

Appendix B**County Council Budget Meeting – 7 February 2017****Leader of the Council Statement**

I am proud to be the Leader of the largest Conservative Group in the country. As Conservatives we believe in the principles of efficiency, value for money and low taxation. It absolutely goes against the grain for us to propose an increase in taxes. It is just not in our DNA.

At the same time we care passionately about our communities and we care deeply about our residents. I am even more proud to represent the people of Surrey. We came into politics to make a difference, to improve the fabric of our communities and to make sure those in most need of our help get the support they need, whether that means caring for our older residents, protecting vulnerable children or supporting those with Learning Disabilities.

Our residents are always at the heart of everything we do but the significant financial challenges have left us facing a huge dilemma.

I want to be clear about the actions this Conservative administration has taken to make Surrey a low cost and efficient council. We have worked incredibly hard to manage the soaring cost of rising demand and inflationary pressures, making savings and efficiencies of over £450m from our annual budget. We have achieved this whilst protecting front line services and we still plan to make savings of up to £700m by the end of the decade.

We can be proud of the transformation of our services like Orbis, the Trading Standards Partnership and our long term investment strategy. These bring real benefits to the people of Surrey but Members know all too well the unprecedented set of circumstances which have forced us to this point. The reduction to our government grant has been relentless. Since 2010, we have absorbed cuts of £170m to our annual budget. We saw funding decisions go against us time and time again. Surrey is disadvantaged by Core Spending Power, the Revenue Support Grant, the Better Care fund, and the Learning Disability Grant.

This Council consistently receives less money from Government than it should. Currently our Revenue Support Grant goes negative to the tune of £17m in 2019-20. That is the equivalent of Surrey residents being worse off by 3 percent in council tax every year. Despite the Government's own calculations confirming we should get £25m from the Better Care Fund, the Council will only get £1.5m. That is from a national funding pot of £1.5 billion!

We have also had to absorb the loss of millions of pounds of Learning Disability Funding – a shortfall of £20m this year, £32m next year, £39m the year after that and £46m in 2019-20. At the same time as our funding is shrinking, demand for services has been increasing relentlessly. That means more people requiring more services, more children needing school places, more older adults requiring social care and more people with Learning Disabilities needing support.

Rising demand across adult social care alone costs an extra £24m every year! Two thirds of our spending now goes towards supporting the welfare of adults and children – that leaves little left in the pot to run other services.

The decision today will still require the council to deliver £93m worth of savings in 2017-18. The challenge facing adult social care is now understood throughout the country and Government now clearly understands this crisis and is increasingly committed to resolving it. This will help the Surrey position. The Government have listened to the facts and have recognised that our figures are right. They have agreed with us that the methodology for

funding councils is flawed and in need of overhauling. They have recognised how unfair the current system is and how it penalises efficient councils like Surrey.

The Government's thinking is that a refreshed system based on business rates retention will be the cornerstone for a fairer funding system for local government. But, we have a crisis now which is why Cabinet took the very difficult decision last week to recommend an increase of Council Tax to fund the growing demand in social care services, enabling us to fulfil our statutory duties.

This administration hasn't given up. We have always believed there is a solution. We have had many conversations now with Government. It is clear Surrey is an extreme example of how increasing social care demands impact on local communities and on the health service. The Government has listened and we believe Government understands. We are therefore willing to take a risk that a solution will soon be found to the issues that all councils face. However, if there isn't any progress in finding a solution to the adult social care crisis our situation will become untenable.

Given this, I believe that this year we do not need to ask residents to pay additional Council Tax above 4.99%, which includes the 3% Adult Social Care precept, which has been set for all councils with Adult Social Care responsibilities. In light of this I will be tabling revised recommendations for the Council's budget. I know this decision will also be welcomed by our Partners, the Voluntary & Community sector, our Districts and Boroughs, the business community and our staff, but most of all, Surrey residents.

I know this decision will be welcomed by every resident in Surrey. I commend the revised recommendations to Members of this council and look forward to the formal recording of Members voting later.

David Hodge
Leader of the Council
7 February 2017