

**SPEECH FROM THE LEADER OF THE COUNCIL-
COUNCILLOR ROBERT KNOWLES
WAVERLEY'S ANNUAL BUDGET 2016/17**

It is my pleasure to propose the Annual Budget for Waverley Borough Council. I have a Secunder, who will doubtless wish to speak.

This annual meeting is about the finances of the Council and the budgets without which we would be unable to operate to support our residents.

When this Administration was returned at the Election in 2011 and again in 2015 we promised to continue to run a balanced budget and maintain our front line services. Despite huge cuts in grant from Central Government I am really pleased to report that we have done what we promised.

The Draft Finance Settlement for 2016/17 was even more severe than all previous settlements, culminating in an overall reduction of 152% in our Revenue Support Grant by 2019/20. In other words, from 2019/20 we will start paying the Government negative grant. However, members will be aware that I met the Secretary of State on the first Monday in January and made representations on behalf of this Council. We also responded strongly to the consultation, and I am pleased to inform members that in the final settlement statement last week, the Secretary of State announced changes which give Waverley a total of £304,000 in transitional relief over the next two years. In addition, he has withdrawn the proposed negative grant in 2018/19 which would have cost us £350,000. Despite these positive changes, and the greater reduction in Revenue Support Grant in 2016/17 than we expected the net result means that we reluctantly need to increase council tax, by £5 for a Band D property. Whilst this would not be our first choice, this increase represents under 2p per day extra for our tax payers. This members, is excellent value for the 110 services that this Council provides after the past six years when we froze council tax.

During 2015 Waverley Borough Council has a number of achievements to be proud of

January Haslemere Leisure Centre opened in January 2015 after £3.9m investment and the number of visitors to the centre has continued to increase throughout the year. This saw the completion of the final upgrade of our leisure centres, with Haslemere fully in operation this has been a huge success with much increased useage of our facilities. Not only do they improve health and offer better leisure facilities, but they have allowed us to reduce the running costs of our leisure centres. Our capital spend has been part of the Council's farsighted policy of "Investing to Save".

Rolston House was completed in January 2015 to provide 25 new self-contained flats and 5 studio flats.

February February 2015 – Annual Greenspace survey showed increased satisfaction with the standards of grass cutting, cleanliness of parks and the wildlife value of parks and countryside sites.

March First new build council homes completed on land between Warren and Perrior Road and at Badgers Close, Godalming

In March 2015 planning permission was given for two new show homes on the estate at Ockford Ridge in Godalming where we are undertaking a major development of **99** new homes.

March Haslemere Skate Park refurbished with the design being developed in consultation with the regular users.

April The end of the first year of the new Garden Waste scheme saw a trebling in the number of people signing up to the scheme and the amount of green waste we collect double. The Customer Satisfaction Survey showed nearly 80 per cent of people responding would definitely recommend the service.

Brightwells Tennis Club opened June 2015 with 5 new courts and a purpose-built tennis clubhouse.

June Surrey Youth Games - we provided free training for around 400 young people for 8 weeks and 180 young people represented Waverley at the games.

Farnham Park and Broadwater Park were recognised as being among the best parks in the UK being awarded Green Flags in July 2015

The garden clearance scheme was officially launched in August 2015, having successfully transformed 45 tenant's gardens in the lead up to the launch.

August Plans to convert the Memorial Hall in Farnham into a state-of-the-art multi-use community centre were agreed.

September Waverley won two golds in the South and South East In Bloom awards for Gostrey Meadow and Phillips Memorial.

September Flexible tenancies were introduced for all new Council tenants from 1 September 2015.

September We recruited 4 new apprentices to the Council, continuing our highly successful programme which has been running for 5 years. During this time we have provided training and qualifications for 31 local young people most of whom are now in secure permanent employment

October Aging Well Strategy adopted with a five year action plan to support older residents living in the borough.

December £124,000 government funding secured towards the cost of 6 new starter homes for young people in Godalming and Farnham.

Throughout the year –

- 2015 Five children's play areas were refurbished in the year at Holloway Hill (£49,000), Aaron's Hill (£50,000), Phillips Memorial Park, Broadwater Park and Farnham Park. Residents were involved in voting for their favourite designs.
- 2015 We have made impressive gains in performance in planning services over 2015 consistently performing above target.
- 2015 In 2015 we delivered 71 affordable homes across a number of different sites around the Borough and we granted planning permission to develop 234 affordable homes.
- 2015 Waverley was a finalist for two national awards in Annual Service Awards 2015 - Best Health & Wellbeing Initiative for Easy Move and Best Community and Neighbourhood Initiative.
- 2015 In 2015 we prevented 513 people becoming homeless and we had the lowest number of people living in temporary accommodation compared with other local authorities in the south east.

In addition -

We are seeing exceptional weather, heavy rain and high winds, and our officers, staff and contractors are responding to the demands brought by the effects of the changing weather, be it rain, wind or snow. We continue to plan for the effects of climate change.

As we maintain front line services I am really proud that we have once again protected our funding for vital community organisations which include five day centres serving our elderly residents, Hoppa, Citizens' Advice and many more. In addition, the budget before you proposes to strengthen the work done by our planning and environmental enforcement services teams. I am sure the Finance Portfolio Holder will say more on these and many other areas of the Council's business.

Working with officers we continue to identify savings through the Star Chamber process as we look to obtain greater efficiencies and benefit from our invest to save projects. In the budget before you we have identified savings of £900,000. This builds on what we achieved in the last administration where this Conservative Administration has now saved over £5m in the last 5 years, including £0.5m in staff costs.

These are outstanding results.

Turning now to the Housing Revenue Account. During the life of this Conservative Administration council housing has faced a period of major change. Despite this, our Housing stock has been much improved with many homes having new windows, kitchens and bathrooms. This has only been possible under the HRA Business Plan but changes imposed by government mean we will need to seriously review our Plan. We will be doing this over the summer. As part of that review we will need to consider how many much-needed homes we can still build, remembering that we still have a Government imposed mortgage of £189m to pay.

However, let me remind you that whilst we have been carefully managing the Government's debt of £189m since 2012, we have successfully cleared the Backlog on Decent Homes work and have delivered:-

1,570 new bathrooms

1,720 new kitchens

1,550 new boilers, and

new double glazing for 900 homes

at the same time as improving services to tenants.

We recognise the difficult times ahead for our country and will remain mindful of further cuts in grant announced for coming years, but Waverley's Conservatives have proved that we can manage and we will manage for the benefit of our residents now and in the future. It's not just us who recognise this. The Council's independent auditor Grant Thornton praised the financial management of this Council in their last Audit Letter.

Mr Mayor, colleagues, In the light of the Government's announcement on the final grant settlement last week, I have two changes to make to the recommendations from the Executive to Council on the budget.

The first one is to clarify for Council the position on the council tax increase. On page 17, recommendation 1 should be updated to read 'an increase for Waverley's element of council tax for 2016/2017 be agreed as £5 for the Band D equivalent charge'

The second is a proposed amendment to the savings list referred to in recommendation 2 on page 17. Specifically, the item shown on page 40 relating to Waverley's subscription to the Local Government Association. We have the LGA on rolling notice to withdraw and this option had been built into the budget proposals. However, given the LGA's work on the finance settlement and in coordinating collective legal action on the land charges litigation, I am proposing that we remain in the LGA in 2016/17. Therefore, my proposed amendment is to add the following words to the end of recommendation 2 on page 17

'with the exception of the proposed saving of £10,000 identified from cancelling the LGA subscription, with the impact of this change on the draft budget being met from the Government's transitional grant'

The budget proposals have been put together by Cabinet Members and Officers over recent months – a great deal of hard work has been put in by colleagues and I would like to thank them all, particularly Cllr Wyatt Ramsdale, our Executive Director, Paul Wenham, Finance Director, Graeme Clark and Operations Director Damian Roberts. It is this work, year after year which ensures that savings can be made without the loss of front line services.

In conclusion, this is a remarkable budget in these challenging times, one that continues to put Waverley first.

Members, I commend this Budget.

Portfolio Holder for Finance – Budget Speech

Thank you Mr Mayor

Items 8a, 8b and 8c are the reports concerning our budgets for 2016/17:

- General Fund Revenue;
- General Fund Capital; and
- Housing Revenue Account.

8d is the mathematical calculation of the Council Tax charges

I should like to thank the Joint O&S Committees for looking at the detail and their comments are included. I should also like to thank members of the Executive and the Chairman of the Licensing Committee for their participation in reviews not least the Star Chambers. Plus I must thank all the officers involved particularly the Heads of Service. This has not been a straight-forward budget process; however we have managed to produce proposals for a balanced budget without cutting services. I must warn you that it will be yet more difficult next year. Finally I must thank my predecessors who established the Star Chambers and introduced the Invest to Save approach etc. without which we would not be in this financial position.

Item 8a starting on p11 covers the General Fund Revenue budget –
The headlines are:

1. A 52% cut in our Revenue Support Grant from the Government, with this funding all but wiped out in the following year. However we have had some increase in New Homes Bonus and most recently a Transitional Grant.
2. A proposal to increase Council Tax for the first time in six years up to the maximum level allowable by the Government. This is unavoidable in the light of the severe grant cut, to ensure that we can protect front line services and continue to respond to residents' needs.

Despite the major cut to our grant we are proposing a budget with some very good news items for Waverley's residents:

- There are no cuts to services from financial constraints.
- The budget maintains the overall amount of grants allocated to community organisations at the same level for the fourth year running.
- We have maintained full revenue funding to meet the cost of capital investment plans, and the majority of New Homes Bonus is to go on invest to save schemes.
- The budget increases the spending on the Planning Service to manage the significant additional demands.
- The budget includes an extra £48,000 to maintain Waverley owned ditches to help with flood resilience and to manage tree risk.
- The budget includes additional funding to strengthen our environmental enforcement and litter picking on key roads.
- We are conscious that we have recently implemented a catch-up inflationary increase in car park charges yet at the same time we have increased our

spending on maintenance and improvement of our car parks – with particular focus next year on High Street Haslemere.

The saving and growth proposals are included in annexe 4. (p39 – 48)

With regard to Council Tax increases. The Government initially announced that Councils cannot increase their Council Tax by 2% or more. However in the light of the severity of the Grant Reduction and our track-record, the Government has now reconsidered and allowed us as a Shire Borough Council a £5 increase for each band D equivalent property. This £5 option is recommended.

The Medium Term Financial Strategy is a key document that brings together all of the Council's financial plans and considers the future pressures, risks and opportunities. This document is set out at Annexe 1 from page 19. The page I would draw members' attention to is page 27. This sets out the forecast over the next 3 years for the General Fund. It shows that we have a significant budget deficit projected for 2017/18 of £1.3m which is mainly due to the further government grant cuts. However, we do now have a Transitional Grant of £152,000 to off-set in 2017/18. We will be starting work on meeting this 2017/18 budget challenge immediately, especially as many of the ideas going forward have long lead times.

The annexes provide the detail and the pack including the Detailed Budget Papers have been circulated to all members and included on the website. There is a range of recommendations on p17 and p18. I would point out recommendation 6 which is to earmark funds for potential land acquisitions. This proposal supports Waverley's Treasury Management and Asset Strategies.

I should also point out recommendation 3a on page 17: 'That the staff pay award of 1% from 1 April 2016 be approved.' And I'll take this opportunity to thank all staff for their efforts for Waverley.

Item 8b, starting p51 concerning the General Fund Capital programme sets out the Revenue Project and Capital Scheme proposals for 2016-17. The capital programme proposes a mixture of investment in existing assets and services and utilising the New Homes Bonus to provide new and improved facilities.

Headline items include:

- Budget approval for Broadwater Park improvements in Godalming.
- Commitment to deliver a scheme to develop the Frensham Common Visitors Centre.
- Continuing the playground replacement programme.
- Commitment to explore the potential for the development of a new pavilion at Gostrey Meadow in Farnham.
- Additional capital investment to improve Waverley's car parks and a major project for the car park in High Street, Haslemere.
- Continued provision of £350k pa for much needed disabled facilities grants.

Item 8c starting on p63 is the HRA Business Plan and Capital budgets

This report covers the 30 year Business Plan and the revenue and capital budgets 2016/17 for the Housing Revenue Account. We take a longer term view with the HRA because of the certainty of the rent income going forward and the need to ensure that we can manage the long term debt and long term capital investment. It is particularly important that we have a robust business plan so that we adequately invest in the existing homes for our tenants, and are able to provide new homes for future generations.

The major issue in 2016/17 and beyond is the Government's unexpected announcement a few months ago that it will force social housing providers, like Waverley, to reduce their rents by 1% from 2016/17 for at least 4-years. This approach is completely at odds with the Government's previous policy of encouraging inflationary increases in rent each year, which was what we had projected in our 30 year business plan and set spending proposals accordingly. The Government's decision has created a £1.3million shortfall in the 2016/17 budget but, more importantly, this proposal will take away £170million of resource from Waverley's business plan projections over the next 25 years. On top of this, from 2017/18 the Government will be forcing Waverley to sell off its high value homes when they become empty and pass the money to the Government. This will lose us a further £130million. This money would have been spent on new affordable homes and on improving the existing stock, so it is a devastating blow.

The detailed budget sheets for the HRA are included in the annexes and Annexe 5 on p83 shows the proposed savings and growth in the budgets which were discussed at the Star Chamber meeting.

This report also sets out the draft capital programme for the HRA split over the three main elements. The core capital programme includes investment in the current houses including decent homes work. The other two programmes cover new homes building and the reconfiguration of existing stock. The estimated spend in 2016/17 is £21m. In the light of the Government's sudden decisions about social housing, as mentioned earlier, annexe 9 on p93 shows the impact on Waverley's plans to invest money in new and improved affordable housing in the Borough. Whilst 2016/17's capital spend can be funded, future years are less certain and fundamental reviews are needed.

In summary, the impact of the Government's changes on Waverley's HRA business plan is extremely significant and, whilst I can support the 2016/17 budget and capital spending proposals being recommended to Council, we need a fundamental review of all aspects of the Business Plan and every line of the HRA budget and this is what is proposed in the report.

Item 8d starting on page 295 in the supplementary pages is the Council Tax Setting.

This is the mathematical application of our budget recommendations and the tax decisions by the County Council, the Police and the appropriate town or parish council. I would draw attention to the summary band D calculation on p301.

Recommendation

Mr Mayor the recommendations for items 8a to 8c are recommendations 1 to 27 on pages 287 to 289 of the supplementary pages; and recommendation 28 for item 8d is the lengthy recommendation starting on page 296 of the supplementary papers.

I commend them all to Members.