Chairman, I wish to move the minutes of the Cabinet of the 6 February 2018. After they have been seconded, I would like to comment on Minute 307, 308 and 309 as they contain the necessary resolutions on the Budget, the Council Tax, the Capital Strategy and Reserves for 2018/19.

First of all I want to thank David McIntosh, the Strategic Directors, all of the Heads of Service and in particular Dan Povey, Liz Walker and the finance team for the considerable amount of effort put into the annual budget process.

Members, for this Council, the 2018/19 year could go down as one of the most significant in our history. With the LGR final decision pending this could be the last budget that will be set by this council. This council has much to be proud of, delivering quality public services down the years, at the same time managing to avoid cuts to services by adopting a policy of prudent, forward thinking financial management.

The ‘Minded To’ decision announced by the Secretary of State for Housing, Communities and Local Government in November 2017 changed the outlook for Dorset going forward.

By a majority members agreed at Full Council on Monday 11 December to accept the minded to decision and also authorised the Leader to write to the Secretary of State to make him aware of this decision. At the time of preparing this speech we still await the decision to confirm or otherwise his minded to decision announced in November and following the period for further representations which closed on the 8 January 2018.

With eight of the nine Dorset Councils supporting or raising no objection for a change to a model of Unitary Local Government across Dorset, in accordance with option 2(b), the expectation has grown that the next announcement, anticipated before the end of this month, will confirm the minded to decision. We need to be prepared.

As I have stated on a number of occasions in the more recent past; the status quo stands [East Dorset remains in place] until something different comes along. This budget therefore concentrates, as it should do, on the upcoming 2018/19 council year.

We continue to have a fully resourced growth plan that demonstrates our commitment to ensuring our economy is strong so the district can be a place of opportunity for all. It is reaping dividends in terms of new jobs, business expansion and a growth in business rates to the Council.

We are playing a leading role on a major skills development project in support of key industries that will underpin future local opportunity and prosperity. In doing so we have been able to recruit senior business leaders to support and take forward this work, based on the strong relationships we have developed over a number of years.

Under the rather bland reference of “account management” of our largest businesses, the Cabinet Member for Economy and myself, accompanied by a member of the Economy Development Team, have separately visited a number of key businesses in East Dorset during the past twelve months. With my engineering background I have been reassured about the vibrancy and highly skilled nature of the companies who operate from premises in the district. Apart from full order books and strong business prospects we were both impressed by the level of commitment for modern apprenticeships, and the work being done with local schools to help with career options.
We should be very proud of this Council’s commitment to economic development and what has been achieved in recent years in offering support to local companies. It became obvious during these visits, when talking to senior managers and executives just how much they appreciate the involvement of our Economic Development Team.

Members will be aware that we adopted an approved Local Plan back in March 2014, which provides us with a sound basis for meeting the housing needs of our communities. However, pressure is always present when it comes to ensuring the plan continues to meet current housing requirements. This is underpinned by ensuring we are able to maintain a five year land supply. The Local Plan Review is progressing well and it is hoped that later this year the Council will be able to consult on any changes that come forward. The key piece of work is to ensure we maintain a sound Local Plan so we can resist speculative development that will result if we are not in charge of our own destiny.

Since the creation of the partnership with Christchurch Borough Council back in January 2011 approximately £10 million of savings have been delivered as a result of prudent management of the council’s resources and the brave step this council took to create the partnership with Christchurch.

The rationalisation of office accommodation across the partnership has created significant savings for us, and which ensures scarce resources remain focused on the needs of our customers.

The delay in the sale of Furzehill has been a frustration, but progress has been made more recently, in being able to reach a common position on a number of key legal issues, which have held back the exchange of contract of sale. Officers are now optimistic that the sale, subject to planning permission, can be concluded later this year.

This brings me to the 2018/19 Revenue Budget and Medium Term Financial Plan. To date this Council has responded well to the financial challenges it has faced. Service delivery has been maintained and the Council’s financial position strengthened through a flexible and prudent approach that has combined a strategy on Council Tax, savings from Partnership working, and thorough budget reviews that scrutinise both costs and income. A product of this strategy is that a balanced budget has been set each year, which includes a revenue surplus generated from front-loaded savings.

The starkness of the position is that in 2013/14 we received £1.8m in Revenue Support Grant. In 2018/19 we will receive NONE. In 2019/20, if we still exist, the council will be paying the Government a tariff of £980,000. So from a grant position of £1.8m, to a payment of £980,000, which is a loss of nearly £2.8m pa of income? Yes £2.8m. For us the position beyond 2019/20 will be no better I can assure you of that. Governments are never benevolent to Local Government regardless of what has been associated with the recent review of Local Government Finance. I understand that the Government is reviewing the negative RSG [Revenue Support Grant] position but we still await an announcement on the outcome of this review.

The proposed budget for 2018/19 represents a balanced budget with headroom included of £505,000. The Medium Term Financial Strategy models a balanced budget position up until 2019/20 when the headroom in the revenue budget disappears at the same time that the Council must pay a tariff of £980,000 to Central Government. This results in a savings target for 2018/19 with no revenue budget headroom. We shall have to wait and see if this is a problem for us or the new unitary council.
If the Secretary of State were to reverse his ‘minded to’ decision once the 2018/19 budget has been set the Medium Term Financial Strategy will be re-worked and then brought back for Member consideration with options relating to what actions might be required to achieve the savings in 2019/20 and beyond.

Members we have further challenges ahead which will require difficult decisions; the type of which we have shown we are not afraid of making. Our strategy in the past has been to get ahead of the game and given our current projection of a large deficit in 2019/20 and beyond we need to continue this approach. We must recognise the need to start planning our strategy in 2018/19 for 2019/20 and beyond.

We took the opportunity to properly fund Development Management and our Leisure Centres in the 2017/18 budget. Both of these areas are very important to us and to the residents of East Dorset, so despite the challenging time ahead we must respond in a way that recognises this and this has been reflected in the budget before you.

Business rates have been a more positive story for us and demonstrate the emphasis we have placed on supporting the district’s economic potential. We have seen gross business rates in the District to grow by over £730,000 in 2017/18 and will do all we can to ensure this trend continues in 2018/19. There are not many good news stories as far as income is concerned; this is one which we should be proud of what we have been able to achieve.

Notification has been received of the New Homes Bonus allocation for 2018/19. The Council will receive £534,970 next year in comparison to £881,809 received for 2017/18, a further reduction of £346,839. The Government has changed the basis for the calculation of the grant, which will have an impact on us going forward.

The Council is of course not dependent on this source of funding to balance the revenue budget. New Homes Bonus grant income can therefore be used to fund one-off expenditure such as capital works or projects that achieve corporate priorities.

Local Government has been at the forefront of the funding cuts and will remain there. You do not have to look beyond the news to see the state of the NHS and closer to home Adult and Child social care. These areas will understandably receive priority; regrettably not the likes of us and the services we provide. Members we have been on our own regarding resolving our financial plight to date and I believe that is the way it will remain.

The Government’s position on council tax has changed again in the recent settlement with the referendum limit being raised from 2 to 3%.

This council has for some years sensibly adopted a policy of modest increases in Council Tax year on year. Even at 2.99% the increase in Council Tax being recommended this evening remains modest, an increase of 12p per week at Band D.

Council Tax is a key income stream for the Council and provides a stable form of income that funds the provision of services. Government funding through Revenue Support Grant has ceased and business rate income is more volatile and harder to predict.

The Council has more control over Council Tax in terms of potential increases, and the tax base (number of Band D properties) usually shows incremental growth year-on-year.

Members any increase in Council Tax is a decision that should not be taken lightly but the relatively low incremental increase recommended will support the Council’s ambition to maintain services and invest in the community.
If as expected the Secretary of State does confirm his decision to create two new unitary authorities in Dorset from 1 April 2019, the Council Tax income that East Dorset District Council collects in 2018/19 will form part of the Council Tax income base for the new unitary authority to provide services in the Dorset Council area.

Turning now to our Capital Programme 2018/19; we are fortunate to be able to continue with further investment in our services amounting to nearly £4.5m.

We have a strong, deliverable and realistic capital programme for 2018/19 which includes some of the key projects such as:

- Housing enabling £1m
- Heatherlands Centre Refurbishment £281,000
- Temporary Accommodation - homeless people £565,000
- Community facilities £250,000
- Leisure Facilities £200,000
- Ferndown Regeneration £500,000

The decision taken by Cabinet last year to include some flexibility in the programme will continue so that further Capital Bids can be received during the council year. We need to be ambitious. We need to be bold. We need to make 2018/19 a golden year for investment in our communities and a legacy going beyond the creation of a new Dorset Unitary Council.

The investment in capital projects in the District between 2000–2019 will reach over £40.9m; all achieved without the need to borrow. What a fantastic record.

We have always recognised that it is an imperative to invest public money back into public services rather than sitting on large sums with no ambition as to what to do with it. This ethos will continue with the use of unallocated reserves enabling us to invest even more funding in our community where it is most needed, without the need for borrowing.

Turning to our reserves; it has always been a principle of this council to maintain a strong, but balanced position. We have ensured that annually we review our unallocated and working balances position; topping up or freeing up depending on circumstances.

For 2018/19 we have been able to release over £550,000 of unallocated reserves to fund capital investment. This still leaves us with a sound £3.8m of unallocated reserves and just under £1m in working balances. Members, this again demonstrates the approach to managing our finances has been robust and pragmatic.

We shall not shy away from using further reserves to benefit the people of East Dorset where appropriate as we progress through 2018/19, but we must of course look beyond next year, given the impending decision on the future of local government in Dorset beyond April 2019.

Members we face uncertain times both in the short and medium term, in terms of the financial challenges, as well as probable organisational change should the Secretary of State confirm his decision on Local Government Re-organisation. We do have a strong base but that hard won base is being eroded and is under threat.

In my view, this Council should be justly proud of what it has achieved for the people we serve, particularly in recent years, whilst coping with reduced funding.

Can I take this opportunity to thank Members and officers for their support during the last 12 months; whether it is through their work to develop policy or to scrutinise our policy
and our performance, or to assist in the delivery of services out in the community. It keeps us in good shape to cope with the challenges of the new council year.

I conclude with this thought Chairman: Hope is the key to our future because without hope we have nothing. Let us be inspired by the prospects of change, whether this be as a District Council or in the world of a new Dorset unitary council, because without change we will face a challenging and uncertain future. So Members let us keep our nerve, make the right decisions and renew our self-belief.

I move the recommendations before us tonight.

Thank you Chairman