

25 November 2020

Budget Challenges, Residents to help set priorities

The Executive considered the latest outline budget for 2021-22 and business planning to help with the Council's medium-term plans up to 2025 at a meeting last night (24 November). Savings will continue and residents will be asked for their views on where to prioritise spending.

Leader of the Council, Cllr Joss Bigmore says: 'Even with our continued focus on savings, together with investment and effective management, our funding situation has become more challenging with a predicted budget shortfall of £2 million for next year rising to a total of £4.4 million in four years. We also have a significant gap between our additional spend of £13.4 million supporting our communities through the Coronavirus (Covid 19) pandemic, and the £4.7 million government support we have received so far. We are expecting a further £2 million from the government which would make £6.7 million in total which leaves us with a £6.7 million shortfall, and we are currently using reserves to ensure we can maintain our response and continue to provide vital services to those who most need our help in these difficult times.'

We have not received any general grant funding from the government since 2017/18 and since 2013 we have received nearly £4 million less in overall government funding support. We make up this loss with commercial activities such as investment property, car parking and income from sports facilities which provide around £21 million of income each year. As businesses across the commercial sector are also experiencing, these activities have been severely impacted by the pandemic as we continue to follow necessary government guidance in order to reduce the spread of the virus.

Cllr Bigmore explains: 'From the average 'Band D' property council tax payment we keep just 9% of the total for our own services. The Police and Crime Commissioner for Surrey receive 13% and Parish Councils 2% with the remaining 76% going to the county council. This means for a 'Band D' home we receive around £200 per property each year and for this we have been able to provide £450 worth of services to our residents across a wide range of activities. But despite careful financial management and maximising what we can do to earn and borrow money within the limits of public sector rules set out in the Local Government Act 2003, we need to save more. I'm afraid this is not as easy as selling a building. We need to make revenue savings (ongoing running costs) not capital (one-off fixed costs such as property) as we are unable to borrow money to fund day-to-day services.'

Lead Councillor for Finance, Cllr Tim Anderson explains: 'We will have difficult decisions to make in the days ahead and we will continue to put our residents at the heart of everything we do while working closely with other Surrey councils to lobby the government for fairer funding and for greater freedom to create commercial income. Any decisions we need to make on changes to our excellent services will fully involve our residents and they will be asked to have their say to inform those decisions. We aim to start consultation as soon as possible.'

He adds: 'The current position shows a shortfall of £2 million for 2021/22 and we anticipate this will increase to £4.4 million by 2024/25. We now receive no government grant, and as business rates are redistributed away from the Council to other parts of the country, we retain just 5% of business rates collected in our borough. To address this gap, we continue to build on the £11 million of savings made in the last five years and with our ongoing Future Guildford Transformation Programme to make our services more efficient and cost effective.'