

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

Financial sustainability

1. Following the successful release of the 2013 Future Funding Outlook in July, the LGA has circulated to each authority an additional analysis of their financial sustainability. It uses existing published data from the Office of National Statistics, published data collected by the Government, and authorities' own financial accounts to identify a set of seven measures in addition to the Future Funding Outlook budget gap.
2. The comparative council data is presented in the form of spider web charts, or, as they have become known, 'spidergrams'. We recognise that the question of financial sustainability cannot be answered by means of any chart and that 'soft' information, together with local context, is very important as well. Authorities will need to interpret the data in relation to their local knowledge. However, it is hoped that this comparison-based analysis will provide local authorities with a useful insight on their relative strengths, weaknesses, risks and opportunities in an England-wide context.

Autumn Statement

3. Following discussion in both the Finance Panel and the Executive, the LGA has now made its proposals for the Autumn Statement to the Treasury (<http://www.local.gov.uk/finance>). The submission has been sent to the Chief Secretary and the Shadow Chancellor under cover of a letter from the LGA Chairman, and more widely to Ministers, Parliamentarians and the media.
4. The key message is that by the end of 2013-14 councils will collectively have made only half of the cuts they need to make by March 2016. The same level of cuts that has been achieved over the last three years must be achieved again in the next two, from services which are already stretched to breaking point.
5. We have said that the next two years are going to be very tough indeed and we fear that 2015-16 will be the crunch year. Councils will face real terms reductions in core funding of 21% across 2014-15 and 2015-16. In some cases, the reductions for individual councils are nearly a third. It is therefore inescapable that there will be cuts to frontline services people rely on and some services will have to stop altogether. The submission makes a number of proposals to help councils manage their financial position, promote growth and reform services more effectively.
6. Alongside the submission we have provided an updated analysis of the financial position of a typical English local authority, "Anycouncil" and an assessment of the impact of our proposals would have in helping Anycouncil protect local services and growth.

Rewiring Public Services: Task and Finish Groups

7. The Finance Panel is holding 3 task and finish group meetings on the financial proposals *in Rewiring Public Services* on: alternatives to the Barnett Formula; distribution; local treasuries; and 5 year funding settlements.
8. The discussions have looked at the ways in which the current arrangements are not fit for purpose, the principles that would underpin new arrangements and the issues we would like to see covered. In each case, officers are now working on straw-man proposals as the basis for further discussion. The next Finance Panel meeting on 29 November will receive an update from the task and finish groups.

Introduction to Social Impact Bonds: Regional Workshops

9. The Big Lottery Fund has appointed Social Finance in partnership with the LGA to offer a support package to those organisations developing, or thinking about developing, a Social Impact Bond (SIB). This covers SIBs and other Payment by Results (PbR) based social investments as part of the Big Lottery Fund's £40 million Commissioning Better Outcomes fund and the Cabinet Office's £20 million Social Outcomes Fund. We are running a series of regional workshops where you can find out how your organisation can benefit from the support available. Funded by the Big Lottery Fund, these half day events are free to attend. Further details and workshop dates can be found at:
<http://www.local.gov.uk/finance>.

Universal Credit and Single Fraud Investigation Service

10. The LGA continues to lobby successfully on Universal Credit (UC). In mid-October Sir Merrick Cockell met with Lord Freud to discuss a range of welfare reform issues. Lord Freud recognised the LGA's concerns about needing to give councils a clear long term role in supporting residents with UC claims. He therefore suggested that it be made clear that the council role should last until at least 2020, except where a council did not want to take it on or was clearly failing. It was agreed that this statement would be formalised and incorporated within the November update of the Local Support Services Framework (LSSF).
11. On the Single Fraud Investigation Service, Sir Merrick Cockell said that we were concerned the current business case was too narrow and that we wanted to work together with DWP on a more thorough examination of the options. The Minister agreed that officials would work together to develop a shared understanding of what the evidence said about the best model for the future, and that work is now underway.
12. The Face to Face pilot open days continue to go from strength to strength. Thanks to North Dorset, Lewisham, Melton, Oxford, Bath and North East Somerset and Rushcliffe for having held very well attended events which demonstrate the level of interest around this topic. For further details of our remaining events please go to our website:
<http://www.local.gov.uk/events>.
13. The controlled roll out of UC continues with Hammersmith Jobcentre now taking on claims. UC will expand to Rugby, Inverness, Harrogate, Bath and Shotton by the spring. The first claimants to UC are single jobseekers and the majority of claims will be made online.

Welfare Reform

14. On 16 October I gave oral evidence to the Work and Pensions Select Committee hearing on welfare reform and Jobcentre Plus. The session was an opportunity to highlight the need for sustained employment outcomes, the benefits of a partnership approach, and the role of councils in bringing agencies together with a local understanding of the clients' support needs and the labour market. I also emphasised the need for Jobcentre Plus to extend good practice on partnership working so it is more consistent across the country, and how improved data sharing will help to support clients.
15. The LGA has submitted written evidence to the Work and Pensions Select Committee inquiry into housing costs in the reformed welfare system. We said that councils are best placed to bring the partners together who have an understanding of the local area, existing relationships with individuals and families, and an established track record of working together to meet complex or multiple needs. However, to make the scale of savings projected by Government, and avoid the risk that those savings are transferred to councils in arrears and increased homelessness, we need real changes to funding.

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