

Finance Panel – report from Cllr Sharon Taylor (Chair)

Local Government Finance Bill

1. Last month, the Bill came back to the House of Lords for the Report Stage. We analysed the proposals for the local schemes of 200 councils, which showed that impacts on working age claimants were unavoidable, given the funding cut and limited discretion for councils over the entire system of reliefs. That analysis bolstered the evidence base for our efforts to try to secure support for an amendment tabled by LGA President Lord Richard Best that would have provided councils with the flexibility to reduce the single person's discount for non-pensioners from 25 to 20 per cent. Late in the process, the Government announced an extra £100 million in funding for councils that limited the cut to working age households' support to 8.5 per cent. LGA analysis suggests the Government's package substantially underfunds the 8.5 per cent cap and a substantial number of councils will need to make cuts in other areas in order to afford that limit.
2. The LGA Chairman, Group Leaders and I all went to great lengths to try to persuade national politicians to support Lord Best's amendment, but unfortunately we could not overcome the strong resistance of Government Ministers or the shadow front bench. The Local Government Finance Bill is now an Act, having received Royal Assent on 2 November. Our focus is now on ensuring that Government officials get the forecast for Council Tax Benefit expenditure in 2013-14 right, as this will affect the total size of the grant that councils receive.

Pension fund investment in infrastructure

3. Finance Panel members have taken a keen interest in this issue, which we have established as one of our priorities for this year. We will be discussing the issue further at our next meeting, including looking at future work in this area.
4. The Department for Communities and Local Government launched a consultation this month on two options for amending the regulations governing local authority pension funds in order to enable greater investment in infrastructure projects. On 7 November, the LGA Chairman gave an address to the Chartered Institute of Public Finance and Accountancy conference on pensions, at which he signalled our aim to play a leadership role in exploring the potential for and tackling the barriers to greater pension fund investment in infrastructure and development. To that end, we are currently in the process of drawing together a range of experts on pension funds, investment vehicles, risk management, finance and infrastructure projects for a series of workshops to try to resolve the key issues.

Transitional Grant Scheme for Local Council Tax Support

5. We responded to the Government's announcement on 16 October that they would create a Transitional Grant of up to £100 million for councils who developed local council tax schemes in line with a number of Government conditions. The LGA responded that whilst we welcomed any additional help, the lack of flexibility for councils in implementing the benefit reduction puts them in a very difficult position. Under the proposed scheme, even with the additional money, most councils will have

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no choice but to ask people on lower incomes to pay more council tax than they currently do.

6. The LGA continues to have significant concerns about how the new council tax support arrangements will impact on collection rates for council tax, which historically have been maintained at very high levels.

Welfare Reform

7. The local authority-led pilots for Universal Credit have been announced, and the participating councils are bringing together local partnerships looking at various models for face-to-face support for claimants, as well as examining ways to help them use an online service.
8. Terms of reference for a Task Force composed of officers from the Department for Work and Pensions, the Welsh LGA, Convention of Scottish Local Authorities and the LGA have also recently been agreed. The Task Force will look at how a future face-to-face Universal Credit service may operate and how this might be funded. The Finance Panel will be discussing this further at our next meeting.

Contact officer: Paul Raynes
Position: Head of Programmes
Phone no: 020 7664 3037
E-mail: paul.raynes@local.gov.uk