

**CABINET RESPONSE TO COUNCIL OVERVIEW BOARD**

**REVENUE AND CAPITAL BUDGET 2016/17 TO 2020/21  
(considered by Council Overview Board on 28 January 2016)**

**COMMITTEE RECOMMENDATIONS:**

The Council Overview Board agreed on the following comments and recommendations to Cabinet:

That the Board:

1. confirms its support for the proposal to accept the option of raising council tax by 2%, to ensure additional ring-fenced funding for Adult Social Care;
2. welcomes the lobbying of government undertaken by the Leader of the Council to extend the option of raising council tax to our partners in Districts & Borough Councils, given that these authorities provide some non-statutory adult social care services;
3. asks that government be lobbied to review or lift the current restriction on council tax increases for local authorities;
4. asks the Cabinet to consider whether a referendum should be held regarding increasing council tax in order to maintain services;
5. wishes to emphasise the importance of prioritising income generation and efficiency savings, before cutting services and increasing council tax.

**RESPONSE:**

The preparation of the new Medium Term Financial Plan has been in the context of a late Provisional Settlement leading to an unprecedented reduction in government funding at very short notice. In response to this officers and cabinet members are working on the details of service savings that can realistically be delivered during 2016/17.

The Council is awaiting the Final Settlement which is expected to include the reporting requirements on the use of the 2% council tax increase for adult social care. This will lead to increased funding for the Council of £12m per year and is a welcome contribution to the £20m year on year demographic increase in demand for adult social care services. The Council also has to confront the loss of nearly £50m in government grant in 2016/17 and as a significant service, Adult Social Care will have to take its share of this reduction.

The Council Tax threshold is a central imposition on local decision making in the delivery of services by Government. Local communities through their elected representatives, who are democratically elected, should be able to set a council tax equivalent to the level of service demand led pressures a specific area needs in order to deliver front line services and to reduce financial impacts on other public services, i.e. NHS. Local Government is by far the most efficient part of the public sector and I will continue to make the point to Government to trust Local Government in taking responsibility and accountability for delivery local services.

However, the threshold exists and to raise council tax above this level is not the right decision at present for three reasons. First, the final settlement has not been announced, so to do so would be premature; second, the cost of holding a referendum when the Council is focusing its spend on essential areas; and third, it will be a distraction when the focus is on the Public Value Transformation programme.

**David Hodge  
Leader of the Council  
2 February 2016**

