think that it is appropriate at all for me, or for this Council, to comment on the requirements of the other authorities, but I would like to emphasise that:-

- this Council's requirements only account for 10% of the overall Council Tax bill;
- the amount required for each authority will be shown on the Council Tax bill, as it has been in recent years;
- the increase, for example, for a Band D property for this Council's services will only be £9.96 for the year (which equates to less than a 20 pence a week increase).

Those, Madam Chairman, are what I consider to be the main points of this year's budget and I would like to propose the recommendations in Report B288 and hope that they find a seconder. Both I or Mr. Kistner will be pleased to answer any questions on the budget, and copies of this budget statement will be given to Councillors at the end of the meeting, and made available to the media.

Colin Spence,
Chairman of Strategy Committee.
28 February 2003

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