

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

Spending Round

1. The 2015-16 Spending Round included several announcements impacting on local government. The Chancellor announced:
 - 1.1 a 10% reduction in core local government main funding of £2.1 billion;
 - 1.2 a £3.8 billion pooled budget for health and social care including £2 billion through the NHS to join up local health and social care services reducing the reduction to 2.3%;
 - 1.3 £200 million investment in the Troubled Families Programme;
 - 1.4 a £100 million council efficiency and transformation fund;
 - 1.5 further support to freeze council tax for 2014-15 and 2015-16 equivalent to a 1% increase in council tax with referendum limits of 2% in both years; and
 - 1.6 £200 million reduction in Education Services Grant.
2. Our headline response was that the reductions to core local government funding will stretch essential services to breaking point in many areas. The 10% cut on top of the 33% reduction since 2010 confirms local government as the hardest hit part of the public sector.
3. The LGA was instrumental in negotiating the budget for health and social care. We are also pleased with the measures on public service transformation, including the £100 million council efficiency and transformation fund, and the shift towards public services locally working even more closely.
4. The following day Chief Secretary announced investment in infrastructure, including a £2 billion Single Local Growth Fund made up principally of transport funding already devolved to local areas and £400 million from the New Homes Bonus. We signalled our concerns about the size of the fund and the limited extent to which Departments had contributed. The Chief Secretary also announced £300 million more funding for road repairs.
5. The LGA was very visible in the media both before and on the day of the Spending Round announcement. We produced two separate on the day briefings, available on the following link: http://www.local.gov.uk/c/document_library/get_file?uuid=9615cfda-d0e2-4ca5-a2bc-5898a78bb947&groupId=10171.

Funding Model Outlook

6. The Future Funding Model was fully updated for the Spending Round announcement on 26 June and was launched at Conference on the 4 July accompanied by the contextual 'AnyCouncils' papers covering typical District, County and Single Tier authorities.

7. The modelling confirms that, even after allowing for additional funds for Social Care, the funding gap in local government continues to widen by £2.1 billion a year and will reach £14.4 billion by the end of the decade. This is very much in line with what we found last year and is not a deliberately pessimistic assumption; we have assumed for example that authorities will continue to deliver efficiency savings at between 1-2% a year over this period, which will not be easy.
8. We also prepared individual forecasts for each member authority which were distributed after the Conference. The model will continue to be used to support improvement across the sector and assess the impact of Government policy. We will be giving some thought later in the year to how we can improve it further to make it into a permanent part of the LGA's offer.

Council tax referendum and Levying bodies

9. The House of Lords is now considering the Local Audit and Accountability Bill. One of the provisions changes the rules on council tax referendums. The effect of this will be that increases in levies will be taken account of in working out whether or not council tax increases are excessive and therefore a referendum needs to be held. The LGA has heard quite a lot of concern about this from member councils, particularly from those councils with large levies from transport, waste and internal drainage boards and we have been briefing members of the Lords so that these concerns are addressed.

Universal Credit

10. The Department for Work and Pension's (DWP) Universal Credit (UC) programme has a new Director General – Howard Shiplee – who has been very keen to hear from local government and how we can help to support our residents who may need to claim UC. He has reinstated local government's place on the UC Programme Board, is reviewing the current programme, and over the next few months will clarify key issues such as rollout timetable.
11. Lord Freud and Sir Merrick Cockell recently met to discuss UC. Sir Merrick used the opportunity to outline the sectors continued willingness to support UC claimants, but highlighted the need for councils to have the necessary information so that UC related service planning can start to take place. Both agreed that they wanted to look at how far the community budgets model could provide a format for managing UC funding. The LGA is keen to look at funding models which encourage a partnership working approach.
12. The Local Authority Face to Face Pilots are continuing their good work. A publication sharing the early findings from the pilots was launched at the Annual Conference. The LGA Chief Executive and the Chief Executives of the pilots have collectively written to Lord Freud asking for the pilots to be extended so that they can test out elements of the Local Support Services Framework. There will be a series of open days from September, hosted by the pilots, to give local government colleagues a chance to see what the pilots have been doing. For more information: www.local.gov.uk/events.

Impact of Welfare Reforms on Housing

13. On 3 June I had a meeting with the Chair of the Environment and Housing (E&H) Board, Cllr Mike Jones to discuss the impact of the Government's package of welfare

reform on housing. The scale, scope and pace of the welfare reforms will have a significant impact on councils and communities, much of which will only be seen and understood in real time as the changes are implemented. The Finance Panel will continue to work with the E&H Board on this cross cutting issue. One particular area that we will continue to discuss with local authorities is availability of appropriate and affordable housing stock and out of area placements. A session on this took place at the Annual Conference.

Social Investment

14. The LGA have held two master classes on social investment in June, with a third to follow on 9 July looking at social investment in adult services. In addition, Social Finance and the LGA launched a Guide to Social Investment at the LGA Conference and there was also a workshop where delegates heard from Ben Jupp (Social Finance) and Matt Robinson (Big Society Capital). My Panel colleague Councillor Finch spoke about Essex's social impact bond on preventing children going into care.

Annual Conference

15. There were a number of well received sustainable funding and welfare reform themed sessions at the LGA Conference, which I and other Finance Panel colleagues took an active role in. These included: Welfare reform – the role of local government in delivering positive change; Social Investment – the risks and benefits for councils; Local Government funding model reloaded; Making welfare reform work – the role of local partners; and Local authority bonds.

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