

Statement by Cllr Colin Darracott to Cabinet 04-Feb-09

Colin Darracott:

This is an accountant's budget. The commentary throughout the budget papers acknowledges the uncertainties in the world economy and financial systems, but entirely in terms of the Council's bottom line.

It rightly assesses such issues, but not once makes reference to any potential challenges which may be faced by the local population. The hope and belief has been expressed that recession will affect Bath and North East Somerset less dramatically than most areas, and indeed early signs are that is the case.

However, there is no analysis or discussion about what, if anything, can be done by the Council to mitigate short term stress in the local economy.

We read of many Councils at least examining some ideas. Such ideas include prompter payment to small to medium local suppliers which would have a dramatic affect on their cash flows, at relatively modest cost to the Council. There is no sign of examining whether municipal mortgages should be revived as some Councils are doing. There is no mention of the possibility of a local Council bank, first thought up by Conservative-controlled Essex. There is no mention of seeing whether the Council can help sponsor additional apprenticeships, or training. I see there are also items relating to recession reserves but there is a lack of detail.

As a minimum I would ask the cabinet to consider re-labelling some of reserves being built over and above previous estimates as "economic contingencies", so that you have flexibility to use some reserves to assist the local economy if you think you can, and you think it may be necessary rather than committing all the additional reserves to earmarks or base reserves at this stage. This budget in effect takes a lot of money, millions, out of the local economy.

I find the capital programme difficult to comment on as I do not know the assumptions behind possible capital receipts. I understand there may be some Government projects brought forward which would be excellent news, but one could also argue that a more ambitious Council programme could contribute to economic activity or recovery and there is also an argument for further postponing the decisions on new Council offices and rather invest in economic regeneration. I would hope there would be some scope to capitalise on lower short and medium interest rates.

Even if this is all proves too risky, one might nevertheless have expected to see some recognition that it is not only the Council's finances affected by recession. I see this budget as a desiccated financial report, dry as dust, and unlikely to help during an economic drought.