

## **COUNCILLOR REG ADAIR BUDGET SPEECH 2016**

Chairman, the Conservative Group had hoped today to support an unprecedented, jointly agreed Budget for Nottinghamshire County Council. Unfortunately, we cannot do so, because we disagree with Labour over the amount by which council tax should increase in 2016/17. We oppose Labour's proposed 3.99% increase in council tax, and in a few minutes I intend to move a Conservative Amendment limiting this to 1.99%.

However, before I do so, I want to pay tribute to the constructive work that has taken place between the political groups of this Council over the past six months, and acknowledge the background against which this occurred.

Last February, Labour's budget for a 1.99% increase in council tax was only carried on the Chairman's casting vote, after 33 Labour Members voted for it, and 33 Opposition Members voted against. The Conservative Group's alternative budget proposing a council tax freeze was defeated by the same narrow margin. It was the closest possible outcome on the most important decision this Council makes each year. During the summer recess, there was a collective realisation that the next Annual Budget could be even more difficult to resolve. The political balance of this Council remains on a knife-edge, with the Labour Group two Members short of a majority, and an increasingly diverse Opposition.

So, recognising a duty to the electorate, the Conservative Leadership approached the Labour Leadership to propose a JOINT budget setting process and, to their credit, Labour accepted this constructive offer. Throughout the Autumn and Winter months, representatives of the Labour, Conservative, Liberal Democrat and Independent Groups examined the Council's finances in detail. Political and ideological barriers were lowered. We looked at new proposals and re-examined ideas previously discounted or not fully developed. Officers were challenged by Members on all sides to provide the most robust information on which to base our decisions.

The outcome of this work was revealed in Policy Committee last December and is largely replicated in the Council papers today, except the alteration arising from the consultation.

This is not a Labour budget, a Conservative budget, a Liberal Democrat or an Independent budget. It represents a consensus reached within a Council under No Overall Control.

We were able to make progress because we knew the scale of the challenge and respected the differences between us. Each political group identified a small number of policy areas where we would NOT compromise, which we described as "red lines".

One of the Conservative Group “red lines” was that we would NOT agree further reductions to the local bus subsidy budget, unless there is indisputable evidence that a service is unrequired and not providing even minimum value for money. For rural areas with sparse populations the local bus service provides a critical link to major conurbations and facilities. Our alternative budgets for the past two years opposed the scale of previous reductions and sought to put £400,000 per year BACK IN to bus service support. We agreed for this year that a cross-party working group of Members, including our Transport Spokesman Councillor Richard Jackson, would undertake an in-depth analysis of the bus services currently subsidised by Nottinghamshire County Council, to ensure that no community is left genuinely isolated by the removal of a service.

Another Conservative “red line” was that we would accept NO FURTHER REDUCTION to Councillors’ Divisional Fund budgets, having opposed the reduction from £10,000 to £5,000 per Member last year. The CDF enables councillors to help projects, events, people and clubs that work hard for the benefit of their local area, and we know from local feedback that even a small amount of funding can make a huge difference.

The Labour Group respected the Conservatives' "red lines", and we respected theirs. For example, within our previous two alternative budgets, the Conservative Group calculated that the Council could save at least £3 million by outsourcing several internal services, or bringing in external expertise. We stand by this policy and believe it must eventually happen, but for the purposes of the Joint Budget, we agreed with Labour to support a number of smaller, in-house savings as an interim measure, amounting to £300,000 from the Customer Service and Business Services Centres. We agreed to this on the proviso that outsourcing remains "on the table" as a future option.

Another "red line" issue between the Conservatives and Labour until now has been subsidised home to school transport. In 2011 the Conservative administration introduced a Discretionary Travel Scheme for children attending preferred schools within Nottinghamshire, including faith schools. Labour ceased this provision in September 2014, and during the current Joint Budget process, a Business Case was presented that the Council should in future ONLY provide the Statutory offer in relation to mainstream and post-16 school transport. Chairman, the Conservative Group remains committed to the principle that children SHOULD be able to attend the school of their choice in Nottinghamshire, but we also acknowledge that the structure of education has changed dramatically in the past five years.

Many schools have converted to Academies with control over their own finances, and can decide for themselves to fund home to school transport provision where they wish. Therefore, we agreed to support this Business Case, saving the public purse £770,000.

There were several savings options which were “red lines” for ALL parties in the Joint Budget Panel. For example, none of us was willing to agree to:-

- reductions to the Highways Winter Maintenance budget;
- reductions to the Drainage Cleansing Budget;
- the introduction of on-street parking charges;
- and
- reductions to the number of Registration service points.

Unsurprisingly, the most intense discussions were around which savings proposals we WOULD accept. Our officers had done good work to provide some relatively “quick wins”, such as:-

- cashable savings based on exploiting better value in the energy market;
- renegotiating existing contracts and pre-paying certain charges to achieve savings over the life of a contract;
- further efficiencies from exploiting new technology;
- further rationalising our internal ways of working; and
- personnel budget savings from removing vacant posts.

Other savings required more difficult decisions which inevitably will alter the service we deliver to the public. These are mainly the Businesses Cases categorised as B and C in the Budget papers, and at every turn we worked hard to mitigate the impact of these changes and signpost alternatives if necessary.

As a result of past budgets and our Joint Budget work this year, Nottinghamshire County Council going into 2016/17 runs a much “tighter ship” than it did a decade ago. HOWEVER, the same can probably be said of every other local authority, and the fact remains that Nottinghamshire STILL charges the highest council tax of any shire council in the country.

A Band D taxpayer in Nottinghamshire in 2015/16 paid £111 MORE than in Lancashire, £121 MORE than in Derbyshire, £155 MORE than in Lincolnshire, £157 MORE than in Leicestershire and £194 MORE than in Staffordshire.

There is a broader debate about the precise division of Government funding which has existed for years under Labour and Conservative Governments, but this does not excuse Nottinghamshire being the most expensive council of all. As we move into an era where local authorities must sustain themselves to a greater extent from locally raised income, our strategy must not abuse the public pocket. Even compared with our close neighbours and those living in counties further north, Nottinghamshire’s taxpayers currently get a raw deal.

This is why the Conservative Group CANNOT support the council tax recommendations as they stand. We DO NOT agree with Councillor Rhodes' public assertion that he is "left with no choice" but to increase council tax by 4%, or 3.99% to be precise. So, with your permission, Chairman, I shall pause here to distribute the Conservative Group Amendment, and then I shall continue.

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Thank you, Chairman.

You may recall that the previous Conservative administration froze Council tax EVERY YEAR it was in office, but Nottinghamshire remained the highest charging shire council. Therefore, we pledged in our most recent County Election manifesto to "freeze council tax until at least 2016", and our alternative budgets since then have sought to implement that promise, but both were narrowly defeated.

In the early part of the Joint Budget process, we were briefed by officers about the additional pressures on social care, as a result of which we were willing to support a 1.99% increase for the coming year, believing this would help to achieve an agreement.

None of us knew, until the Chancellor's Autumn Statement in late November, that Councils who are responsible for social care would be given permission to levy an additional 'social care precept' of up to 2% on council tax.

Today's Conservative Amendment ACCEPTS the 1.99% 'County Council element' increase proposed in the Budget Book, but REJECTS raising a 2% 'social care precept'.

We've presented it this way to remain consistent with Councillor Kirkham's Medium Term Strategy from last year, but if the 1.99% is used as a *de facto* 'social care precept' to tackle pressures of this type, then so be it.

Our KEY point is that we are NOT willing to support a hike of 3.99% when this is ALREADY the shire council with the highest tax rate. A 3.99% increase to Nottinghamshire's current Band D charge of £1,241 costs our residents £6 MORE than a 3.99% increase to Leicestershire's much smaller current charge of £1,084.

Labour councillors love to dismiss such amounts of money as "the cost of a couple of pints", but year on year, the effect is significant for our taxpayers. If Labour's annual increases really were "just the cost of a couple of pints", council tax would not have DOUBLED in Nottinghamshire under previous Labour administrations between 1997 and 2009!

If a 3.99% increase is approved today then, by next year, a Band D resident in Nottinghamshire will have paid £169 MORE over three years under Labour, such is the compound of effect of this increase on top of the 1.99% increases in 2014 and 2015.

Labour are once again demanding the maximum amount possible beneath the threshold for a council tax referendum, just as they did in the past two years. It saddens me, because it grates AGAINST the responsible attitude we saw from Labour councillors throughout the Joint Budget Panel meetings.

The 'extra' 2% increase in council tax equates to £6 million more income for the Council. Labour claim this is "unavoidable" to protect services and balance the books.

We simply DO NOT agree. Here's why, Chairman:-

- £2 million of that £6 million is already arriving from the Government in the form of transitional grant to Councils, announced on 8<sup>th</sup> February;
- Councillor Kirkham reported to Finance & Property Committee, only on Monday, that the Council expects to UNDERSPEND its 2015/16 budget by some £6 million;
- That's DESPITE the fact that £2.4 million of Labour's planned savings proposals have NOT been achieved, so it could have been more; and

- This is not a “one off” occurrence: Nottinghamshire County Council has underspent its overall net budget by an average of almost £5 million, per year, since 2005.

Faced with this evidence of cautious budgeting, the time has come for the authority to leave a little bit more money in the taxpayer’s pocket. We make a modest forecast that Labour’s total budget for 2016/17 will underspend by more than the £4.2 million shown in the Medium Term Financial Strategy. The difference is shown in the Conservative Amendment as a £1.2 million use of reserves. History suggests this will be more than replenished by the year end, and with a General Fund Balance of £25m and total reserves of £174m, it is hardly a major risk.

The Council should also continue to review its management and administrative structures, especially in its two largest budget areas where inefficiencies can most easily go unchecked. It is too easy to fight shy of challenging for more savings from the Adult Social Care & Health and Children & Young People’s budgets because they are emotive service areas. We know from past experience that certain vested interests will present the rigorous pursuit of best value as attack on the vulnerable young and elderly, but this is nonsense. It should not deflect us from managing this authority properly. The Conservative Amendment challenges our two biggest departments to identify further management and administrative efficiency savings of 0.3% between them.

I'll repeat that: just 0.3% further back office savings from the £135 million Children & Young People's Services budget, and 0.3% from the £200 million Adult Social Care & Health budget (which is underspending in the current year by at least £5.2 million).

A number of other savings in this Conservative Amendment are carried forward from our previous alternative budgets. These have been fully costed with assistance from Finance Officers:-

- we repeat our case for the Chief Executive to review the Council's corporate management structure to save £300,000;
- we reiterate that by outsourcing its 'County Supplies' operation, the Council can achieve a substantial capital receipt and permanent revenue savings of £270,000, including £100,000 in 2016/17;
- last year we targeted £500,000 of savings from removing duplications of work between the County Council and the NHS. Our Amendment this year reduces the target to £300,000 in recognition of work already taking place in this regard, but we know more can be done to integrate health and social care, especially with Nottinghamshire due to receive its share of the Chancellor's £1.5 billion increase to the Better Care Fund by 2019;

- we also maintain our pressure for continued savings from improved procurement, but again we have reduced our target from £500,000 in our previous alternative budget to £250,000 in the current amendment, in recognition of the progress already being made by the Procurement Centre through the Council's 2015-18 Procurement Strategy;

and, Chairman,

- we repeat our proposal from last year to make a reduction to the Community Safety Initiatives Fund. We do NOT dispute that this Fund achieves some positive outcomes, but it is a discretionary element of the budget and some of these schemes should be able to seek alternative sponsorship from the private sector and other agencies. We believe the Council must work with a smaller Community Safety Initiatives budget of around £160,000 and prioritise certain areas of work.

Our Amendment this year does NOT repeat last year's assumed saving from merging the Culture and Community Safety Committees. We still believe some rationalisation of the committee structure is possible, and that this can save on Special Responsibility Allowance and Democratic Services costs, but we will await the results of the Chief Executive's top level review before suggesting where changes should be made.

We have looked again at a small number of the Business Cases from the Joint Budget Panel where all sides agreed that savings could be made, but where we believe increased targets are achievable.

Under Business Case A23 the Panel agreed to a small saving of £86,000 from the Council's £1.4 million Marketing & Communications budget, to be achieved by ceasing the '*Frontline*' and '*Your Life*' publications, reducing the use of professional photographers, deleting the marketing budget for the Robin Hood Festival, and reducing staffing costs.

This was agreed BEFORE we saw the outcomes of the 2015 Annual Customer Satisfaction Survey, which revealed that eight out of ten respondents could not even remember picking up or seeing ANY of the Council's 'Life' suite of publications, and that 35% of those who *had* seen the County Life material confessed they had "not read" or had "only glanced" at it.

Councillor Rhodes said in Policy Committee that this does not mean we should scrap the 'Life' publications altogether, and for now I agree, but we should certainly be looking to reduce the production cost rather than increase council tax.

Remember, this authority has already invested to upgrade its website, and to increase Superfast Broadband coverage across the County, so let's make this money work. The time has come to move the remaining 'Life' publications, and other hard copy material, fully online. Our libraries can print off reference copies for those residents who don't have online access.

We believe a Communications & Marketing budget of around £1.2 million for Nottinghamshire would be adequate; similar, for instance, to neighbouring Leicestershire.

We have also re-examined Business Case A19: the ICT Efficiency Programme. When the Joint Panel agreed savings of £575,000 over three years, Councillor Rhodes himself commented that the speed of these savings should be increased if this can be achieved without compromising service provision. We agree, and the Conservative Amendment pushes a little harder towards this. We do not propose to increase the overall savings target, but we challenge our officers to achieve, in Year One, a quarter of the total £414,000 of savings scheduled for Years Two and Three.

Members will recall that we opposed the establishment of the £1 million Economic Development Capital Fund last year, on the grounds that this was not the Council's core business and that the money should remain in the Supporting Local Communities Fund (or the Local improvement Scheme as we called it). Our alternative budget was defeated and the Economic Development Capital Fund is now up and running. Therefore, we have looked instead at the revenue spend on Economic Development and Devolution under Business Case A15. Officers confirmed in the Joint Panel that an amount of £400,000 was committed under this budget, but there remained a discretionary spend element of around £200,000. We propose to save a further £50,000 from this discretionary spend on top of the £80,000 agreed by the Joint Panel. The key word is "discretionary" – a "nice to have" rather than an essential – and we would argue that external sponsors and other agencies such as the Local Enterprise Partnership are better placed to fund some of the initiatives earmarked to receive this money.

This brings me, finally, Chairman, to highlight increasing concerns we have about the Council's 'Living at Home' Extra Care programme. A report to Adult Social Care & Health Committee in November stated that the Extra Care capital pot now stands at some £25 million, but we are far from satisfied that there is a robust business case for this level of funding.

We believe that there is a large degree of “mission creep” in this project, straying FAR beyond the original intended remit and the £12.65 million provision made in the final Conservative budget of 2013/14. The Council appears to be lining up a heavy commitment of public money to help build Extra Care accommodation in association with local district councils, but this is not the authority’s “core business” and there are private providers who are more than capable of delivering this service. Our Amendment proposes immediately to remove £5 million from the Living at Home capital programme, which will achieve an associated interest on borrowing revenue saving of £200,000 in Year One alone.

We also believe a significant portion of the remaining £20 million allocated to Living at Home in the capital budget has not been committed, and that some of this could be assigned to other projects which we consider are more relevant to our core business and should take priority. For instance, our Alternative Budget last year included £2.5 million commitment to provide a new school hall for every primary school which requires one, and £1 million to support an urgent School Refurbishment Programme.

**PAUSE**

So, in summary, Chairman, compared with our alternative budgets of the past two years, this is deliberately a less complex amendment. It concentrates only on our differences over council tax and the savings we would make to limit the tax increase to 1.99% in 2016/17.

We do NOT accept that Nottinghamshire County Council requires an extra £6 million to balance its books. Quite apart from the £2 million of additional transitional grant coming from the Government, we contend that this Council has somewhere between £6 million and £10 million of leeway within its own budget for the coming year, AND more in the future. The exact amount depends how ambitious it decides to be with options such as outsourcing, and whether some of the risks and pressures listed in today's budget prove to be less severe than anticipated. For instance:-

- We shall monitor very closely the accuracy of the cost pressures identified in relation to Deprivation of Liberty Safeguards;
- We shall push to ensure that the savings identified last year by the Labour Group, which are currently described as “Experiencing Obstacles”, are driven through successfully wherever possible;

- We shall also continue to investigate the savings that have been described as “compromised”, to see if these can be rescued, for instance the £1.1 million saving anticipated from Special Educational Needs Home to School Transport and Independent Travel Training;  
and
- We will, of course, monitor the progress of ALL the Business Cases we have jointly agreed for the coming year, to ensure that forecast savings are delivered, and more where possible.

Chairman, even now I hope I can persuade Councillor Kirkham to accept our Amendment and limit the council tax increase to 1.99%, in line with his OWN previous forecasts. After all the work and progress of recent months it would be fitting if we could reach an agreement, based on his original plan.

Either way, I agree with the sentiments in his report that the cross-party budget group work has been ground-breaking and hugely productive. I believe this can only work to the benefit of the people we all serve.

We have a County Election next year (2017) with all the inherent ideological and political tensions that brings, but whatever the result, and whatever the future structure of local government may be, local authorities must continue to provide the best value they can.

Chairman, I move the Conservative Amendment and, as ever, I thank all of the Officers who have assisted us through this year's unique budget process. Thank you.