

Budget Statement 2013-14

Madam Chairman, I would like to present the Conservative Administration's budget for Essex County Council for 2013-14 which in total amounts to some £2.43bn.

Members will be aware that this has yet again been a difficult financial year. Public sector finances remain squeezed and will remain so for another 4 or 5 years as the Coalition Government continues to address the painful legacy of debt left behind by the last Labour Government.

And that painful legacy from the last Government means that these are challenging times for everyone - for our residents, for our businesses, as well as for the public sector. Our national finances remain in a critical state and local government across the country has had to face that challenge.

In Essex we are working hard to provide the right climate for our businesses to grow and create more jobs through our new Economic Growth Strategy against a background where the national economy remains fragile. Although recent falls in unemployment do provide some positive signs, times remain hard.

As a Conservative Administration, we are determined to support hard pressed council tax payers. We believe that at a time when the people we represent face a real struggle to keep their heads above water we must limit demands on household incomes.

So for the third year running I am pleased to confirm that because of the prudent way the Conservatives run County Hall there will be no increase in the council tax from the Essex County Council.

By February 2014 residents will not have seen the County Council's share of council tax increase for almost 4 years. Ensuring our hard pressed residents keep more of their money to spend in the local economy is at the core of this Administration's policies. We have also been prudent in the way we have looked after our reserves to deal with emergencies as they arise. Residents will remember that when the Labour Party - propped up by the Liberal Democrats - last had their hands on the reins of power here at County Hall they almost bankrupted this council. We must never be allowed to get into that position again.

I am proud that this Conservative Administration has been able to protect council tax payers while simultaneously protecting critical council services through delivering savings and efficiencies.

Our budget is one that yet again has put critical services first. We have prioritised social care. We have invested in our highways network, recognising its importance to residents. And we have demonstrated by investing in the Economic Growth Strategy that Essex means business.

But yet again local government is being tasked with delivering significant savings and the savings and efficiencies planned in this budget total £55M for the year.

Members should note that in drafting the 2013/14 budget, we are using a significant one-off contribution from the General Balance to support the budget requirement in 2013/14. This money comes from an underspend in the current year – one brought about through the successful delivery of the first phase of our transformation programme which is on track to deliver a remarkable total of £364 million. The use of this money in this way is a responsible course of action but there are significant pressures in the future that need to be planned for and mitigated. I will say more about this later.

Last 4 years

Madam Chairman, over the last 4 years we have shown that as Conservatives we can be trusted to manage the council's finances and the council's services.

- We have delivered much needed improvements to our children's social care services which have been recognised by Ofsted. This good work has helped reduce significantly the number of children in care, bucking the national trend
- We have launched new innovative forms of raising investment and Essex County Council is the first local authority in the country to launch a social impact bond. From April, the Bond will fund services focused on vulnerable young people with the aim of providing them and their families with intensive support within stable family environments and keeping the young people out of care.
- Essex children are now achieving the same level of 5 A*-C at GCSEs as the national average. We will continue to work with schools to improve this even further and we have an aspiration to ensure that every young person can attend a school that is either good or outstanding
- We have supported the creation of over 2,000 apprenticeships through our innovative Essex Apprenticeship programme. We have helped young people get the training, skills and work experience that they need to support them into not just jobs, but into careers.
- Our adult social care services have consistently been among the best nationally and we have empowered people at the heart of the care system by giving them personal control over care budgets. In 2009-10, we supported 5,700 service users via a personal budget; already in 2012-13 (the period April to December) we have more than doubled that to over 13,300 service users.
- We have worked with the districts, boroughs and city councils across Essex to increase recycling rates to well over 50%, well above the national average. Rochford has the third highest recycling rate in the country
- The condition of our roads remain in the top quartile and we have invested an additional £11M in the current year to repair the damage that was caused by severe weather conditions. We have repaired over 40,000 potholes across the county and our road network remains a priority in this budget
- Three years ago we set a target of £300M in savings and efficiencies. We are on track to better that by over £60M by March this year. Savings of £364M include

nearly £170M from procurement savings and nearly £15M taken out of management costs. Our approach to financial management was recognised when David Finch won the 2012 Award for Outstanding Contribution to Financial Performance at the Local Government Cllr Awards.

- We told Whitehall we could deliver reform and they agreed. We were selected as one of only 4 national pilots to develop community budget proposals. Our work with our Essex public, private and voluntary sector partners places us at the forefront nationally in terms of public service reform
- We have signed an Essex-wide military covenant, showing a commitment from public agencies across Essex to work with our armed forces to support their particular needs
- We have strengthened and improved our corporate governance arrangements, as has been recognised by the independent Audit Commission, and we have been shortlisted for a national award for the new systems we have put in place.
- We have been judged 'excellent' in a Local Government Association peer review of our approach to Equality and Diversity – only the second council to have done so
- We have formed a Local Enterprise Partnership with Southend, Thurrock, Kent, Medway and East Sussex that has already secured an enterprise zone in Harlow and secured funding for major projects in Essex via the Growing Places Fund
- And of course we were the only local authority to design and build our own Olympic venue, playing host to a hugely successful Olympic Mountain Biking event in July 2012 that attracted over 40,000 spectators. This was supported by a fantastic team of Essex Ambassadors who gave their time to welcome people to Essex.

These are considerable achievements. They are radical achievements. And they are achievements we can be proud of.

And I am sure that members will join me in thanking the employees of the council for all the hard work, leadership and dedication they have shown over the past year and over the last couple of difficult years in ensuring that they deliver excellent services to the people of Essex. It is their hard work, commitment and excellence that make the job of an elected member at Essex County Council all the easier.

Budget for 2013/14

Madam Chairman, our budget for 2013/14 therefore builds on solid foundations and I extend my thanks to Cllr David Finch and Margaret Lee in particular, but also to Cabinet Members, the Chief Executive and officers across the council for their work on this budget.

It is a budget that is rooted in 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

For education, this is a budget that will:

- invest almost £18 million in providing nearly 1,000 additional school places across the county;
- increase funding for Home to School Transport by £945,000;
- work with partners to maximise the take up of free early years entitlement for three and four year olds and fulfil our new duty of providing free early education for the most disadvantaged two year olds;
- focus on improving schools which are not currently classified as at least good by inspectors;
- And within the capital programme, I am pleased that in this financial year we will begin the refurbishment of Market Fields Special School, for which the school's community and dedicated head teacher have long campaigned.

For our highways, economy and infrastructure, it is a budget that shows Essex means business. It will:

- invest £7.7 million to improve broadband connectivity across the county, delivering improvements that our businesses and communities need – the first phase of a total £25M investment in broadband over the next three years from the public and private sectors;
- set aside £2M to support economic growth, job creation and the promotion of Essex as a place where businesses can grow and flourish;
- Launch a Local Authority Mortgage Scheme, in partnership with the District and Borough authorities, to help first time buyers get onto the property ladder and get the property market moving. Across the County there are up to 6,000 people who cannot afford to take out a mortgage to fund the purchase of their first home and the scheme will provide a financial guarantee for up to 20 per cent of the loan value which will help some of these.
- Provide £7M for the Integrated County Strategy in 2013/14 for infrastructure projects to support economic growth
- invest around £82 million in maintaining and enhancing the county's network of over 8,500 miles of roads and footpaths
- and Madam Chairman I can announce today that we will invest a further £35m over the next 2 years into the maintenance of our highways - £15M in 2013/14 and £20M in 2014/15.

For vulnerable people, this budget will:

- invest £2 million on providing accommodation for vulnerable people;
- launch our ground breaking social impact bond which, from April, will fund a five year programme to provide intensive support to approximately 380 young people

and their families. The target is to prevent over 100 young people from entering care by building the capacity and resilience of their own families. We are already exploring opportunities for attracting social investment to fund programmes in other areas such as Drug Recovery, Social Isolation and Alcohol Dependency and I believe that there will be opportunities to raise up to £100M of new funds through social finance across the Essex public sector by 2016/17.

For public health and wellbeing, this budget will:

- Resource the transfer of public health responsibilities to local government, focusing on early intervention and supporting people to live healthier lives
- Secure the mountain biking legacy with public access and recreation at the Hadleigh Olympic venue – making sure we open up this magnificent venue for our residents' use

And for our communities this budget will:

- Ensure that all libraries remain open. At a time when other authorities are closing libraries, we are jointly funding the construction and opening of a new library in Springfield with Springfield Parish Council.
- We will invest £7M over 4 years into community initiatives, continuing the success and popularity of the Community Initiatives Fund. Since 2008 we have supported over 700 community projects and our funding over the next 4 years will mean we will support hundreds more.
- We intend to build on the success of the Essex Ambassador Scheme, which saw 270 volunteers get involved during the Olympics, to ensure an on-going volunteering legacy for our local communities.
- And we are also reviewing options for investing £1M into a Community Resilience Fund to build capacity within communities to enable them to tackle local issues themselves. We will bring a report to Cabinet on this in the summer, setting out proposals and we will fund this from reserves. We believe that with support from our partners it would be possible to build a very substantial fund to strengthen our communities over the next 10 years.

We will continue to explore areas where we can save money to protect front-line services and become more efficient. And that must include elected members too. So Madam Chairman I can announce today that we are proposing that the independent Boundary Commission undertakes an electoral review of the council to see if we can save money by reducing the number of County Council members while retaining both strong and vibrant local democracy and the relationship between members and residents.

Madam Chairman, this is a fair budget. It is a responsible budget.

Members should note that in resolving the budget position for 2013/14 a significant sum of £25M has been drawn down from the General Balance. As this is a one-off source of funding, there will be cumulative budget gaps of an estimated £85M in 2014/15, rising to £145M in 2015/16 and £200M in 2016/17. These budget gaps are the result of reducing government funding, coupled with demographic pressures and inflation.

The Council therefore still faces significant financial challenges in the future. I want to set out briefly our approach to meeting those challenges through our Transformation Programme and Community Budgets work.

Transformation and Community Budgets

Just before Christmas, Cabinet approved the start of a detailed design stage over the next 6 months for the next phase of our transformation programme – a programme of implementation that will last 3 years

This programme aims to ensure that the council can:

- Become a truly agile and flexible council – able to deliver efficiencies of £200M per annum
- Deliver major improvements for our residents in key customer services at a lower cost
- Deliver operational performance and efficiency across all areas of the Council
- Address the long term sustainability of key services, and
- Pro-actively manage demand for council services

To drive this forward, we propose radical changes including:

1. The separation of commissioning from delivery so ensuring there is a creative tension between the two to drive down cost, increase innovation and focus on better outcomes
2. The commissioning of services will be built around People Services and Place Services so we can design our services around people, families and communities, rather than around historical local authority structures
3. We are considering the merger of the statutory roles of Director of Children's Services and Director for Adults Social Services, subject to a full risk assessment to build services more around the family
4. And we will build a 'centre of excellence' for contract management and commissioning

This will require changes to the organisation's structure and to the roles and accountabilities of the Corporate Leadership Team.

This next phase of transformation will be the means to ensure that we save the £200M we need by 2016/17.

And so too will be our community budgets work with partners across Essex.

Our community budgets project is a partnership taking in all the borough, district and city councils, Southend and Thurrock unitary councils, police and probation, health, community and voluntary bodies and the private sector.

We believe that our collective proposals can deliver cash savings, demand reduction and economic and social benefits worth over £400M to the residents of Essex and that they will accelerate the delivery of 60,000 new jobs, 25,500 new homes and up to £1 billion in investment in our physical and service infrastructure.

These proposals include:

- ensuring that employers can influence and direct the way the vocational skills system works and how skills funding is distributed through a business-led Essex Employment and Skills Board
- integrating health and social care commissioning activity across a range of agencies to allow partners to deliver services more effectively and efficiently
- Working with partners to reduce domestic abuse and re-offending rates
- beginning work with over 1000 troubled families
- And we are entering into discussions with Government for a Deal for Growth, seeking powers and freedoms that have so far only been given to core cities

Together, our transformation programme and the community budgets programme can provide a template for us to find radical new ways of delivering services and new ways of removing cost from the system.

Concluding remarks

In conclusion Madam Chairman, this is a budget that is focused on protecting the hard pressed council tax payer and supporting our businesses.

This is a budget that is protecting investment in priority services such as social care, highways and economic growth.

This is a budget that is committed to building capacity and resilience within our communities while supporting first time buyers to get onto the property ladder.

And this is a budget that will ensure that the Essex County Council will be able to freeze its share of council tax for the third consecutive year.

Above all, this is a Budget rooted in Conservative principles, shaped with Conservative ideals; a budget that only the Conservatives can deliver in Essex and crucially a budget for everyone.

Madam Chairman I commend this budget to the Council