

Revenue Budget 2020/21

Cllr Keith House

Mr Mayor, colleagues,

I am pleased to again introduce the Liberal Democrat administration's Budget.

Let me start by recording my thanks to all of our staff across the Council that have, as always, been up for the challenge of improvement, innovation and focus on getting a better set of outcomes for our Borough: for health, for prosperity, for the environment and for housing. Nick Tustian and I are always pleased to take time out to welcome new staff to our organisation, from an increasingly wide range of backgrounds and life experiences. Our diversity is our strength as, unlike most of local government, we continue to grow to meet the needs of our Borough.

Council Tax

This is the 17th year of real term reductions in Council Tax, with eight of those years seeing a freeze in Council Tax.

The average tax this year will be £129.91, still lower than £130.07 three years ago. It is up just 0.3% for an average Band D taxpayer this year, after accounting for special expenses.

If Council Tax had risen in line with inflation, it would be 50% higher. That's some achievement.

There is a big contrast with Hampshire County Council with a rise of over 22% in the 5 years since the Conservatives gained a national majority and more recently the Conservative/DUP Coalition, compared with the freeze when Liberal Democrats shared power.

With another £80m of cuts to run through the next two years, this means £560m of funding has been lost to public services from the County Council in the last 12 years: this from a County Council that will see its reserves rise to nearly £700m this year.

In fact, it is planned to achieve £5½ million of this saving by simply passing some of the costs of waste disposal onto District Councils. In spite of being one of the best Councils in Hampshire for recycling we will, from 1 April 2021, have to pick up an additional £1/2million costs just to help Hampshire achieve their target saving. This “cost shunt” approach by the County is something we are used to but it does seem ironic that we are required to bail out Hampshire County Council’s financial problems.

Headline Council Tax matters to residents. Many, despite our best efforts, are still suffering the impacts from austerity that Mrs May claimed had ended, yet which still persists. Council Tax remains a regressive tax, paid disproportionately as a share of household income, by those of lower wages and fixed incomes. We have a duty to hold it down, and to keep it down.

That’s why last year we made a commitment from this council to hold Council Tax down below inflation by extending our Council Tax Guarantee at 1% below December’s published Consumer Price Index right the way through to 2022, making 20 years of falling Council Tax in real terms from this Council and an unrivalled record of which we can be proud. We honour that commitment again this evening, and do so without cuts in services and, indeed, looking to see managed growth in some priority areas.

You know, it might be that here tonight we see one of the few budgets in local government in the country with real service growth for over a decade. That’s thanks to the joint working and innovation between councillors and staff. We should be proud of that. I know I am, for us all.

This year, we are making changes to help one group of residents out of Council Tax: care leavers.

Cllr Tina Campbell would have spoken about this tonight as part of her portfolio, but as Tina can't be here today, I will do so now. Care leavers are a particularly vulnerable group for Council Tax debt, and as they move into independent accommodation and begin to manage their own budget, it can be a challenging time, exacerbated if they fall behind with Council Tax. We want to support care leavers within the Borough by reducing their Council Tax liability by 100% until they reach 21, therefore exempting them from Council Tax, then reducing to 50% until age 25. It's a small cost for the Council, but a real relief for one group of residents that need a little extra help.

Funding changes

Let's take a look at the numbers behind the budget.

Last year, for the first time, we saw no government funding for our budget. In 2007/8 revenue support grant totalled £7.4m and was the main element of the council's funding. In real terms that would be £9.8m at today's prices.

That is lost income that in most councils has been met with a mix of efficiency savings, and service cuts.

Here in Eastleigh, we funded that lost income from efficiencies and new income. That new income has given us the freedom to protect services, and continue to innovate, both in policy, and with ambitious capital projects.

We still of course have income from business rates. That will total just over £4m this year, already over £1m lower than it ought to be due to the government levying a charge on us to compensate for areas of business decline. We expect this income to fall further from 2021 due to the government wiping out the gains we have made from business growth: that loss currently projected to be another £1.5m that will have to be met by new income, or new efficiencies.

The budget makes a number of key assumptions. We have allowed for pay inflation, including our staff pay award at 2%, no allowance for general inflation outside of contracts so that inflation has to be met through efficiencies, a yield of 3% on discretionary fees and charges, protecting essential services, a council tax increase as stated at 0.3%, and maintaining our base revenue reserve at our usual £1million.

Property and Regeneration Strategy

The Council's property strategy continues to underpin the Budget. The strategy has delivered assets with value substantially ahead of borrowing that, with a net return of over £12m each year after including borrowing costs. Our approach has been widely copied, although unlike many councils the vast majority of our property acquisitions have been here, in our own Borough, supporting our own economy.

We have taken a prudent approach with our strategy. Our Property and Interest Reserves, now totalling £9m and still set to grow, are a key part of that strategy alongside active treasury management.

Given that we price in our budget net income from property and housing at full market borrowing costs rather than the spot rates we can obtain by borrowing from other local authorities, this approach gives us two layers of security against rising interest rates. During the last year we have also locked in long-term rates now totalling £350m of our long-term borrowing below historic long-term borrowing rates and inflation.

Our Priorities

So, what does all this mean for our spending, and our priorities?

Our Council, like many across the country, has declared a Climate Emergency.

That can't be just about producing a dusty document of fine words, it's got be about action we can take, and action we can lead. It has to inform what we do, and what we don't do, and how we do it. We'll need resources to do that, which is why we are appointing a Programme Manager to co-ordinate our Action Plan and ensure deliverables are achieved. It's why we will secure a full-time Green Energy Manager to take forward how we manage our own energy, and how we encourage more people to do things without recourse to fossil fuels. It's why our service growth proposals are unashamedly green, with resources for increased staffing and activity on trees, on ecology, and on pollution.

We reported on air pollution to Cabinet this week, with a refresh of our strategy. Cllr David Airey is leading on this work: if you have not taken a look at the strategy, I would encourage you to do so.

Thanks to all those who, on a cross-party basis, have made contributions to our Action Plan. This will and must always be a work in progress as new ideas come forward and others are refined. So that everyone can be involved, we'll be taking the Action Plan to all of our Local Area Committee team meetings to make sure we seize as many opportunities as possible.

It is good to report on just a few of these initiatives this evening.

Firstly, with our own Direct Services' team on waste and streetscene, with more electric tools and machinery to undertake maintenance work, including electric power tools and an electric van, with electric road sweeping vehicles being trialed in the near future and our first electric refuse collection vehicle with us for an initial trial in May. Cllr Rupert Kyrle gives more detail on these issues, and our impressive performance on waste, in his Cabinet statement: do read if you have not already.

Rupert mentions tree planting in his statement. Tonight, I can add more detail, as later this year we will launch our largest ever tree planting scheme with the aim of planting 160,000 trees - one for every borough resident by 2030. And that's additional trees, as we will we also require at least a one for one replacement where trees are lost for development.

Once launched, the scheme will provide the opportunity to plant a variety of native tree species that will help to improve the biodiversity and ecology of the borough. The scheme will be designed to enhanced ecology and create new wildlife corridors, with a particular focus on species including those that flower and provide berries throughout the year creating a food source, nesting sites and at the same time trees will be locking in carbon dioxide. Alongside this we aim to introduce enhanced rules for developers designed to ensure any development leads to a net gain in trees.

Our Tree Challenge will provide the opportunity for local people, groups and businesses to be involved to identify areas that can be planted; not just on our own open spaces and the urban environment.

Our green environment is not only about Climate Change: it is about the health and wellbeing of our residents. In many ways, it is health that underpins everything we do, not least climate change.

Over the years we have extended our public green spaces and countryside areas. They are some of our greatest assets. I'll say a few words about Lakeside and Windhover Meadows as part of talking about planning, but our principal country park, at Itchen Valley, deserves a few words here, as through the Hedge End, West End and Botley Local Area Committee, improvement plans are taken forward this year.

The first phase will see investment in park infrastructure with improvements to drainage. Our ambition is to improve pathways, bridges, car parking, toilet blocks and play equipment, building on the council's recent £250k investment in the new Café'. This has proved highly popular and attracted many new visitors to the park.

The pathway improvements will support and accommodate our new Park Run, which will be launched shortly and is sure to attract new visitors as well as building on the park's reputation for supporting the health and well-being of all of our visitors.

A word too here about Hiltingbury Lakes, again with thanks to all at the Local Area Committee and beyond who have contributed to the improvement plan, with enhanced maintenance budget, that will improve the popular lakes area.

It is also important to recognise the work that goes on in delivering on our priority to ensure that Eastleigh is a healthy place to live. In fact, you could argue that everything we do is in some way aimed at achieving this. We have not let budgetary constraints limit our ambition. By developing innovative partnerships with our public and voluntary sector colleagues we continue to deliver a wide and inclusive range of health-related projects from Cllr Tonia Craig's portfolio. These are typically projects that would not be delivered by an already underfunded health service particularly in the often ignored area of mental health. We are thinking laterally to help people fix themselves, so the NHS doesn't have to do so.

So, from outdoor health and fitness, to indoor health, fitness and creativity.

The Studio Theatre at The Point has now undergone a total refurbishment with thanks to support from Arts Council England as well as this Council.

The studio space has been redesigned with a focus on the venue's health and wellbeing programme and its work with young people and is now open for use.

The last building phase of the project is now underway with the refurbishment of the theatre's toilets, with work due for completion this Spring. Take a look when you can: it will be worth it.

Our third policy area is in support of our local economy and skills. Cllr Derek Pretty leads in this area, playing a part especially in working with the Local Enterprise Partnership and business groups. We have put on two well-attended business conferences at which both the Council and local companies promoted their products and services, launched Platform 4 Business, an online advice service for embryonic companies, and installed Ultrafast broadband at Wessex House at no cost to the Council.

Planning and Housing

Let me turn to planning, housing, and infrastructure.

Our Local Plan hearings concluded last month. The Inspector was challenging, as it is her job to be. She heard, and we heard, from developers that believe more land should be allocated for development, and from those opposing allocation of planned sites needed to meet government targets, alongside council representations to ensure our case was heard. We will hear back later in the year from the Inspector with modifications needed to adopt the plan. In the meantime, I would like to put on record my thanks to the whole council team, from our staff, to our partners outside the council, and our advisers, whose professional presentation with no surprises or showstoppers has put us in a strong position for the future. Thank you.

We have more security on planning than many parts of the country, and our county. We have more than a 7-year land supply, when the government requires just a 5-year land supply. And last week we had confirmation that we had again passed the government's Housing Delivery Test, achieving 145% against the government's three-year target of 1,775 new homes. Our trajectory is to keep meeting this target into the future, despite the news that 108 local planning authorities will now be tasked with preparing an Action Plan to increase supply, 74 will have to make additional land available, and 8 have effectively been told to allow all sustainable development regardless of their preference.

Maintaining our 5-year supply and passing the Housing Delivery Test should, even with the vagaries of the Planning Inspectorate, give us additional protection from hostile development. Moving to an adopted Local Plan will give us the added confidence to achieve long-term benefits for our local community through being able to fund and secure infrastructure.

We have increased resources for planning enforcement, again at a time when many councils are cutting back. The level of priority we give to protecting our countryside gaps and acting on enforcement is an essential part of our wider programme to deliver new homes and genuinely fix the broken housing market.

Housing remains one of our greatest challenges. Affordability is still getting worse. Data published by the Nationwide Building Society last month showed that nationally the house price to earnings ratio rose to 5 at the end of 2019: last week's Office for National Statistics data showed that even in the 35-44 age group, a third are now renting from a private landlord, up from just one in ten in 1997.

That makes housing developments that this council has actively engaged with, with new private rented homes with lifetime tenancies and the ability to convert these to ownership.

Our sites at Woodside Avenue and Hatch Farm are now a-buzz with families; our first homes at Stoneham Park are occupied with more to follow at Bursledon being built by Taylor Wimpey next to our new Windhover Meadows park this year. Our partnerships with Radian and Vivid have also achieved record numbers of new homes for social and affordable rent with 596 new homes delivered in the last year, making a massive dent in our waiting list.

Infrastructure alongside not after housing is our mantra. It's what matters to new and existing communities.

At Stoneham Park, the new primary school has gained planning permission, and the £8m package of football provision at Monks Brook, entirely funded from developer contributions and grant funding at no cost to the tax payer look superb south of the M27. The missing link to extend Lakeside to Stoneham Way and new cycleway to give a direct route to Southampton Airport Parkway station, are all critical parts of the physical and green infrastructure for our town. I could say much more about this, but instead I'll direct you to Cllr Paul Bicknell's Cabinet statement which says it all.

At Bursledon, our intervention with a new road and junction has ensured additional traffic has been removed from Hamble Lane. The new Windhover Meadows will take shape this year. At St John's Road, woodland transferring from private to public ownership will aid not just public access, but health and fitness too.

Our approach with intervention, investment and infrastructure continues around the Borough.

The first homes will be occupied at Pembers Hill Farm in Fair Oak this year. Our intervention has ensured a higher proportion of affordable homes is being achieved, and too that the road network will be adopted, rather than left to a management company to levy charges on home owners with double taxation and a long-term liability to potentially be picked up by the public sector in the future.

This is the first large site that we as a Council have taken a major role with delivery, in partnership with Galliford Try. Cllr Ian Corben, and our CFO Sarah King, have played key roles in Board taking forward this site. They've done a great job.

At west of Horton Heath, our One Horton Heath project will see infrastructure work start on site this spring, to start on new road junctions to help take heavy traffic away from Burnetts Lane. Work on our own high spec house types is getting going and this together with a design code to be worked up alongside our community will ensure higher quality standards for new homes and give us the chance to reinvest some of the proceeds of development back into the community. Our work alongside Homes England has ensured national funding of almost £20m towards bringing this site forward, funding to be invested in our community and with development proceeds flowing back to the 125,000 shareholders that are our residents, not yachts for the Chief Executives and Chairmen of national housebuilders making £1b of annual profit.

With the progress of our Local Plan we will also this year take forward more work on the long-term delivery of new homes in our Strategic Growth Option, and planning for new transport infrastructure to help take traffic from Bishopstoke and Fair Oak Roads.

I hope too that this year we will see progress from the County Council on the Botley By-pass. We bid for, and won, £10m in marginal viability funding from the government's Housing Infrastructure Fund towards this project. Clearly the County need to complete works in Woodhouse Lane as part of the Deer Park School Project, but further delays in the Bypass will not be welcomed by Botley residents who have to put up with through traffic in their village from developments in Fareham and Winchester. Let's not forget that most traffic growth in our area is traffic passing through from other places, not from local development.

We are intervening where the private sector is failing. Not being driven by profit margins and reducing S106 contributions we are delivering not just houses but home, and communities. Put simply, we want Eastleigh to be a great place to live and we have an exciting time ahead.

Our Capital Programme

Mr Mayor a few comments on our capital programme, which remains far more like that of a large unitary authority than a medium-sized district. Here's just a few of the other projects we are involved with at the moment beyond housing. The full list would be exhausting as well as exhaustive, so here are just a few highlights:

- Complete a new main roof and spectator seating at Wildern swimming pool, Hedge End
- Regeneration projects at the old Post Office, Eastleigh and Budgens, Hedge End
- Install new public art at the Berry Theatre
- New and improved community facilities at Bishopstoke Memorial Hall and St Paul's
- Taking forward a new road link from St Johns Road to Dodwell Lane, Hedge End
- Support the reprovion of a new Ramalley scout hut, Chandler's Ford
- Develop plans for improvements to Bursledon station car park
- Install a new play area at Kingfisher Grange, Bursledon
- Open Windhover Meadows -. a new open space at Kestrel Park, Bursledon
- Improvements to Lawn Road recreation Ground
- Providing a new community at North Stoneham including a Primary school, community building and nursery
- Redesign Pirelli Park, Eastleigh
- Open new playing pitches and allotments at Boorley Park
- Complete the heritage markers public art project for West End

Future Challenges

Mr Mayor, colleagues, we have many challenges ahead.

One, of course, is Brexit. Whatever your view of the issue, the basic fact of change, with divergence from commonly-agreed standards, and free movement of people, goods and services, almost certainly from 31st December this year, is a reality.

Bloomberg Economics, a fairly conservative – that's a small c – bastion of financial intelligence, says that Brexit has already cost Britain £130billion, and by the end of the year this will have risen to £200billion. That's a lot of money. Ironically, it is more than Britain has paid into the European Union in 47 years. Sadly, this is an ongoing cost that has uncertain implications for the future. Finding ways to boost trade, and maintain easy movement of people and services, will be a particular challenge to us here in South Hampshire, where so much business and the lifestyles of local residents, is based on easy access to Europe.

A second challenge is continued austerity. We will have to see what's in the new chancellor's budget, but the mood music for public services in our part of the country is not good. Despite the South East being the engine of the UK economy, alongside London, the signs are that the Blue Wave of Tory MPs that wiped out Labour's Red Wall will see money move north. The early indications are that the Fair Funding Review will not be about new money, but reallocating existing money. We have lived with broken government promises, from our last MP and the last chancellor but one on infrastructure with our missing town bypass.

We will have to be innovative with our funding, and our policy initiatives, to find solutions where government fails us. That will mean being bold on infrastructure and new partnerships, just as we have been on property and housing. Suggestions from Southampton Airport that they can find an access to the mothballed Northern Business Park plan, will need careful examination, not least if they prove to be a stepping stone to the full southern bypass for Eastleigh, taking traffic away from Bishopstoke and Southampton Road.

Another change, as I have said here before, is the changing face of retail. We have already engaged here, welcoming health services into Eastleigh town centre. We would like to do more, in Eastleigh, Hedge End and Chandler's Ford, linked to redevelopment and regeneration, to bring more public services into our town and local centres, just as we did ourselves with our move to Upper Market Street from next to Fleming Park and the M3.

We can't predict where technological change will take us. But we know that initiatives we have taken such as WiFi in Eastleigh Town Centre will be the start, just the beginning of change, just as email was 25 years ago. Self-service from the internet has been a boon for many, just as cashless purchasing. But as we make changes we must make sure that the millennials don't leave the rest of us behind, along with those that through cost, health or choice want to do things differently.

That's one of the reasons we have as a council been so passionate and committed to our libraries, increasing space and access at Hedge End and West End, opening new facilities with the community at Bursledon and Hamble, and still seeking to work with Hampshire on a better library for Eastleigh.

Because libraries are about so much more than borrowing books. They are about information, education and entertainment (the original mission of the BBC, which the government would be wise not to mess with). Libraries are hubs of our community, meeting points for young and old, grandparents and grandchildren, for Scrabble Clubs, for Knit & Nat, for internet access and so much more.

That's why we must stand firm against plans from Hampshire County Council to close a quarter of Hampshire's libraries, including Fair Oak and Bursledon, and to reduce opening hours by up to 25% at Chandler's Ford, Eastleigh, Hedge End, West End, Netley Abbey and Bursledon. There are times when Hampshire County Council knows the price of everything, the value of nothing. This is one such time.

These are challenges for this year and beyond, and many run beyond the scope of this Budget.

Summary

So in summary Mr Mayor.

We have strong finances, we have protected services, we are resilient.

Our efficiency and improvement strategy is on course, our balances and future secure.

Our services are protected from cuts.

We are improving our infrastructure and delivering the affordable homes we need, in record numbers.

We have a commitment to keep Council Tax down, with by 2023 a record of real term cuts for 20 years in a row.

It is a remarkable record.

And so Mr Mayor I commend this budget to Council.

ENDS

Contact: Cllr Keith House – keith.house@eastleigh.gov.uk