

COUNCIL ASSEMBLY

22 FEBRUARY 2017

RESPONSES TO QUESTIONS ON REPORTS

2.1: POLICY AND RESOURCES STRATEGY 2017/18 - 2019/20 REVENUE BUDGET

1. QUESTION TO THE CABINET MEMBER FOR FINANCE, STRATEGY AND RESOURCES FROM COUNCILLOR ANDY SIMMONS

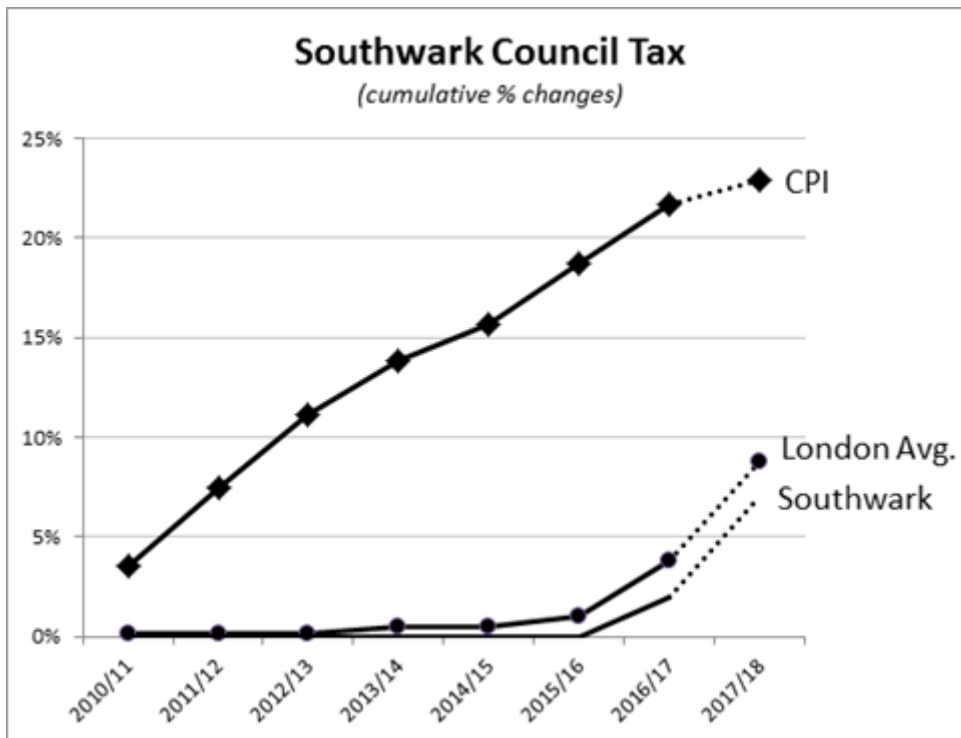
Can the cabinet member confirm that despite the 1.99% council tax increase for 2017/18, council tax increases remain below inflation?

RESPONSE

As part of our fairer future promises we made a commitment to keep council tax low, and in fact we have been able to go further than this by freezing the Southwark element of council tax for the last seven years. In the face of significant budget pressures facing the council, Southwark has been able to maintain the seventh lowest council tax in London, despite being the hardest hit by government cuts. Last year, like most local authorities in London and in line with government guidance, the council applied a 2% adult social care (ASC) precept as agreed by government to help relieve the funding pressures in adult social care.

Despite the growing national crisis in adult social care, the government has failed to deliver any new money to plug the huge funding gap, so this year the council will again be applying the adult social care precept of 3% to help relieve the substantial pressures on the service at a cost to local residents. Unfortunately the additional income generated by the precept will not come close to filling the gap in social care funding in Southwark, so like many local authorities, we are in the position where we simply cannot meet the needs of vulnerable older and disabled people in Southwark without raising additional funds through council tax. Therefore, the budget also includes a 1.99% increase in the Southwark element of council tax for 2017-18.

As demonstrated in the chart below, even with the adult care precept the increase in the council element of council tax remains below what it would have been if council tax had increased by CPI (inflation) each year from 2010-11.



I do not believe that the way to tackle the adult social care funding crisis is to push the financial burden onto council tax payers, so the council will also continue lobbying the government to find a real solution to this funding crisis.

2. QUESTION TO THE CABINET MEMBER FOR FINANCE, STRATEGY AND RESOURCES FROM COUNCILLOR ELEANOR KERSLAKE

The government’s response to the unprecedented nationwide crisis in adult social care funding was to propose that councils raise further taxes on local residents amounting to an additional 3% increase in council tax. Can the cabinet member confirm how the amount raised by the adult social care precept in Southwark compares to the total funding and cost pressures in our adult social care budget and with the cumulative reductions in council funding over a number of years.

RESPONSE

The country is facing a national funding crisis in adult social care, with local authorities at a tipping point and the NHS struggling to cope with demand. The government has slashed billions from social care budgets and has failed to listen to repeated warnings from local authorities, social care providers, charities and the NHS about the threat to social care and the urgent need for additional government funding to protect services caring for elderly and disabled people.

Despite these warnings, the Chancellor ignored the funding crisis completely in the Autumn Statement, failing to put forward any real solution, and instead the government has pushed the financial burden on to local taxpayers. The government’s response to the growing crisis was to propose that councils could raise an additional 1% of council tax – with Adult Social Care levy of 3% rather than 2% – equivalent to an extra £0.9m in Southwark.

The total amount raised through the adult social care precept in Southwark for 2017/18 is £2.7m. To put this in context, the pressures on our adult social care

service, created by a combination of demand and severe reductions in government grant, have result in total budget pressure of £15m reported to cabinet in 2016-18. The government have also offered councils a one-off Adult Social Care grant, but as this involves taking money out of the New Homes Bonus to fund the grant it will actually result in an additional £1m loss of funding in Southwark.

Politicians from all parties have acknowledged that the government's response to the national funding crisis has been woefully inadequate, with the Local Government Association commenting that the government's proposals "*fall well short of what is needed to fully protect the care services for elderly and vulnerable people today and in the future*". A real solution to this crisis requires genuinely new money from government to tackle the growing funding gap. Yet this year in Southwark the council faces a further loss of spending power of £7m. Since 2010-11 the loss is in excess of £120m, and this does not take into account cost and demand pressures during this same period such as national insurance, London living wage, the ethical care charter and demographics such as ageing population and more complex care needs across all age groups.

The amount generated from the adult social care precept and council tax increase still leaves a substantial deficit in our social care budget and will not be sufficient to prevent the need for further cutbacks in adult social care. Adult social care remains a pressure moving forward and the council is undertaking ongoing budget recovery work to monitor and manage the existing budget pressures through 2017/18.