

FULL COUNCIL 11TH FEBRUARY – SPEECH BY CLLR JOHN WEBSTER.

Cabinet Member Finance and Community Development; Deputy Leader
CBC

1. INTRODUCTION

- 1.1. **MM & Council:** This has been an enormously difficult period. I'll outline the budget details later but want to say that it's been a privilege to work with officers and particularly Mark Sheldon and the finance team in addressing the issues the Council has had to cope with – it has been almost enjoyable.
- 1.2. As a result we've charted a course that will weather the storm and puts us in good condition to tackle the future. The budget challenges have created a unity and sense of purpose among officers that has greatly strengthened the organisation in my view. Rather than shattering morale, the reductions in our budgets have strengthened it.
- 1.3. We closed a projected £800k overspend identified in the middle of the year by clamping down on recruitment and cutting back on supplies and services.
- 1.4. **We've balanced the budget without closing a major service.** Given the scale of the budget gap this is significant. At the start of the process closing services seemed a real possibility. And if we had to take another half a million tomorrow, we would have no choice but to close a service or veto some important plans such as the Art Gallery and Museum or dig into our reserves with the risks associated with this.
- 1.5. However we all need to acknowledge that you can't make cuts of nearly £3million on a budget the size of ours without there being pain, regret and anger. We've tried to manage this by more consultation than has ever been done before.
- 1.6. If we had been a unitary authority discretionary services would be squeezed out to protect statutory services such as

education, social services and adult and children's services. It's these discretionary services that add greatly to the quality of life in the town. Look at the cuts at County level – Libraries and Youth Services. They have little choice. Cuts have to be made. The issue is where and how much. **If you don't like what we're putting forward, come up with an alternative.**

1.7. I'm not going to go on about Government Policy. Already there are voices on Govt. opposition benches that say there was no financial crisis and that the cuts are unnecessary. They seem to be reinventing history. I think that the cuts are too deep and the timetable for their execution is too swift, but to argue that there isn't a problem is nonsense. Even the gentlest recovery package would mean a very, very long climb.

1.8. But we have to be critical of Government and are in this report. **They were habitually late in their pronouncements and made planning difficult.** Our allocation was substantially worse than they had initially indicated although the final declaration has improved marginally. They've taken £1ms off us as a result of the concessionary fares fiasco as outlined in the report. Effectively this is local Council Tax Payers subsidising a Government scheme that should be funded by Government.

1.9. No matter where the debate about the national situation may lead we have had to reduce our budget from £16.7m to just over £14m. The major reason for this comes from a reduction in Government support of £1.1m

1.10. Despite a freeze on salaries, our income from other sources such as car parking has dropped as a result of the recession. Our income from investments has tumbled as interest rates have dropped in response to the recession. The overall gap we have had to tackle in the end was £2.87m and we have addressed this with 93 separate initiatives.

1.11. In the longer term we have agreed to proceed as a strategic commissioning authority and work is now underway to examine all services to see how they can be best delivered. The Council has

been restructured and now the future agenda is much clearer. We have to continue to run services at the same time as looking at how best we can deliver them in a different way that maintains quality and resilience, and which is cheaper. **We either do this or lose services.**

1.12. There are a wide range of initiatives and I will go through the most significant shortly, but there are also new things that we are proposing. I will try and explain the reasoning behind our decision making. I'm genuinely keen to hear alternatives – but it's obvious that whatever cut is denounced needs to be replaced by a cut somewhere else in order for the Council to fulfil its statutory duty to adopt a balanced budget.

2.0. THE BUDGET.

2.1. MM & COUNCIL: The headline features of the budget are as follows:

- Freeze in Council Tax and staff wages.
- Allowances to Cabinet members cut by 5%.
- Members allowances frozen last year and for next 4 years.
- There is a proposed reduction in staffing of 5% overall this year – 32 jobs, and another 7.4 fte next year.
- £2.8m is the biggest gap this Council has ever faced by a long way - and remember this is in a year when staff salaries – our biggest item of expenditure - are frozen. We need to acknowledge this sacrifice and that's why the Cabinet has taken a cut in its own allowances. **Our staff are our most important asset.** Despite this freeze and the cuts they remain impressively motivated.
- We have planned the medium term financial strategy and reduced the MTFS funding gap substantially as a result of decisions taken in compiling this budget. Savings today bring down the long term gap, currently projected at 2.5m for the next

5 years as outlined in Table 1 of the MTFs report, by almost £1m. This is reflected in the final table of Appendix 4 which shows a cumulative shortfall of £1.537m in 2015/16. We need to reduce this in future budgets.

- Our aim has been to consult widely and to protect services as far as we can in order to protect the environmental, cultural, social and economic quality and vitality of the town and of course we have been to all the O&S committees, and some of the changes made to the draft budget reflect the views of O&S.
 - We are recommending the formalisation of the Budget Working Group (Appendix 13) in the recognition that the budget now is a round the year activity that requires ongoing development and is aimed at improving both the budget process and developing the members scrutiny role. **It's no longer something that you can do just once a year.**
- 2.2. We have had substantial initial consultation involving over 1700 people to find out what they thought about the various services and to find out what they really liked and disliked about the town. We want to keep what is liked and tackle what is disliked so far as we can. The approach has been to consider the strength of arguments around each specific piece of budget provision and listen to opinion and in the end to try and balance all of these things out.
- 2.3. In the final budget there are 93 specific initiatives spelled out in the attached appendix 4. The first two pages (30 proposals) reflect decisions we have already effectively made and produce over £703k of savings. The second 5 pages (63 in total) have not yet been agreed – they amount to over £2m and will be the ones I focus on today.
- 2.4. We have done a brief Risk and Equality Impact assessment on each suggestion. **It is the first time an equality assessment has ever been done as part of the budget round.** The pace and intensity of work has been very brisk and so there may be

some mistakes in detail or poor formulations or explanations: if members highlight these we will attempt to put them right.

2.5. The major and contentious items in Appendix 4 are as follows:

- First, the restructure - as part of becoming a strategic commissioning authority – with a timetable of the services to look at for commissioning, which will include Leisure and Cultural services early on, and the development of shared services, systems thinking to improve efficiency and reduce costs and the application of enhanced IT through the Enterprise Resource Planning system. This has saved hundreds of thousands of pounds in all and projected to save more in the coming years.
- (Item 49) – reduction of funding to Cheltenham Festivals: this is probably the most contentious decision we will recommend. The Festivals needed much more scope from a new box office system than the Council, including a fully integrated sponsorship and fundraising package. Unfortunately we were unable to find a system which met both parties' needs within the budget available and without failing to comply with the strict procurement rules which protect tax payer's money. As a result, Cheltenham Festivals made a business decision to purchase their own box office system and become more independent from the Council. In the interim budget, we had initially reduced the grant to CF from £109k to £60k.

As a result of the purchase of their own box office system, the Town Hall's finances were left a net amount of £71k worse off in its budget by CF which has been netted of against their grant. However, Cheltenham Festivals will save around £100k of box office commission paid to the council. Not to have reduced the grant in this way would mean a cut in services elsewhere or over a 1% increase in Council Tax. So in effect we will be giving them no grant.

I have to stress that we made them aware of the impact their decision could have – but it was **their** business decision. And I have to point out that in the last five years the Council has given them over £1m in cash, and approaching £1m help in kind to enable them to become independent. Having said this, we recognise that as a customer of the council they pay the council for hire of both the town hall and pump rooms and are important in the long term sustainability of both these venues.

They requested a transitional payment of £106k over the next two years to allow them to readjust to the reduction in grant. We thought long and hard about this and came to the conclusion that a better thing to do for the people of the Town, Britain in Bloom and CF was to invest in Imperial and Montpellier Gardens to improve them, and relax some of the conditions in the Catering contract for the Town Hall when it is due for renegotiation in 2012. This will allow CF to be more commercially effective. We have therefore allocated £140k to this as a first phase of works. This funding has only become available recently as a result of negotiations with the actuary over phasing pension contribution increases, which has released £259k of one off money for this year. I will, indicate how we recommend the residue of this be allocated as I go on.

- Item 52 – permanent cut to the Arts Council of their £10k grant. We recommend the allocation on a one-off basis of £6k for the coming year to allow a transition to the following financial year when they will get nothing. This is also from the pension fund adjustment.
- Item 55 – The Power Perfector is a device that optimises electrical current so that it is more efficient and is the first of a series of initiatives outlined in section 12 of the report. It has been installed at the Leisure Centre and will make the savings outlined. Because it is an ‘invest to save’ initiative it can be funded out of the long term Repair and Renewal

reserve with the pay-back being savings on electricity bills. Further schemes whose payback hasn't yet been accurately identified yet are outlined on para 12.5. These initiatives will reduce costs and the Council's carbon footprint.

- Item 59/ 60 – Stop the top up to Concessionary Fares and Cancel Taxi Voucher scheme for people with disabilities. The reason for this is that the total £2.25m annual budget for Concessionary Travel **including** local discretions i.e. 9 – 9:30am travel and taxi vouchers for the disabled is being transferred to the County. **They have indicated that only the statutory scheme will be kept.** As I've already said this move has cost local taxpayers almost £1million over and above the level of Government subsidy we received.

What we have done to address this is extend support (effectively in kind) to 'Third Sector Services' (the old Volunteer Bureau) that runs Cheltenham Community Transport so that they can further develop their transport service and the Volunteer Car service to help people with disabilities.

- Item 63 – shared waste service with Tewkesbury. This is the beginning of what we hope will be longer terms savings. So far it has been very successful and made savings. More will come.
- Item 65 – Stop some flower displays (unless local people will provide the labour) in all parts of the town except the Long Gardens, Imperial Gardens and part of Sandford Park, and move to 'sustainable' planting in Berkely Mews and Oxford Gardens. This will be a very visible result of the impact of the financial crisis at one of the most striking gateways to the town. We recognise the importance of Imperial Gardens and the Long Gardens to the economic and environmental attraction and success of the Town Centre and believe they should be protected – it is galling to see the damage sustained in the Long Gardens by people wearing muddy

paths through the displays, and in Imperial Gardens as a result of overuse by tents, which is one reason why we want to invest the money I outlined earlier in them.

- Item 66 – we are increasing allotment rents at the same time as investing substantially in new and replacement allotments and moving to a point at which they will be self-financing.
- Item 69 – you all know about the new Green waste collection system. The old system was funded through Council Tax. We simply couldn't afford to continue with this and since it is a discretionary service have to charge for it. The charge will, however, allow us to rollout the improved re-cycling scheme whilst keeping the overall waste and recycling service at an affordable level and protect other services from being cut. We expected only an initial take-up of 3000 before the beginning of the next financial year in April: take up so far has been more than double this as you can see from the answer to the question given earlier about this.
- Item 72 – closure of most toilets, though not Royal Well; external Town Hall or Pittville and Montpellier Gdns, or Sandford Park (which will only open in the summer months). People will be directed to alternatives in the other areas negotiated with local businesses and places such as the resource centres. This happens in a number of places – such as Gloucester.

The reality is that the toilets not only cost us a lot of money to open, close and clean, but they suffer a lot of vandalism and are focal points for drug taking and most are simply unpleasant to go into and feel unsafe. They cost us some £400k over a 20 year period just to maintain apart from the annual revenue to keep them open. At one time 'Public Toilets' were all that was available. These days many businesses have toilets. The arcades have toilets for the public. The resource centres have toilets for the public. They are stewarded and clean and safe, and simply better than

what we provide. This is one justification for taking a one-year holiday in the revenue contribution to the Repairs and Renewal reserve outlined in item 1. We save £100k a year in revenue costs, and a one-off saving from revenue to the Repairs and Renewals reserve of £125k.

As of today there are still a couple of locations where alternatives that are DDA compliant have not been definitely finalised. Toilets won't be closed until alternatives have been found that are accessible to disabled people except in the case of Cox's Meadow which will be closed permanently without any alternative. Everything will be re-evaluated in the June out-turn report which will come to full Council.

- Item 73 – Reduce frequency of cutting grass verges. This for us is probably the most contentious cut we considered. We have a contract with the CC for 5 cuts a year for which we receive £50k which is simply not enough. We top it up by £120k a year with 10 further cuts. The contract with the CC also includes – grass cutting around highways such as roundabouts; maintenance of landscape areas; alleyway treatment and removal of epicormic growth from highway trees and replacement of highway trees (which we would regardless continue to protect). If we withdraw our top-up there will be longer grass and there's a Health and Safety visibility issue here. We will need more robust cutting gear to do the 5 cuts; and there will be more mess and potentially blocked gulley's. That's why we've taken £110k from the pension money to continue funding this for one more year. We will pass the Highways contract back to the County Council the following financial year unless we can reach a negotiated alternative. What we didn't want was to just do 5 cuts a year knowing that this is inadequate and be held responsible for it when it is a Highway responsibility.
- Item 86 - Reduction of Civic and Mayoral Expenditure. This won't affect such things as the hire of the town hall for mayor making, the Mayors Ball and the pensioner's tea party. If we

cancel these then the income from the Town Hall goes down apart from the antagonism it will create. You either have a mayor, or you don't. We saw it as an important part of the social and cultural quality of the town – the first citizen represents the town and raises money on behalf of local charities. So despite the calls for its abolition we have resisted this.

- Item 87 – Twinning: we have reduced this by only £5k and I want to explain why. It relates to a wider agenda. Twinning began to heal the wounds of war. Today it is concerned with building understanding between different people's and cultures – and mainly involves schoolchildren and young people. It is an important part of general youth activity despite the fact that many uninformed and cynical people see it as just a jolly for idle councillors.

The CC is stopping general youth work and concentrating on 'vulnerable' children, which I can fully understand under the circumstances they are in. They have allocated £50k to Cheltenham to facilitate general youth work, and we are proposing to match this for next year – this is one of the initiatives from the LAA Performance funding outlined in para 6.3. This £50k will be for enabling youth work because we see this as important – training volunteers; organising and coordinating activity; involving young people; raising funding and doing CRB checks etc – **not** paying youth workers. **We simply can't fund what the youth service used to do.**

We have developed a brief to commission organisations to take this forward – and have protected most of our other services to seek to preserve facilities for young people. We have protected the play provision; the outreach work for the Museum because most of the visitors to the Museum are schoolchildren; twinning, because the main beneficiaries of this are school exchange visits; we support the Everyman and its youth initiatives and the park rangers because much of their community work is with young people. So we see

twinning as a substantial part of this youth work agenda and if we are to help address the issues relating to facilities for young people we need to organise things internally so we are better coordinated.

Most importantly, there are hundreds of voluntary sports, faith and uniformed youth organisations throughout the town apart from established youth centres like Oasis, Charlton Kings and Brizen. We want to coordinate these and direct young people towards them. This is now gaining in political importance.

3.0. GROWTH AND ADDITIONAL ITEMS.

3.1. **MM & COUNCIL:** We have frozen car parking charges (appendix 3). Everything in our budget is subject to an annual 2.5% uplift and if we exclude this uplift, then it needs to be funded, and this costs us £106,500 permanent loss in revenue, and in terms of the MTFs is a recurring loss. We have done this to help the towns economy. We will also be investing money - £250k - in the car parks to make them more efficient, as well as capital in upgrading the telephone system.

3.2. In addition to the funding I announced earlier for Imperial and Montpellier Gardens, and for the Arts Council from the £259k Pension fund money, we are also allocating an additional £3k for oiling of seagulls eggs over the next two years.

3.3. There is also expenditure from previously budgeted earmarked reserves on business change and shared services, and, as I mentioned previously, on Power Perfector from the Repair and Renewal Reserve.

3.4. From the LAA Reward Grant that we expect to receive I have already mentioned the one-off funding of £50k to match fund what the County is allocating to Cheltenham for Youth Work – consistent with the sentiments of the resolution proposed by Cllr Sudbury at the last full Council; £30k for a further bidding round of Community Pride open to community

organisations with the emphasis on 'Big Society' type issues, particularly volunteering initiatives, and we will be funding Cheltenham Voluntary and Community Action £10k a year over three years to help build capacity in the voluntary sector so that it can participate more effectively in the commissioning agenda.

3.5 The LAA grant will be received half in capital and half in revenue. With an underspend from previous years we estimate that the capital available will amount to £179,837 and I am suggesting that this be allocated over three years (60k) a year to the Warm and Well scheme – obviously subject to us receiving it. This is identified in para 6.3 of the report. The scheme, which is administered by the Severn Wye Energy Agency, provides grant aid and is targeted at vulnerable people to improve the heating and energy efficiency of their homes, make warmth more affordable and reduce the levels of health risk associated with cold living conditions and thus keeps them in their homes longer and helps the health agenda.

3.6 We expect there will be relatively modest underspend's that accumulate from LABGI and LAA Reward funding over the next few months, and will recommend these should be distributed in the out-turn report in June which of course comes to Full Council to be decided. **I am minded to be particularly considerate to use funds to support youth work and Cheltenham's festivals, but would not want to make any commitments until we are clear about how much money will be available.**

3.7. You will have noted that we have taken over £700k of Planning Delivery Grant that has been used to fund development control officers into the General Reserve to top it up to around £2m by bedding 6 FTE planning posts into base budgets. My view and that of the S151 officer is that we need to keep this reserve at about this level given the uncertain period we are moving into.

3.8 Finally, from earmarked reserves and the sale of property and by moving different pots of money around so that we stay on the right side of local authority financial rules we are allocating £1m to Civic Pride to support Cheltenham Task Force and contribute towards the Boots Corner development, and costs associated with bringing sites to market and the cost of the delivery vehicle.

The money for the regeneration of St. Pauls and for the other building schemes has been allocated already. We will continue to push forward with investment in the town despite the recession.

CONCLUSION

MM & COUNCIL: I've tried to outline the budget in a way that can be more easily understood because there's a lot in it. It contains a lot of unpleasantness, but less than there could have been. We have been creative in orchestrating the funding and there are some good things in it Madam Mayor – not least your continued existence – and more ammunition for your ongoing war with the seagulls.

Members, even if you disagree with it I think you'll acknowledge the work we've put into this budget. As a result of what it contains I believe that we can proceed with more confidence over the coming period which will still be difficult, but will be doable.

I expect that, given the huge problems we have had both with the scale of the cuts, the very late announcements by Government and the difficulty of some of the things that need to be done, we will have to re-visit a number of issues in the June out-turn report. I've made the point that the Budget is now a round-the-year activity given the nature of the financial circumstances that we are in so this is no surprise. Yet again I want to underline the importance of the Budget Working Group in the new circumstances.

There we have it - I move the recommendations 1 to 9 outlined on p161