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BY COUNCILLOR SEÁN WOODWARD

**EXECUTIVE LEADER
OF
FAREHAM BOROUGH COUNCIL**

Madam Mayor,

Once again I am very pleased to be able to formally present to the Council tonight, for the eleventh time my “State of the Borough” address as the Leader of Fareham Borough Council.

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As members will be aware the main purpose of this Special Council meeting is to seek final confirmation of the Council’s budgets and to set the Council Tax for 2010/11. I am sure Members will be delighted, especially if they have other events to get to later this evening, that in the prevailing spirit of austerity and recession my speech will be somewhat shorter than normal.

However, before these issues are considered in detail I would like to reflect on 2009 as we have faced some very significant challenges yet delivered some very tangible improvements for our residents.

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Reflecting on 2009

I would firstly like to present to you the good news and it will not surprise you that there is plenty of good news that I can refer to. As we have witnessed in each of the eleven years of this

administration, 2009 has shown how Fareham Borough Council is committed to continually strengthening the services we provide, focussing resources on the services that matter to our customers and delivering a sustained investment in the infrastructure of the Borough.

Madam Mayor, where the recession has curtailed investment and stymied improvement elsewhere in the public sector, the investment and commitment to improving the life experience in Fareham by Members and Officers alike sets this Borough apart from the rest. Here are just some examples of achievements during the last year, and this is by no means an exhaustive list.

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- Fareham in Bloom (Gold and overall winner in every category)
- 2 Green flag awards (Holly Hill and Sensory Garden)
- Tourism award from Tourism South East (new in 2009)
- Hammond Wing at Crofton Community Centre
- Vision for Older Persons' Housing in the Borough
- Agreed a 3-year Leisure for Health and Fun Strategy

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- Improvements to Public Conveniences
- Improvements at Town Quay (phase 2)
- Agreed scheme for East end of West Street improvement
- Life care plan for Osborn Road MSCP complete
- Advanced consultation on Residents' Parking

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- Deafplus Bus

- Forever Remembered
- Launch of new-look CAT meetings
- Climate Change Strategy and Action Plan
- Adopted the FSB Small Business Engagement Accord

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These are tangible improvements, recognising the role of the Council as Enabler, Service Provider and Public Servant. But of course these sit alongside the achievements we see every day, providing core services to individuals and local business. And it is the daily operations which make a considerable difference to people's lives.

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Economic Backdrop 2009

Delivering excellent services in 2009 has not been easy. The impact of the recession has been very significant. Income-generating services have seen sharp reductions in demand, returns on investments have fallen by at least one million pounds each year and, conversely, the demand for welfare-related services has dramatically increased.

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These examples (*reference slide*) show how services have been affected ...

- Planning applications (down by 37%)
- Land Charge searches (down by 35%)
- Returns on investments (down by 55%)
- Benefit claimants (up by 50%)
- Homelessness cases (up by 13%)
- Housing Waiting List numbers (up by 14%)

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It is estimated that this made-in-Britain worst recession in the world put a 1 and $\frac{3}{4}$ million pound "black hole" in the Council's finances. Add to this the impact of service improvements as I have described, the year on year rising cost of routine services and bailing out Government funding blunders such as concessionary travel, and I hope you will agree that it is nothing short of a miracle that services have not suffered deep cuts.

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The only way that this has been possible is by very prudent management of our finances; budgeting only for the necessities, being innovative with income sources, working in partnership to spend less through contracts and reducing red tape in the way we deliver services to customers.

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This is a sound approach and has reaped rewards in the past. Efficiencies of over £2m were delivered during the 2005 - 2007 Spending Review period and a further a £1.2m has been delivered since 2008.

And it is so very pertinent that we take this approach because the economic future only looks bleak for public sector services.

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There is one ray of hope though, Madam Mayor. It would seem that the Government has finally realised that boroughs know best, and have taken Fareham's advice on how to sort out concessionary travel funding after all. As you will recall, we led the charge on Westminster and thanks to an unequivocal argument the Government has agreed to pay Fareham an extra £450,000 of

special grant next year. This, of course, will go directly towards providing capital improvements in the Borough. It is only a shame that it took Labour 4 years to realise the error of its ways - an error that has cost the Fareham council taxpayer £1.3m.

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Medium Term Finance Strategy

Managing the finances is set out very clearly in the Finance Strategy; a document that guides the Council's spending decisions. Madam Mayor, Councillors will be well aware of the spending pressures that face the Council over the coming years. They amount to nearly two and a half million pounds (*for the period 2010/11 - 2013/14*).

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The budget that I will propose to you, Madam Mayor is therefore a prudent one; no frills, as always no spin, but no gaps or frivolous plans either. Our budget is focussed on priorities and focussed on our residents, our customers, and let us not forget that they are our *raison d'être*.

Prudence will ensure that we can respond to the financial challenges ahead in a way that our paymasters would expect - with a positive impact on services and limited impact on their pockets.

Madam Mayor, colleagues may be thinking that my gloomy economic prediction is nothing new. Indeed only moments ago I spoke about the savings we were able to make since 2005. Is this just more scaremongering from the Executive Leader to avoid using the "rainy day fund"? Well I can assure you that the risks

ahead are far greater than in previous years. Why? Because of the range and the complexity of the issues that caused the recession in the first place and the degree of uncertainty going forward.

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Whereas the future budget forecasts could be calculated with reasonable confidence, you can see (reference to graph) that the added risk, if everything goes against the Council, could add another £1.3m to the two and half million savings target.

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Because of the risk and uncertainty I will recommend a budget that maintains a Spending Reserve equivalent of just 5% of planned net revenue expenditure next year. This is in line with the Finance Strategy and will provide some protection to the taxpayers of Fareham from huge hikes in council tax if these risks come to bear.

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Capital Programme

I would now like to turn my attention to the Council's capital programme. This Council's record of investing time and resources into delivering high priority outcomes is one of the reasons why I am able to stand here tonight and recount our successes. Members will be aware that investment of the Council's capital resources is done in a focussed and prioritised manner and only in schemes which accord with our corporate priorities.

It is an enviable capital programme that I present to you tonight. It is a fully funded capital programme amounting to nearly £20m, a large proportion of which will be paid for from funds that the

Council has secured from external sources, thus protecting taxpayers' money.

And, in times where Councils around us are not just cutting back on their capital programme, but also drawing on capital funds to prop up their daily services, as well as slashing those services and sacking staff I am pleased to say that we continue to add new schemes to ours. The capital programme that I propose tonight includes a sum of half a million pounds for matched funding projects. This will enable all manner of schemes, from environmental improvements to sports facilities, to proceed in earnest. And of course, for every pound that we put into the scheme, at least one pound is invested in the Borough by a third party, thereby doubling the value of improvements in Fareham.

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The overall programme for the general fund 2009/10 to 2013/14 is now £19.8 million and can be summarised as:

	£000s
PUBLIC PROTECTION	448
STREETSCENE	511
COMMUNITY	11,430
PLANNING AND TRANSPORTATION	1,275
POLICY, STRATEGY AND FINANCE	6,090
TOTAL CAPITAL PROGRAMME	19,754

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The Council has the necessary resources to fund this programme, and by the end of the programme period, in March 2014, capital reserves will have been replenished with £7m of capital resources uncommitted.

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This is a positive position to be in and is a direct result of the steps we took in the last budget to accelerate the accumulation of capital funds for our future commitments. These commitments are set out in the Council's Asset Management Plan and it is clear that in the next decade significant investment in areas such as community buildings, car parking, cemetery provision, contaminated land and foreshores will be required. Together these could cost tens of millions of pounds and innovative solutions will need to be sought, to complement our own resources.

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I now turn to the capital programme for the Council-owned housing stock for the period 2009/10 to 2013/14. This will amount to nearly £10.6 million and will be financed from Government Grants (£8.8m), contributions from the Housing revenue account (£1.2m) and prudential borrowing (£615,000).

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Not only does the programme give a clear indication that the Council is fully committed to achieving the "Decent Homes Standard" in respect of the Council's own housing stock, it represents a notable shift in policy as, for the first time in decades, this Council will recommence house building to increase its stock. Over the next 12 months, we will see five new Fareham Borough Council homes being built, we having successfully secured £325,000 of funding. More importantly, these homes will be outside the notorious housing subsidy system; something that we can aspire to for our total stock.

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Turning now to the revenue position on council housing, expenditure in 2010/11 is estimated to be £9.5 million with the principal source of income to meet this expenditure being rents.

The current system for rent setting was introduced by the Government to bring local authority and registered social landlord rents into line. Following the convergence model, the average weekly rent will increase from £70.50 to £71.44, an increase of ninety four pence or 1.33%.

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As you will recall Madam Mayor, the Government subsidy system heavily penalises Fareham's tenants such that a colossal £2.6m will be paid to the Government in 2010/11 simply because a calculation of make-believe costs and rents suggests that the Fareham Housing Revenue Account should make a surplus. This is a million pounds more than was paid just 3 years ago in 2006-07. So, for an average house, paying the average £71 a week rent, over £20 of this will be sent directly to Central Government. To this end, I have written to the Government, as I do each year, protesting at this injustice.

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General Fund Revenue Budget

I will now consider in more detail the revenue position as far as the General Fund is concerned.

In considering a budget for the forthcoming year, there are a number of factors that should be considered.

- Fundamentally, and foremost in our minds must be that the budget is balanced, that is to say there is sufficient income to meet planned costs and that the budget is sustainable in the long term.
- Secondly, we need to be confident that there remains flexibility to respond to changing needs and demands in the future.
- And just as important, we need to consider whether it is sufficient to fulfil our pledges, providing resources where they are most needed.

The budget that I will commend to you tonight, Madam Mayor, meets each of these criteria, and I will demonstrate to you why this is the case.

A Balanced and Sustainable budget

- The net budget for 2010/11 will amount to £12.2m. This represents an increase of £68,400 when compared to the original plans for the current year.
- Where spending pressures are known, they have been fully allowed for in the budget.
- The sources of income to pay for the services have been carefully estimated to reflect a realistic position.
- Where efficiencies have been assumed in the budget, these are supported by detailed plans and most have already been introduced in advance of the budget to provide certainty.
- Efficiency plans have also been implemented to deliver the required savings over the next 3 years.

- And importantly, the budget does not rely on reserves to pay for day to day services.

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A flexible budget

- This budget has been constructed on prudent principles, providing sufficient resources to meet changing trends in the year.
- A small but sufficient Spending Reserve is established to meet greater variations in spending and to provide a buffer to council taxpayers against significant tax increases if necessary.
- A more flexible workforce has been developed during 2009 to respond to changing needs and avoid expense and unnecessary redundancy costs where demand for services has reduced.

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A targeted budget that will enable pledges to be met

- The budget does not assume any wholesale reductions in service, neither in terms of quality or quantity
- The budget enables our council tax pledge to yet again be met
- The budget specifically provides for new growth in the following key areas

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(Waste Advisors) Since 2007 the Council has employed Waste Advisors to promote recycling of household waste and reduce

contamination rates. This enhancement, paid for by a grant that the Council successfully secured, has proven its worth, with Fareham topping the leader-board when it comes to recycling rates. However, this grant has dried up. So, to ensure that this high level of performance continues, the waste advisory function will become a core part of our waste and recycling service.

(Community Safety) Like the Waste Advisors, the Borough has benefited from the hard work of the community safety team. First introduced in 2004, it has worked closely with other Council services and through the Community Safety Partnership, in particular with the police, to tackle crime and disorder and anti-social behaviour in our local community. This represents one of the highest priorities for our residents, and it was therefore appropriate for this function to be incorporated into the mainstream workforce.

(Speed Limit Reminder signs) At the CAT meetings, I have received very clear and direct feedback from residents, airing their concerns about speeding motorists. The Council has two deployable speed limit reminder signs, but these are insufficient to meet the demands of the Fareham people. The budget therefore provides sufficient money for these to be increased threefold, with a sign deployable in each CAT area, a service that was requested by the people and will be prioritised by the people.

(Street Lighting) The council-owned street lights are ageing and largely inefficient. In partnership with Hampshire County Council, these lights will be incorporated into a long term contract for their

maintenance with a significant proportion being replaced in the next five years. This will provide a tangible, stepped improvement for a comparatively small cost.

(Britain in Bloom) And finally, having scooped awards in all categories at South and South-East in Bloom, the budget allows for the Borough to enter the Britain in Bloom awards this year.

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Madam Mayor, together, these growth items amount to £184,000 but more importantly, the impact on the Council Tax will be nil.

It is clear that in times of recession the Council's role as community leader becomes so apparent. It is vitally important that we listen to our residents, understand their needs and recognise the issues that affect them at the current time. It is clear that job security, rising costs and the other effects of the recession are at the forefront of residents' minds, and this is why I make the following proposal.

In February 2009, I pledged to the people of Fareham, that the Borough element of the Council Tax would not increase above inflation for the next 3 years. And tonight, Madam Mayor, I am going beyond that pledge.

The RPIX inflation rate for January 2010 stood at 4.6%. If we were to use this measure, then we would seek to increase the Fareham council tax by £6.45. But the budget before you will not increase this Council's share of the Council Tax by a single penny.

In 2010/11, this Council plans to deliver more for less, improving services further for the same amount of tax as is paid now.

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Government Support

Turning our attention to the Government funding that the Council receives for local services, approximately half of the budget is paid by way of a revenue support grant and a share of the business rates that we collect.

In real terms, this Government support has been cut by over 8% since 2007 (£476,000 in cash). And in 2010/11 the Government will do the same.

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If Government support was index linked, then Fareham could expect an increase of some £285,000 next year. However, the increase will be the bare minimum - one half of one percent - a miserly £31,000, leaving taxpayers to find the remaining quarter of a million pounds.

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This real terms reduction in support keeps Fareham firmly at the bottom end of the league table across Hampshire, with the second lowest amount of grant of any other district in the County, and forty percent (40%) less per head than our neighbours in Gosport.

Not content with this, further efficiencies have been delivered to offset this Government shortfall and still deliver a cash-frozen Council Tax.

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Council Tax comparison

Despite receiving one of the lowest levels of Government support, and taking account of the impact of the unprecedented economic climate, it has been possible to set a net budget of £12,215,900 for 2010/11. Taking account of the government support of £6,235,553, the sum of £5,980,347 must be raised from Fareham's council taxpayers.

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Fareham's Council Tax base for 2010/11 is 42,650 – a net increase of 267 properties.

	Base Budget 2009/10	Base Budget 2010/11	Variation
	£	£	£
Total Budget	12,147,500	12,215,900	+ 68,400
Less:			
Business Rates	5,041,002	5,444,902	+ 403,900
Revenue Support Grant	1,163,528	790,651	- 372,877
Total Government Support	6,204,530	6,235,553	+ 31,023
Less:			
Use of Collection Fund surplus	0	0	0
Total due from Council Tax Payers	5,942,970	5,980,347	+ 37,377
Council Tax base	42,383	42,650	
Council Tax	£140.22	£140.22	
Cash Increase	+ £3.69	+ £0.00	
Percentage Increase	+ 2.70%	+ 0.00%	

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Dividing the amount to be raised from our taxpayers by the tax base gives a Council Tax for band D properties of £140.22.

Of course Fareham has most properties in Band C and here the Council Tax for two adults will be £124.64.

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The Council Taxes likely to be set for 2010/11 by neighbouring Councils for band D properties including parish rates (that uncontrolled, uncapped source of income for district services) where appropriate are:

Hampshire District and Parish Rate	£
New Forest (Totton)	264.40
Winchester (Denmead)	249.86
Hart (Hook)	243.85
Eastleigh (Hound)	217.55
East Hampshire (Petersfield)	210.45
Gosport	202.81
Havant	192.78
Rushmoor	184.07
Test Valley (Ampfield)	167.84
Basingstoke and Deane (Monk Sherbourne)	152.88
Fareham	140.22

I am sure that members will agree that Fareham's proposed Council Tax of £140.22 compares very favourably and remains one of the lowest in the land.

The overall position for Fareham's taxpayers will be:

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	Band D Council Tax £	Increase %
Fareham Borough Council	140.22	nil
Hampshire County Council	1,037.88	+ 1.90
Hampshire Police Authority	146.25	+ 2.91
Hampshire Fire and Rescue	61.38	+ 1.80
Total	1,385.73	+ 1.83

This is the eleventh budget that I have presented to the Council since the Conservative administration took office in May 1999 and in that time we have delivered better and better services but without increasing taxes disproportionately.

For seven successive years, by setting the Council Tax increases lower than inflation, we have delivered real terms savings to residents and in this seventh year, we will not demand a single penny more.

This is a budget where Fareham has led by example, delivering on the priorities that our customers demand from us, recognising their needs and responding promptly and proactively.

And before I conclude this budget, I have further good news that I am able to announce to you tonight Madam Mayor.

Regeneration is key to stimulating economic growth, which itself will bring greater wealth, more jobs and more security to the people of Fareham. You will be aware that this Council has proactively worked to bring a large food store to the town, and I am pleased to announce tonight that our negotiations with Tesco have been concluded, and planning consent can soon be issued. Tesco will commence construction on site in a matter of weeks. This is an excellent example of how we can intervene to bring about regeneration to a prime site in the town.

And this is exactly what was intended when we sought to bring about the arrival of Debenhams to the Fareham Shopping Centre many months ago. Due to actions beyond our control, the redevelopment stalled, but this Council has been actively seeking to bring this project to a swift conclusion before the centre's reputation is damaged beyond repair.

I am pleased to announce tonight that, working closely with Fareham Shopping Centre, the Council will take an active role in seeing the redevelopment to the Eastern end of the shopping centre completed this year; intervention that will boost the local economy immeasurably and bring another new dimension to the town centre.

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And this is not the only exciting development you will witness in the shopping centre in 2010. While I remain tight-lipped for commercial reasons to protect the ongoing discussions about the prospective department store joining Fareham, I am able to confirm that detailed terms have now been agreed between the shopping centre and Next and the 99p Store, both of whom will occupy vacant units this year. Of particular importance is their occupation of the large unit formerly let to Woolworths which is a key anchor store in the town. In addition there are advanced discussions with Top Man, an Arcadia fashion retailer, to complement their existing Top Shop store. This promises to be regeneration to beat the recession, bringing 25,000 square feet of retail floor space back into use when high streets across the country witness store closures on a daily basis.

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Returning to the budget, Madam Mayor, I present to you a budget that is robust, is sustainable in the long term and provides sufficient scope and flexibility to respond to the extreme circumstances in the country's economy. It also provides new resources to meet our residents' needs and is able to meet these growing demands without impacting of the high levels of quality that we aspire to and consistently achieve.

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For the five year period 2009/10 to 2013/14, we have been able to propose a capital programme in excess of £30m.

We have increased our Matched Funding Account to attract further inward investment and deliver a wide range of community benefits and we are providing resources over the long term to meet our growing asset management commitments.

Over a million pounds of revenue budget pressures and new priority spending have been incorporated into the budget this year, fully funded by a wide range of cash-based efficiencies and new, innovative income streams and £184,000 has been added to the budget for priority growth initiatives that will deliver real, tangible benefits to Fareham's residents.

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To summarise, Madam Mayor, the position for 2010/11 is a budget of £12,215,900 with government assistance of £6.2m, the Council Tax for two or more people in a band D property will remain frozen at £140.22 – one of the lowest district council taxes in England, and the seventh consecutive year where the increase will be below the rate of inflation.

And on that note, I ask members:

To approve the recommendations set out under Item 15 (3) on tonight's agenda.