

Note of decisions taken and actions required

Title: Finance Panel
Date and time: 11.30am, 14 September 2012
Venue: Millbank Room, Local Government House, Smith Square, London, SW1P 3HZ

Attendance

Position	Councillor	Council
Vice chair	Melvyn Caplan	City of Westminster
Deputy chair	Paul Tilsley MBE	Birmingham City
Deputy chair	Councilman Matthew Richardson	City of London Corporation
Members	David Finch	Essex CC
	David Westley	West Lancashire BC
	Nigel Ashton	North Somerset Council
	Catherine West	Islington LB
	Stephen Houghton CBE	Barnsley MBC
Substitutes	John Fuller	South Norfolk DC
	Alan Jarrett	Medway Council
Apologies	Sharon Taylor	Stevenage BC

Officers: Stephen Jones, Paul Raynes, Caroline Green, Piali Das Gupta, Phillip Mind, Lucy Ellender

Item	Decisions and actions	Action by
	<p>Members agreed to change the start time of the meeting to 11.30 from 11.00 permanently.</p>	
1	<p>Membership and Terms of Reference</p> <p>Members discussed their membership and terms of reference and they agreed an amendment to their Terms of reference.</p> <p>Decision</p> <p><i>Members noted their Membership and Terms of reference.</i></p> <p>Actions</p> <p>Officers to update terms of reference in line with Member's comments to read:</p> <p>The LGA Finance Panel will shape and develop the Association's policies and programmes on local government finance and will report to the LGA Executive.</p> <ul style="list-style-type: none"> • to consider issues relating to the financing of local government expenditure; • to establish positions <i>and make recommendations</i> on those issues for the LGA; • to oversee the LGA's representational, media and Parliamentary campaigning. 	<p>Lucy Ellender</p>
2	<p>Growth and the Autumn Statement</p> <p>Phillip Mind, Senior Adviser, told members that the LGA had been involved in conversations with the Government about how local government is promoting growth; looking at measures we could introduce as well as areas where councils' already have their own levers to effect change within their areas.</p> <p>Members examined the measures that the LGA had been investigating which included:</p> <ul style="list-style-type: none"> • Bringing together available Investment funds under local government; • Removing the borrowing cap under the Housing Revenue Account; • Using the Department for Transport underspend to repair potholes; • Local government taking over some functions of the Highways 	

- Agency;
- Working to accelerate investment in broadband;
- Working with the Government on the use reserves to encourage the financial sector to lend money;
- Reforming the skills system;
- Further examination of energy suppliers and energy efficiency.

There were several other avenues that members felt could be explored further including the role of the Public Works and Loans Board in lending and whether there was further work to be done on encouraging them to give the sector greater flexibilities.

Members discussed how local government could increase economic growth within their areas through investment in construction of housing and infrastructure. Members agreed that planning was not a significant barrier to construction, however there were concerns about the length of time developers could hold planning permission without starting construction.

Members discussed the strength of the local government balance sheet and the importance of creating a diversity of lending sources at reasonable rates in order to aid economic growth in local areas. Local Government had a strong narrative and members felt it was important that Government were aware of this.

Decision

Members noted the report.

Action

Officers to bring a paper on the Autumn Statement to the next Finance Panel meeting.

Officers to prepare a position on the Autumn Statement and share with members via email prior to the next meeting.

Paul
Raynes/Phillip
Mind

3 Work programme

Members agreed that the work programme of the Finance Panel should be focussed on a small number of high level priorities.

Decision

Members agreed the priorities of the Finance Panel as:

- *continuing the LGA's work on the **future funding of councils**,*

including further developing our understanding of the revenue and spending outlook and the cost pressures councils face, with an eye to influencing future government spending plans;

- *monitoring the implementation of the new localised **business rate system**, including keeping an eye on the increased risks councils face and how they manage them;*
- *seeking to influence the government's **welfare reform** policies, including in particular Universal Credit, localisation of council tax support, and localisation of the social fund, developing an understanding of their impact on local communities, tenants and councils, and supporting councils in managing the changes and the risks they create;*
- *working with other boards, campaigning for councils to have greater freedom to finance future investment **in infrastructure and housing** and contribute to growth.*

Members agreed to keeping a watching brief on a number of other issues that are covered by other Boards, providing input on financial issues when required. These issues were:

- *Public health funding;*
- *Social care reform;*
- *Housing finance.*

Action

LGA Officers to proceed as directed.

Paul Raynes

4 Update on housing finance

Caroline Green, Senior Adviser, updated the Panel on a number of announcements that had been made over the Summer that were causing uncertainty in housing finance. It was noted that the Environment and Housing Board would be discussing these issues at their first meeting.

Members raised concerns about the impact of welfare reform on social housing. In particular members were concerned about the change towards monthly payments made directly to claimants rather than the current system. Members felt there was potential for this to have an adverse effect on council services as well as claimants.

Decision

Members noted the work of the Environment and Housing Board on this area and agreed to receive further reports on the technical financial aspects of housing finance if required by the Board.

Caroline Green

5 Update on adult social care

Piali Das Gupta, Senior Adviser, told members that this was one of the LGA's top priorities for the coming year. It was noted that the white paper on the future of adult social care and support was published during the summer.

Members discussed the issue of funding social care into the future and the impact that this would have on the provision of other local government services and on the viability of councils into the future. Members considered different models for getting people to invest in funding social care costs.

Members agreed this was an issue that would have a long term impact on communities and it was important to get it right. Members discussed the potential impact of community budgets on this work and how personal budgets were having an effect on adult social care. Members were keen for officers to identify the obstacles to joint working and the creation of community budgeting approaches across council areas and public bodies.

Decision

Members asked officers to examine the technical obstacles to joint working.

Action

Officers to proceed as directed.

Piali Das Gupta

6 Business rates retention – detailed issues in LGA response to consultation

Stephen Jones introduced this report outlining the main issues contained within the Government proposals to localise business rates. In particular there were concerns around the proposals for a significant amount to be held back by Government for funding a safety net and capitalisation requests, the Treasury forecasts around business rates, the transparency around how business rates would be returned to local government, funding baselines and the split between

the county and district share.

Members were keen to ascertain the potential affects on the viability of some councils especially in the transitional stages. Members were keen for the LGA to undertake further work to look at the real impact of the reforms and ensure that local government was fully prepared for any unintended consequences. In particular members were concerned about the effects of the transitional arrangements and the capitalisation of the scheme. They agreed that this was an issue about the longer term funding of council services.

Decision

Members authorised clearance of the LGA consultation response to the Business rates retention consultation by the Chairman and lead members on the basis that the response:

- *Strongly argues for withdrawal of the proposed £345 million hold-back from 2013-14 budgets;*
- *Seeks assurances from Government over the reliability and transparency of the business rates forecast, and protection for local government from the consequences of incorrect forecasting assumptions or other matters outside local authorities' control;*
- *Demands transparency over the arrangements to ensure that AME included in the DCLG Spending Review settlement for 2013-14 and 2014-15 continues to benefit local authorities in the amounts originally envisaged, and an assurance that late adjustments to business rates yield for 2012-13 and earlier will continue to be fully funded by the Government;*
- *Considers the possibility of representations on the business rates proportionate shares calculation and on the impact on the funding baselines of authorities previously in receipt of Transition Grant;*
- *Together with the separate response on the new local authority central education functions funding consultation, fully rehearses member authorities' significant concerns about the level of funding removed for Academy central functions spending.*
- *Considers, in the light of members' direction, the approach to be taken on the 80-20 District-County split and on the level of the Safety Net.*

Members also agreed that officers should undertake a further piece of work around the longer term funding of services.

Action

Stephen Jones

Officers to proceed as directed.

7 Update on public health funding

Stephen Jones told members that the LGA had now put in a response to the Department of Health consultation on public health funding. It was noted that it was unlikely that funding allocations would fall in real terms below the 2012/13 estimated expenditure.

Decision

Members noted the report.

Action

LGA Officers to continue to provide updated to the Panel.

Stephen Jones

8 Minutes of the last meeting

Decision

The minutes of the last meeting held on 24 July 2012 were agreed.

Action

No further action.