

## **A Serious Budget for Serious Times**

### **General fund**

Mr Mayor, Members, this Conservative administration recognises that very many people, residents, tenants and businesses in Waverley are facing very difficult times. Waverley itself faces many of the same pressures. This budget, for which I must congratulate Cllr Mike Band and all our Officers under the leadership of Mary Orton, has had to **balance many competing interests and deal with many different pressures**. All aspects of our budgets have been scrutinised by Waverley's Overview and Scrutiny committees. The Executive has taken into account as many of their comments and suggestions as possible, and I thank them for that work.

On the one hand we **Conservatives** recognise that all **taxes**, Council Tax included, should be kept as **low as possible**. Equally we need to support the vulnerable and businesses, provide a wide range of services and maintain the homes of which we are landlord, which all requires income to do so.

The **headline for the Council Tax** part of the budget is a **3.8** percent rise for the 2009/10 budget year. This is the **second lowest Borough or District increase in Surrey**, and is equivalent on a band D property to **11p extra per week**. (22p on band H and about 8p on band A). This leaves Waverley's band D Council Tax at £158.13 per year, just over £3 each week. This is the **4<sup>th</sup> lowest level among the eleven Surrey boroughs**.

It is worth emphasising again that the bill residents receive from Waverley for Council tax will **include the Council Tax requirements of Surrey County Council, Surrey Police, and your Town or Parish Councils**. Waverley's share of this is approximately **10%**, all the rest is passed on to the other authorities.

To restrict the rise to the **bare minimum**, we took a very detailed look at all expenditure and, in addition to the £1 million by which core expenditure was reduced last year, we have **eliminated a further £1.6 million**, including deleting 30 posts, without any compulsory redundancies. These savings have to be balanced against, first a **nugatory Government grant increase of 0.5 % (£30,000)**, a considerable loss of investment income as interest rates have fallen, a reduction in income from planning fees and land charges as activity in this sector has fallen precipitously, and inevitable inflationary pressures on costs.

Within the revenue budget we have :-

- **Increased our support for community organisations**, such as most day centres and the CAB

- **Maintained our subsidy to Hoppa** at £100,000 a year.

- **Frozen our car parking charges** for the coming year (**nine** other Surrey Boroughs have all increased theirs) recognising the importance of competitive car parking charges for local businesses.

- **Maintained support for Exercise classes** for the elderly despite cuts in joint funding from SCC and the PCT. I am pleased to advise you, Mr Mayor, that the amount allocated in this budget for this purpose is now considered by our officers as sufficient to keep this service for the full financial year, and I therefore guarantee that this will happen.

- Offered, in conjunction with our contractor DC Leisure, **free swimming** for the young and old at our **four** leisure centres. Most other Boroughs have only one.

- Administered **free nationwide bus use** for the disabled and over 60s. So far this has been fully funded by Government, but we are keeping a close eye on that.

- Released funds to enable us to pay invoices to small local businesses **within 10 days**.

Mr Mayor, we **inherited an annual budget deficit in 2007 of £600,000**. This year we will be using only £70,000 of balances to balance the budget. This **Conservative administration believes strongly in living within our means**. We have reasonable balances, but to use those on revenue is irresponsible. No doubt there will be a siren call to do so from those whom opposition removes them from the need to take responsibility – members be not seduced.

We will use our balances to make **capital investments**, such as the **refurbishment** of our leisure centres, to cope with unforeseen fluctuations – particularly in these difficult times, and to deal with **capital opportunities** that arise in-year – as we have done this year with some £200,000 extra **invested in local communities**. We shall look to “spend to save”.

Members, you have before you in great detail (let no-one say that local Government is not transparent) the General Fund budget that is recommended to you by the Executive. I commend it to you, and sincerely hope that it will be treated as I started – as a **serious budget for serious times**.

## Housing revenue account

I must now move on to propose the **Housing Revenue Account Budget**. Mr Mayor I will not hide from you my disappointment at the outcome of this budget. The **headline is a 5.2 percent increase on average in Council House rents**. This is the lowest rent increase of any Council that has council housing in Surrey, but it is still disappointingly high. It is not a negligible amount – it is over £4 per week for the average property. Average Housing Association rises are around 5.5 percent and many Councils outside Surrey will see rises in excess of 6 percent, some in double figures, I am told.

The **Government guideline is 6.2 %**. Our preferred level is 4.1%, however in the coming year we have to **implement recommendations from the Audit Commission** following their recent inspection. We achieved one star and to rise above this we must pay attention to their recommendations. The cost of the basic recommendations this year will be £120,000, expected to reduce in subsequent years. But we have **also re-introduced programmed maintenance** – (this is much more than “decorating”) into the budget which it was observed by the Audit Commission had been neglected for some years, and which our tenants want. The amount included is about £620,000 – **some £130 per home**. We have looked carefully at this programme, and **any reduction** will mean that this already barely adequate new programme will not meet tenants’ expectations.

We have made considerable **savings totalling £755,000 in base costs**, but we still **need reluctantly to make this increase**. We will continue to make savings wherever we can, but need to ensure that these are not at the expense of the services we provide to our tenants.

As is known to many, the infamous “negative housing subsidy” that we pay to Government for “redistribution” **takes away 49 percent of all tenants rental income**. We continue to fight hard to get the system changed, but so far there is no sign of an early result. **The amount taken from each home per week by the Government is £44**. **As an aside, Mr Mayor**, this would not have been the case had tenants voted for stock transfer.

On the capital side we will **invest £6 million in the coming year**, a fraction of what is needed to bring all our homes to the Government’s “decent homes” standard. This amount, unless there is a change to the “negative subsidy” or the **75% tax on right to buy receipts**, is set to decrease sharply in the following two years.

Mr Mayor **there is no quick fix to this budget**, believe me I wish there was. Balances are shown to be at the minimum considered prudent by the Director of Resources. Again no doubt there will be suggestions as to how we can pare here or prune there, but again my advice is that this is a realistic budget and

that a rent increase of 5.2% is necessary to **maintain and improve services** and to achieve a **viable financial situation**.

With your indulgence, Mr Mayor I should like to put our current position into context, with two more short observations:-

### **Where we are going**

Local government tends to get a bad press – **we are an easy target**. Therefore I welcome strongly the thrust of the proposals in the recent Conservative party policy document on Local Government. **Devolution to democratically elected organisations such as ours is the key** – and the Conservative party are offering this. Obviously there will be some details that need refining but we have to move **away from the centralised beaurocracy** that we currently have.

Of course, local government make mistakes often then exaggerated in the press as applying to all Councils, so with your indulgence Mr mayor I thought I would end by mentioning a number of things that **we will NOT be doing**. Our residents are responsible; it is not for us to interfere with personal choice.

### **What we won't be doing**

- we won't ban conker trees or conker games
- we won't put chips in your wheelie bins and measure how much you throw away. Residents are doing very well with recycling
- we will not ban chips on the canteen menu
- we will not hire snoopers to check on dog walkers or to discourage litter– we know responsible people will clean up without being forced to
- we won't ban apostrophes (and we will try to use them better!)
- we won't discourage children from playing (but we will always be conscious of their safety)
- we would not ban kissing on Godalming Station, even if we had the power to do so which I expect we do not.

Oh, and by the way, Mr Mayor

- we do welcome **all** religious festivals, including Christmas

Richard Gates 24.2.09