
Ray Mallon
Mayor of Middlesbrough

PO Box 500, Town Hall, Middlesbrough, TS1 9FT

Tel: (01642) 729701

e-mail: ray_mallon@middlesbrough.gov.uk

MAYOR'S REPORT TO COUNCIL **9 JANUARY 2013**

Themed Areas of Interest

1. Council and Executive Portfolios

Council Tax Freeze Grant - 2013/14

I indicated at the Council meeting in December that I wished to hold a debate with Members at the January meeting on the issue of whether the Government's Council Tax Freeze Grant should be accepted or not.

On the face of it, the Government's offer of a £0.5 million grant to freeze our Council Tax for the coming financial year appears to be an attractive proposition. However on close examination, any short term gain would be obliterated by the significant medium to long term impact on our future finances.

What the Government has failed to mention is that by taking this grant, the Council would be left with a £12 million "hole" in our finances over the next ten years.

In simple terms, failing to implement a 2% Council Tax rise for the coming financial year would create a "financial vacuum" due to the need for yearly Council Tax increases to keep pace with inflation and other associated costs.

Accepting this "one-off" Government offer and failing to implement a 2% Council Tax rise, would result in less revenue from Council Tax contributions, reduced Council spending power, and cuts in services to the public we serve for many years to come.

The Government is well aware of the implications I have described but has failed to highlight the ensuing problems which would occur.

The Government is determined to deal with the deficit of this country and has been consistent in its determination to deal with the public finances of the country as a whole. I for one, accept that the deficit must be dealt with robustly, and I am on record in agreeing with many of the measures implemented by this Government in this new and challenging financial landscape.

However, I cannot accept the rationale of the Government in relation to the proposed Council Tax freeze, as it appears to be financially illogical to say the least. To say that I am extremely disappointed at the Government's stance on this subject would be an understatement, as it appears to be designed to appeal to the prejudice of the public and to curry favour with the voters.

There is no doubt in my mind that the Government is fully aware of the ramifications to a town such as Middlesbrough, if this Council accepted its offer. I believe the proposition is financially irresponsible, as it creates further financial vulnerability in an already unstable financial climate.

The public can be assured that if I considered the proposed Council Tax freeze to be attractive, then I would accept it without question. I have to tell you however, that I do not believe that the offer by the Government is in the public interest and I reject the proposition.

It is my responsibility to safeguard the finances of this town today and tomorrow, as well as the years ahead, and I do not intend to hold this Council as a hostage to fortune by taking short sighted decisions which are not in the long term interests of this town.

As a consequence I wish to confirm my original statement to Council that we should not accept the Freeze Grant and that the Council Tax should increase up to 2%.

I am though keen to hear the view of Members on both issues and to assist with this I intend to circulate a further document to Members.

2. People – Liaison and Consultation

- a) Public
 - No significant issues to report to this Council meeting.
- b) Business Sector
 - No significant issues to report to this Council meeting.
- c) Other Partners
 - No significant issues to report to this Council meeting.

3. Sub Regional, Regional and National

- No significant issues to report to this Council meeting.

4. Miscellaneous

- No significant issues to report to this Council meeting.

**RAY MALLON
ELECTED MAYOR OF MIDDLESBROUGH**