

## **Councillor Julian McGhee-Sumner, Deputy Leader of the Council – Budget Speech**

Before I move on to talking about the Budget, I would also like to welcome Councillor Imogen Shepherd-DuBey to her place. I am sure that she will bring her well-known dynamism and hard work to the Opposition benches. That's three welcomes in about the space of 25 minutes so you are doing pretty well.

First of all, I would like to explain why I am delivering the Budget speech this year, rather than the Leader of the Council. Unfortunately, Councillor Baker has to be away for a long-standing family commitment, and asked me if I could propose the Budget instead.

Looking at the newspapers the other week, Councillor Baker and I were amazed to see Reading Borough Council complaining about their supposed impoverished finances, telling the world that we here in Wokingham are spoilt by the Government, which was news to us. We were so astonished that Councillor Baker felt compelled to write to the paper to point out that in 2017/18, 76% of our core spending will come from residents' Council Tax. By 2019/20, the end of the four-year settlement, this will rise to 91%. By contrast, for 2017/18, for Reading it is 68% which will come from Council Tax. Put another way, the Government grant received per head will be £81.70 for Wokingham and £236.55 for Reading, nearly three times the Wokingham number and I did get them to check that and it is correct sadly.

The reduction in Council grants is not the only pressure on the Council's Budget. Positive changes brought in will have an impact on our finances too, as they must, including the National Living Wage, the Apprenticeship levy, council tenant rent reduction to name but three. These stand alongside growth in Children's Services and Health and Wellbeing at £2.9million. When you put this together, and net off any potential increased income from Council Tax, this leaves a savings target of £5.4million. With these facts in mind, my fellow Executive Members have worked hard to get to this final Budget. They have had to be extremely flexible as the financial landscape has changed. I would like to thank them and their officers for their supreme effort.

Because our finances have changed in such a way that the Council Tax now accounts for more than 81% of our spending power, it is vital that we continue to see a healthy income from the Council Tax. We are fortunate then that we have an extremely strong tax base, and that we have extremely efficient officers who collect a rate of 98.85%, one of the highest in the country.

Last year, the Council realised that making efficiencies in individual service areas, in isolation, was no longer viable. With an ambition to avoid any cuts in services, something quite radical had to be put in place in order to achieve savings. That is where the 21st Century Council project comes in. This is a fundamentally different method of operating, which will result in £2million of savings next year and £4million of savings in future years. It involves personalising our services – giving residents the choice of how they access those services, providing more online and self-service access, whilst ensuring that those who need to see a real person can do so.

We could have clung to the belief that the best way of doing things is the way we have always done them in the past. Instead, we have had to radically reshape the nature of what we do and how we do it. We on this side of the chamber know that it is our duty,

even in times of financial difficulty, to invest. By investing in our services, we are investing in our residents' future security and wellbeing.

This Budget includes a significant level of new capital investment in the Borough for 2017/18. A total of £152.8million shows our commitment to the provision of infrastructure and regeneration across the Borough. Much of this is funded by developer contributions or by borrowings that we will more than repay in future years, as is the case of the Town Centre Regeneration or our Housing Company development projects. All of our borrowing is undertaken at fixed interest rates, at a time when these rates are incredibly low so there is no danger of the Council being affected by a sudden rise in interest rates.

All communities across the Borough will benefit from this Capital Investment Strategy. They will get the benefit of improved Highways infrastructure, new school places in our high performing schools and our income generating development schemes. It shows the ambition the Council has for regenerating the Borough and our innovative ways of generating Capital funding.

This year saw the first major Wokingham Town Centre regeneration project get underway, and more companies have signed up for the leases. Whilst we appreciate that there are a number of people who had concerns whether this regeneration would take place, we are pleased to see that a number now actually see that things are beginning to move and progress is being made.

Our companies continue to grow and mature, setting a high standard for local authority companies across the country. The Royal Borough of Windsor and Maidenhead are joining Optalis, which will triple turnover: a great success that will save taxpayers' money whilst improving our social care. Wokingham Housing are well on the way to completing the work at Phoenix and Fosters. Meanwhile, Loddon Homes, a subsidiary of Wokingham Housing, has become the first Council company to be granted Registered Provider status as a 'for-profit' company.

Leisure is a key component in the Health and Wellbeing agenda. Therefore, it is important that this Council provides facilities that residents can use to keep them fit and well. We are approaching the magic figure of 100 hectares of new country parks (or SANGS as they are more commonly known) paid for by developer contributions. It is important to note that residents can get a lot of their daily exercise by simply walking for short periods of time which they will be able to do in these new parks. The Leisure contract for managing the Council's leisure centres is up for renewal soon and a capital budget has been put in place to upgrade or rebuild existing centres. This is a leisure spend, but it will have a significant impact on the health and wellbeing of our residents.

On schools, Councillor Haitham Taylor or Richard Dolinski who is sitting in for her today, is spearheading our campaign to fight for a fairer funding formula. She is ably supported by our local MPs and Members of the Executive. We could have put together petitions or held endless debates in this chamber but rather than read from the Corbyn Book of Protest as a Leadership, we are actually working to bring about real change.

Nonetheless, our Budget is providing £14million of significant increase in primary school capacity, and the first new secondary school for many years has been built, providing the long awaited school in the south.

Highways are also receiving a real boost, with £18million for new roads and enhancements to existing ones.

These are just a few highlights of the capital programme. The Medium Term Financial Plan contains the full details of investments, and I have no doubt that my Executive colleagues will speak on their individual portfolios shortly.

It is a time-honoured Conservative principle that public bodies should spend within their means, whilst protecting and expanding the services that people need most. It is a principle we have to stick to since the financial crash, and it is a principle that we continue to take into action with this Budget.

In holding the reins of power, we must sometimes do what is hard. So, I say to the Opposition: do not take the easy option of carping, making gimmicky gestures, or throwing out vague generalisations on how you would have done it better. Join together with us tonight and vote for this Budget. This is a balanced Budget that provides for our residents in a time when other councils are cutting services. If you are serious about being in power: be bold, as we are being bold; be strong, as we are being strong; and show leadership, as this Conservative administration continues to show leadership.

I commend this Budget to the Council.

## **Councillor Lindsay Ferris, Leader of the Opposition – Budget Speech**

For the fourth time, I as Leader of the Group am pleased to welcome Imogen here and I was going to ask Keith how his holiday was but, I think I have to say Keith where for art thou.

Within the Lib Dem team we discuss and agree policies openly so I shall focus on our major concern which is the size of the future debt contained within this Budget and the impact that this could have on the Council, whilst the team will concentrate on their portfolio areas, highlighting differences between our approach and yours.

I acknowledge that many of the ruling group are trying to do their best for our community in these difficult times but we in the Opposition Group feel you need to stand up against the Government more strongly than you have done. Often there is deference to them just because they are of the same party as you. If you are not prepared to say what is needed in so many areas, including local business rates, school funding, or the threat to take the local money away from our area, then we will, loudly, clearly and often. What we have from you at the moment is just not good enough and local people are beginning to realise it.

We fully support the proposal to increase council tax by 3% to cover the adult social care. I mentioned to Anthony recently that we would have done the same. However, in the medium to long term we do not believe that council tax is the correct means by which adult social care should be funded. We believe that there needs to be a national debate on this topic and one that is cross party. Norman Lamb MP has made a sensible suggestion as to how we could move forward and something like his proposal would be a better way to fund this important area. On the subject of the council tax of 1.94%, this is rather predictable. You mentioned the figure to the Chief Executive several months ago within plus or minus 0.01%. However, we believe that you have missed an important opportunity to provide a much needed boost for additional funding to our services. If you had gone for a referendum last summer or autumn to seek the views of the residents in Wokingham to raise council tax above the 2% ceiling, I believe you may well have got that approval. I do not think you will now though. I have been advised that the cost of such a referendum is around £150,000. You continually bleat on about having a poor deal here in Wokingham but when you had the opportunity to do something locally yourselves you fluffed it. Remember it is your Conservative government that is cutting our funding, no one else.

The Budget we have before us is the most risky, potentially dangerous Budget I have seen in all my time on Wokingham Borough Council. At the moment we are a medium risk, medium borrowing Council but with the implementation of all the projected borrowing we will soon become a high risk, high debt council, with little room for movement. My fire is therefore aimed at the Executive Member for Finance for presenting such a Budget. You expected it. I told you it was coming. You are currently planning to borrow a further £82million alone this coming year and by 2019/20 this will have grown to £191million. At that time the external debt is estimated to total £271million. Internal debt is to rise to £29million this coming year, further rising to £70million in 2019/20. This means you are using our investments to pay off debt. If the level of investments falls too low then the viability of the council and the ability to pay its way comes into doubt. This is a very dangerous concern.

Now if we look at the individual increasing borrowing areas, and this is on page 97 of the MTFP, what do we find? Forward funding; this is monies associated with SDL developments. It is used to pay for infrastructure including schools and roads etc. The Council has to provide this infrastructure irrespective of the rate of which the houses are built and sold. Any slow down in this market will leave the Council exposed to considerable levels of borrowing and increased costs. These additional costs will be supported by the General Fund, paid for by council tax. This increase is £47.3million over the next three years and I categorise this as high risk.

Wokingham Housing, next line, or it is one of the lines. This is money borrowed by Wokingham Housing Limited from Wokingham Borough Council and is used to pay for social housing and other related areas. If anything should happen to the viability of WHL then the Council would be exposed to increased debt. This increase is £31.23million over the next three years. I think this is a medium risk.

Town centre regeneration. This is money borrowed by the Council to pay for the regeneration of the town centre. I am not sure if you are aware that any additional costs, interest etc. is being ploughed back in to the regeneration project, making it more expensive and therefore less viable. It is very susceptible to market forces and changes to the economy. This increase is £74.22million over the next three years and I categorise it as very high risk. In fact when I had a discussion with our Director on this subject, the word risk was mentioned many times.

Invest to save. This is money borrowed by Wokingham Borough Council to pay for new facilities such as leisure centres. This increase is £26.06million over the next three years. Whilst this is more conventional council type borrowing, it is still not without risk.

Standard allocation. This is the one area I do not think is risky. This is money borrowed by the Council to allow the Council extra freedom to use on non-specified projects. This is just under £12million over the next three years and I consider it to be low risk.

Internal borrowing. The Council plans to use its current investments to largely cover this area. During 2017/18 the Council used £29million of its investments, leaving only £40million. Over the three year period internal borrowing will increase by £70million. The use of these investments is extremely risky as it has the effect of the Council selling its own silver. Once it is gone there is no fall back. If this area falls too low, and the £40million seems to be a low ceiling figure, then the actual work in the Council could be seriously impacted. This, I feel, is not safe use of funds. This is extremely high risk.

I am going to summarise now. Of the £260million plus to be borrowed over £191million can be categorised as extremely high risk or high risk. This covers about 75% of the total projected debt. Anthony, you seem to be gung ho with the Council finances. I will bet that you do not do the same with your own. Levels of projected debt I have mentioned are eye wateringly high. I can see no contingencies within the Budget to meet unexpected need. It seems to me no more than a 'let us hope for the best' or 'it will be alright on the night' approach. In addition you have also left an overspend of £800,000 from the 2016/17 financial year which shows up as a £700,000 spend requirement in 2017/18. For a long time now you have gone on about an overspend in budget dating back from 2002. Well, you have left an overspend that is at least three times the 2002 figure, so perhaps you would like to comment on that. No, this Budget shows almost a complete disregard for the residents and council tax payers of Wokingham Borough. I believe you are being foolhardy to propose such a risky Budget, particularly at a time of uncertainty. Without a

doubt interest rates are going to rise, inflation is growing and projected costs are more than likely to increase to a higher level than that currently forecast. I have yet to see the cost of a road, for example, go down. Often they double or even triple in cost. I see no contingencies in the Budget to cover this type of thing. If I had enough votes I would propose a vote of no confidence in you but that would depend on whether enough of your Group would stand up against you. Last year I joked about the Capital Programme being a load of tripe. This year it is too serious for me to make such comments. The Council is at yet another crossroads and it is difficult to see which way the finances will fall. In conclusion, all I will say is that this is a wasted opportunity Budget produced by an absent, waste of time Leader of the Council, laying waste to Council services. We shall be voting against this Budget because we feel the levels of borrowing, not necessarily the council tax rise or the adult social care element, I hasten to say, are far too high making it a very risky Budget indeed, if not unsafe.