**City Council – 1 March 2016**

**Leader’s Budget Speech (CHECKED AGAINST DELIVERY)**

**Introduction**

Thank you Lord Mayor.  I would like to present the Council Business Plan and Budget for approval and formally move motions one to eight under this item.

Sir Albert usually started these speeches by reminding us of how many budgets he had presented.  Well this is my first budget speech as Leader, but in one sense at least it will be very familiar.

Yet again we are faced with having to make big cuts to council spending primarily as a result of decisions made in Westminster which most of the people of Birmingham did not vote for.

But I believe it is the way we respond to that challenge that is most important.

I will not spend too much of the city’s time bemoaning our long-term revenues fate; instead we must focus more sharply than ever on our vision for the future, on our values and on our priorities.

So, Lord Mayor this will once again be a speech about the challenges we face.

But it will also be a speech about our hopes for the future and our determination to meet those challenges and create a better council and a better Birmingham.

Lord Mayor, I hope today will mark a turning point at which we put behind us the difficulties of recent years and begin to look forwards and outwards with greater confidence than ever before.

**The financial challenges**

So, to begin with the challenges.

Over the next year we will see a further reduction in our core grant of £52m, alongside spending pressures of £49m.  These will only be partially offset by a net increase in Council Tax and Business Rate income of £13m.

The upshot is that the budget we are presenting today contains cuts proposals of £88m in 2016/17 and plans for a further £163m of cuts by 2019/20.

This is on top of over £560m of cuts we have made in the last 5 years, reaching a grand total of £815m over 9 years by the end of the decade.

So let me remind the citizens of Birmingham and this chamber: we will be required by the government to be making cuts of £251M a year compared to this last year in the financial year 2019/2020.

Lord Mayor, that is 12 years after The Crash and 10 years after the austerity cuts first started.

Lord Mayor, by the end of that period corporate grant funding will have reduced by nearly £370m per annum with pressures increased by over £440m – a period of austerity never before seen in the history of this city and this City Council.

These cuts are not what we want and they are not what the people of Birmingham want.  And they are doubly unfair to our city.

Unfair because the ordinary working people of the country have suffered disproportionately from the consequences of the financial crisis of 2008.

And unfair because cities like Birmingham, with the greatest needs and the greatest spending pressures have suffered the biggest cuts.

This year we will see a reduction of 4.7% in Spending Power per dwelling, compared with the national average of 2.3%.

Lord Mayor, I have heard it said that we at the City Council and our MPs have failed to make the case to Government for a better deal..

Well that is very strange because the fact is that we have made detailed arguments to ministers and civil servants over recent years.  I am pleased to say that the new Secretary of State has finally accepted those arguments and implemented them in the calculations for the next few years.

I find it even stranger when I learn that there have been meetings with ministers attended not only by Sir Albert and our MPs but by opposition councillors - to be precise Cllrs Tilsley and Brew - as well as the Noble Lord Whitby.

So I hope that puts that particular line of attack to bed.

Lord Mayor, the fact is that we have secured a change to the calculations that makes these cuts fairer.

This administration, working with the other parties in a pragmatic and sensible way on behalf of the people of Birmingham and achieving a change for the whole country.

But there are problems.

Firstly, although fairer funding has been adopted from 2016/17 onwards, it doesn’t address the unfairness of cuts that Birmingham received in 2014/15 and 2015/16.

Secondly, the delay in Better Care Fund money and the fact that our Adult Social Care Council Tax precept raises so little money means that we are still relatively worse off this year.

Taking these things together, Birmingham would have been £89m better off in 2016/17 had the Government adopted a truly fair approach.

**Put simply, if the fairer funding approach had been adopted in 2013 we would not have had to find any additional cuts this year.**

Lord Mayor, the blame for the unfairness of these cuts lies squarely with the government. We will never let anyone tell the people of Birmingham any different.

**The improvement challenge**

But, Lord Mayor we also face another challenge as a City Council.

And that is the challenge to change ourselves and this organisation.

We have accepted the weaknesses identified in 2014 and the serious flaws in child protection and education services.

We are rising to that challenge and have made great strides, but there is further to go. I am determined, along with Brigid Jones, the Chief Executive, Peter Hay and all our staff to take through the Improvement Plans until we have achieved all our ambitions for those vital services.

I just want to say a few words about our commitment to children and the challenge to all of us to do better for our children and young people.

As a teacher, it is something I feel very personally. It is more important to me than anything else I could ever do as Leader of this City Council.

This council will put children front and centre in terms of priorities.

Safeguarding children remains our number one priority in this budget – and that is a long term commitment.

Our commitment is rooted in a deep understanding of the needs of children and the importance of supporting them in every aspect of their lives so that they may grow into fulfilled adults.

But that means that we must do more than just be good enough.

I want to see Birmingham recognised as the leading city for young people, for learning and for skills. We need to pull together our approach to safeguarding and education with a wider commitment to active citizenship and cohesive communities.

We will work with leaders across the public, private and voluntary sector so that we step up to the challenge of giving our children and young people the best opportunities of any city.

This council will be an advocate for children and citizens, regardless of the future local authority role in education or the category of a school. This will be at the core of a clear and shared education vision and strategy.

I hope that our vision for children is one that can gain support right across this chamber and across the city and all its communities.

**Budget headlines**

Lord Mayor, despite these challenges we have worked hard to produce a Budget that reflects our priorities and those of Birmingham people.

It is a Budget for change and not just a Budget for cuts.

In line with the commitment I have just made we will continue our investment in children’s services with an extra £4.7m in 2016/17, rising to £7m from 2017/18, on top of £24.5m investment in previous years.

We are proud of our achievement in making Birmingham City Council a Living Wage Council. And we are continuing to increase the number of signatories to the Business Charter for Social Responsibility, including 50 companies signed up to pay the Living Wage.

This year we are going further and providing funding to support an hourly rate of £7.50 per hour in all City Council social care contracts.

That is 30p per hour more than the Government’s new Living Wage for Over 25s, and is also for over 18s and a clear demonstration of this administration’s priority of supporting working people and those most in need and those who care for those we love most. Had we not had the £90M of cuts we might have got to this to the Birmingham Living Wage level this year too.

We have listened to the feedback from consultation and made two important adjustments to our plans for the year ahead.

We will continue to fund local welfare assistance provision at the current level of demand for 2016/17 and will continue to provide funding from 2017/18.

We will maintain the level of school crossing patrols whilst exploring new approaches that reduce costs to the council.

The Government has introduced a 2% precept on the Council Tax in order to meet some of the pressures on adult social care.  This is one of a number of Top-Up taxes we will have to get used to - imposed here by the government on council tax payers through the council tax bill.

Taken together, this means that our Council Tax for the year ahead will rise by 3.99% or 89 pence per week for a Band D property.

To put the Adult Social Care precept into perspective though, it will raise less than £6m in Birmingham – not enough to meet the increased pressures in the year ahead and a very small amount compared with the cuts we are having to make.

We hear a lot about the scale of local authority reserves and how they should be used to off-set the cuts. In reality we have very small reserves which are not ringfenced for particular purposes.

The auditor has told us that our reserves remain low and only provide us with limited capacity to deal with overspends or other issues.  Reserves can only be used once, so the spending gap they can fill in one year will only re-appear the next when the reserves are gone.  That is not a sustainable way of planning our future.

What we have done is to create a transitional reserve in 2015 through debt repayment changes. This plan shows that we will continue to use that, with £12.7m being used in 2017/18.

But most importantly this Business Plan sets out a realistic and deliverable medium term financial strategy for the next four years. That plan is fully balanced, including the 2017/18 indicative budget.

So, we have now set a course to steer the City Council to a secure future.

But we must remain totally focused on delivering our plans if we are to realise that goal.

If the Government’s plans hold good, the cuts in overall spending power should come to an end next year, followed by slight increases of 0.9% in 2018/19 and 1.6% in 2019/20. However the fall in core funding will continue to the end of the decade and the future under a new system beyond 2020 is not yet known. Judging by the Chancellor’s comments on his upcoming budget in the last few days we would be wise to remain extremely cautious about future plans,

**The hope – our plans and commitments**

But having said that. Lord Mayor I believe we can take confidence from the plans before us today.  We now have the secure foundation on which we will build our plans for the future council and complete our journey of improvement.

And of course that vision for the city council and the city goes beyond our budget.  Most of our important goals will only be achieved through aligning our resources with those of other organisations and most importantly by levering in investment from elsewhere.

We debated the 2020 Future Council Vision paper in November and we want to develop that vision further through further engagement and consultation during this year.

We have used that vision within the Business Plan and to help guide the planning on the budget.

As it says in that paper, we have been innovating and evolving as a council since 1838 but the next five years will be our biggest challenge yet.

But I think we have an outline of the future that can be supported on all sides.

We will be working together with our partners across the Combined Authority and beyond to drive economic growth, invest in transport and housing and deliver an integrated local skills system.

We will work to provide safety and opportunity for all children, with an integrated early years and health service, excellent schools and targeted support to families.

Birmingham will be a great city for young people where no one is left behind.

We will support thriving local communities, with clear entitlements to services and community hubs including a new approach to libraries, learning and skills.

Our communities will be stronger and better able to influence the future of their neighbourhoods.

We will create a seamless health and social care service, supporting independence and dignity for the vulnerable. And we want to ensure that every citizen can have a great, affordable home.

And we want to create a modern City Council with services that are easy to access and get it right first time.

In creating the Future Council I think we will need to focus on a few big themes.

Firstly, we need to set out a strategy to revolutionise our approach to technology through a switch to flexible, cloud based systems which can support the way we want to work, rather than making us work to suit the technology. We need to quickly identify the investment needed to implement that strategy and the savings it will make.

Secondly, we need to make changes at all levels of local government at the same time – from the city region to the city and down to our local neighbourhoods.

We need a radical new approach to devolution within the city, based on bottom up collaboration with communities and neighbourhoods. It must start with the residents and the community not with the structures or budgets of the city council.

I hope to bring forward plans for that new approach in the next month or so, following engagement with all three party groups, and to then take those ideas out to the community for further dialogue.

Thirdly, and most importantly, we need a profound culture change to support our wider objectives.  And this will have implications for all of us and for all our staff.

This will be an era of huge change in local services and a major shift in how local government is funded and what it is expected to deliver.

It will be challenging but also exciting.

We must remain focused on our ultimate aim of bringing better services and better results to the people of Birmingham.

It will also be a period of huge economic potential for the West Midlands and the Midlands Engine.

We are seeing a boom in investment into Birmingham, supported by major public and private regeneration projects and of course the long term planning around the arrival of HS2 in ten years’ time.

We are now gearing up our public sector and our local leadership to drive that growth more effectively.

But we must also support the local regeneration and innovation that can help to spread the benefits to all parts of the community.

Above all the Future Council must be based on a belief that we can only achieve these aims through working with others.

Everything we do we will do through partnership. Every policy will be developed together, every achievement will be shared and every plan and vision will seek to unite us as a city.

It’s about all of us having a new frame of mind, a new attitude that thinks not “what can I do to the people of Birmingham or for the people of Birmingham” but “what can we do together?”.We must lead the city and not seek to run the city.

**Our Priorities**

Lord Mayor, the Business Plan also sets out some of our priorities within that longer term vision.

Since November I have been clear that my immediate priorities are our improvement plans and the work of the Independent Improvement Panel.

We are approaching a critical month in that process and we are all committed to bringing the work with the Panel to a successful conclusion and moving on.

As I have said many times, my second priority – second only to children - is housing. We will also be taking forward our comprehensive housing strategy, finding new ways to build affordable new homes as well as improving our offer to our tenants and those in need of rental accommodation.

Again, this will involve bringing together investment funding from government and from new sources in addition to our own Housing Revenue Account and the investment it supports. It includes getting the private sector building more homes.

I have already mentioned my plans to take forward a new approach to devolution and this will be a priority for the next two years as we evolve the governance of the city ahead of the changes to wards and all-out elections in 2018.

Working with the new Combined Authority we will take forward plans for investment in transport, including the HS2 Growth

I am also determined to see an improvement the cleanliness of our local neighbourhoods and to develop a completely new approach in this area.

By opening up data on street cleanliness, we have already created a greater determination to tackle this issue.

At the heart of the new approach will be responding to bottom-up messages about the priorities and local initiatives to address them, with our limited resources targeted more sharply at areas of greatest need.

I am also determined that we move forward rapidly to set out a new approach to waste collection and disposal, with the aim of being a zero waste city.

Lord Mayor, today’s debate will inevitably focus strongly on our revenue budget and the dwindling resources we have been given by central government.  But another of my priorities is to move that focus on to a more strategic and more positive approach to resources.

As I have said several times in this speech, our wider aspirations cannot be met from within the budget you are being asked to approve today. As a partnership based organisation we need to work with all the assets of the city and lever in new resources wherever possible to create new assets for the future.

The future of local government will be more independent and we will need to focus on raising our income locally through investing in assets and growth.

Our focus needs to shift from grants and needs to investment and opportunities.  We should see all our local neighbourhoods and local communities as assets and seek to make the most of all the strengths we have as a city.

Lasting regeneration and improvement comes from investment in infrastructure and in people.  We need to be imaginative in opening up new ways to raise capital to support all of the outcomes we want to achieve.

As part of that we will continue to look at the so called “Brummie Bonds” and work closely with the Combined Authority partners to develop other new ways to invest in homes, jobs and infrastructure.

**Messages to staff**

Lord Mayor, I want to say a few words about the council’s greatest asset, its people.

Our people are one of the largest areas of expenditure so it is inevitable that such sharp falls in budget will lead to loss of jobs. There will also be changes to terms and conditions, to achieve the savings set out in this Budget.

Our workforce has already reduced by about 40% in the last five years and it is set to reduce still further in the next four years.

About 1,200 more jobs will go in 2016/17.

I want to be clear and honest about these stark facts. As ever we will seek to achieve as much of this change as possible through voluntary redundancy but compulsory redundancies will be necessary.

It is also important that we plan these reductions to ensure adequate capacity in key areas and amongst people with key skills and this also places constraints on how we make those changes.

Since becoming Leader I have been constantly amazed and gratified by the skill and dedication of our staff and their commitment to Birmingham. This is all the more impressive given the pressure and the uncertainty they have had to live with in recent years.

So, I want to take this opportunity to personally thank all the staff for the fantastic contribution they make to this city.

And we are also setting out a positive vision of what the City Council will be like to work with in the years ahead.

As part of the culture change I want to see, we will enable people to adapt to meet changing needs. And we will allow people to take their own initiative, control their own jobs and be committed to the places and the people they serve.

We want to create an organisation that has a shared purpose and values and puts the needs of Birmingham and its citizens at the heart of everything it does. We think that will be a rewarding and exciting place to work.

All of us – staff, members and partners - will be critical in making this happen.

**A united city message**

Lord Mayor, I also want to take this opportunity to send out a clear message about the kind of city I think we all want Birmingham to be.

It is a city that does not tolerate intolerance and fanatical extremism in any form.

It is a city with the people and experience to help the country as a whole tackle these challenges.  It is not a victim of those challenges.

We will lead by example to promote inter-cultural relations, working together to achieve shared ambitions and common benefits in our neighbourhoods.

And I want to make it as clear as possible: this City Council will have zero tolerance of unregistered independent education provision.

Our children must be educated in properly regulated schools where they are given the protections they deserve and the opportunity to learn in an atmosphere of curiosity, freedom and equality.

Birmingham is a city that celebrates and thrives on its fantastic diversity. Look at the great cities of history - Venice, Florence, Vienna, Paris, New York.  They have all been great meeting points for different cultures and ideas, open to the world and the creative force of diversity.

I believe that Birmingham is also a city that is keen to work with other cities and nations to tackle our shared problems together.

**Conclusion**

Lord Mayor, once again the City Council is being asked to approve a budget that we would not have wanted to present.

In response we will certainly point out the iniquity of the government’s cuts. But we will also do what Birmingham has always done in difficult times.  We will pull together, look after those who are most vulnerable and look to the future.

We will develop new ways of achieving our aims and making Birmingham the city we want it to be.

We have come a long way in the last year in our journey of improvement and the pace of change is accelerating.

We have established a secure financial plan for the next four years and we will use that as the launch pad for our vision for the Future Council and the future city.

We know that future success depends on how well we work together in partnership.

We will work with all the people of Birmingham and support the “step up” spirit that this city has in such abundance.

We will work with every part of this city and demonstrate that every place matters and every citizen matters.

We will deliver a New Deal for Neighbourhoods.

And hopefully, we will wish a fond farewell to the Independent Improvement Panel.  We are grateful for their work and their commitment to the city.  But we are now ready to take our plans forward with our partners and the people of Birmingham

With a new spirit of optimism and a new willingness to work together to achieve our goals, we **can** make the Future Council a reality. But all of us in this room and all of our staff need to show the courage to change.

* Lord Mayor, I believe we can do it. It’s time for Brum to step up and show the world once again what we can achieve together.
* Birmingham is a ace that builds things: Let’s build enterprise, let's build business, let’s build homes. And, Lord Mayor, let’s build hope.
* Thank you