

## **Council – 21 July 2016**

### **Report to Council by the Leader of the Council**

This is the first report to Council having taken control of the Council at the annual meeting of the Council on 25 May 2016.

The Labour Group picks up the reins from the outgoing Conservative administration. I would like to acknowledge the constructive way in which the transition was handled by the Conservative Group.

The incoming Labour/Liberal Democrat administration has inevitably inherited a number of initiatives and programmes. Where appropriate these will be maintained. An example of this is the Council's cross party approach to the West Midlands Combined Authority (WMCA). For my part, I intend to maintain the practice of ensuring that the Leader of the Opposition is fully briefed and consulted on key issues.

There will also be issues on which this Administration will wish to take a different approach to that which may otherwise have been followed.

### **International and National Issues**

Not in recent times has there been so much uncertainty at international level that has an impact upon the business of the Council. The outcome of the Referendum, to leave the European Union, has triggered a number of responses from the Leaders of European countries, from the institutions of the European Union and other international organizations that the UK is in membership of. As there has never been an example of a nation leaving the European Union, there is no precedence upon which European partners can base their response. Inevitably, therefore, the public statements range from tolerant to hostile and this range has created uncertainty.

It is equally concerning that the 'Leave' campaign has explained that they did not expect to win. Therefore they had no plan for the aftermath of the vote and no negotiating position exists for what must now be done. This uncertainty has a direct impact on the Council and the services it provides for local people. Since the outcomes of the Referendum became known, there has been instability in the international markets, the value of sterling has fallen and the Bank of England has had to provide increased liquidity to UK banks in order than they can maintain the money supply to commerce and industry. Whilst at the time of writing, this action is having a stabilizing effect, there will be longer term implications for the whole economy. This in turn impacts upon Council income tax receipts and the ability of Government to fund public services. At its most straight forward level, the Council does not know if EU funds granted in the period up to 2020 will still be available to the Council should the UK have left the EU before then. Through the Black Country allocation, the Council currently has access to over £150 million.

A further layer of uncertainty exists in the Government's proposals to localize business rates. The system in place for many years provided a benefit to Walsall of

some £60 m per annum from the national pool. It is very important to the Council and to local people that the arrangements put in place by Government do not disadvantage us. Directly and through WMCA we will continue to seek the best possible outcome.

The Chancellor of the Exchequer has announced that he no longer intends to attempt to bring the UK tax and spending into balance by 2020. On the surface, this might suggest a more relaxed approach to 'austerity' leading to a lower level of cuts to be faced by the Council. However, it will be necessary to turn this public statement into action at the Autumn Statement before any reliable intention can be discerned. It may also be the case that there may be a different Chancellor of the Exchequer by the time of the Autumn Statement.

Against this background of great financial uncertainty, the Council must plan for a four year approach to budget setting. Current projections for the Medium Term Financial Plan require some £86 million of further savings to be found. We will plan on this basis whilst acknowledging that the situation may become even more serious.

As a result of the instability in the Middle East, millions of people have been displaced. The UK Government has undertaken to relocate some 20,000 Syrian people to the UK. In addition, there are now several thousand unaccompanied children in care in a limited number of local authority areas. The Local Government Association has been in negotiation with the Government about funding for local authorities and other public services in order to make it possible for councils to participate in dispersal schemes. At present, the Council has not participated in these dispersal arrangements but we will keep the issue under review.

## **Local Picture**

The Council continues to play an active part in the development of the Combined Authority. Political portfolios have recently been established and allocated. I will assume the lead role for issues relating to Housing and Land. There is currently an online consultation on mayoral powers for the proposed Mayor for the WMCA. This can be found on the Combined Authority's website.

The agenda for this meeting includes a recommendation from Cabinet for the adoption of a community cohesion strategy. The importance of this initiative which was proposed by a cross party working group cannot be under-estimated.

Also on this Council agenda is an updated Corporate Plan which reflects the approach set out by the Administration.

In the weeks ahead there will be a cross party discussion about a new approach to the Council's area co-ordination. This will build upon our discussions with partner organizations.

Councillor Sean Coughlan  
Leader of the Council  
13 July 2016