

Finance Panel – report from Cllr Sharon Taylor OBE (Chair)

The Spending Review

1. The LGA's Spending Round submission was sent to the Her Majesty's Treasury (HMT) and Department for Communities and Local Government (DCLG) on 29 April. This was following a request in a recent letter from Brandon Lewis MP to the LGA Chairman to submit evidence on this date (which was also the deadline for departmental submissions to HMT). The Finance Panel commented on:
 - 1.1 an overview of the LGA Spending Round submission;
 - 1.2 a paper on local government finance; and
 - 1.3 a paper showing how a typical council has been affected by the funding reductions in SR10, its contribution to growth, the impact of further reductions in 2015-16 and how our proposed measures would help.
2. There were also 9 other themed papers which were cleared through the relevant LGA Boards. These were: adult services; children's services; culture, sport and the digital economy; energy; fire; growth; housing; transport; and waste. Community Budgets was a theme running through all of the papers. The main themes, and the approach, were agreed by Leadership Board on 10 April.
3. Individual themed papers were sent only to Ministers in the relevant department/s (not to all departments). CLG and HMT received all of the papers, plus the overview and the impact on a typical council. Follow up meetings with Cabinet Ministers are now beginning to take place. The results of the review will be announced on 26 June with government ministers signalling that non-protected budgets will be reduced by up to 10 per cent.

Social Investment

4. Ben Jupp (Social Finance) recently attended the Finance Panel to talk about developments in the social investment market. We discussed joint work to promote the opportunities to councils. Officers are now working with Social Finance on a short programme of seminars on social investment, a research report exploring its potential and a workshop at the LGA annual conference.

New Model and Deep Dive

5. Financial sustainability is one of the five themes that the LGA are looking at as part of the work to develop a new model of local government – the others are growth, social care, welfare reform and independent local government.
6. During February and March, the LGA held a number of regional road shows to discuss the new model which reached a consensus that the current funding arrangements are not fit for purpose. Panel colleagues and I also had the opportunity to input into this work at our March Panel meeting.

7. The discussions have been wide-ranging, looking in particular at the scope for greater independence on taxation and equalisation, the differential impact of the funding reductions, relaxing the controls on borrowing, the need for medium term certainty in grant funding, efficiency in the public sector on a place-based basis and strengthening places ability to benefit from growth in tax revenues.
8. On 16 April, Members and officers from more than 20 local authorities, LGA officials and civil servants from HMT, CLG and the Department of Health came together to discuss the 2013 Spending Round and the medium term implications for local government finance. This meeting helped to inform the spending review submission but also feeds into the development of the thinking on the new model.

Universal Credit - Local Support services Framework

9. The LGA has set out a position on the future role of councils in Universal Credit (UC) in response to the Local Support Services Framework, which was developed by a joint DWP/LGA task group, and describes the sort of support services councils might need to provide or commission for UC claimants, and how those services might be paid for and managed. Our response was informed by an LGA Conference and discussions at the LGA Executive and the Finance Panel. In a covering letter to Lord Freud, Sir Merrick and I emphasised that supporting UC clients is inevitably a core part of local government's mission, but we need to get the deal right and it needs to recognise local government's role in managing the face-to-face elements of UC. Sir Merrick and I are due to meet Lord Freud, the Welfare Reform Minister, to discuss this further. We are also continuing to press for clarification on the timetable for UC roll out, and associated new burdens funding.

Local Authority Led Universal Credit Face to Face Pilots

10. The Local Authority pilots continue to progress well and they met on 10 April to share the latest learning on digital inclusion, personal budgeting and local partnerships. The pilots are due to finish at the end of September, and we have received strong feedback that the majority want to continue for another three months. The LGA has urged DWP to fund and support all pilots who wish to extend because we see maximising the learning from the pilots as crucial to achieving our shared objective of implementing the changes in a way that minimises delivery risk.
11. I visited the North Dorset pilot recently and was struck by the importance of making sure UC works in rural areas, where there can be significant transport barriers to claimants accessing face-to-face support, such as completing on-line forms. This is a key point I will be reinforcing to Ministers. I will also be visiting the Birmingham pilot where innovations include a personalised digital log book for all new social housing tenants, which enables them to manage every aspect of their tenancy on-line.

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