

Budget statement by Leader, Surrey County Council

Madam Chairman and Members:

As I'm sure many of you will know, today marks the Bicentenary of the birth of Charles Dickens. Dickens has had a profound influence on British culture; His depiction of Victorian English life- often comic but always with a serious point to make- still resonates with us today. I'm sure many Members will have their own ***Great Expectations*** or indeed their own ***Twist*** on the words of Dickens which they wish to apply, but if I may I would like to quote from the opening of 'A Tale of Two Cities':

It was the best of times, it was the worst of times

When Dickens set his novel it was a time of dramatic upheaval, as is the period in which we live today.

The global economy is in turmoil, the future of the Euro still unstable and the British economy is struggling to find a stable footing, because the last Government left the country broke and failed to save or invest for the future thus projecting the country into the worst of times.

Madam Chairman, over the last 2 years of my budget responsibility here, I have set before this Council a real commitment to move from short term budget provision to a stable base for medium and long term planning.

And this year I want to go further and establish a firmly based 5-year financial business plan. All of us must recognise that we are in a real sense, running a business – that business is ensuring or providing services for the residents of Surrey for the long term. And **that** beholds all of us to ensure that we establish a clear and solid base for the future.

As I said when I was appointed Leader, I intend to do everything possible to continue to improve the services that we provide for the people of Surrey.

I also said that I wanted to strengthen the work of the Council by adopting what I call the 'one-team approach', across the work of the County, whether that be all members of the Cabinet and the Corporate Leadership Team working closely together, or whether that be building closer partnership with our District and Borough colleagues. I am delighted to say that we are making progress by embedding our 'one-team' approach across all Directorates within the Council and to many of our partner teams beyond the Council. This I believe will make us stronger and enable us to address whatever difficulties and challenges we face.

This is the time for this Conservative Administration to stand up for Surrey residents and businesses and the most vulnerable in our County.

We will embrace every opportunity to ensure that Surrey continues to be the very best place to live in the country, the best place to do business in, and the best place for communities to grow. We are determined to steer a course so that Surrey County Council becomes the best performing Council in the Country and take action so that Surrey's economy grows in a sustainable way over the next ten years.

That's the way my Cabinet and I want to approach our long-term financial planning - over the next decade. Short-termism is out. Planning for the long term is in.

Madam Chairman, as knowledgeable councillors, we know that the Council receives the lowest Formula Grant from Government of **any** County. Our formula grant from Government provides for just 20% of our general expenditure, compared with 66% for Hammersmith and Fulham or 72% for Manchester. One part of our progressive planning will be to take a strong case to Government for fairer funding for Surrey – as Oliver said please sir we want some more!

At the outset of this Conservative administration in 2009, we recognised that the County Council needed to make significant efficiency savings over the next four years. Our Public Value Review process has already identified £100m of these savings over 5 years and improved the quality of services - without using a **single** external consultant which in itself has saved this council over £10m.

We are on course to save over £330m, annually, by 2017. I think everyone in the Chamber can agree that these are significant sums.

Madam Chairman, this Conservative administration is fully committed to continuing this work and finishing the job, whilst preserving frontline services.

This is the cornerstone of our vision for the Council's future - working together as 'one team' but also challenging everyone who works in and for the Council to do better. I include myself in that. I want every one of us, officer or Member, to strive to do better for the residents of Surrey.

Through hard work, dedication and determination and by continually challenging ourselves to do better, we will continue to deliver the quality of services that the people of Surrey deserve.

I am passionate about this great County. Perhaps in the past we haven't fully recognised the many significant potential opportunities that exist in Surrey. We need to capitalise on the assets of this beautiful County. We need to promote tourism, economic development and broadband. Deputy Leader Peter Martin is leading on this important work.

Of course this year the Olympics will provide economic opportunities for Surrey, with 16 Olympic and Paralympic teams now signed up to Surrey's world class training facilities.

Surrey businesses have won 295 Olympic and Paralympics Games related contracts. These contracts will bring more than £740 million to Surrey's economy - raising the economy of the County by 3% in a single year.

We have also been invited to take part in an Olympic Legacy cycling event by the Mayor of London, next year. Once again, another opportunity to promote tourism and benefit Surrey's economy.

But it's not just the Olympics we are focusing on. This year is also the Queen's Diamond Jubilee and I'm sure everyone in this Chamber will join me in extending our loyal congratulations to Her Majesty on this extraordinary accomplishment.

In June, there will be a unique moment for our communities to celebrate this very special occasion and we at Surrey County Council will do everything that we can to support and encourage that celebration.

In 2015, we will celebrate the 800th anniversary of the Magna Carta - the founding document of democracy not only in this country, but also in the world! The Magna Carta was signed here in Surrey. Events such as these promote tourism and bring lasting economic benefits to Surrey.

Council Tax 2012 - 13

Madam Chairman, this year the Coalition Government has offered a one-year grant to Councils if they freeze Council Tax for the coming year. For many other Councils in the country, the Government offer is a good one. But after exhaustive analysis, my Cabinet and I believe that this one-off Council Tax grant is not in the medium to long-term interest of Surrey residents

We must do what is right for the residents of Surrey over the long-term and not accept short-term assistance that will imperil our financial stability in years to come.

The report today and recommendations by Cabinet builds on the 2011/15 Medium Term Financial Plan - approved by Council last February.

That set out a stable base to protect front line services. So, today, I am recommending that we decline the Government's one year Council Tax grant and increase Council Tax by 2.99%- equivalent to 64p a week for a Band D property. The full details of the Revenue expenditure are contained in Annex 3.

Capital Programme

We need to invest £681m over the next five years. This includes £244m for statutory school places. We must continue to invest in our Highways, which is one of the highest priorities of our residents.

We also need to invest in technology to keep abreast of a changing and challenging environment in order that we can minimise the use of our resources and improve the efficiency of the organisation. The full details of this Capital programme are contained in Annex 4.

Public Value Reviews & MTFP/Long-term strategy

Our budget plan builds on the Public Value Review work and the planning by Cabinet members and strategic directors and scrutinised by Select Committees, properly focused on the reduction of all unnecessary costs from within the budget.

Over the last two years we have taken nearly £130m out of the budget and by 2016/17 that sum will rise to over £330m, **annually**.

Because of the unstable national position, I am recommending the retention of a reserve balance of £30m and once again a risk contingency budget of £8m and reserving other funds to protect the Council taxpayers in the event of a further economic downturn or recession over the next 12 months.

Adult Social Care

With the findings of the Dilnot Commission reported in July of last year, we are now more than ever aware of the pressure on funding for Adult Social Care. Surrey will have a substantial challenge to face, with the population of over 85s set to double over the next 20 years.

The Adult Social Care Directorate is continuing its work to ensure the success of its programme of action. A programme to transform services to deliver what is needed for the residents of Surrey, whilst realising savings of £111m over the next 5 years.

Madam Chairman, all over this County many carers give freely of their time to support family and friends. I want to record the thanks of all Members and officers of this Council for the carers' significant contributions. They improve the lives of so many by their caring commitment.

My thanks go to the Cabinet Member, Michael Gosling, and Strategic Director for Adult Social Care, Sarah Mitchell, and her staff for their commitment in supporting the elderly in Surrey.

Children's Services, Schools & Families

A similar pressure exists in the Children's Schools & Families Directorate with the demographics of Surrey shifting significantly.

We have seen Surrey's birth rate go up by nearly 20% in the past decade - meaning that we need to spend a **quarter of a billion pounds** on new school places. This is the equivalent to building 25 new schools.

This Conservative administration is working hard to ensure that all the children and young people in Surrey get the best start in their lives. And we are determined that children and young people entrusted in **our** care should not be disadvantaged in any way- which is why we intend to invest in the Government's junior ISA for them. We will match any savings that Looked After Children or young people save, up to a maximum of £260 annually.

I strongly believe, that as a Council, we must fulfill our responsibilities as 'corporate parent' of Looked After Children and ensure that when they enter the adult world they have had the best preparation and have the skills required, to allow them to succeed.

The necessary savings for the Children's, Schools and Families directorate over the 5-year period of the MTFP amount to £41m.

My thanks go to the Cabinet Members Mary Angell, Tim Hall and Kay Hammond, and to the Strategic Director for Children Services and Schools, Nick Wilson, as well as his staff for the commitment, support and education they provide to the children of Surrey.

Customer and Communities

Over the past 18 months we have been considering the future of our County's libraries and working hard to ensure the best possible outcome for residents. We've come up with a plan to keep all 52 libraries open while across the country they're being closed. The plans allow us to invest in the virtual library, which is now the fourth busiest in Surrey and used more than 3 million times a year. Our priority is to safeguard the future of our libraries and help them thrive, both now and in the future. Our plan does that, while delivering a programme of savings.

We have set out our long term Fire Public Safety Plan to protect Surrey residents in a changing environment.

Our Trading Standards team continue their successful fight to protect Surrey children and residents from rogue traders. The Customer & Communities team has also led on the Olympics and we will all share in this exciting event this summer.

Madam Chairman, I want to pay a special tribute to all the Voluntary Groups and individuals who volunteer in Surrey.

They give their time and efforts to support their local communities in many different ways; accepting roles as School Governors, supporting Youth organisations, working to keep the Surrey countryside open for all, supporting the elderly in community centres, taking library books to the housebound, working as parish councillors... the list is endless. These volunteers, including indeed many Members of this Council, are real champions of our society in Surrey. When I became Leader, I wanted to challenge our staff to be able to join these volunteers in making a difference locally and I am delighted with the response from staff.

So many staff have embraced this opportunity to volunteer in their local communities.

My thanks go to the Cabinet Member Denise Saliagopoulos and the Strategic Director Yvonne Rees and her staff for their commitment in supporting local communities.

Environment & Infrastructure

Madam Chairman – the arrival of the first serious snowfall this weekend has demonstrated that the changes we made to our winter maintenance programme has delivered improvements. We will be looking at every new opportunity to continue this improvement for the benefit of our residents and businesses.

Our residents continue to tell us how important it is that we have a reliable road system. It is also vital to local businesses and is a key factor in driving economic growth.

We do however have huge pressure on the road network, with the highest ratio of vehicles in the UK on our roads. We have in the region of a £400m backlog of road repairs.

But through moving to longer term Highway programming, we will achieve around a 15% procurement saving, which we believe will allow us to improve our roads and reduce our maintenance backlog more quickly.

We are on our way to delivering a 70% recycling rate by 2013 and I want to pay tribute to our District and Borough partners for their contribution to this outstanding result.

When I became Leader my first decision was to end the recently imposed County Council on- street parking policy. Local committees have been working -and continue to work- with the District and Borough colleagues, who are far better placed to make these local decisions for their local communities.

Strategic Director Trevor Pugh has spearheaded the 'one-team' approach and quietly brought about a more efficient coordination of the Environment & Infrastructure services.

My thanks go to the Cabinet Member Ian Lake and to Trevor and his staff for their commitment to improving the services.

Change and Efficiency

The Change and Efficiency Directorate represents the engine room of the Council and its role is to ensure that the front-line services have the necessary equipment and back-up support to deliver front line services to residents.

We have invested in our IT services and this investment will continue, as we meet changing and challenging demands.

Our HR Service's quality training courses are making a real difference in supporting the skills of our staff.

Our long-term plan is to create an Income Strategy. The Estate Management Team will play a pivotal role in this endeavour by embedding a business philosophy of creating income from our investments, so that over time we can start to reduce council taxes. This is a long-term vision but we have to make a start, now.

My thanks go to the Cabinet Members Helyn Clack and Tony Samuels and to the Strategic Director Julie Fisher and her staff as they continue to provide essential backroom services.

Localism

I am a passionate advocate of Localism. It is my belief that local decision-making should be devolved to Councillors who know their area best. That is why I am recommending that part of the revenue raised from the proposed Council Tax increase is directed to those areas that meet residents' aspirations.

These are:

- Devolving more funding to local committees to spend on local road maintenance and highway schemes by 100%.
- Providing £700K to support preventative youth services through local committees
- Increasing Members' community allocations by 50% to be used to support and strengthen local communities.
- Establishing a Community Improvement Fund of £750K for local communities to set out their case for financial support to realise their ambitions.

Our Staff

I am sure that all Members would wish to join with me, in thanking all Council staff for their continued loyalty, commitment and service to the residents of Surrey during what has been another difficult year.

I believe that Surrey County Council's staff are its biggest asset. In order to provide residents with the best possible services we have to attract and retain the highest calibre of staff.

Our priority is to invest in staff so they have the required skills to do an even better job and to minimise redundancies and retrain or redeploy staff wherever possible.

My thanks must go to the Chief Executive David McNulty and Assistant Chief Executive Susie Kemp for their helpful and constructive advice and for ensuring that the operational functions of this Council continue to meet the aspiration of Surrey residents going forward.

The Future

Madam Chairman and Members, this Conservative administration is determined to build a long-term stable future based on 5 principles:

- To develop an income funding strategy to assist with our long term plans to reduce Council Tax rises in the future
- To continue to drive Public Value as a cornerstone to ensure that residents receive the best quality services at the lowest cost
- To embrace Localism and to look for every opportunity to work in partnership with our District and Borough partners and the Voluntary Sector of Surrey
- To proactively promote tourism, businesses and educational opportunities in Surrey, and...
- To present our case to Government for a fairer funding settlement for Surrey

Recommendation

Madam Chairman, I draw Members' attention to the recommendations that the Cabinet and I are proposing for your endorsement as laid out in the supplementary report of the Cabinet meeting on 31 January, on pages 1 and 2, at para 4 , (1) to (14) and a capital programme of £681m as set out at recommendation 9.

In addition the recommendations as set out at annex 9, page 3, para 7, i to xi, which sets the Council Tax requirement for 2012/13 at £574.8m, and propose Council Tax rate, at Band "D", of £1,149.66. And at B, Prudential Indicators set out at page on 4 at xii (a) to (d)

To conclude Madam Chairman

While the rest of the country may suffer *Hard Times* in the coming years if the economy continues to stagnate, I can assure everyone that the whole team at Surrey County Council is working to achieve the *best of times* for the residents of Surrey.

David Hodge
Leader of the Council
7 February 2012