

Thank you Mr Chairman.

The first thing I want to say is a big thank you to all our staff who continue to work so hard for the people of Dorset at a time of great change and uncertainty for their personal future.

We have faced some very significant challenges in Local Government since 2010 but the budget setting process for next year has proved to be uniquely challenging.

During this year, our Forward Together programme was refreshed and now looks forward to 2020. As part of this, detailed proposals for over £9 million of service budget savings were presented to Cabinet in December. At that stage we had reduced the budget gap to around £400,000.

Our plans were based upon sound logic and prudent planning. However, the very next day it became apparent that without notice or consultation, the rules of the game had been changed.

The provisional settlement saw a reduction in our Revenue Support Grant of over 47%, the greatest loss of any County. At a stroke this added a further £7.3m to our budget gap for next year. We were one of only a handful of authorities who lost their entire grant by the end of 2017-18 and even more alarming was the fact the under the new rules, our "grant" would become negative in the third year of the draft settlement.

The finance team and the senior leadership team did a fantastic job, working tirelessly over the Christmas break and throughout January. They ensured that our message on the unfairness of this settlement was heard loudly by Government, our MPs, residents and the media. I also had two meetings with Greg Clark.

In the face of this evidence, the government did listen. And they did respond. The final settlement received last Monday has provided some transitional relief in the first three years. We will still need to deliver the same level of savings by 2019-20 but these can now be spread more evenly across the 4 year period. And there will be a full needs assessment before the introduction of 100% business rates retention. More lobbying will be needed!

Today we have a balanced budget to approve for 2016/17 but only on the basis of using some short term funding. We are still £3.3m worse off than in December. Work starts now on 2017-18 which will probably be our hardest budget challenge yet. Beyond that, the new social care precept and the improved Better Care Fund may offer us some relief. But there will be the new burdens of the National Living Wage and the Care Act being imposed upon us without additional funds.

Chairman, in respect of our plans for 2016-17 I'd like to turn first to the capital budget. Despite current funding constraints, we continue to invest in our future.

The Highways Maintenance allocations have been confirmed in line with the provisional figures issues with last year's budget. We will receive £12.75m in structural maintenance funding for 2016-17 and slightly reduced figures in future years.

The largest scheme underway is the long awaited £22m maintenance project on the A338 Bournemouth Spur Road. As I speak we have completed two of the four phases and the project remains on programme to be completed in early June, within budget. This, together with a further £16m of related schemes, will improve the road network and support employment growth at Bournemouth Airport and the East of the county.

Last year we agreed to invest an additional £2 million pounds into the maintenance of our highway network and this has resulted in highway defects reducing by 13% compared to the previous twelve month period. In turn, this led to a 20% reduction in highway related enquiries and our annual highway customer survey has seen an 11% increase in public satisfaction. We have continued our roll out of the Superfast broadband, now available to around 75,000 residential and business premises. We are working to secure additional funding for Ultrafast broadband to unlock growth in high-tech businesses across Dorset.

We have completed a number of other projects including the replacement Household Recycling Centre in Bridport and the new salt storage facilities at Charminster Depot
We are still awaiting allocations for the schools programme; this is a concern considering the need for more school places over the next few years.

But the £37 million investment to deliver the Purbeck Review is now reaching a conclusion. Careful cost control on this programme has meant that we have also been able to commit to rebuilding Bere Regis primary school and this should get underway later this year.

Chairman, to fund investment we are accelerating our property disposal programme to realise capital receipts, and seeking external funding wherever possible. This means that even in these difficult times, the Council is able to invest over £170 million in capital projects over the next three years. This progressive capital investment programme demonstrates our commitment to the communities of Dorset. We are investing now, to look after present and future generations. Chairman, I now move onto the revenue budget for 2016-17. The recommendation is for a Net Budget Requirement for 2016-17 of £264.9 million.

This year's Local Government Financial Settlement indicates a reduction in our Revenue Support Grant of over 47% from £36.9m to £19.4m. This reduction of £17.5m in government support has now been partly offset by transitional funding of £4.1m provided in the final settlement. The overall position by 2019-20 still sees a negative grant allocation of -£10.1m, a £47m reduction in government grant over 4 years. We will need to save a further £30m during that time.

We have again seen a further reduction in specific grants, particularly as a result of Academy conversions. Funding for implementation of the Care Act has also been rolled in to the main settlement which means it is now subject to the 47%.

In the autumn statement, it was announced that Local Authorities with upper tier functions would be able to levy an additional Social Care Precept. This was in recognition of the significant pressures on adult social care and the knock on effects of this on the health service.

This additional precept of 2% raises around £3.9m of additional funding which has to be used for adult social care. In 2016-17 we will use this to meet additional costs pressures from the introduction of the National Living Wage, the on-going costs arising from the Deprivation of Liberties Standards and to help address the on-going base budget pressures related to residential care placements.

We have also increased funding to address the base budget issues relating to Children in Care. Numbers have risen by around 50% over the past 2 years. Plans are in place to reduce numbers, but long term trends will be significantly more than the base budget.

Even with the 4% increase in council tax, we still need to deliver a further £13m of savings in 2016-17. This is on top of over £70 million already saved in the previous five. Projections for the next three years would suggest that the total will soon pass £100m in total and is likely to be around £120m by 2020. The drive for efficiency and transformation must therefore continue apace.

The proposed revenue savings have been considered by the overview and scrutiny committees. Further consultation will take place on individual measures, together with the appropriate impact assessments, as details are firmed up.

I can assure the tax payers of Dorset that this Council's finances remain sound, with earmarked reserves amounting to around £30 million to meet future commitments and general balances of just over £10m, despite the one-off allocations made for next years' budget.

To put it in context, the 4% increase for the County Council precept represents an increase of £48.51 per annum for a Band D council tax payer, or around 93 pence per week.

The proposals set out today are challenging but we are ambitious and optimistic for the future. Although we will have less to spend, we will continue to be the major force for change in the county.

Just look at some of the things we have already achieved.

The ground breaking Pan-Dorset Local Authority Trading Company, Tricuro is now up and running, in partnership with Bournemouth and Poole. Generating new opportunities for income from markets which cannot be accessed by the council.

With SEN travel we have turned a £700k over spend in 2014/15 into an under spend of £300k in 2015/16. With the introduction of personalised travel budgets almost 100 children are travelling with family or friends. Better for them. Better for us.

For adults, a review of packages of care has saved £1.2m and counting. A new approach to supporting people differently means better outcomes and less cost.

And we've established The Arts Development Company, a Community Interest Company providing a service to Dorset that would otherwise have had to cease.

We are putting people first and listening to our residents.

And in the future we can do much more. That's why we have been working with the Leader's Growth Board to push ahead with the Combined Authority. We believe we can run things better locally, so we are seeking a wide ranging devolution deal from government and a Combined Authority provides the necessary framework. The proposals will be submitted to government soon. And democratic accountability requires us to look again at our structures. That's why at our special council meeting in March we will be looking at ideas for a better way. Can we really afford to have nine separate councils when we could pass down so much more to our towns, boroughs and parishes? We must seize the moment to provide Dorset with the very best arrangements for the long term.

The budget resolutions set out on Full Council Agenda provide the foundations to do just that and I commend them to Council.

Thank you Chairman