

Leader's Budget Statement 2015 – 2016

Mr Chairman,

Last year I stood before this Chamber and outlined the extremely serious challenges facing local government;

Challenges that we continue to face.

In fact, with reducing budgets and increasing demand for services, Council finances have never been so stretched.

And although the Chancellor reported an improved national outlook in his latest Autumn Statement.

He also made clear that, with the deficit still high and the Government committed to protecting Health, Education and Overseas Aid budgets - further significant cuts to public spending are inevitable.

All this means that local government is facing its most difficult period in living memory.

Of course in many ways, Surrey is an affluent county.

However, at the same time, this success can create challenges.

The success of Surrey's economy means that we contribute £7bn in income tax to the Treasury every year, for the benefit of the whole of the United Kingdom;

However, it also means that we are responsible for maintaining some of the busiest roads in the country. Roads which serve our capital, major airports, key towns and cities throughout the South East. Roads which this country relies upon.

The success of our schools means that we have parents clamouring to get their children a place in our county.

However, this success, on top of our rising birth rate, has left more children needing school places than ever before.

And, we have an ageing population; with increasing numbers of older people who rely on our care services.

Mr Chairman, this all means that the demand for our services is greater than ever before.

In fact, this demand growth pressure has cost Surrey the equivalent of £382m over the last 5 years alone.

This scale of growth is unprecedented – and would have posed serious challenges for any organisation at any time.

Yet, we've had to absorb these increased costs, whilst at the same time dealing with significant cuts to our budget.

And despite the fact that we provide essential services, such as caring for the elderly, looking after children in need and providing school places – local government has consistently borne the brunt of Whitehall's austerity measures.

This year that trend shows no sign of letting up – with a further £24m cut from our government grants and more reductions to our funding yet to be announced.

This means that Surrey continues to be one of the lowest funded councils in the country – despite the huge financial contribution of £7bn this county makes to the exchequer, annually.

So what can we do about it?

With these ever growing demand pressures, how do we balance the books whilst continuing to meet the needs of our residents?

This is the question that my Cabinet and I have sought to answer through the refreshed Corporate Strategy and accompanying budget papers, which you have before you today.

Mr Chairman and Members, I'd like to take you through some of the key principles driving our corporate strategy now.

First, we will direct investment where it's needed the most.

Yes - resources are limited; and no – we don't have the money to do everything we'd like.

That's why it's more important than ever, that we are clear about our priorities.

So, my Cabinet and I are proposing three key goals around which we will prioritise investment in the next 5 years.

They are:

- Improving the wellbeing of our residents,

- Enhancing Surrey's economic prosperity
- And improving resident's experience when using our services.

But what does that mean in practice?

Let me demonstrate, with some clear facts and figures.

Firstly - resident wellbeing –

We will continue to do all we can, to ensure that everyone in Surrey has a great start in life – and can live well throughout their life.

That's why over the next financial year:

- We will invest £2.2m into helping 750 more families through our successful Supporting Families Programme.
- We will invest £75m into providing over 2,800 additional school places.
- And we will invest £132m into helping more elderly and disabled people live at home than ever before.

Secondly - Economic Prosperity –

Despite the difficult national picture over the last few years, Surrey's economy has consistently grown – expanding by 17% between 2009 and 2013.

While this is great news for Surrey, it brings challenges too, such as congestion on our roads, and employers struggling to attract the right staff with the right skills – which could prevent economic growth in the future.

That's why:

- We will continue to spend over £1 million a day with local businesses – ensuring that at least 50% of Council spend stays right here in the county.
- We will invest £17m into repairing and renewing 70km of Surrey roads.
- And we will invest five hundred thousand pounds into continuing to support apprentices as part of my Ready to Work Programme – adding to the 1,591 young people who've taken up apprenticeships since the initiative began.

And thirdly – Resident Experience.

When I made my last budget statement in 2014, Surrey was in the midst of the worst flooding this county has ever seen.

Over 2,000 homes across Surrey were affected – not to mention the impact on businesses and commuters as roads and bridges were closed.

Mr Chairman, I trust that Members will agree with me when I say that we want to do all we can to prevent flooding and avoid residents having to go through that experience ever again.

That's why:

- We will invest £1m into local flood maintenance schemes.
- We will invest £800k into improve gully cleaning and drainage systems.
- And we'll invest £500k a year, for the next 5 years, into the River Thames Flood Defence Scheme.

Mr Chairman,

This council is directing funding where it's needed the most.

Whether it's providing protection from flooding, managing our busy road network, or supporting older people to live in their homes for longer.

I hope that this list of investments will reassure residents that, despite our limited resources, we are prioritising the services that matter most to them.

However, we cannot escape the harsh facts – given the continuing pressures on our budget – investment in these services means that we'll have to save money elsewhere.

That's why, we will continue to make efficiencies – aiming to save £62m in 2015/16.

It's a real challenge but our track record says we can do it.

Remember we've made £329m worth of efficiencies over the last 5 years alone.

We will aim to continue making these savings by working together with partners – including District and Borough Councils, driving down unit costs, reducing waste and eliminating unnecessary bureaucracy.

However, Mr Chairman, I have always been honest with Members and our residents - after all they are the paying customer!

As our organisation has become leaner, more effective and efficient, it has become increasingly more challenging for us to make further savings. The easy and obvious candidates were tackled long ago!

So, as we seek to make further saving, we may need to make more significant changes to the way services have been delivered.

Let me be clear. I want to maintain services.

In fact, I want to strengthen them and wherever possible improve them!

That's why we will continue to transform our services and look for new ways of generating income.

We've already got some great examples of how we are saving money through smarter working and pooled resources. For example through joining up with Buckinghamshire to deliver Trading Standards or East Sussex to get better deals through procurement.

With funding cuts here to stay – it is vital that we look for more of these opportunities.

We will also continue to invest in our assets so that we get the best value from them for the Surrey taxpayer.

A good example of this is where we are making better use of existing sites, such as Guildford and Woking Fire stations, by adding residential flats to them which reduces our capital costs.

Of course, we won't see the benefits of all these investments overnight.

But when we do, I am confident that the dividends will benefit Surrey residents for years to come.

And we will also continue to lobby government for Fairer Funding.

Throughout the last year, we've led an organised campaign aimed at raising awareness of the pressures we are facing among Surrey MPs and the Government.

And in some areas our campaign has brought success helping to gain funding for much needed road improvements on the A3 and further Government investment for the Lower Thames Flood Defence Scheme.

However, despite the support we've received from Surrey MPs and the subsequent time we've secured with Ministers and officials in Whitehall to make our case, we are yet to

receive a fairer funding settlement for the area where we need it most, the additional 13,000 school places that we must find over the next 5 years!

I should point out that we are still awaiting a final funding announcement from the Department of Education – the Secretary of State has said that the announcement is imminent!

However it is very unlikely that, at this late stage, we will receive anywhere near the amount we need to plug our significant funding gap – estimated at £215m over the next 5 years.

This means that we need to look for other ways of raising funds so that we can continue to provide the services that residents expect.

That's why my Cabinet and I are proposing a Council Tax uplift of 1.99%, equivalent to an extra 46p per week for a Band D property.

I recognise that, in the current economic climate, any increase in council tax will be difficult.

However, I strongly believe that this increase is the bare minimum we need, given the £24m that's been cut from Surrey's 15/16 Government grant and the growing demand pressures for vital services that I've already described.

I know there will be some who question this decision.

There will be people who compare us to other authorities and say – 'why are you raising Council Tax when others aren't?'

Let me be clear - this Conservative administration fully supports the Government's efforts to reduce the national deficit and improve public sector efficiency.

However, whilst the Council Tax Freeze Grant may be right for some Councils – it's not right for Surrey.

In fact – had we accepted the Council Tax Freeze Grant over the last three years, we would have created an annual loss of £33m to Surrey residents.

That's £33m that we've been able to spend on helping older people to live independently at home, keeping our libraries open, and improving our roads.

That's why my Cabinet and I remain convinced that this is the right decision - for this county's long term wellbeing.

Mr Chairman, I've always said that I'm not interested in easy quick fixes– I'm interested in doing what's right for Surrey in the long term.

That's why we'll continue to maintain a sound and responsible level of reserves and balances.

Now, I'm well aware that this is a policy which has come under attack from some Members opposite me in this chamber – who, if you read their press releases, would have you believe that we have an untouched pot of gold!

Well, I'd like to address this nonsense head on.

Contrary to what others would have you believe – 80% of our reserves are earmarked for specific purposes,

Because this Conservative administration believes it's a sound policy to put money set aside for the future.

A good example of this is our equipment and vehicle replacement reserves.

We add a small amount of money to these reserves each year which then enables us to replace ageing kit as soon as it's needed for example, we recently used these reserves to buy state of the art equipment for our fire fighters.

This Conservative administration will never leave the cupboard bare – we will always plan for the future.

I believe that, when presented with the facts, the residents of Surrey will understand and approve our financial prudence.

Mr Chairman and Members, I have outlined the key principles of our Medium Term Financial Plan 2015 – 2020.

In addition, I am proposing that a refresh of the budget plan takes place in the Summer after the General Election– when we have greater clarity about future government policy.

No matter what happens in May – it is becoming increasingly clear to me that our current system of delivering public services is unsustainable.

If we are to continue to deliver vital services – central government needs to let go of the purse strings. It needs to trust us and devolve greater responsibility to local government and allow us to deliver better and more cost efficient services for local people.

I strongly believe that a huge amount of money could be saved for Surrey through reform of public services, which would allow us to take decisions at a local level and manage our own finances – without interference from Whitehall.

Devolution is an area that I have touched on before in this chamber.

Over the next few months I plan to explore it further with our partners such as District and Borough Councils. Together I hope we can develop a proposal which we can take forward, for the benefit of Surrey residents.

Mr Chairman and Members, to conclude, in these uncertain times, one thing remains certain, the challenges facing local government are here to stay.

As Councillors we must remain focussed and committed to doing what is best for Surrey residents.

Despite being in the midst of a national election campaign – I hope we can avoid being divided by petty party politics.

And stand together as One Team for Surrey.

Mr Chairman and Members, I'd like to end by commending to you the recommendations on page 13 and 14 of your Council papers – as they are the right and responsible actions for the long term wellbeing of this county.

Thank you.

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