

2012-13 Budget Statement

7th February 2012

With permission Mr Chairman, I would like to present the budget for Essex County Council for 2012/13 which in total amounts to some £2.14bn.

Last February I told council that the budget for 2011/12 was the most difficult the council had produced in decades. In December I told members that the budget situation for 2012/13 and beyond continues to be challenging.

This budget has therefore been designed to not only deal with the pressures over the next 12 months but also to prepare us for the challenging times ahead.

But these are challenging times for everyone - for our residents, our businesses, as well as for the public sector. We are all in this together.

So this budget has been developed alongside a new 5 year corporate vision and corporate plan – a vision that places our economy at its heart and refocuses our priorities.

Importantly this is a budget that has yet again protected the hard pressed council tax payer.

For the second year running I am pleased to announce that there will be no increase in the council tax from Essex County Council. By February 2013 residents will not have seen the county council's share of council tax increase for almost 3 years. We believe that at a time when unemployment remains high and many of our residents are working hard to keep their heads above water that this is the right thing to do.

This is, however, a budget that once again includes some difficult decisions but we have tried to ensure that our budget protects critical frontline services as much as possible. So despite the economic downturn and financial pressures we believe we have once again been more successful than most authorities at protecting services to residents.

This budget also comes at a time when we need to embrace the opportunities arising from our selection as a Whole Place Community Budget pilot area. Our selection as a pilot area is national recognition that the public sector in Essex – with the County Council at its heart – has already demonstrated that we have a track record of working together effectively to deliver excellent, efficient services. The pilot now gives us a unique opportunity to not only deliver the future savings that the county council and our public sector partners need to make, but also to radically transform the way public services are delivered in Essex. I will say more about this later.

Last 12 months

Over the last 12 months we have done much to prepare ourselves for this budget while delivering improvements in key services:

- We have delivered £90M in savings and efficiencies in the current financial year and are on track to have saved £330M per annum by 2013 – £30M over and above our £300M target. This is a remarkable achievement and both members and officers are to be congratulated.
- We have improved our children's social care services. We know we have a lot further to go to deliver an excellent service but the commitment and hard work of our staff - and the work of our partners - have improved services to our most vulnerable children.
- Our adult social services continue to be one of the best in the country. And I would like to take this opportunity to add to the Chairman's remarks and publicly thank Jenny Owen for her leadership of that service over the past 8 years as she approaches her retirement in March. We are fortunate to have one of the best in the business and I'm sure council will join me in thanking her for her contribution to Essex and wishing her a well-earned and enjoyable retirement.
- We have continued to support apprenticeships in Essex through our innovative and highly respected apprenticeship programme. We have created over 1,380 apprenticeships (including 150 directly within ECC and more with our public sector partners) and the number of apprenticeships in Essex is now over 80% higher than before the council launched its scheme – evidence that we have made a real difference to the life chances of our young people and created new opportunities for them to gain vital workplace skills.
- We have worked with the district and borough councils to increase recycling rates across Essex to over 50%.
- We have secured - through our membership of the South East Local Enterprise Partnership - an enterprise zone in Harlow with the opportunity to create 5,000 new jobs in the key sectors of Medical Technology, ICT and Advanced Manufacturing.
- We have completed – on time and on budget – the Olympic mountain biking venue at Hadleigh and hosted a successful test event. Essex is now ready and proud to be an Olympic host county in 2012.
- The new A12 Junction 28 in North Colchester was opened over three months ahead of schedule.
- We have completed and opened the Roscommon Way Extension on to Canvey Island providing direct access to the Charfleets Industrial Estate, helping to tackle congestion and supporting regeneration and jobs growth in the area.
- And we have been selected by the Government as one of just 4 pilot areas nationally to develop a new innovative Whole Place Community Budget, showing

that Essex is recognised as one of the most forward thinking and innovative areas in the country.

As always I am enormously grateful for the hard work and innovation of our staff over the past 12 months as they have continued to deliver excellent services to the people of Essex in extremely challenging and difficult times.

Budget for 2012/13

Our budget for 2012/13 is therefore building on solid foundations and I would like to extend my thanks to Cllr Finch and Margaret Lee in particular, as well as members and officers across the council for their work on this budget.

This year's budget has been developed alongside a new 5 year corporate vision and corporate plan.

Our new vision places the economy at its heart. We know that with less public money, and with increasing demand on services, that economic growth is the key to our future prosperity.

That is why we want an Essex where every individual and community can have aspirations and be supported to achieve their potential. That is why we want an Essex that supports people, communities and businesses to be safe and successful. And that is why we want an Essex that means business – an Essex that works for our people, communities and businesses.

To achieve all of this with less money means not only having fewer priorities – 5 rather than the previous 10 – but also means we need to work differently.

Unlike previous years this budget does not include a list of annual pledges. But it has been developed to ensure we focus our resources and can deliver our 5 corporate priorities of:

1. Enabling every individual to achieve their ambitions by supporting a world-class education and skills offer in the county
2. Securing the highways, infrastructure and environment to enable businesses to grow
3. Improving public health and wellbeing
4. Protecting and safeguarding vulnerable people, and
5. Giving people a greater say and greater role in building safer and stronger communities

We believe that these are the right priorities for Essex.

So this budget is investing in the infrastructure that can support the Essex economy to grow and includes:

- A new £20M Rolling Investment Fund in our capital programme over 5 years to finance projects that unlock economic growth as part of our Integrated County Strategy. District and borough councils and the private sector will be able to invest in to this pot if they wish to in order to jointly fund projects in their area. We hope that the first projects will be approved this year. Returns on investments will be reinvested back into the Fund to finance further projects and the Fund will increasingly become a major player in the drive for economic growth in the county.
- We have also secured through our LEP a share of £33M from the Government's Growing Places Fund to support projects that unlock economic growth. I am confident that Essex will get a significant share of this funding to support projects that we have identified in our Integrated County Strategy and I hope that we will have some positive news to announce in the next few weeks.
- We are announcing £5M to help roll-out superfast broadband across Essex. This will be match-funded by the Government's Broadband UK fund and then this total match-funded again by the private sector, delivering a total investment of over £20M to provide a real boost to the connectivity of local businesses and residents.
- Our Cabinet has also recently approved the formation of a new partnership with Ringway Jacobs Limited to create the largest integrated highways partnership in the UK. Over the next 10 years this will deliver significant savings while ensuring that available funding is used more effectively on our highways network. It will also make it easier for residents to track progress on pothole repairs.

This budget also continues to prioritise services to our most vulnerable people:

- We have increased fees paid to foster carers and improved our package of support to enable more Essex children to be placed with carers within the county. We recognise the invaluable work that our foster carers do to look after so many children in our care.
- We are reviewing contracts with suppliers of adult social care to ensure the council is paying a fair price for care services that are competitive and delivering best value to the customer.
- And today's budget again gives assurances that not one of our valued 73 libraries will close. While there are budget pressures in the service our objective is to mitigate these by securing income from bidding to run services at other authorities.

Supporting our most vulnerable is one of our most fundamental responsibilities.

So I am delighted that today I can announce another first for Essex County Council. We are proceeding with a new innovative social impact bond approach to finance intensive family and community based work with young people on the edge of care or custody. This work will strengthen families' own capacity to cope and avoid young people having to enter care or custody in the first place. The council will only pay for success, keeping families together, preventing care or custody and improving young people's life chances while saving money. Essex County Council will be the first local authority in the country to raise funds through a social impact bond and we have successfully attracted some support from central government.

But in these economic times it is not just our young and old who may be vulnerable. So I can also announce today that we will make £100,000 available through credit unions across Essex targeted at some of our most financially vulnerable residents to promote financial inclusion.

Our residents also rightly expect good customer service. And because we want to make it easier and simpler for residents to contact us and to get their problems resolved more quickly, we are making an investment of £6.3M in an improved customer service centre. This will enable residents to engage with the council through the contact centre and the internet to get the information they need more quickly and easily. This investment will also enable a cumulative cash benefit to the authority of over £7m by 2013/14.

Savings and efficiencies

Nevertheless we have once again had to take some difficult budget decisions. In total this budget includes £123M of savings and efficiencies, the majority of which – some £67M – were announced 12 months ago.

This budget announces a reduction in the free monitoring service for new users of the Telecare service from 12 weeks to six weeks to bring this in line with other similar services.

We are also reducing the subsidies that we pay to commercial local bus operators. This subsidy has amounted to around £8M per annum in recent years and can no longer be sustained. We will be consulting members and residents on this and we recognise that this could have implications for the viability or frequency of some services in some areas.

And as I announced at council in December, we are reducing the council's capital budget from £134M in 2012/13 to £69.3M by 2016/17 in order to reduce the burden of our borrowing costs.

This has led to some difficult decisions and has inevitably necessitated a greater level of prioritisation of our capital spend.

In response to calls from our elected members we are allocating £16M over 2 years into a Highways Improvement Fund and Cllr Chapman will say more later on about how we

will increase local control over this spend. We recognise that our roads network is critical to the economic functioning of this county. Nevertheless, Members need to be aware that the total capital available for our highways network in 2012-13 is considerably reduced from 2011-12.

Going forward I am keen to see how we can bolster our capital programme in future years. I have therefore asked officers to undertake a review to explore how we can potentially exploit in the future innovative ways of financing infrastructure that unlocks economic growth. The Coalition Government is giving local authorities new powers and funding sources – for example the New Homes Bonus, Community Infrastructure Levy, localisation of business rates, and the ability to borrow against future tax receipts – and I believe that local government must be prepared to use these mechanisms if we are to ensure that our physical infrastructure not only supports our economic growth but also does not deteriorate to a point where there will be a formidable future cost of repair to future generations. This work will inform our capital strategy for future years and will build on the start that this budget is making by developing a rolling investment fund.

In building our capital programme, we have only taken into account those capital receipts we are certain of. As we secure more capital receipts in future years this will bolster our capital spend further. In addition we will also explore funding streams as they become available such as specific government grants.

Chief Officer pay

As members will be aware, Council is now required to publish a pay policy. This is published for the first time today for council approval.

Members will be aware that last week Brentwood Borough Council and Essex County Council announced that from 31st March 2012 we will no-longer be sharing a Chief Executive. To reflect the Chief Executive's changing role and given the challenging financial situation Essex County Council is facing, Joanna Killian has volunteered to further reduce her salary by £15,000 effective from April 2012. This entirely voluntary reduction in her salary of over six per cent from is in addition to the five per cent she took in this financial year (2011-2012).

To coincide with this change, I am pleased to announce that Essex County Council has established a new Independent Remuneration Panel to increase the transparency of reward decisions. This Panel will consider Chief Officer reward and make recommendations to the Chief and Deputy Chief Officer Panel. The Panel will be Chaired by Sir David Rowlands (a former senior civil servant) and comprised of volunteers with expertise in their field. The panel members are Nigel Baldwin from the business sector, Bob Reitemeier, the Chief Executive of the Essex Community Foundation, and we are looking to appoint a representative from the world of local government. They will provide independent advice and recommendations on all aspects of Chief Officer remuneration and benefits.

Looking ahead

We can be proud then of our achievements to date and we have shown that we can deliver significant savings and efficiencies while limiting the impact on our front line services. By 2013 we will have delivered £330M of savings and efficiencies over 4 years while largely protecting frontline services.

Nevertheless it is important that members recognise the challenges for the future. Our forecasts suggest we have a manageable budget deficit of £7M in 2013/14 but then a gap of £35M by 2014/15.

It is therefore right that we start thinking now about how we meet the continued challenges in the future. It is our view that if residents are to receive the quality of services and outcomes that they demand and at a cost that is affordable that we must look at achieving further savings across the whole system of public services in Essex.

We recently published an e-pamphlet entitled *Future Councils* which contributes ideas for how the councils of the future may look. It argues that councils need to rethink traditional ways of working and find new approaches to meet community needs.

Councils have already gained new freedoms and powers from the Coalition Government and I believe the sector will increasingly gain the confidence to use them. Mr Chairman, I believe that twenty-first century local government will need to be:

- entrepreneurial and prepared to take calculated risks if we are to find new ways of funding services;
- focus on commissioning the outcomes that matter for their local areas and be prepared to challenge vested interests where these outcomes are not being delivered and value for money not being achieved;
- deepen integration with local partners to improve joint-working; and
- devolve decision-making more systematically and extensively than before to a local level.

The Whole Place Community Budget Pilot Programme is a unique opportunity for us to work with our public sector partners – for example the districts and boroughs, the Fire and Police, and health services – to outline our approach for doing this by October 2012.

We want:

- To improve outcomes for all Essex residents
- To enhance the experience of doing business with the public sector
- To deliver efficiencies

In the short term here at Essex County Council we will accelerate our plans to become a commissioning organisation by looking at how we can join up our funding to better deliver:

- All Age Services for those who will be dependent on council services throughout their lives
- Improved Public Health outcomes; and
- Economic Prosperity.

This work will require a systematic review of what we do, how we do it and what outcomes we achieve.

Conclusions

In conclusion Mr Chairman, this is therefore a budget that has been built on the solid foundations that we set last year.

It is a budget that has prioritised spending on our economic infrastructure and on safeguarding our most vulnerable.

It is a budget that has sought to protect our frontline services as much as possible.

And it is a budget that yet again protects the council tax payer with our share of council tax frozen for the second year running. As Conservatives we remain committed to keeping Essex County Council as a low tax authority.

Mr Chairman, this is also a budget that looks forward to future challenges so that we can manage our resources in a sustainable and responsible manner.

Members need to note that even with the savings outlined in this budget that the authority still faces further financial constraints over the next 4 to 5 years.

We therefore have challenges to address and I believe that our Whole Place Community Budgets pilot offers us the opportunity to look afresh at how we can radically transform the way that public sector services are delivered in Essex. Through joint commissioning across service areas and with our partners, we believe we can improve services and unlock further savings for the benefits of our residents. This will be an exciting opportunity to shape the future of public services in Essex and indeed nationally.

I believe that this is a fair and responsible budget and I commend it to Council for approval.