

Leader's Budget Speech 2017/18

Thank you, Madam Chairman,

The world of local government and public service provision continues to change at an unprecedented speed. We must provide the leadership to face the challenges head on. Today's budget provides the foundations to deliver our vision and ambitions for Dorset and to transform the way we operate.

Before looking ahead, it is useful to reflect on what we have delivered over the last four eventful years: -

- We've delivered the much-needed improvements to the A338 Bournemouth Spur Road, on time and under budget;
- We've maintained our Adult Social Care provision to prevent some of the delayed transfers from health services seen elsewhere in the country—Dorset was specifically praised for this by the Secretary of State for Health recently;
- We've transformed the delivery of our Youth Services;
- We've continued to invest in our children's future. Building new schools in Puddletown, Pimperne, West Lulworth, Bere Regis and facilities for Yewstock in Sturminster Newton. We completed the Purbeck Review—a hugely complex project—delivering new school premises in Sandford, two new schools in Swanage and significant improvements to all other schools in the Purbeck Review area.
- We've developed the Dorset Waste Partnership into a flagship organisation driving recycling rates up and costs down;
- We've moved ahead with our roll-out of Superfast broadband—now available to around 75,000 homes and businesses. We secured additional funding for Ultrafast broadband to boost growth of high-tech businesses. And we're working on better mobile coverage.
- Our ground-breaking Local Authority Trading Company, Tricuro has been successfully established with our partners in Bournemouth and Poole. A great example of joined up working and innovative thinking.
- These are just some of our achievements. And we have done this against a background of a reduction in revenue support grant from £65m in 2012/13 to £19m in the current year.
- But more than all of this, we have dramatically changed the culture of this council

When I stood here this time last year, we had just received the worst ever financial settlement from government. Christmas had been somewhat overshadowed by our intense lobbying operation. Despite our success with that, significant additional savings were required, very late in the day. The advantages of a four-year settlement were countered by the scale of the funding cuts ahead and extra pressures such as the National Living Wage, the new Apprenticeship Levy and increased contributions to the Local Government Pension Scheme.

During the year, we have continued to deliver our Forward Together programme, with over £10m of savings achieved. We have however also had to deal with continuing pressures in both Children's Services and Adult Social Care. Numbers of Looked After Children have remained high but the transformational work in that area means numbers have stabilised and plans are in place to turn the curve. In Adult Social Care, we are seeing increasingly complex packages of care being delivered and the boundary between our role and that of the health service becomes ever more blurred. This has meant an overspend in the current year but actions are in place to mitigate this.

Next year, we need to deal with both the funding reductions and on-going cost pressures in these areas.

In my last budget speech, I proposed the creation of the Budget Strategy Task and Finish Group. I wanted an inclusive approach to shape next years' budget plans. I would like to thank elected members from across the Council for their participation in this.

Madam Chairman, in respect of our plans for 2017-18 I'd like to turn first to the capital budget. We must continue to invest in our future. This means maintaining and improving buildings and infrastructure that we need, whilst rationalising and reducing property holdings that we don't need, right across the County.

The Roads Funding allocations have been confirmed for 2017-18 at £12.4m for structural maintenance funding and £1.1m of Pothole funding. In addition, we have also been allocated £2.5m of the new National Productivity Investment Fund which will allow us to invest in promoting enterprise, jobs and economic growth. We are on track to be one of only a small number of councils to achieve band 3 on DfT's self-assessment which will improve our prospects of more road maintenance funding in the future.

As we meet, allocations for the schools' programme have still not been received; a real concern when we consider our need for more school places over the next few years. We will always prioritise the need for investment in our schools, and today's proposals will see an extra £4.0m per annum invested, on top of any government funding.

Plans for the Enterprise Zone—Dorset Innovation Park—continue to advance and purchase of the site, together with Purbeck District Council, and support from Dorset LEP, will be completed soon. A fantastic boost for the Dorset economy.

Madam Chairman, to fund this we continue at pace with our property disposal programme. It realises capital receipts, cuts maintenance costs and allows us to transform the way we work.

We seek external funding wherever possible. We have recently been successful in bidding for funding from the One Public Estate Programme. This will help us take forward the Living and Learning centres and join up across the public sector.

In challenging times, this Council is still able to invest around £140 million in capital projects over the next three years.

Our progressive capital investment programme demonstrates our on-going commitment to the communities of Dorset.

Madam Chairman, I now move onto the revenue budget for 2017-18. The recommendation is for a Net Budget Requirement of £264.1 million.

Having signed up for the "Four Year Deal", we knew what to expect from our main allocations. Most notably, a further reduction in our Revenue Support Grant by over 68% from £19.4m to £6.1m. This reduction of £13.3m in government support is offset to a small degree by transitional funding of £2.9m but that still leaves us over £10m worse off.

2018-19 will see our grant further reduce to zero and the overall position by 2019-20 still sees a negative grant allocation of -£10.1m, so government grant reduces by £47m over the four-year period.

This year saw the introduction of a new one-off grant for Adult Social Care. This was funded from a reduction in the New Homes Bonus for all local authorities. For Dorset, this means an extra £1.5m, allowing for the loss of NHB.

The settlement also allowed Local Authorities with upper tier functions to change the timing of the Social Care Precept. Rather than charging an additional 2% a year, the phasing could be changed with a maximum of 3% in any one year, still totalling 6% over the next 3 years. This additional precept of 3% raises £6m which has to be used for adult social care.

These measures recognised pressures on adult social care and the effects of this on the health service. But they only go a very small way to help meet the massive current pressures. We continue to lobby for a long term, sustainable model.

In all, this leaves us a total budget pressure for next year of £22.1m. We are planning to use the flexibility granted by government in the use of capital receipts to fund around £1m per annum of our costs of Transformation. And we will use the Collection Fund Surplus to smooth some of the funding reductions.

Even with a 4.99% increase in council tax, we still need to deliver £18m of savings in 2017-18. This is on top of nearly £90m already saved in the previous six years. By 2017/18, our total savings will pass the £100m mark and are likely to be over £120m by 2020.

The drive for efficiency and transformation must therefore be relentless. With enterprise, ambition and leadership we can deliver better outcomes for our residents. Nowhere is our new attitude more clearly demonstrated than our work on transport. Savings must be made but we no longer just look to cut subsidies for often under-used routes. We work holistically. Using all our resources. We are supporting the creation of original solutions, tailored to our communities. There are currently 61 established Community Transport schemes operating in Dorset, the majority of which are self-funding and do not rely on county council support.

Since April 2016, a further 20 trial community transport schemes have been introduced. The answer to a problem is not always simply more money

And I must also make mention of Local Government Reform. Let's be clear. It is not a panacea for our budgetary problems, but it would make big savings. Much more than that, it is a one-off opportunity to reshape the governance of the county for the benefit of all. Simpler, more local, more accountable and cheaper. But whether or not the Secretary of State is minded to approve our proposals for Future Dorset we will continue to deliver our agenda for change.

I would like to pay tribute to the finance team for their work preparing the budget—total professionals as always. Throughout this organisation, staff are rising to the challenges, working in new ways and delivering quality services day by day.

Today, I can assure the tax payers of Dorset that this Council's finances remain sufficient, with earmarked reserves amounting to around £30 million to meet future commitments and general balances of just over £10m. Importantly, this years' budget does not call further on reserves and balances, so these will be available to deal with the financial risks which are set out within the papers.

The additional 3% for the Social Care precept means we are proposing an increase in Council Tax of 4.99%. For the county council precept, this represents an increase of £63.09 per annum for a Band D council tax payer, or around £1.21 per week.

I commend the budget resolutions set out on Full Council Agenda item 11 and in particular Recommendations 23, 24 and 25 as they contain the necessary resolutions on the Medium Term Financial Plan, including the Revenue Budget and Council Tax for 2017-18.

Thank you, Madam Chairman.