

BUDGET FULL COUNCIL 10TH FEBRUARY.1ST Draft 6th Feb

1. I hope to keep this introduction to the budget mercifully short because I don't think, in the circumstances, it is enormously contentious. I am proposing a freeze in Council Tax for the second year running taking advantage of the Governments offer, and there are no substantial cuts proposed.
2. I will start by once again thanking the finance team for the work they've done in pulling these reports together, and after having taken advice from the Budget Working Group simplified things a bit – especially the S25 report, which is now briefer and easier to follow than before.
3. As a result of our close monitoring of expenditure the half million pound deficit we projected for the current financial year is expected to be addressed.
4. But Government funding continues to decline. If you recall the Gvt. proposed a cut of 28.4% over four years following the Chancellors 2010 budget. We've already had a 23.23% cut in two years – in 2011/12 we took a cut of over £1m, and for 2012/13 a further £534,000 is cut.
5. With this knowledge, we projected that we had to address a total gap of £972,000 in the 2012/13 budget.
6. This year we've had a bit of luck. The Icelandic Banks decision was favourable to us. We have taken the opportunity to bed £250k NHB money into base budgets because our projections over the life of the MTFS show that we will achieve at least this amount based on the pattern of historic development, and given the cut to our grant by central gvt. feel that this is legitimate. The subsidy-free settlement from the HRA gives us scope to rebalance debt between the HRA and the General Fund to the advantage of the base budget. And we have deferred paying £200k from revenue into the maintenance reserve – not that we can keep doing this.
7. The freeze on staff salaries still applies for 2012/13 and the Government has announced that next year there will only be a 1% increase for 2013/14.
8. So this has enabled us to address the deficit that we face with a standstill budget and some modest but important growth.
9. The draft budget went out to consultation in December. Key features of it included the following:
 - Last year we removed £110k that subsidised the verges contract we have with the County Council: this was very controversial and we have reinstated this money. One problem is that we have been informed that the CC is considering cutting verges and related budgets by about £30k. We have to keep reminding the CC that it is the Highways Authority. It cannot keep passing the buck back to us to fund works which are their responsibility.
 - We are proposing we spend an extra £20k maintaining the town's trees – including our 8000 highway trees. These are formally the responsibility of the

Highway Authority, the CC, but we know they simply won't invest in tree maintenance, and so feel we have to.

- Up to this year we supported Taxi Marshalls who organise the departure of people from the Town Centre on Friday and Sat nights: this was temporary finance and would expire this year. We have built it into base budgets so it will be permanently there.
- We intend to freeze parking charges for another year
- We intend to freeze lettings fees for the Town Hall and the Pump Room for a year
- We are investing in IT infrastructure which will make us more efficient
- We have allocated capital funding from the Civic Pride reserve to improve town centre infrastructure and paving as requested by the Cheltenham Task Force – including works to St. Mary's church yard which have needed to be done for years.
- We are proposing to fund Youth Work for a second year at £50k. The impact of the first years funding will need to be reviewed at an appropriate time and no doubt O&S will want to be involved in this.
- And, again, we are proposing two funds of £141,500 each which organisations can bid into – one for small environmental schemes and one for promoting Cheltenham.

10. Following consultation we are suggesting some changes. First, we cut the £10k grant to the Arts Council in 2010, but allowed £6k to them from one off sources last year. We are proposing another one off payment of £5k for this coming year.

11. Additionally, some of you know that the Single Advice Contract was retendered with a budget reduced by £25k – from £155k to £130k. The CAB, which had held the contract, were unsuccessful in retaining it, and because they do a lot more than just what the contract paid them to do, these additional advisory services are in some danger of disappearing. They include things such as employment issues, general debt, family law, immigration, consumer affairs and so on. We are therefore proposing that we award 60k over the next two years from the General Reserve to deal with this - £30k a year subject to them producing a viable plan to retain key advisory services for the town. The General Reserve is healthy at over £2m – kept this high because of the difficult and unpredictable circumstances we are in. The Earmarked reserves outlined in appendix 5 are identified for specific things such as the Museum and Civic Pride, and go up and down as projects materialise and money is spent or allocated to them.

12. A number of issues arose during the consultation and internal discussions with O and S etc.

13. I have explained the NHB decision.

14. Others wanted to know why we should limit Council Tax to 2.5% The reality is that in future anything above 3.5% would be the subject of a referendum which, given the financial circumstances the country is in, would be unlikely to agree to a further more substantial increase. Indeed, it would probably cost us money if we took the cost of

the referendum itself into account. I am aware that this will be something of a shock to the system next year and the BTG group will need to carefully consider how to cope with it.

15. Some want a long term reduction in Council Tax. My view is that we need to control the increase in Council Tax but our aim has to be to provide services in a new way that limits their cost while protecting quality. This is what we are trying to do and is the strategy this Council has signed up to.
16. There are some who believe car parking charges should be reduced substantially to give commerce a boost. Car parking income has not met its targets which is one reason we've frozen it yet again, but Cheltenham appears to be bucking the trend, and footfall in the town centre doesn't seem to have fallen. More people – especially the over 60s – are using the bus to come into town, and a lot walk in. However, we are prepared to study this a bit closer. In my view, Cheltenham is not just your bog standard place to shop. People come to visit because of its quality – which is why we want to invest in it through Civic Pride, and have timetabled in improvements to the Promenade pavements next year, and St. Mary's Church Yard.
17. The consultation raised issues over the Green Waste scheme. It pays for itself, but isn't making the amount we originally projected it ought to make because many people resent paying for a service that was once free and choose to take their green waste direct to the depot. So we need to look at this again. We do now recycle almost 50% of household waste – but need to do a lot more.
18. The last years have not been easy – but they could have been a lot worse. Next year will be difficult – but we have reserves and a strategy for implementing service reforms which deliver real savings while maintaining the quality of what we provide.
19. Read resolutions out as amended (the first line needs to have **for consultation** removed from the end of it).