

LEADER'S SPEECH TO THE COUNCIL 28.02.06

AN INTRODUCTION TO THE RECOMMENDED COUNCIL TAX

Mr Chairman, Members, Ladies and Gentlemen.

I will take a little of your time to describe the situation leading up to the council tax recommendation from the Joint Executive Committees' meeting held on 2nd February.

Members will be aware that it was recognised at an early stage that 2006/07 would represent yet another challenging year for which to prepare a revenue budget, and that the Council, as has become the norm, approved the appointment of a Budget Reductions Sub Committee charged with making recommendations on how to achieve a balanced budget within the parameters set by the Council's medium-term financial strategy.

The scale of the task set for the Budget Reductions Sub Committee can be illustrated with the following pressures on the revenue budget, please take careful note of these figures:

1. The cost of inflation at £455,000 is equivalent to £14.94 at Band D council tax.
2. A reduction in investment income of £200,000 from lower interest rates and a lower capital sum to invest (because of the Council's investment in operational assets, such as the major refurbishment of the Devizes Leisure Centre). This is equivalent to £6.57 at Band D council tax).
3. The need to reduce reliance on revenue reserves. The reduced amount proposed to be taken from revenue reserves this year is £163,000 (equivalent to £5.35 at Band D council tax).

Those three items alone amount to £818,000, the equivalent of £26.86 at Band D council tax. That figure compares to additional income from a 5% council tax increase of just £179,000. The difference between planned council tax increase and additional costs is a matter of £639,000.

The situation was in fact more difficult than this because it has been necessary to increase some service costs in key front-line services; such as street cleaning, grass cutting, customer services, benefits administration, planning, conservation and recycling.

With a combination of increased Government Grant, and recommended increases in income from fees, charges and other income, also staff reductions, the Budget Reductions Sub Committee did construct a budget strategy that produced a balanced budget, assuming a 5% council tax increase.

As an aside it must be pointed out that staff reductions played an important part in achieving a balanced budget. It is a credit to our staff that they take on the additional work and responsibilities of former colleagues when numbers are reduced, and have done this for several years now. Some of you will question how long this situation can continue, as do I, and one of my reasons for mentioning it is that we should recognise that there will be times when our staff are unable to meet all our expectations, and the expectations of the public with the reduced staff numbers available.

I have mentioned increased Government Grant. That grant for 2006/07 increased by just £148,000, after taking into account the amount of £273,000 the Government earmarked for the increased cost of concessionary bus passes.

The sum of £148,000 is completely inadequate when measured against the cost pressures placed on the Council, but to be fair that amount is actually greater than we expected for the year. We were expecting an increase of only £79,000.

Once again, therefore, the Council is faced with the need to increase council tax by more than the rate of inflation even after increasing charges and reducing costs overall.

Were the Council complete master in its own house, it might contemplate a council tax increase in excess of 5% as an alternative to cost reductions, but there is no doubt in my mind that to do so would lead to the Council having its council tax capped by Government, with all that entails. I would respectfully suggest, Mr. Chairman that debating an increase in excess of 5% would be futile, and I do not propose to say any more on the subject. In fact you will have a note in front of you today recommending a reduction in the Council Tax increase from 5% to 4.7% for the reasons given in that note, a reduction that I support.

Mr Chairman before ending this presentation, I must just add that although much of what I have said relates to percentage increases, the reality is that the amount of money we are discussing is minimal in cash terms. A 4.7% council tax increase will only amount to an additional 10.6p per week for a Band D householder. This equals £5.54 for a whole year.

Indeed the whole proposed bill for 2006/07 for a Band D property, at £123.38, is just £2.37 a week and this must represent very good value for the residents of Kennet when you look at the range and quality of services provided by Kennet District Council for that amount of money.

Mr Chairman

I move the Council Tax Resolution as drafted in your Council agenda papers.