

HAMPSHIRE COUNTY COUNCIL

**REVENUE BUDGET
AND CAPITAL PROGRAMME**

2011/12

**TOUGH TIMES REQUIRE
TOUGH DECISIONS**

PRESENTED BY

**COUNCILLOR KEN THORNBER CBE
LEADER**

24TH FEBRUARY 2011

1. Introduction

Chairman, I move the recommendation from Cabinet on the Revenue Budget for 2011/12 and the Capital Programme for 2011/12 to 2013/14. These result in a Council Tax for Band D properties of £1037.88, which is the same as for 2010/11.

In other words as we face reductions of £55 m we have nevertheless frozen the Council Tax at it's current level. Our budget for the general expenses of the County Council in 2011/12 will be £715 m and this will see Hampshire County Council Tax remaining in the lowest quartile of all County Council's Tax.

This is one piece of good news for the people of Hampshire in an otherwise uncertain economic landscape, and our Council Tax Payers will welcome the news.

In the midst of cuts of £55m in 2011/12. I can announce some growth in Departmental Budgets. We are:

- increasing the number of Social Workers in Children's Services with an increase of £350,000**
- increasing the budget for Children in Care by £250,000 including a programme that improves their reading abilities**
- using a reserve to give employment to 40 Care leavers who are Not in Employment Education or Training at a cost of £600,000**

In addition we are doing even more Madam Chairman and I draw Members attention to Paragraph 15 in the paper before us and I am proposing that the identified resources and others are used as follows

- 1. Concessionary Bus Fares to be available to all from 9.00 am on every bus service at a cost of £350,00.**
- 2. That the Link Library Service for Leigh Park and Wecock be retained at a cost of £60,000.**
- 3. That £1m be restored to the "aiming high" budget for disabled children and their parents.**

- 4. That £300,000 withdrawn from grants to Voluntary Organisations serving children be re-instated, and to be found from the Corporate Policy Reserve.**
- 5. That the sum of £1m be allocated to Adult Care to restore 12 Senior Practitioner posts to match the withdrawal of Government funding. Additionally the restoration of funding for stroke victims, for Hospices and the establishment of a Home Carer respite scheme, and a voucher scheme for carers.**

All at a total cost of £2.7m. In all £3.9m has been found to support the young, the elderly, the vulnerable and their carers.

Madam Chairman

There can be few people who do not know why this Country is in the economic turmoil that it is. We ordinary people are paying the price for the last 13 years in which a feckless Government borrowed and spent as though there were no tomorrow, ably abetted by a foolish banking system that thought only of its bonuses and that tomorrow could take care of itself. We found this proud country having the largest deficit of all the developed countries.

With a globally important financial sector the world looked to Britain to take early and decisive action, for if we didn't we would undermine the global markets and end up as Portugal, Greece and Ireland, having to be bailed out by the European Union.

In this situation, Nick Clegg, Vince Cable and Danny Alexander were in agreement with their Conservative colleagues in the Coalition and they are party to the swiftest of action and a programme of deep cuts to the public sector.

The "too much too soon" advocates are the very people who got us into this mess, now joined by Liberal Democrats in Local Government not for ideological reasons but with District Council Elections in mind. In doing so, they put their own Leader in an impossible position.

As always however it is ordinary people who are now suffering as we pick up the pieces of our economy and as the new Government struggles with a mountain of debt.

I am painfully aware of the many ordinary law abiding, hard working people who love their children and want no more than that

they give the best start in life to them; and of the many young, 20% of whom cannot find jobs.

My budget puts 1200 members of our staff at risk of unemployment, early retirement, or redeployment. I know what it means to lose your job and I would not wish such an experience on anyone.

But Members, we are where we are, and we ordinary folk must put the shattered pieces of the United Kingdom's economy together, and we must take the pain early rather than over 4 years.

I can see the "too much too soon" point of view. But the price to be paid for "too little too slowly" is much more – four successive years of cuts, plunging staff morale, almost everyone unsettled about their job and their future and the public unsure of what they will receive in public services. I believe such a situation calls for the leadership and judgement which this administration proposes in this budget.

2. Our Approach to Making Budget Cuts

Our Approach to Making Budget Cuts

The background to the programme of cuts is that we have lost £31m in Government formula grant which is a reduction of 14.3% and one of the highest reductions for County Councils. Additionally we have lost almost £15m in specific grant which has impacted disproportionately upon Children's Services. When our additional pressures are taken into account and Government NHS grant and Council Tax freeze money is offset, the net result is that we need £55m of savings to balance our budgets in 2011/12.

Additionally during 2010/11 we received in year cuts to the approved budget of Children's Services of £6.2m with an estimated reduction of 185 FTE staff. Some £3.7m redundancy cost and pension strain remain in 2010/11.

The approach taken overall to the savings programme is threefold.

- i. To assist the achievement of our savings target by making cross cutting savings in areas such as reducing management, reducing contract prices, freezing recruitment etc; and known as Corporate Efficiency Workstreams.**
- ii. To ask Services to achieve savings on their provisional budgets of 8% maximising corporate efficiency workstreams, and producing departmental savings too.**
- iii. To ask those departments affected by reductions in Specific or Area Based Grants in 2010/11 to recover £3.6m over and above their 8% budget reduction proposals.**

A truly daunting process with significant implications for us all, but one which was planned for in 2010.

2.1 Corporate workstreams

I will focus first on the Corporate Workstreams which have identified savings of just under £29m, some of which are already yielding savings, some of which will only accrue over the next year, and some of which may only be fully achieved in 2012/13.

2.1.2 Management, Recruitment Moratoria and Support Services

One in four Managers will leave us, 90% of them before April and this generates savings of almost £8m. We will have to ask our remaining Managers to work even harder.

The recruitment moratoria and restructuring of support services generates a further £4.4m in a full year.

Both of these workstreams savings will require considerable re-organisation of tasks and internal deployment and a need to train and develop remaining staff. The non-replacement of random natural wastage in particular will pose uncertainty for management.

Non frontline re-structuring plays a major part in the savings target and each department has and will continue to seek opportunities so that front line services can be maintained.

The impact of these efficiencies is that 268 posts will be lost.

2.1.3 Democratic Infrastructure

£5m per annum is spent on our democratic infrastructure, and includes Support, Members Allowances, Hampshire Action Teams and Members Budgets. Savings of £1.2m will be made.

- a. by abolishing HATs saving £1m**
- b. by reducing members budgets from £10,000 to £8,000 pa savings £156,000**

A further £300,000 will be identified in 2011/12 from committee and possibly Decision Day re-alignment. In all £1.5m or 30% will be saved in 2 years, while the 2 year freeze in Councillors allowances will continue for a third year. These are the direct contributions we elected Members will make.

2.1.4 Contract Negotiations

A major contribution to our savings targets is reducing the costs of our many contracts with suppliers, and we are seeking savings of £9.7m.

Contracts include providers of Social Care in the private sector, and negotiations will require sensitivity and understanding of their position.

2.1.5 Other Savings

Other savings amounting to £6.0m include £1m from Communications budget, reductions in grants of £1.2m, support services reductions of £1.2m, and IT savings of £0.9m.

2.1.6 Summary

£28m or 54% of our savings target comes from Corporate workstreams and reflects our efforts to minimise direct impact upon frontline services. These savings are full year figures and they will need initial funding for redundancies at the point of departure, before savings start to accrue.

That funding will come from the Organisational Change Reserve.

2.2 General Introduction to Departmental Budgets

Before I review the budgets for our services it is important that I set out the impact of Corporate Workstreams integrated with departmental cost reduction programmes based on an 8% target.

-	Adult Services	needs to save	£24.4m
-	Children's Services	“	£13.5m
-	CCRA	“	£ 2.7m
-	Environment	“	£ 5.3m
-	P&R	“	£ 6.3m

There are risks to each of these savings and while much progress has been made, some of the savings will take time to accrue, others will be difficult to negotiate, others may be subject to consultation, while others will have delayed starts. All of this poses risks to the revised budgets for Children's Services in particular and careful scrutiny will be necessary. We are setting up a specific risk contingency to support the change programme for Children's Services hit by in year cuts in 2010/11 and specific grant cuts in 2011/12 in addition to their budget cuts of 8%. Some £8.7m will be supported through 2011/12.

3. Review of Impact of Cuts to Each Department

Departmental savings amount to almost £25m. While the impact of cuts is deeply felt, two principles remain intact and these are:

- The quality and quantity of our care will be safeguarded and while that care may be delivered differently and more cost effectively, the outcomes for our client base will not deteriorate. Personal choice and Personal budgets will play an important part.**
- We will not compromise on our safeguarding of children or caring for clients with critical or substantial needs.**

3.1 Adult Care

With a budget of £300m Adult Social Care have been required to reduce their budget by £24m to meet Formula Funding and Specific Grant cuts from Central Government. There will be a loss of 376 staff in a full year as a result.

The Department has lost £8m in Supporting People and other grants, and has pressures of almost £29m as we estimate that clients will increase by 776 and that complexity of care needs will increase. It will also take on more responsibility for care of those with profound learning disabilities for which the NHS will transfer almost £13 m.

The department will make efficiency savings of £13m including specific grant reductions, and a further £11 m from corporate efficiency measures which include savings of £7.4m from the many

contracts we negotiate with the private sector. This latter saving target is not without risk.

So much for hard facts, but their impact is all about people. Whether this be our staff who lose their jobs, or 90,000 clients to whom we give care. As I have said however we will not ration that care, we will still deliver it to all with **CRITICAL AND SUBSTANTIAL** needs.

3.1 Departmental Saving – Adult Social Care

1.1 Supporting People budget had a £4m cut and this is not passed on. However by reducing the hourly rate paid to providers and an assessment of hours support per person, £1.3m is the full effect of such grant reduction.

Procurement efficiencies will generate £5.5m savings and Learning Disabilities transfer from the NHS provides £250,000, while Direct Payment contract arrangements deliver £300,000 efficiencies.

Integration of professional functions will ensure front line resources are increased while delivering a reduction in management costs saving £1.1m.

Re-assessment teams are managing costs in long term care, ensuring clients have a care package that meets their current needs including adaptations and telecare. Savings will be £3.6m.

Learning Disability Transfer from PCTs offers efficiency opportunities and should yield £3m savings.

Other savings from numerous smaller efficiencies, and reductions in grant to voluntary organisations yield savings of £2.3m.

Finally, excess capacity in some residential homes for Learning Disability clients combined with homes that are no longer fit for purpose, presents the opportunity to modernise both day and residential services. Proposals presently being consulted upon include some relocation of day services to venues that are fit for purpose and are more integrated into their community; focusing on specialist provision for those with complex needs and offering wider choices for less disabled service users.

Our proposals are also to refocus respite services on those with complex needs and to offer those who are less disabled a wider range of choices of respite care. Should the proposals be agreed there is a potential saving of £554,000 in residential care.

Department pressures of £15m can be contained mainly from ring fenced funding from the NHS, and I have found £1m to help the department as already announced.

3.1.2 Departmental Risks

There are risks to the Department's savings programme. Among these are demographic growth and complexity of need, which year on year exceed our best estimates, and there remains the question of health function transfers particularly learning difficulties and the adequacy of the funding we have been given.

We are creating within the budget a central contingency, which Adult Social Care can access on a quarterly assessment of actual client numbers and predicted demographic and complexity growth. The Department will be able to draw down funding as appropriate.

3.2 Children's Services

Turning to Children's Services, this department embraces Education and Children's Social Care.

3.2.1 Schools Budget

The Dedicated Schools Grant for 2011/12 represents no increase in cash per pupil on the funding formula but has a number of specific grants transferred into it. A minimum funding guarantee will ensure that no individual school will receive a cut of more than 1.5% per pupil.

Year on year the total DSG for our schools reflects changes in pupil numbers along with the mainstreaming of grants. In 2011/12 this represents some £9.2 m of flexibility. There is also £11.6 m one off funding available from carry forwards and under spends in 2010/11. Schools Forum has been able to recognise a number of ongoing pressures, including some from the local authority budget which it saw as priorities. After pressures are taken into account, £12 m remains as headroom.

While the management of schools budget will always call for care, nevertheless, the position overall in Hampshire is that schools are generally protected from the impact of the Government cuts programme, and have headroom. They will also receive an additional £8m pupil premium to spend on children from deprived backgrounds, children looked after and children from service families.

.2.2 Children's Services

It is within the Children's Services non-school budgets, that cuts fall and very deeply too. During the current year cuts of £6.2m were announced by Government and will result in the loss of 185 full time equivalent posts by the end of this year.

The department is forecasting an overspend of £3.7m and this arises from the early costs of redundancy to achieve those savings of £6.2 m.

In fact some £8m savings will be delivered by the end of this financial year, other than redundancy costs, and we are proposing to use reserves to meet the early costs of redundancy. This is what reserves should be used for.

In 2011/12 a reduction of £13.5m in budgets for the department, and reductions in area based and specific grant of £1.8m result in a saving of £15.3m being required.

The key priorities for the Department will be:

- ensuring that front line social care services maintain safeguarding infrastructure that keeps our children safe.**
- ensuring that we cater for an increased number of children in our care in terms of their educational attainments, their foster care stability and their long term economic prospects.**

- ensuring that we accommodate a reduction in formula funding of £3.2 m for government assumed Academy status applications from our schools. Indications are that Hampshire's schools will not be applying in the numbers that government have assumed.

We have allocated growth of £350,000 per annum to recruit more Social Workers, and £250,000 to care for increased numbers of children in our care to ensure we look after them.

I have a further announcement in a moment, but there are other pressures such as Family Support Services and Home to School Transport, and both account for a further £600,000 of cost.

Part of the required savings of £15 m was a reduction of £2.5m in a programme known as "Aiming High for Disabled Children". This offers out of school activities, in evenings, weekend and holidays as respite for parents, and is valued by them.

I am therefore allocating an additional £1m to the programme and this comes from a small increase in our Council Tax base. I know parents of disabled children will welcome this; and it is in keeping with my determination to help the vulnerable, as is recruiting more social Workers and catering for more Children in our care. We have also restored grants to voluntary organisations serving children by funding their shortfall of £300,000 from the Corporate Policy Reserve.

There are however cuts across the Service and some of them very significant. We are substantially reducing management and support costs to a point where to go further risks destabilising everything we are responsible for.

We therefore have to focus on more universal services including Children's Centres. We remain committed to them, but the recent rapid expansion was driven by Government, from 6 in 2005 to 81 in 2011, and there are Centres which may be valued locally but which are not necessarily reaching children with the greatest need. This is not sustainable in the new economic climate.

We are therefore proposing to save £6m from a total budget of almost £17m. We intend to do this in three ways:

- We will make further management savings, by merging the management of existing centres but not closing the vast majority of sites**
- We will review the provision of some non-core services where they are not needed or are under-used**
- We will transfer the running of those centres which are currently under local authority management, where appropriate, because we believe that children's centres services can be better delivered by local communities and organisations**

We understand why it is being stated that we are “closing 28 centres” but that is simply not the case. We are certainly planning to move from the existing model of 81 individually managed centres to a total of 53 merged centres (which we understand is where the closure figure has come from). But in the vast majority of cases these will be mergers of management and services and will not involve the closure of sites or buildings. Where it makes sense for reasons of viability there may be a very few site closures but we intend to keep those to an absolute minimum, not least because these are valuable assets which we would encourage the community and our partners to use for a range of children’s services for self help in communities where the need for targeted provision is less.

I end on this subject with a quote from Sarah Teather – Lib Dem Children’s Minister in the Coalition.

“Local authorities might decide to slightly reorganise their children’s centres so that they have better specialist provision for a particular hard-to-reach group.

“If the outcomes are better for the hardest-to-reach group we should be focused on that – not on whether they have moved a children’s centre or closed one somewhere else.”

This Minister, is what we are proposing to do, and there will be few site closures, and we will retain 100% of coverage in the County.

At a recent public consultation I received mixed messages as to the Career Information and Guidance Service known as Connexions, which of course was an inherited Government organisation. An integration of Youth Service and Connexions is well overdue, makes organisational sense, and has a contribution to make by:

- Re-structuring the Youth Service and focussing it on a targeted Youth Support Service for vulnerable children in areas of deprivation**
- Working with voluntary organisations to provide an alternative locally based provision for young people**
- Re-structuring the Careers Information and Guidance Service as a “sold” service to schools.**

Such moves could save £1.2m in 2011/12 and up to £4.0m in a full year.

In summary savings will be made across the board, so serious are the implications for the Children’s Services with £15m of cuts, added to £8m found this current year, with further loss of government grant, and £3.2 m top sliced for assumed Academies.

In all, 458 full time equivalent posts staff will leave their employment with the County Council as a result although many of these will find roles within the services that we outsource to external providers.

In the midst of this serious position, we have found growth of £2.5m to protect the most vulnerable children, including £600,000 for former Children in Care who are not in Education , Employment & Training. We will employ them.

Once again Members; tough decisions in tough times but an opportunity to make decisions that stand us in good stead for the future.

2.3 Environment

Environment department budget for 2011/12 is £110.7m and this includes transfer from Government for a Countywide Concessionary Bus Fare Scheme at £13.275m. This scheme has been transferred from District Councils at a figure well below their spend including any discretionary elements they had added to the basic State Scheme level. We have received £1.2 m less than the Districts received.

Despite this there are two guarantees against cuts built into the budget for 2011/12 and these are:

- 1. The enhanced programme for roads maintenance will continue – there will be no cuts to what is a long term improvement to the roads of Hampshire.**
- 2. The Concessionary Bus Fares scheme will be implemented at State Scheme level, with an additional benefit for disabled users, allowing their carers to travel free with them.**

I can also announce that such schemes will commence at 9 am each day of normal service with a County top up to recover the Government funding shortfall. A 9am start was the most popular request in our consultations, and represents what District Councils were unable to do.

That said, no other area of spend can be immune to reduction particularly as a result of lower Government grant of £1.756 m for:

- road safety**
- rural bus services**
- de-trunked Highways**

As a consequence of these cuts the Department has to find savings of £5.3 m in 2011/12, and 110 full time equivalent staff are to be released.

At Corporate workstream level, £4.4 m will be saved including grants to Safer Roads Partnership, Transport for South Hampshire, and the Partnership for Urban South Hampshire at a total of £800,000.

Senior management and recruitment moratoria will contribute £1.9 m and contract negotiations with our Term Contractors yields a further £1m. Communications, review of Administration, IT support, back office staff reductions, add £0.6m savings.

At Departmental level, operational staff reductions and reduced provision for transport studies save £1.1m. Public Transport Bus Subsidies must make their contribution too subject to a county wide review of bus services, with the aim of a £1m cut in a budget of more than £8m. This will have to be done carefully so that we offer cheaper alternatives, and avoid isolating small communities.

2.4 Culture Communities and Rural Affairs

The proposed budget for CCRA is £30.4m after reductions of £3.0m. This involves a staff reduction of 37 full time equivalent posts.

The department has been undertaking a major transformation of its services over a number of years to ensure that they remain relevant to the needs of Hampshire people and operate within the financial parameters set by the Council. The remodelling of the Library Service was underway before the CSR cuts had an impact. Through these changes we have been able to eliminate a potential overspending of £1.5m per year in the Library Service. Regrettably, this has meant that staffing in the service has had to be reduced, but we have been able to make the savings without closing libraries or reducing opening hours.

Merging the CCRA with the PBRIT Dept to create the Culture, Communities and Business Services Dept has made it possible to make senior management reductions that are significantly greater than the 25% target set through the corporate efficiency programme. We expect to achieve further economies of scale through the merger.

More importantly this County Councils' commitment to providing a portfolio of Cultural Services which are lively and relevant stands out even during a time of financial difficulty. My ambition, that when people talk about Hampshire they will automatically think about the best Cultural offer in the South East remains undimmed!

Further restructuring is planned in CCRA services to meet savings targets. Phase 2 of the Library Service review will concentrate on mobile libraries and we are currently consulting on proposals to reorganise mobile library routes to a four week cycle that will continue to ensure comprehensive coverage while saving some £0.5 m.

The Museums and Arts Service is significantly affected by changes in Government funding for the Renaissance in Regions programme and necessary restructuring in the service will require a reduction in staffing of 36 staff.

On a smaller scale, restructuring of the Archives Service, revising management arrangements in the Countryside Service and rationalising outdoor centre seasonal staffing are also planned.

CCRA have been through a difficult period of transformational change and more is to follow. But we have been able to make these changes without closing any library or reducing opening hours. I am also pleased to announce that I am finding £60,000 to ensure that the Family Library Link service in Havant and Leigh Park can continue.

2.5 Policy and Resources

Policy and Resources revised cash limit is £71.8m which includes savings of almost £9m pa. These imply a reduction of 136 full time equivalent posts. There is also a further commitment to deliver £300k per annum by April 2012 related to the costs of our democratic structure.

Senior management alone account for £4m of savings, while non-front line restructuring at £1.6m, Democratic infrastructure at £1.2 m, and IT cost reduction at £0.550 make up the larger elements of savings.

2.5.1 Chief Executives Department Plus HR

The Chief Executives Department incorporating HR will be saving £1.5m and this impacts on 17 posts some of which have been held vacant. Of some concern is HR's role which has to focus on the redundancy programmes with an increase in their workload. Even so they will make savings within the Corporate Efficiency Programme.

They will also manage the equal pay agenda with the legal team requiring an extra £225,000. The equal pay reserve will be used for this cost.

As a consequence of savings the Chief Executive and HR budgets will see a reduction of £2.5m or 14%.

Economic Development will be transferring to Environment Department. A number of external funding sources are reaching an end and LABGI funding ends in 2012/13. The impact is that Economic Development budget will reduce by £500,000.

2.5.2 County Treasurer's Department

Pressures for savings in the County Treasurer's Department have required a fundamental review and a new service management structure has been introduced which removed a complete tier of management

Internal Audit will be shared with Southampton City Council, and external advisers appointed to help re-structure our capital debt.

In all, County Treasurers department will reduce its budget by £1m.

2.5.3 Property Business Regulatory and IT

Hampshire Work style project led by PBRIT is expected to save £2 m per year once fully implemented by making more flexible use of office buildings.

PBRIT has developed challenging plans to achieve 8% reduction of £3.0m and is presently on course to deliver £3.3m. Any excess in savings will be used to fund one-off restructuring costs in 2011/12. These savings mainly come from Senior Management £1.6m, Non-front line restructuring £0.3m, IT cost reduction £0.5m and Income and Charging at £0.2m.

Additionally P&R charges to third parties are budgeted to increase by £3.0m in 2011/12 with PBRs making the major contribution.

2.5.4 Business Units

Business Units have taken action to hold down prices through passing on the cost reductions they have achieved. As a result an overall surplus forecast for our group of businesses has reduced from £840,000 in 2010/11 to only £8000 in 2011/12.

2.5.5 Overall Summary

Overall, Members we have ensured that we focus hard on our infrastructure and central costs, to do otherwise would expose more front line services.

3. Reserves

Members, a misguided report on the level of our reserves excited some interest a few months ago. This was reported at £130m and was not the third highest of Local Authorities but the seventh.

What was not said was that about £110m was earmarked and when I pointed this out to Government, Grant Shapps MP wrote and said our use of reserves was correct and in line with Government thinking. What I said was the following:

- We are using £10m of reserves to fund our voluntary redundancy scheme.**
- We have an equal pay reserve of £47m for back pay which may not be enough and which will be paid in 2011/12.**
- We have a reserve of £18m to offset loss of our grant to the North and Midlands, as Government directs its grants there.**
- We self insure and in doing so we save at least £5m per annum in premiums. We have £12m and this is barely enough to re-build one Primary school if it were demolished by fire.**
- We have an Invest to Save reserve of £3m used to invest in technology or any investment that will produce savings, and a Corporate Policy Reserve of £2.4m. Both**

of these have already provided the £10m used for our redundancies.

- We have £3.8m from landfill allowance which could be used to build or renovate 4 HWRC's
- We have a reserve of £12m from our Trading Units profits which will be used for their capital equipment needs.
- Finally, Organisational change and Corporate Efficiency will be needed to front load organisational change, with a £9m reserve.

By April 2012 balances will be £18m and are 2.5 % of our total budget. School reserves will be £37m and other earmarked reserves will be £87m.

Since Cabinet agreed our budget proposals on 11 February, we have this week received 20% of a New Homes Bonus for Hampshire at £1.024m. This is intended to provide infrastructure for schools and roads. I propose to create a New Homes Infrastructure Reserve so that we can plan for the future.

Members, reserves once spent cannot be spent again and should never be used to fund annual recurring costs. They should be used on a one off basis such as Equal Pay Back Pay, and investments to deliver efficiencies. They don't represent savings for the sake of it, they represent commitments in the future or a fund to ensure we can deal with the unforeseen.

4 Capital Programme

No budget speech is complete without a review of our Capital Programme but first it is pleasing that Capital Allocations from Government will be just that and not Supported Borrowing. As a floor authority we were not given help to pay interest within our RSG on our borrowings, while other non-floor authorities received that help.

This Government has recognised how unfair this was and how it reduced capital spend at the very time the recession was calling out for that investment.

In Tough Times we had to reduce our programme by 25% but we will still spend, over £300m, much of it with small to medium enterprises and local contractors. We still have a programme of £189m over the next twelve months and over our 3 year programme we will be investing up to half a billion pounds, 30% of which we will be funding from asset sales, revenue contributions to capital, and developer contributions.

We have also agreed a review of capital financing strategies to look at how we might increase spending power in these activities and the opportunities that could be used to bring forward new financial models. We have learnt Members, that in Tough Times not only must we cut our cloth, we must also lay the foundations for our future success and this Capital budget intends to do just that.

5. Conclusion

While we are in Tough Times and having to make Tough Decisions I don't believe anyone in the Chamber came into politics to cut services or peoples' jobs. These are the consequences of what we must do to provide a sound financial platform for the future. In Tough Times it also requires the Administration to look to the future.

Members recently our Children's Services were given the accolade by OFSTED of performing excellently. We must build on that, and protecting safeguarding services is what we will do.

But we must also exploit the trading opportunities that could come from Academies, and the development of shared services. with other local authority and public sector providers.

We are also looking as an employer at how we refocus our training and development budgets to ensure that our staff have the skills and capacity for the future. We are beginning the process of migrating public health from the NHS into the County Council. We are bidding hard for the extension of super fast broadband services to our rural communities, helping to underpin future economic recovery in those areas. We are spear heading a Senate programme with some of our District Councils to bring roof and wall insulation to our most needy houses in Hampshire at a cost of £400,000. We have begun discussions around GP commissioning and support for changes in the National Health Service system and a report on Public Health will come to Cabinet shortly.

One of our greatest strengths has been our long term stewardship of assets and I have asked for a report to be brought forward on the use and development of our strategic land holdings and the potential for early and additional capital receipts.

From small acorns big oak trees grow. For this reason we have also recently agreed that we will embark on a programme of creating employment opportunities for school and college leavers. We are proposing to further expand our apprenticeship programme and to look at how we develop that programme for some of the most disadvantaged in our society.

Caring for the vulnerable is at the heart of what the County Council does. We have therefore created a central contingency to deal with pressures in this area.

At next week's Cabinet we will embark on the next phase of our efficiency programme for 2012/13 leaving no stone unturned in the pursuit of best value and effective services.

Members, the future beckons, Hampshire is open for business, we remain an Excellent Authority, and we will rise to the challenge of our cuts.

I commend this budget to the Council