

Item 9: Revenue Budget and Precept 2018/19 and Capital Programme 2018/19 to 2020/21 – Introduction to Debate by the Leader

Mr Chairman - Councillors

As in previous years I shall divide the Budget presentation between myself and Councillor Kendal and I readily put on record my indebtedness to Councillor Kendal for his great support in managing our finances and help in setting our financial strategy so that Hampshire yet again is one of the most successful County Councils in the country.

I also pay tribute to our Director of Resources and her staff. They serve us well.

They say there are two things certain in this life - one is death - and the other is taxes. And when we were elected, the great power and great responsibility put in our hands was that authority to levy a tax on our fellow citizens.

Once all two tier counties have set their budget I remain confident that in Hampshire we shall sustain services amongst the best in the country and our council tax precept will again be the second lowest of any county.

In Hampshire we are asking on an average Band D property a precept of £1,200 i.e. £100 a month a household. It's not cheap but it buys a lot.

For our neighbours in West Sussex the ask is £1,317 and in Dorset and Surrey their precepts are both over £1,400 i.e. over £200 more than Hampshire.

I derive no pleasure in proposing a tax increase which is why for five years from 2010 at the start of the coalition Government we froze the County precept. Even with the increase proposed today of 5.99% the burden of Council Tax measured against inflation is actually £100 less than it would have been had we let it go up in line with average cost of living increases. I do recognise household budgets are stretched and I do not readily accept increasing tax is an easy solution so I am proud to be able to make that point that measured against inflation Hampshire's council tax is lower than it was eight years ago and almost certainly remains second lowest in the country.

Why do we need an increase?

This is clear.

1. Above all we have demographic pressures.

More children and more elderly people in particular, and much as we love our children and respect and cherish our senior citizens, they are the two sections of the community who understandably take more from the economy than they put in. The elderly have paid their taxes so earned their rights and the children we hope will grow up to make a positive contribution to the economy. I used to say there are 1000 extra people over the age of 80 every year in Hampshire - the figure now is 1000 extra over the age of 85 and a proportion of them will inevitably turn to the Council for assistance with their care needs. Many will not need help but many will. Added to that there are more young people with complex needs living into adulthood, who will

need expensive social care but not necessarily medical care. There is also school transport cost at some £30m.

2. Inflation is rearing its head again. We are budgeting for a 2% increase in salaries, and as with everyone else we have to pay for electricity and other utilities. Travel costs of staff go up as the price of fuel increases.

3. Government is reducing our RSG or revenue support grant. You will see measured against last year alone the Government RSG and business rate passed back to us is reduced from £156m to £138m. The Grant is scheduled to become zero, which is why it is tremendously important we get a Fair Funding Formula where Shire Counties do better and are treated more fairly and the Green Paper comes up with an acceptable way of funding social care.

So more demographic pressure - more inflation - less central support.

Some will criticise the Government and I have joined other County Leaders in alerting the Government to this pressure on councils and counties in particular but would I want the Chancellor of the Exchequer's task of meeting the needs of NHS, of Defence, of Police, of Agriculture, of Schools.

I am afraid Local government comes low down the list of those priorities and one of the problems is that we have been too successful at achieving more with less and we have indeed been very successful.

The Deputy Leader of Nottingham complained in public a few weeks ago that Hampshire had received a transitional grant of £18m to smooth the impact of the 2016/17 settlement which hit Shire Counties hard.

I had to point out that this was a one-off payment and whilst Nottingham is receiving Government support of £335 a head for its upper tier responsibilities, Hampshire is receiving just £100 a head. Try working out the £235 x 1.3million we would be receiving if we got the same per head as Nottingham. It's £305million more. Now I do not criticise Nottingham but I just ask them not to complain when we got £2.9m extra in the final funding settlement or got a one-off £18million. Social care costs Hampshire County Council significantly more than £1million every day.

I was pleased when the minority group leader came to our Cabinet meeting earlier this month - it's a pretty rare event. He said it was all decline and gloom and complained we have no strategy. I see he complains a 20% increase in our council tax over the last 4 years and presumably thinks it would be paradise if the Lib Dems controlled the Council. I wonder.

He demands to know if we would withdraw our suggestions for modest charges for some services like £1 for using a Household Waste Recycling site or £2 a year for issuing a Bus Pass. Just so we can keep all the Waste Sites and keep Community Transport.

Well I can assure him we will keep those services but I will still argue to Government that modest charges for some services is a way of keeping popular services and people tell us they support that.

We most certainly do have a strategy which, with a Council Tax lower than eight years ago in real terms and the second lowest in the country and services amongst the best, seems to be pretty successful. We plan ahead. We live within our means. We help elderly people lead independent lives as long as possible developing our Extra Care facilities – just look at the marvellous facility down the hill from here.

We do not run down our reserves as the Liberals and Labour allies would have us do and did 20 years ago and were rebuked by the District Auditor for having them dangerously low. Now we have them to use and help us carefully manage our budget.

We will not put up charges at the same scale as Eastleigh Borough Council do. If you want a burial plot in Eastleigh they thought nothing of putting charges up so now a plot costs over £900 whereas in next door Conservative controlled Test Valley it's under £500. Motto - don't die in Eastleigh.

We won't go speculating on the open market buying a Mercedes Dealership here or a hotel there because we've heard there is a good return. That's what they said about Icelandic Banks and the Southsea Bubble come to that.

We have invested in land - we have either sold off surplus office space or let it out as we make our property portfolio ever more efficient. We will share in the project to build houses for rent in Basingstoke at Manydown so we can help renters and first time buyers and key workers.

Above all we will not bury Hampshire residents in debt.

I could wish the nation was not still having to clear up the mess from 13 years of Labour but it is and rather than indulge in wishful thinking we have a clear and successful strategy to set a balanced budget.

Plan ahead. Live within our Means. Make sure we target help to the most needy.

Hampshire has a record and strategy for careful finances that compares with anywhere in the country. I commend the budget and move the recommendations.

Councillor Roy Perry
Leader

22 February 2018