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Finance Panel – report from Cllr Sharon Taylor (Chair)

Autumn Statement and Local Government Finance Settlement

1. The Autumn Statement was announced on 5 December and the LGA circulated an on the day briefing to members. Key messages were that local government has borne the brunt of cuts to public spending so far and, while it is pleasing our campaigning has resulted in councils being protected from additional cuts next year, the extra two per cent cut in 2014-15 is unsustainable.
2. Local authorities already face a possible £1 billion cut to funding for 2013/14 on top of the 28 per cent reduction set out in the spending review and the further 2 per cent now announced for 2014-15. It is generally recognised that councils have managed the cuts so far by maximising efficiencies and redesigning services. With further cuts on the horizon, this will be impossible to repeat and impacts on the local frontline services that residents rely on and value are very likely.
3. The Local Government Finance Settlement on 19 December confirmed the key numbers for 2013-14 and 2014-15. On the bright side it confirmed that following intensive LGA lobbying the government had decided to take away £180 million less for the academies funding transfer and £220 million less to support the safety net. The amount for local council tax support grant also went up by £31 million. On the other hand, it confirmed the numbers for 2014-15 will include the additional 2 per cent cut so that there will be a total cut in funding for 2014-15 of 8.6 per cent.
4. The LGA issued a full on the day briefing. This can found at http://www.local.gov.uk/c/document_library/get_file?uuid=040e5017-0ec4-49fe-8461-3a2c5b9cf9c6&groupId=10171
5. Two days before the settlement, on 17 December, I chaired a local government finance conference where we had speakers from the Treasury and the LGA as well as leading commentators such as Tony Travers and treasurers from authorities.

Pension fund investment in infrastructure

6. The LGA and the Chartered Institute of Public Finance and Accountancy held a roundtable on pension fund investment in infrastructure on 11 December, which was chaired by Cllr John Fuller. The roundtable brought together a range of parties with an interest in this issue, including representatives from Local Government Pension Scheme funds, finance officers, government departments, infrastructure specialists and capital finance experts. Two more roundtables are planned with a view to publishing a set of documents, intended to inform and provoke debate, in March on issues such as how infrastructure investment opportunities could be structured to provide a rate of return and risk profile that is attractive to pension funds.
7. The LGA's Local Government Pensions Committee also responded to DCLG consultation on two options for amending the the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 to provide Funds greater flexibility to invest in infrastructure. The LGA's response supported a move to include a new infrastructure asset

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class with its own limit rather than extending an existing limit on a more general class. The consultation closed on 2 December.

Local Council Tax Support

8. The Finance Panel at its November meeting also considered a report on the implementation of local council tax support, where we talked about the lobbying in Parliament, detailed work on the forecasts which will determine grant funding and the implementation of schemes. Our research, which was conducted before councils had a chance to digest the implications of the announcement on transitional funding, indicated that 90% of councils propose to introduce a minimum payment for working age claimants. As councils finalise their schemes, before the deadline of 31 January, we will continue to monitor the situation carefully.
9. 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

10. We also took a report at the last Finance Panel on Welfare Reform. Members confirmed that they were happy with the work on the future role of councils in universal credit to continue on the lines it is at present. This is working with the Department for Work and Pensions (DWP), local authority experts and the Convention of Scottish Local Authorities (CoSLA) and the Welsh Local Government Association (WLGA) to establish just what role councils will have in Universal Credit (UC), which will roll out gradually following October 2013. Further, a limited 'pathfinder' will begin within Greater Manchester in April 2013
11. The Task Force composed of officers from the Department for Work and Pensions, the WLGA, CoSLA and the LGA has been meeting. The Task Force's first phase of work has culminated in a draft document for Lord Freud's approval outlining what services need to be provided to support phase 1 of UC rollout and how these services will be funded. The LGA is currently working with the Department for Work and Pensions to finalise this document.
12. This is leading towards an announcement and consultation from Lord Freud in January. Key questions will be how a face-to-face UC service will operate and how this might be funded.
13. The local authority-led pilots for UC have been continuing their work. LGA officers are keeping in touch with the lessons which they are providing which we hope will feed into the national framework for face to face services. The first phase of evaluation will take place in January 2013.
14. On 19 December, along with Paul Raynes from the LGA, I gave evidence to the Communities and Local Government Select Committee Inquiry into the Implementation of Welfare Reform.

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