

REG ADAIR COUNTY BUDGET SPEECH

Thank you, Chairman.

I am pleased today to present this, the first budget of the Conservative administration of Nottinghamshire County Council.

The purposes of this report are: -

- To seek approval for the Revised Budget for 2009/10
- To seek approval to the Annual Budget for 2010/11
- To approve the level of the Capital Programme for 2010/11 and
- To outline the Medium Term Financial Strategy for 2010/11 to 2013/14 which we have already discussed in the previous item on the agenda

The Conservative manifesto upon which we were elected stated:

“It is now clear that Labour’s economic failure is affecting everybody and we recognise that councils must play an important part in aiding the recovery. We will manage your money in a business-like and professional manner and seek to honour the pledge of the next Conservative Government to freeze Council Tax.”

Well Chairman, the next Conservative Government isn't in place just yet, but today we seek approval to deliver our pledge of a freeze in Council Tax in the coming year.

Under Labour, Nottinghamshire consistently maintained one of the highest levels of council tax of any shire county in the country. Year upon year, Labour Members voted to increase this authority's base budget without ever achieving a thorough review of existing expenditure. This will now change.

At every stage of our Medium Term Financial Strategy we shall be asking: -

- What services represent our core responsibility and require the highest priority?
- What services can others deliver equally well for less cost to the taxpayer?
- How can we change the way we work to become more efficient, more effective and target more of our resources at front-line service delivery?

By challenging and questioning every aspect of the budget we will achieve value for money and deliver good quality, affordable services.

Following the General Election there will be a Comprehensive Spending Review for the period 2011 to 2014, which is likely to introduce a period of significant financial constraint as a new Conservative Government seeks to manage the national budget deficit left by Labour. Reduced Formula Grant of at least 2% each year is anticipated.

Our challenge is to find ways of maintaining and improving our core front-line services whilst managing these budget restraints. The key word here is “management”.

I suspect we will see amendments today attacking our tax freeze and proposing council tax increases, but to my mind, that isn't management, that's just avoiding reality and passing the cost on to our already overburdened Nottinghamshire taxpayers.

In contrast, our Improvement Programme “One Council-One Business-One Plan”, introduced earlier today, will involve significant up-front investment but will deliver cumulative savings in the region of £200 million over the next five years.

These savings will be re-targeted towards the highest priority services whilst bringing Nottinghamshire's overall budget more into line with similar shire authorities.

I won't rehash the previous debate, but suffice to say the key proposals within the Improvement Programme tackle those areas which we criticised previous administrations for not addressing: -

- Better business management systems
- A refreshed Corporate Procurement Strategy
- Reviewing and rationalising property usage and
- Rationalisation of staffing structures

Managing large scale change in an organisation that has become entrenched in one way of working for more than a quarter of a century is never going to be easy, but the outcomes will provide the Nottinghamshire public with far better value for their money than they ever received under Labour.

In preparing the budget for the coming year, we have identified £30 million of budget pressures, many of which fall within our key priority service areas and must be met. These include: -

- £3 million MORE required to provide specialist placements for young people
- £1.7 million MORE to meet additional costs of Safeguarding Children at risk
- An ADDITIONAL £6.1 million needed to meet the growth in services for people with mental health and learning disabilities

- £1.9 million MORE towards the costs of services for people with physical disabilities
- £2.3 million MORE to meet additional costs of care home fees for service users living in independent sector homes
- £2 million MORE towards increased costs of care for people living independently in their own homes
- £700,000 MORE to meet costs arising from the provision of services as a result of the reduction in the Supporting People Grant
- £2.5 million MORE to account for the ever growing numbers of older people requiring some form of care

Those headline figures alone amount to more than £20 million of ADDITIONAL expenditure directly focused on front-line caring.

It is the most pressing and vital services, such as these, that will ALWAYS take priority while we control this County's budget.

To meet these pressures without increasing the council tax burden, Cabinet has identified savings that can be achieved across our portfolios as set out in today's budget book. These involve: -

- Some reductions in non-essential and non-core service areas
- Increasing charges for some services to bring us into line with other local authorities
- Deleting vacant posts and pursuing vacancy realisation

- Improving our procurement systems
- Rationalising in-house services and making better use of private sector expertise and,
- Introducing more efficient customer service techniques, for instance, self-service in libraries.

Some of these savings are simply indicative of a new regime which asks more questions and takes more care with people's money: reducing overheads, eliminating duplication and benchmarking services against those provided elsewhere. Not to put too fine a point on it, measures that could and should have been taken long ago; measures which could already have delivered savings and enhanced front-line service delivery.

Other savings represent a more fundamental difference between the previous administration's obsession with in-house provision at any cost, and our belief that in some service areas, independent/private sector specialists can provide a good service for better value in the future.

Our proposals have been subject to a thorough consultation. Having criticised the previous Labour administration's budget consultations during our time in opposition, this Conservative Cabinet

was determined to make the current consultation meaningful and to demonstrate that we will listen.

We presented our initial budget plans a month earlier than usual at November's Cabinet meeting to ensure that the consultation period was as comprehensive as possible.

By the closing date of 22nd January 2010, the Council had received 2,649 individual responses, equating to a 0.43% response rate. With the inclusion of various petitions, the response rate rises to 3.8%. We also took into account 340 responses which arrived after the deadline, bringing the total response to around 3,000. In the interests of complete openness and transparency the position as at 2nd February is included as an Appendix in the blue committee papers.

When we presented our initial budget strategy in November, Cabinet took account of the unpredictable economic climate and made prudent assumptions around Area Based Grant, the Pay Award and the Tax base. Slightly better than anticipated outcomes in this respect have now seen the level of required efficiency savings for 2010/11 reduce from £33 million to £29 million – in effect, a £4 million 'bonus' for prudence.

We have already set out how we will use this £4 million to alter some of our original proposals in direct response to the outcomes of our consultation. These changes were clearly spelled out in the report to Cabinet on 3rd February, but to recap on just a few: -

- The Dukeries and Sutton Centre have received funding over and above all other County schools and colleges for many years. We will withdraw that funding but over a more relaxed period to give the colleges more time to manage the change
- We will put Meals at Home prices up to £3.00 rather than £3.95 as originally proposed
- We will reduce spending on Welfare Rights service by a smaller amount than was suggested in November
- Community Transport funding will be protected in 2010/11 whilst a fundamental review is carried out
- We will continue to pay waste collection “Performance Credits” to the district and borough partners in 2010/11 and consider a phased withdrawal in later years.

We have listened to the view expressed during the consultation period and we have acted in response.

We have also learned from unexpected events. With regard to winter gritting it was intended that the use of 6mm salt in place of 10mm salt on gritting routes would improve spread rate and save £50,000. However, in light of the exceptional cold snap of recent weeks, which

has proved challenging for local authorities across the country, we now propose to INCREASE this budget by £50,000. Nottinghamshire County Council already possessed salt stockpiles far exceeding Government recommendations, but this increase in funding, combined with the benefits of 6mm salt, will increase our gritting capacity still further for winter 2010/11.

Chairman, wherever we have felt it right to do so, we have used that £4 million prudence bonus to respond to the budget consultation and alter or relax proposals in line with public demand.

There are, however, other proposals where the right decision is not immediately the most popular decision. I recall Labour Members telling us in the past that it is easy to be in Opposition, because you can propose or criticise anything but you don't have to take responsibility.

Well today, the Conservatives are in control and we DO have to take responsibility for some difficult decisions.

I have studied carefully the concerns expressed about our plans for residential care, home care and day care. I believe there has been a concerted effort by our political opponents to spread as much fear and misinformation as possible about our proposals, but that is no more than we were braced to expect. I still do not deny the strength of the response and I do not deny the sincerity of the views expressed.

But I will be perfectly straight and open in what I am about to say. My colleagues and I remain convinced that these proposals are necessary to ensure the sustainability of our most essential services and this Council's finances.

We have consistently argued that the Council must find long-term funding solutions, rather than propping up the budget with temporary financial measures. The Council's cross-party Overview Committee, chaired by Councillor Bosnjak, has scrutinised our budget proposals and has arrived at the same view.

Believe me, standing in this position today, with a General Election due very soon, it would be all too easy to think of short-term political gain and spend our £4 million bonus on putting off the care provision dilemma for a year. Zero per cent council tax; a controversial proposal put on the backburner; plaudits all round for a few weeks.

But of course, the problem doesn't go away. In fact, any delay makes the problem worse: a growing elderly population, unsustainable budget pressures and an increasing urgency to invest in new care schemes such as Extra Care villages.

This administration will not mortgage the future like the last Labour administration did two years ago. They received an EIGHTEEN MILLION POUND bonus, courtesy of long overdue changes to the Labour Government's flawed 'formula damping mechanism'.

They could have invested that money in an efficiency programme, like we have, to release funds to the front-line and set a Medium Strategy for low council tax increases for years to come. By now, Nottinghamshire could be providing its residents with far better value for money.

Instead, they chose to remain the highest charging shire council in the country.

Labour councillors blew £8 million of their £18 million bonus by abandoning what they had told us previously were entirely sensible and reasonable efficiency measures planned for 2009/10.

They blew a further £5 million on so-called "targeted additional service improvements", which in reality were short-term remedies to previous mistakes or oversights, further adding to this authority's bloated base budget.

They did what socialists always do. Keep spending, pay no heed to tomorrow, pretend the difficult decisions will just go away.

And don't think this was a one-off mistake. As I said earlier today, it was the latest of many opportunities Labour missed over the years to bring this council's budget and its tax demands under control.

The public of Great Britain has now woken up to the disastrous results of Gordon Brown's "spend now, think later" economic strategy.

The irony is that because of Mr Brown's unsustainable spending spree, Nottinghamshire County Council received some very generous local government grant settlements between 2000 and 2008. You might not expect a Conservative to admit that, but I'm happy to.

The Labour Group here in Nottinghamshire had virtual utopia within their hands. With just a modicum of responsible and efficient management they could have delivered excellent front-line services AND kept council tax increases to no more than 1%. They could have phased in the less popular but necessary efficiencies much more gradually. It wouldn't have averted the national crisis we face today, but it would have left this council better prepared and the Nottinghamshire taxpayer better off.

Unfortunately, despite our warnings over many years and many budget debates, Nottinghamshire's Labour councillors simply repeated and indeed exacerbated Gordon Brown's mistakes. This council's base budget grew unsustainably and the legacy is what we have to deal with today. To put it bluntly, it's why we were elected.

As well as introducing new ways to manage the Council's revenue budget, we are in the process of taking a very careful look at our capital budget programme for the Medium Term.

Whilst in opposition we often sought more clarity on Labour's various capital project proposals but we rarely received it. Upon taking control, we were genuinely astonished to find that many of the projects proposed by the previous administration had no proper business cases underpinning them!

Therefore, we are refreshing the Capital Strategy and Corporate Asset Management Plan to link into the themes of our new Strategic Plan. In keeping with our plan of 'Making Nottinghamshire a Strong and Proud County', the selection of schemes for our £145 million Capital Programme is based on an options appraisal process, supported by the submission of full business cases and overseen by the Corporate Asset Management Group.

Options for project delivery will be assessed against corporate and service criteria, taking into account the availability of funding and the future savings and efficiencies these projects can bring.

Proposals include: -

- A three-year, £5 million Street Lighting Renewal scheme
- A three year £1.5 million project to carry out long overdue drainage improvements at prioritized target areas throughout the County

- A £3.6 million refurbishment scheme for Mansfield Library and

... to name just a few.

I talked earlier about the rationalisation of our property portfolio. People might want to reflect on why a council that has not been short of funds in the last decade still possesses a large building stock in very poor condition. We propose to invest a total of £19 million over four years to ensure Council building such as schools, libraries, day centres and offices are safe to use by staff and service users and do not pose a significant Health & Safety risk. We also propose to reduce the number of buildings we own and use.

Chairman, before I move the budget recommendations for Council's consideration, I would like to dispel one last myth which has been peddled endlessly by opposition groups and often swallowed by the media. I refer to the suggestion that we are proposing budget cuts.

The simple fact is that the Conservative County Council budget for 2010/11 amounts to just under £484 million, which is £11 MILLION MORE than last year's Labour budget.

Yes, I will repeat that: £11 MILLION MORE.

And we have done that without a single penny extra on the Council Tax.

What we have done is REPRIORITISED spending to meet those areas of greatest urgency and need, whilst proposing new service management techniques to drive out savings and make MORE funds available for front-line service delivery in years to come.

That's what I call value for money.

That's what I call prudent financial management.

That's what I call a Conservative run Council.

With that, I move the recommendations set out in the report. In doing so I would like to thank our excellent officer team for the exceptional amount of work and effort that has gone into preparing these budget proposals. I am sure opposition spokesmen will want to echo those comments with respect to their budget preparations also.

Thank you, Chairman.