

A budget of hope for our future

Cllr Keith House

25 February 2021

This has been a most difficult and challenging year for not just our Borough, but for the country and world, and planning a budget for this year is unlike anything this Council or our staff have ever had to face. I said much the same at the County Council this morning: it is true for us all.

So before commenting on any of the budget papers, please let me put on the record my thanks and I am sure from all councillors to all of the staff team that have had to work miracles to have detailed information in front of us all today and to keep the “show on the road” over the last year.

And let me again repeat the message I gave at our first virtual meeting, late last spring, as we were still in the first lockdown and had little perception that so far into the future we would be into a third lockdown with some form of restrictions still to last for months, and a pandemic that in evolving to becoming endemic to require serious attention for many years into the future.

That is to again thank all staff across the public sector that have gone more than the extra mile to keep services going, not least of course in our health service where I have even come across operating theatre staff volunteering extra shifts to carry out vaccinations.

But it is all frontline workers, from shop assistants to postal staff and bin crews, and the teachers that are now getting back to planning for full classrooms. Deeply challenging times, and I’m sure we all have enormous respect for all, and beyond to those thousands of businesses around our

Borough that are still struggling to know if they can keep going and retain staff in, for many sectors, a shattered economy.

But here we are.

I make those context comments because they matter, but also because they inform my thoughts, and the Liberal Democrat administration's thoughts, on this budget.

Because we have a task beyond our usual approach to governance, which is usually best summed up as to fix problems and improve the quality of life for our residents, businesses and visitors. That's because this year our challenge is to help our community respond to fear and uncertainty, caused by Covid-19 and its variants, and to reach out with hope for the future, for a vision and direction from those charged with governance.

I am sure we can rise to that challenge.

The Budget

This budget is very different from a conventional budget in that to respect the level of uncertainty we face from the pandemic it broadly rolls forward the current year's budget, but is much more of a "budget estimate" as traditionally budgets were, given the number of current unknowns and degrees of uncertainties on new costs, naturally arising savings, future government funding and legislative announcements, and the unpredictable nature of the pandemic as it moves towards being endemic and whatever form of business as usual to cope with the virus.

What has not changed is the fundamentally strong financial position of the Council. Our prudent financial management over many years has created

substantial property and investment reserves alongside a net contribution each year from our investments, after interest costs, of £12million: a sum that exceeds our income from council tax, business rates and fees and charges.

This fundamental soundness, that helped us be one of the first councils in the country to have our 2019/20 accounts signed off by our auditors, means that we can for the 18th year deliver on our promise of keeping Council Tax reducing in real terms with it being set at 1% below inflation. Due to December's CPI being only 0.6%, this means we can reduce Council Tax this year by 0.4% so giving not just a real term reduction but a cash reduction for most residents this year. At a time when many household budgets are truly squeezed by erratic and uncertain income, I hope this decrease will help just a little, not least given the very substantial increases being levied by the County Council and Police & Crime Commissioner.

Our usual policy of maintaining our General Fund Reserve above £1million and increasing discretionary fees and charges to achieve a 2% yield, helps maintain our overall financial position. The report to Cabinet summarises a range of pressures and variations and these have all been accommodated in the Budget, alongside appropriate changes to Special Expenses.

The Government has made some contribution to the nearly £10million expected cost of Covid in the current and new financial year, with a current estimate of around £4.5million in general grants and reimbursed lost income. Our sound finances and tight cost control has and will manage the gap. We never did get to the "we will fund whatever it costs" pledged by the Chancellor and Secretary of State early in the pandemic, so we are more than £5million down. What's more, alone of Hampshire's Councils, we sought to compensate Parish Councils for lost income with £200,000 of grant, in the same proportion

as we took ourselves against lost income. No other District, or the County Council, acceded to the Government's request to help Parishes. We did.

This year's local government financial settlement matches the current 2019/20 settlement. It is worth noting in today's terms we have now absorbed £10million of losses in annual government support when compared with 2007/8 immediately before the Global Financial Crash and austerity. Although we have no certainty on Government policy on Business Rates the expectation of a reset to these rates in 2022/23 will remove growth and create a further financial pressure that could be a further £1.5million compared with the current year's budget.

Because we have taken our housing responsibilities seriously, delivering above housing targets to "catch up" on housing not delivered during previous recessions, we have seen substantial income from New Homes Bonus, with nearly £16million of completed and approved schemes and another nearly £6million allocated to new affordable housing for rent.

I should add in passing that recent social media commentary by Eastleigh's MP on housing delivery should be taken with a pinch of salt. Over the last twenty years and two housing cycles, a classic boom and bust industry, we have assisted in the delivery of 10,482 homes, that's 524 a year and on average 16 homes a year above the Government's expectations. What's most important and I know of concern to councillors and residents, is that we have delivered 1000 affordable homes over the last three years, and that's before we count our new lifetime-tenancy market rental homes with their "Rent to Buy" option taking Generation Rent toward home ownership in a way that few councils in the country can claim.

Where does this set of financial data take us? It confirms we have a sound short to medium term financial position, far more secure than most councils. It says we have managed to contain the impact of Covid-19 thanks to a tight control of costs. It says we need to be alert to future changes to business rates, and to keep up our diligent monitoring of treasury management and future interest rate changes. But it also gives us confidence that our stated pledge to maintain Council Tax cuts in real terms for 20 years running is on target.

Turning to the coming year, we face a range of challenges.

The Coming Year

First is continuing to contain Covid-19: by supporting vaccination centres, by continuing to maintain safe messages on social distancing and by new initiatives such as the Testing Centre at The Point that Cllr Tonia Craig and I were pleased to check out on Monday. Thanks again to all our staff who have put in extra hours and volunteered to be seconded to get this going.

Second is reopening and the new world beyond lockdowns, seeking to help and support Eastleigh businesses, clubs and organisations and residents as they readjust to our newly restarted world and doing everything we can to help avert the need for Lockdown 4 next winter or earlier. We must not be complacent.

Thirdly we need to focus on delivery: of our services, of our capital programme and helping create a sense of hope emerging from the trauma of the last year.

It is this focus on delivery and hope that I want to concentrate on this evening.

For our services, we see continuity and change. Continuity in those services we have been able to keep delivering, and those that re-open. Change in those areas where we can be proud to deliver service enhancements, such as the new waste collections that commence next week with glass collection every two weeks alongside recyclables. Cllr Rupert Kyrle is overseeing this project alongside other innovations such as our Tree Nursery that will help see 160,000 trees planted in our Borough as part of our Climate Emergency Action Plan. A further area of change is our vehicle fleet, increasingly moving to electric vehicles. I'm sure I saw Cllr David Airey with an early electric waste vehicle. I am assured he wasn't driving it. I hope not! With the move to electric vehicles we are delighted to have been one of two districts that was able to step forward to be part of a first on-street charging project, in central Eastleigh. With the start on the roll-out of commercial charging points at key town locations, we will be taking forward a programme to get charging points available across the Borough over the next two years, as the end of the era of oil consuming and polluting personal vehicles starts its journey into history.

For our capital programme our emphasis is on maintaining our "infrastructure first" approach and linked to our housing programme. Cllrs Paul Bicknell and Ian Corben with their regeneration portfolios will help oversee a large capital programme that is being supplemented by the allocation of developer contributions. Local Area Committees are a key part of ensuring these plans progress and detailed reports have started to go to Local Area Committees and will do so again through the March meeting cycle. There are a mass of exciting projects, too many to detail here, but all will help contribute to that sense of renewal and hope for the future.

Chandler's Ford will see work at Flexford Nature Reserve and Hiltingbury Rec car park, and the emerging exciting project for a new "Arch" Theatre.

In Eastleigh major projects alongside our new community at North Stoneham Park, include a £300,000 refurbishment of Freespace Skate Park and the start of a new two-year improvement programme at Leigh Road Recreation Ground. The completion of Fanfare Place in Romsey Road will create new homes in the town centre as will new projects being taken forward at the Old Post Office and smaller sites.

We will ensure that major community projects in Bishopstoke, at the Memorial Hall working with the Parish Council and at St Paul's working with the church are able to be taken forward. With the health service we will continue to work on expansion plans at Stokewood Surgery to help meet the needs of the growing community. In Fair Oak alongside major play projects we will bring forward the first large open space project linked to One Horton Heath, on land close to the reconfigured Allington Lane. This will be one of the largest parklands in the Borough, preserved from housing growth and delivered over one year before work on the first home at One Horton Heath starts.

At Itchen Valley Country Park major plans to improve our recreation area will be taken forward, with proposals for a major new play space unique in our Borough and a range of infrastructure improvements to help visitors to stay longer in our Country Park oasis.

With a new secondary school opening at Deer Park in Hedge End – the first in our Borough for over 40 years, we will complete the funding package for major sports pitches and recreation provision for the benefit of the whole community.

At Boorley Green we will deliver on long-promised play provision.

In the south of the Borough work will move forward on the new Windhover Meadows Country Park, and the Parish Council at Bursledon will be supported with funding for a replacement pavilion at Long Lane. We will work with the Parish Councils in Hound and Hamble on improvement packages for a range of their local facilities from a new Play Area at Station Road to supporting a major set of improvements at Mount Pleasant Recreation Ground.

These are all exciting community projects but our biggest area of delivery is increasingly with housing. One Horton Heath is the stand-out. This project will deliver an extension to the existing community like no other in our Borough, as a development that starts from the perspective of the place that is being created, not what will create the most profit for a remote developer. Higher environmental and space standard with green energy and a default to foot and cycle access, sustainable water features and a real sense of place using existing natural features retaining trees and old field patterns will demonstrate that, with infrastructure first, housing can be an asset for all, and to be welcomed. It's a big challenge, and one the project team are delivering putting in thousands of hours of work.

Some of our housing projects will be assisted by the re-opening of a Housing Revenue Account to develop our own "council houses" on a scale not achieved since the 1960s, with a plan for over 1000 over the coming decade to supplement new homes provided by housing associations on sites being taken forward by the private sector. This is truly a revolution in housing provision to meet need and much will dovetail with our social policy area led by Cllr Tina Campbell that will tackle niche and specialist needs and keep cracking down on homelessness.

The Economy

Economic recovery from Covid and Brexit must be our Borough's greatest area of concern over the coming years. We will not know from some months what the real effect of both is on business activity but we all appreciate I am sure that the retail sector has seen a decade of change in less than a year. Names familiar for a generation are disappearing from our high streets as new on-line brands emerge. Eastleigh has not been impacted by some of the biggest closures from collapse of Debenhams to the shrinking of John Lewis, but a significant number of family favourites have closed or will do so.

Our changing high streets is thus a major focus of our attention as we start to adjust to what has been often seen as a night-time economy during the day, and with increasing emphasis on the need for public service delivery from health to councils being essentials on our high streets to the need to secure housing densification. Cllr Derek Pretty is already working in these areas with the BID team and our property and local area teams will need to give this new focus.

Cabinet this week gave its unanimous support to the Solent Local Enterprise Partnership's bid for a Solent Freeport, bringing tax advantages to boost trade and create economic growth not just in Eastleigh but across the Solent in a unique "Net Zero" proposal. For the Eastleigh part of the package, Cabinet were able to support the approach to government to seek to secure the speedier commercial development of the Riverside site including the North East Business Park of the Airport, progress in securing development of a prosperous and financially sustainable Southampton International Airport and the construction of the link road to bypass Eastleigh town centre, the Chickenhall Lane Link Road.

The Government makes a lot of play about its “levelling up” of areas not punching their weight. These are not just confined to the north of England: coastal England including the South Coast at the Solent has levels of deprivation and economic underperformance that match the “Red Wall”. We must bang the drum for our patch, and work to get that message through.

Opposition Amendments

Unusually this year, we have proposals from the Independent Group published ahead of the Budget. I’d like to thank the Independent Group for so doing. Both of the ideas suggested are worthy of thought as the objectives are ones the Liberal Democrat administration share. They are not quite right for the Budget, as Cllrs Tina Campbell and David Airey will explain, as work is underway in both these areas, positively by an Eastleigh Borough Council team on digital exclusion, and perhaps less so by the County Council on public transport where the risk is more County cuts. As such it would be preferable for the amendments to be withdrawn rather than voted down: we are very happy to give an undertaking to keep the Independent Group involved in both issues over the coming months not least as the sums of money involved in addressing them are likely to be rather larger than the amounts being proposed.

We await with interest proposals from the Conservative Group and I will return to these in my summation.

Hampshire County Council

Earlier today, the County Council set its budget. Sadly this does not have the optimism and hope for the future of our debate this evening. Government has cut social care councils adrift over the last decade, but equally the County has

not developed a response beyond managing and decline and using 'transformation' as a proxy word for 'cuts'.

We have said here and I must say again that as financially secure as we are, we are not able to fund these cuts by re-providing axed services. I am proud that Fair Oak Parish Council has taken the challenge of keeping open its library, and we will help with building repairs. And I proud too that Bursledon Parish Council has done the same at Lowford, in a facility that this council initially funded just a few years ago. Cllrs Nick Couldrey and Steve Holes have played a leading part in these initiatives: thank you.

But if we can't compensate for County cuts, we can return to our business as usual position of seeking to fix problems and improved the quality of life of Eastleigh residents.

Our Vision: Hope for the Future

Our vision for our place remains one of hope.

A Borough that will truly address our Climate Emergency, with renewables, with sustainable transport and energy, helping tackle fuel poverty.

A Borough that will truly promote our public health, our mental health, and improve quality of life, genuinely from cradle to grave.

A Borough that will work with business to create the wealth to protect our environment and improve our infrastructure.

A Borough that will support volunteers, our culture, our arts.

A Borough that will work to see the end of Food Banks.

A Borough of hope, and of vision, for our future.

Much of this won't be easy. Nothing that truly matters ever is.

There are always hard choices. There are always difficult decisions. But there can be hope. Hope for a better future, after a decade of austerity, after a year of lockdowns and the pandemic.

That's the continued commitment of this Liberal Democrat administration, proud this evening once again to protect services and promote an ambitious programme of housing and investment and doing so while cutting Council Tax again.

Let's keep hope alive for Eastleigh: I move this budget and the recommendations from Cabinet.