

Independent Commission on Local Government Finance

Purpose of report

Since the Panel's last meeting in May the Independent Commission on Local Government Finance has met twice. Darra Singh, Chair of the Commission, will attend the July Panel meeting for an hour to discuss members' views on the local government finance system, and the issues and reforms the Commission should explore.

Summary

The Finance Commission has now met twice. Its terms of reference and call for evidence have been published and are attached at **Appendix B** and **C** of this report. There is a strong emphasis on the impact of the finance system on the key challenges facing local communities: growth, housing supply, affordable health and social care, welfare that encourages people into work and provides effective social protection and support to families and children.

Darra Singh has also addressed both the CIPFA and LGA conferences to raise the visibility of the Commission and to encourage people to feed in their views.

Recommendation

The Finance Panel are invited to share their views on the finance system with Darra Singh and suggest the issues and reforms that would like the Commission to explore.

Action

LGA Officers to proceed as directed.

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Background

1. The LGA Executive asked officers to set up a commission to explore the ideas for reforming local government finance set out in *Rewiring Public Services*¹ in which we proposed: local treasuries (now described as place-based finance); sector-led distribution and funding settlements for the lifetime of the Parliament.
2. The Executive emphasised that our case for financial reforms would be stronger if we could demonstrate a positive impact on the issues facing communities up and down the country on housing supply, growth, welfare, early intervention and social care. This is reflected in both the terms of reference and the call for evidence.
3. Darra Singh, whose biography is attached at **Appendix A**, is the Chair. The other commissioners are:
 - 3.1. Anita Charlesworth – Health Foundation
 - 3.2. Alan Downey - KPMG
 - 3.3. Paul Gray - Chair of the Social Security Advisory Committee
 - 3.4. Stephen Hughes – Former Birmingham City Council Chief Executive
 - 3.5. Stephen Lewis – Formerly of Zurich General Insurance
 - 3.6. Jonathan Portes – National Institute of Economic and Social Research
 - 3.7. Bridget Rosewell - Volterra
 - 3.8. Tony Travers – London School of Economics
4. A public website has been created to provide information about the Commission, the Commissioners and it includes an electronic form for online submissions. There is also a 'documents' page on the website where agenda papers and minutes from Commission meetings can be accessed. For more information, please visit the webpage: <http://www.localfinancecommission.org/>.
5. The Commission has reached a number of conclusions in its first two meetings:
 - 5.1. To look at the major challenges facing communities and the impact of the finance system on them from first principles;
 - 5.2. To focus on practical solutions to the real issues facing local communities that can be implemented in the next Parliament;
 - 5.3. To explore distribution and the incentives for place based finance – two of the issues it felt were sure to surface in the call for evidence
 - 5.4. Not to consider the quantum of funding available to local government, an issue it felt would compromise its impartiality.
6. The minutes from the Commission meetings, available on the above website, provide a fuller view of these discussions.

¹ *Rewiring Public Services*, Local Government Association, 2013