

# **Eastleigh Borough Council General Fund Revenue Budget 2022/23**

**Cllr Keith House**

**24 February 2022**

This time last year the Council was agreeing a budget at what we all hoped was towards the end of the pandemic, rolling forward a budget that had a high degree of uncertainty. When would public health risks release our community from lockdowns? Would there be further waves of the pandemic? When would the economy recover? What would be the implication for public services?

Yet we still managed to protect services and keep Council Tax below inflation.

Much has changed over this year, just as much remains the same. We still can have no certainty that later this year as the weather turns cold, we will not have another variation of Covid that restricts our lives. But with the excellent work of our NHS, supported by strong science, along with the immunity created from infection, we can hope that this year we really do have a sense that we can start to return to some form of new normal.

Let me start this evening by thanking all our staff who have performed miracles to maintain services over this year. With high numbers of staff having to isolate having tested positive, putting more pressure on our neighbourhood services from bin emptying to street sweeping, and in many other cases still working from home with all the pressures that can bring for many, we have pulled through together as the Eastleigh team that so other feels more like a family. Thank you.

What we have learned over the past two years, beyond that we already knew, is how good that team, that family, is. We have maintained services, maintained income, and are now in a good place as an organisation where those services that had to close, change or reduce activity are now moving forward again, not least our indoor sports and arts provision.

On the financial front, many were concerned that as costs rose, and income declined, we would face real and intense budget pressures. I can reassure Council this evening that through careful management, and the resilience of our community, those fears have proved wrong. Our commercial income from property has held up, as has our collection rate for council tax. Some businesses are, we know, still struggling with business rates, and changes to lifestyles mean we have reduced income from parking and cultural services, but these we are able to plan for.

## **Council Tax**

As a result this evening we are able to make a real term cut in its Council Tax for the 19<sup>th</sup> consecutive year providing residents with an unrivalled record. We have the lowest district council increase in Council Tax in Hampshire this year, at under 2%, that's nearly 3% less than inflation, with the Borough Council element for a Band D household of £131.97 or just £2.54 per week. Of course, only around 7% of the total Council Tax bill for Eastleigh Borough residents goes to the Council, and other precepting authorities such as the County Council and Police Commissioner, are levying larger increases.

Our Council Tax pledge continues into next year making two decades of real term cuts for our residents. We believe this to be an unequalled record and commitment anywhere in the country, whilst at the same time helping to protect our frontline services.

Most Hampshire Councils have increased Council Tax by £5 for a Band D property with 3% or 4% increases. We have chosen not to firstly because as we know, Council Tax is a regressive tax paid disproportionately by those on lower incomes but also because we now have as a country the highest level of inflation for 30 years, rocketing fuel prices where the government has failed to keep its Brexit promise of abolition of VAT on domestic fuel, and the uncertainties not only caused by difficult supply chains and procurement caused by Brexit, but also those now facing us from Russia's aggression with its invasion of Ukraine. I'm sure we all feel for the people of Ukraine tonight, at this greatest moment of insecurity in Europe in 75 years.

## **The Budget**

So, let's look at our Budget.

As always, we maintain a General Fund Reserve at 10% of the net cost of services.

We make provision for a salary award to staff of up to 3%, following on from what looks likely to be a final settlement in the current financial year of 1.75%. This just now needs UNISON to sign this off so staff can be paid this in March without incurring higher National Insurance costs if the union delays further.

We have set Fees and Charges broadly at a 3% increase, yet also frozen many charges such as parking where support for our town centres is still needed. Budget pressures have where possible been maintained within services other than where reported to Cabinet. We know that recruitment and procurement pressures are real in many areas, with the construction sector in particular suffering from labour shortages due to the pandemic and Brexit.

Overall, this puts our Budget and Medium-Term Financial Plan in a stable and healthy condition. We have £25million of earmarked reserves, including a £10m Interest Reserve and £5million property reserve to give us protection against fluctuations in the economy and interest rates. Prudence remains our watchword, with £10million of net annual income from our commercial activities that exceeds our income from Council Tax, Business Rates and Fees and Charges, that have allowed us to protect services for our residents, businesses and visitors.

In December the government announced another one-year financial settlement, rather than the three-year settlement expected, that would have given us greater financial security into the future.

It is worth noting that this will be the fourth year that government has failed to support our revenue services with grant, and now represents a real and sustained cut over 11 years from central government. Small one-off grants are mixed with cuts in New Homes Bonus. When Revenue Support Grant was cut we were told it would be replaced by the local retention of business rates. That didn't happen. It's sleight of hand.

No longer can the 2009 financial crash be blamed for this. The initial period from 2010 created real pressures on all public services. This can no longer be used as a cover for what is now clearly an ideological drive to undermine local government. In 2007/8 this Council received £7.4m in revenue support. That is £10million at today's prices. It shows how far we have come that if we had that grant support today, our Council Tax would be zero. Did you hear that correctly? Yes, zero. Every penny now being paid by residents in Council Tax to Eastleigh Borough Council is a direct result of cuts in revenue support from this Conservative Government. They call it levelling up. I call it levelling down.

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 any 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 at least 20 years running is on target.

## **The Coming Year**

The coming year will be busy for all council teams.

Later on this Agenda we have the Corporate Action Plan that went to the Policy & Performance Scrutiny Panel last week.

For the Council's priority areas of the Green Borough, Economy, Health and Housing, we have the Council's main projects and actions for the coming year and pointing into the future.

Much of our corporate plan directly supports investment in our communities. We are unusual for a medium-sized district council in maintaining a large capital programme, funded from developer contributions and from business planning that allows and encourages "infrastructure first".

This year, even during the pandemic, this allowed us to –

- Complete the Chalcroft Way link road ahead of One Horton Heath to help relieve future traffic pressure on Fair Oak and take Business Park traffic away from Burnetts Lane
- Opened our tree nursery to grow many of the 160,000 trees we will plant to help tackle climate change
- Provided new play areas at Pembers Way, Barnfield Way, Ovington Gardens, Lawn Road and Boorley Park
- Supported a new scout hut for Ramalley, Chandler's Ford
- Opened a new community centre, children's nursery and café at North Stoneham Park
- Approved £4m investment for infrastructure improvements at Itchen Valley Country Park, West End
- Completed Hamble Rail trail improvements and reinstalled the Hamble Point BOFORS gun, and
- Began switching our diesel lorries, vans and cars to hydrotreated vegetable oil to lower vehicle carbon emissions by 90%

This year, we will

- Commence work on the redevelopment of the Old Post Office site in Eastleigh Town Centre
- Provide a new open space, community grassed pitches and a full size 3G football pitch at Berrywood Fields, Hedge End
- Let new homes for rent at Fanfare Place, on Romsey Road with LEAF, our new lettings service
- Complete our new country park, Windhover Meadows at Bursledon and play areas

- Bring forward plans for the replacement of the 'Arch' theatre at Chandler's Ford
- Refurbish Eastleigh bus station toilets
- Develop the feasibility design for Bishopstoke Memorial Hall and submit for planning approval
- Begin work and submit planning to provide a second cricket wicket at Lapstone Farm, Horton Heath Work in partnership with Fair Oak & Horton Heath Parish Council to deliver a café and splash at New Century Park

This evening I can also confirm that Cabinet next month will allocate £110,000 in New Homes Bonus for improvements to the popular Flexford Nature Reserve and to complete works at Hiltingbury Lakes in Chandler's Ford.

The work at Flexford Nature Reserve will reinstate and improve footpath surfaces throughout the site to ensure the area is safe and accessible for local people to enjoy in the future. There will also be new interpretation and Information panels together with improvements to signage with information about the history of the site including the animals and plants that can be found there. It will increase biodiversity of the area and save hundreds of trees with exposed roots, protect and improve riverbanks and will ultimately lead to a more sustainable green area.

Recent improvements to Hiltingbury lakes to transform the popular beauty spot back to its former glory included essential maintenance work to footpaths, bridges and waterways. This summer, further drainage and surfacing work will be carried out to footpaths around the lower ponds, particularly the western side, where the paths can be muddy. This will help to ensure the whole site is safe and accessible for all users in the future.

## **Housing and Development**

For nearly two years, we have been progressing our Local Plan following the Government Planning Inspector's Report in April 2020.

Following further work, the Council approved the Inspector's proposed modifications in May 2021 with consultation over the Summer of last year. Council staff have provided the Inspector with responses to the representation received, indicating that in our view these do not create the need for any significant changes to the Inspector's proposed modifications, and we understand that the Inspector has now completed work on the Plan so any further delays are due to internal processes within the Planning Inspectorate and the Department of Levelling Up. Department of Levelling Up: it's Orwellian, isn't it? We don't know when this will come back to us but when it does we will need to complete technical work including maps and fact checking before it comes to Council for a final sign-off.

We have said for years that, and on this we agree with Theresa May, that the housing market is "broken". But what's more broken is the Local Plan process. This iteration of the Local Plan will have taken eight years to get through the system with its multitude of central government controls. Reform of planning needs more local and less central control. But I doubt we will see this from the current government.

A key element of the Local Plan remains the countryside spaces between our local communities. We have gone one stage further than most councils by acquiring substantial green lungs of open space and farmland between our communities, with land north of Bishopstoke, between Eastleigh and Bishopstoke and West End, and at Botley on the Hamble River, to achieve nitrate mitigation to compensate for development on other sites, to provide opportunities for wilding and natural reserves, and in some places potentially for solar farms. In doing so we create revenue and capital income for the Council and we protect land for the future from development.

It is a critical part of our housing and green space strategy, that we are working with the Partnership for South Hampshire on too, as a contribution to bringing forward a South Hampshire Greenbelt. We say the Greenbelt must come forward as part of the future planning strategy for South Hampshire, given the polycentric but connected areas of one of England's ten largest urban areas.

The housing elements of our development strategy are increasingly led by this Council as much as by the private sector. Our programme so far, on 14 sites, some now complete, others in progress, others to start delivering, is achieving our target of at least 35% affordable homes, but also with our market rent homes with lifetime tenancies and the option to buy, and market sale homes. Our own direct programme included 3,400 homes over recent years and the next decade, maximising the return on investment and value to Eastleigh residents rather than remote shareholders.

And our schemes achieved added value beyond tenure mix: One Horton Heath is the perfect example of this, where our aim is to deliver the most sustainable major development in the country, linked to our Solar Farm, with PV panels, electric charging points for all, ground-source heat pumps, no gas, higher space and design standards, sports and open space facilities and all major infrastructure delivered ahead and alongside development, a new school built to better than national standards, improved pedestrian and cycle links to Hedge End and Eastleigh, a massive net biodiversity gain, and half of the land given over to green space. I'd like to thank the Horton Heath Development Management Committee for agreeing the Masterplan and first residential phase, that will start on site later this year.

We have a briefing for all councillors next Monday evening and hope most will be able to come along to learn about these schemes and more. I'd like to thank Councillors David Airey and Ian Corben for their contribution to these projects alongside exceptional staff contributions, for getting this programme up and running.



Alongside the development of the programme, we have now re-opened our Housing Revenue Account for our own “council houses” on a scale not achieved since the 1960s: as I said last year this includes over 1000 council owned homes in 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. With our own private sector lettings team, we will be able to achieve a wide range of social outcomes to work alongside our health and social policy area work led by Councillors Tonia Craig and Paul Bicknell to improve health outcomes and put less pressure on the NHS.

Even without a Housing Revenue Account we have managed some homes for many years: our Mobile Homes site at Grange Park. This has pitch fees usually increased by the latest Retail Price Index figure in line with the Mobile Homes Act 1983. However, at this year’s fee date, RPI was published as 7.8%. As with Council Tax, we have a responsibility to be fair. So, this year we will fix the pitch fee increase at 2%, and we will review how we can ensure our policy is fair, over and beyond legislation.

## **The Economy**

Let me touch on the economy, where we have a range of initiatives spear-headed by Councillor Derek Pretty.

Council will remember the long and challenging debates last spring on the airport.

A majority of the Council backed saving our airport to support the regional economy and help create the wealth we need to tackle the Climate Emergency. I believe we took the right decision, if difficult for some. The judicial review process on this decision continues and will hopefully be concluded in the coming months.

The airport decision will no doubt have aided the development of the Solent Freeport proposal which, in turn, continue to work their way through the Government approvals process. A briefing on elements of this will be set up for all councillors next month.

Hampshire County Council's Environment lead has committed to assisting work on regeneration in this area, which I very much hope will give the spur to restart work that was 20 years ago agreed as the County's top priority infrastructure project of the Chickenhall Lane Link Road, as part of opening up more land for jobs.

In much the same way, I hope partnership working with the County will help a bid for the Great British Railway HQ, that I know Eastleigh's MP Paul Holmes is keen to work collaboratively on.

If "levelling up" is to mean anything, it must be that government supports areas of the country with greater potential yet which need support on infrastructure, like Eastleigh and South Hampshire, to move forward. It was disappointing that not one County in the South-East was able to persuade their own Conservative Government, of the need for County Deals and Devolution in the South-East. Local decision-making is better than centralised decision-making, as we have demonstrated with our Local Area Committees over the last 26 years and handing more powers and freedoms to our parish councils over the last 28 years. It will be good to complete our network of local councils this Spring with first elections to new councils for Eastleigh Town and Boyatt Wood.

Through the early period of the pandemic, our staff team worked incredibly hard to help businesses keep afloat. In total the Council has paid 6,850 grants with a total of £32.4million to help keep people in jobs. These payments cover our discretionary grant scheme as well as the national schemes provided by the government and were paid out during 2020 to the present.

A new 'COVID Additional Relief fund' has been created by Government to assist businesses who had suffered an adverse effect from Covid but that have not been able to apply for existing support linked to business rates. Normally businesses would request a reduction in their business rate charge by way of appeal: this meant through the pandemic thousands of businesses lodged appeals. Owing to the number of appeals submitted government laid new laws which in effect blocked all appeals relating to the pandemic and instead provided each Council with a fund to assist businesses.

Eastleigh Borough Council has been provided with £3.1 million to award to business for the current tax year, with the relief to be used to offset their business rate liability, with businesses that have not been eligible for existing support entitled to access this scheme. Due to the tight turnaround in the scheme, new legislation has not been laid for this relief: instead Councils are being asked to use their discretionary powers to deliver this scheme.

It is important to get this right, and fast. So, staff have developed a compliant policy to get this relief out of the door and it has been agreed under delegated powers.

## **Health**

Almost everything we do is underpinned by health. When Nick Tustian and I run a welcome session for new staff, I often describe our role in health as underpinning everything else we do.

We see homes developed and work on environmental health to protect our communities and improve health outcomes.

We provide sports and culture services for physical and mental fitness and general wellbeing and social cohesion.

We fund youth services where the County Council has dropped out, as this too helps both social and educational outcomes that generate wealth that protects health, as well as reducing anti-social behaviour.

And in a broken and fragmented health system we try to work to protect and enhance GP services: at present we are working with the health commissioners to try to restore GP services at Bursledon, we are working to help secure sites for new GP health hubs in the Hedge End and Eastleigh areas, and we are seeking enhancements to surgeries to meet the needs of growing communities in Fair Oak and in the future at Horton Heath.

## **Opposition Amendments**

This year again we have an Amendment from the leading Opposition Group that I again thank them for publishing in advance. This administration supports the broad intent of the two parts to the Amendment but cannot support them as proposed.

The first part, on developer contributions, relates to powers devolved to Local Area Committees. As such it would be wrong for Council to impose a view on spending priorities where the Local Area Committee already has freedom to act. But what I will say, is that the Council's land acquisitions in Bishopstoke are already planned for a variety of ideas for environmental gain, and we will of course involve the Local Area Committee in that process as options are worked up. I gave a commitment to former Deputy Leader, Cllr Anne Winstanley, back in the Spring of 2020 that land in this area would be protected from development: how best we do this not least as some of the land is still tenanted, will be worked up over the coming months.

The second element regarding funding a wellbeing survey, is funding that our health team does not consider as needed to inform future health strategies. We already have a wealth of data and research in this area, without removing funding from any of our other work.

As always, we await with interest any proposals from the Conservative Group and I will return to these in my summation.

## **Our Borough**

Madam Mayor, we have this evening another positive Budget with ambition and positive proposals for all our Borough.

Not all Council are able to do this.

We are more than a little different.

We embrace devolution, diversity, difference. There is no one size fits all.

We embrace the Climate Emergency and all that comes with it.

But we also embrace a sustainable economy, as without it we can't fund all the health and green objectives that mean so much to us.

We recognise that public health is our challenge, not just a problem from the NHS.

We understand we need homes for all, including the under 30s and beyond who have been priced out of the housing market.

We believe in the power of the state to intervene and enable, but not to control and dictate.

Taken together that's what makes a Liberal Democrat administration different from a Conservative or a Socialist Council.

Because we believe in individuals and we believe in communities.

These last two years have wreaked havoc with lives and with businesses, destroyed loves and dashed hopes and ambitions.

We believe in hope, and ambition, and believe in rewarding success and achievement alongside all of us taking responsibility.

Council: let's make the next two years better than the last two years, and the last ten years of austerity, and help make sure our place, our communities, can have that success and reward.

Council we can be proud once again this evening to protect services and promote an ambitious programme of investment in our people, our place.

Madam Mayor I move this budget and the recommendations from Cabinet.