Finance Panel

Agenda

Friday 25 January 2013
11.30am

Millbank Room (8th Floor)
Local Government house
Smith Square
London
SW1P 3HZ

To: **Members of the Finance Panel**
cc: **Named officers for briefing purposes**

www.local.gov.uk

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Finance Panel
25 January 2013

There will be a meeting of the Finance Panel at:

11.30am on Friday 25 January 2013 in the Millbank Room (8th floor), Local Government House, Smith Square, London, SW1P 3HZ.

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Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Apologies
Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour:	Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative:	Luke Taylor: 020 7664 3264 email: luke.taylor@local.gov.uk
Liberal Democrat:	Group Office: 020 7664 3235 email: libdem@local.gov.uk
Independent:	Group Office: 020 7664 3224 email: independent.group@local.gov.uk

Location
A map showing the location of Local Government House is printed on the back cover.

LGA Contact
Lucy Ellender Tel: 020 7664 3173
e-mail: lucy.ellender@local.gov.uk

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Finance Panel 2012/2013

Councillor	**Authority**
Conservative (4)	
Melvyn Caplan **[Vice-Chairman]**	City of Westminster
David Finch	Essex CC
David Westley	West Lancashire BC
Nigel Ashton	North Somerset Council
Substitutes	
Stephen Baines MBE	Calderdale MBC
John Fuller	South Norfolk DC
Alan Jarrett	Medway Council
Labour (3)	
Sharon Taylor OBE **[Chair]**	Stevenage BC
Catherine West	Islington LB
Steve Houghton CBE	Barnsley MBC
Substitute	
Mike Connolly	Bury MBC
Liberal Democrat (1)	
Paul Tilsley MBE **[Deputy-Chair]**	Birmingham City
Substitute	
Sam Crabb	Somerset CC
Independent (1)	
Councilman Matthew Richardson **[Deputy-Chair]**	City of London Corporation
Substitute	
Marianne Overton	North Kesteven DC and Lincolnshire CC

Local Government Association

LGA Finance Panel
Attendance 2012-2013

Councillors	**14.09.12**	**23.11.12**				
Conservative Group						
Melvyn Caplan	Yes	Yes				
David Finch	Yes	Yes				
David Westley	Yes	Yes				
Nigel Ashton	Yes	No				
Labour Group						
Sharon Taylor OBE	No	Yes				
Catherine West	Yes	Yes				
Stephen Houghton CBE	Yes	Yes				
Lib Dem Group						
Paul Tilsley MBE	Yes	Yes				
Independent						
Matthew Richardson	Yes	Yes				
Substitutes						
John Fuller	Yes					
Alan Jarrett	Yes					

Agenda

Finance Panel

25 January 2012

11.30am

Local Government House, Smith Square, London SW1P 3HZ

	Item	Page	Time
	For discussion		
1.	**Local Government Finance Settlement**	**3**	**11.30am**
2.	**Spending Review Discussion**	**15**	**12.00pm**
3.	**Community Budgets**	**23**	**12.45pm**
	For information		
4.	Autumn Statement 2012	**29**	**13.05pm**
5.	Funding for Local Enterprise Partnerships	**33**	
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7.	Reserves Survey	**43**	
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10.	Update on Public Health Finance Settlement 2013/14 and 2014/15	**63**	
11.	Note of the last meeting – 23 November 2012	**75**	

Date of the next meeting: 11.30am, Friday 22 March 2013, Local Government House

Finance Panel
25 January 2013

Item 1

Local Government Finance Settlement

Purpose of report

For discussion and direction.

Summary

This report summarises:

1. the key lobbying wins for the LGA in the finance settlement;
2. how the different totals quoted – formula funding, start-up funding assessment and spending power – relate to each other;
3. key points in the LGA's response.

Recommendation

That members note this report and the LGA's submission to the Local Government Finance Settlement, which was signed off by lead members of this Panel.

Action

Officers to report further developments to this Panel.

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Local Government Association

Finance Panel
25 January 2013

Item 1

Local Government Finance Settlement

Background

1. The long delayed consultation local government finance settlement for 2013-14 and provisional settlement for 2014-15 was finally announced on 19 December 2012. The LGA issued a full on the day briefing.

2. This report concentrates in particular on:

    2.1. LGA lobbying wins.

    2.2. Further detail on the various totals used for comparisons.

    2.3. Key points have been included in the LGA's response to the 2013/14 consultation settlement.

LGA lobbying wins

3. The 2013-14 settlement is some £465 million greater than it would otherwise have been as a direct result of the lobbying and technical work done by the LGA and authorities.

4. That includes:

    4.1. A gain of £220 million; due to the removal of £25 million to fund the difference between the levy and the safety net; as opposed to the £245 million consulted on.

    4.2. A gain of £180 million, due to using 2012-13 rather than 2011-12 data to calculate the total size of the academies funding transfers.

    4.3. A gain of £31 million; due to more updated predictions for the Department for Work and Pensions (DWP) being used to calculate the council tax support funding. There is also £33.5 million new money for 2013-14 for new burdens for council tax support.

    4.4. It should be noted that in the House of Commons the Secretary of State stated that the 2013-14 settlement was £1.9 billion better than the figures released at the time of the summer technical consultation. As well as the figures above, this includes £1.5 billion, due to the New Homes Bonus top-slice being reduced from £2 billion to £500 million, sufficient to fund the scheme up to 2013-14 as opposed to its whole six years. It was always envisaged that the sums not needed for the NHB would be returned to local government in some form so we cannot really count this as a gain.

    4.5. A further win was the £593 million appeals allowance, as part of the calculations for getting to the Expected Business Rates Aggregate (EBRA). Even though it does not change the overall size of the settlement it represents a considerable de-risking of the business rates local share constituent.

Further detail on the aggregates used for comparison.

5. There are three figures which have been used to compare the year on year changes.

5.1. **Formula funding**. This is the total formerly known as formula grant. For all the authorities going into the business rates retention arrangements there is a 4.4% fall for 2013-14 (4.1% fall for single tier and county councils (STCCs); 6.8% fall for shire districts and 7.5% fall for fire authorities).

5.2. **Start-up Funding Assessment (SUFA)**. This is formula funding plus the following which was either given in the form of specific grants in 2012-13 or (in the case of council tax support funding) through council tax benefit subsidy:

5.2.1. Council tax freeze funding for 11-12;

5.2.2. Council tax support funding;

5.2.3. Early Intervention Funding;

5.2.4. Some GLA funding;

5.2.5. London Bus Operators funding;

5.2.6. Homelessness prevention;

5.2.7. Lead local flood authorities.

5.3. For all authorities except police in 2013-14 there is a fall of 3.9% in SUFA; broken down into 3.8% for STCCs, 5.7% for shire districts and 7.5% for fire authorities. For 2014-15 there is a fall of 8.6% for all authorities.

5.4. **Spending Power**. This includes SUFA plus the following:

5.4.1. Council tax requirement for 2012-13;

5.4.2. Transition Grant for 12-13;

5.4.3. New Homes Bonus allocations for 12-13 and 13-14;

5.4.4. CT freeze grant for 12-13 – (which was given for one year only) and for 13-14;

5.4.5. Other grants including those relating to Social Fund Administration, Lead local flood authorities, health involvement.

5.5. The total change for Spending Power for 2013-14 is a fall of 1.7%; this is the figure quoted by the Secretary of State and in the press. The breakdown is 1.7%

fall for STCCs, 1.3% fall for shire districts and 4.4% fall for fire. Shire districts do better because of the effect of the New Homes Bonus. The fall in Spending Power for 2014-15 is 3.8% for all authorities. It should be noted that the Spending Power figures have been used to calculate eligibility for the Efficiency Support Grant for seven shire districts; this is in order to restrict their fall in Spending Power to 8.8%. These are all districts who were previously in receipt of transitional funding. The LGA has organised a meeting with these seven districts.

Key lobbying points included in the LGA's response to the settlement

6. The following are the areas included in the LGA's response to the Local Government Finance Settlement:

   6.1. The settlement was late and incomplete – and this is a source of concern for all authorities.

   6.2. Although we acknowledge that there were no further cuts for 13-14 in the autumn statement, the 2% reduction for 2014-15, on top of the already announced cuts is 'unsustainable'.

   6.3. The growth in the local share for 2014-15 has been used to cut Revenue Support Grant in that year.

   6.4. Business rates retention has considerable risks for councils. The volatility caused by appeals which exposes many authorities to an unacceptable level of risk.

   6.5. We welcome the clarification now provided by the Department for Communities and Local Government (DCLG) on council tax support funding in the 2014-15 settlement – but note that this implies that funding for other services has been cut by more than 8.5%.

   6.6. Although we welcome the announcement that authorities will be able to fund capitalisation for equal pay purposes through asset sales, we are concerned that non-equal pay capitalisation will be top-sliced.

   6.7. The academies central services funding transfer will cause considerable problems for some authorities, although we welcome the reduction in the total top-slice by the use of later data.

   6.8. We are concerned about the cuts in general funding at the same time as an increase in ring-fencing. In particular, we are concerned at the cuts to early intervention funding which seem bound to affect local authority provision.

   6.9. We welcome the government's decision to provide additional grant funding to the worst affected of the shire districts that received transitional grant funding in 2012-13, but ask the government for this to be provided without strings.

   6.10. Council tax decisions are for local people to take.

Conclusion and next steps

7. Following discussions at Leadership Board and Executive earlier his month, LGA officers incorporated these key points into the LGA's 2013/14 settlement response. This response was signed off by Lead Members of this panel and submitted to DCLG on 15 January. It is included as **Appendix A** to this report.

8. The final 2013/14 settlement figures are expected within the next few weeks. The final settlement is expected to be debated and approved by Parliament at the start of February. The LGA will issue a briefing for the debate.

Financial Implications

9. This is core work for the LGA and will be contained within existing budgets.

Local Government Association

Finance Panel
25 January 2013

Item 1

Appendix A

Local Government Finance Settlement 2013-14 and 2014-15

Local Government Association Response

Summary

The key points in this response are:

- The settlement was late and incomplete – and this is a source of concern for all authorities
- Although we acknowledge that there were no further cuts for 13-14 in the autumn statement, the 2% reduction for 2014-15, on top of the already announced cuts is 'unsustainable'
- The growth in the local share for 2014-15 has been used to cut Revenue Support Grant in that year.
- Business rates retention has considerable risks for councils. The volatility caused by appeals which exposes many authorities to an unacceptable level of risk
- We welcome the clarification now provided by DCLG on council tax support funding in the 2014-15 settlement – but note that this implies that funding for other services has been cut by more than 8.5%
- Although we welcome the announcement that authorities will be able to fund capitalisation for equal pay purposes through asset sales, we are concerned that non-equal pay capitalisation will be top-sliced
- The academies central services funding transfer will cause considerable problems for some authorities, although we welcome the reduction in the total top-slice by the use of later data
- We are concerned about the cuts in general funding at the same time as an increase in ring-fencing. In particular, we are concerned at the cuts to early intervention funding which seem bound to affect local authority provision.
- We welcome the government's decision to provide additional grant funding to the worst affected of the shire districts that received transitional grant funding in 2012-13, but ask the government for this to be provided without strings
- Council tax decisions are for local people to take

The settlement was late and incomplete – and this is a source of concern for all authorities

1. The settlement was published on 19th December, the latest it has ever been, although we understand that this is partly a consequence of the late announcement of the autumn statement. Authorities have raised concerns with the timing of the settlement which has caused considerable problems for councils

in finalising their budget processes for 2013-14 at a time when the major changes of business rates retention and local support for council tax are introduced.

2. Furthermore, grants for public health and the holdback for early intervention were either announced late or are still outstanding. The £2.66bn grant for public health was not announced until 10th January. The allocation of the £150m holdback from EIG has still not been announced. This has added to the difficulties authorities are experiencing in finalising their budgets for 2013/14. We ask ministers to ensure that any outstanding grants are announced as soon as possible and certainly no later than the final settlement figures. We understand from officials that the intention is that the final settlement will be published and debated in Parliament by the first week in February, in accordance with the usual timetable. We hope that this happens.

3. Local authorities need certainty and predictability over their funding future. In this context, the series of funding announcements that occurred in the summer, such as the changes to early intervention funding, were unhelpful and need to be avoided in the future.

Although we acknowledge that there were no further cuts for 13-14 in the autumn statement, the 2% reduction for 2014-15, on top of the already announced cuts is ‘unsustainable’

4. The overall decrease in the ‘start-up funding assessment’ (formula funding plus the grants rolled in) is 3.9% for 2013-14. This is better than in recent years, (a fall of 12.1% in 2011-12 and 4.7% in 2012-13). However we note that the fall for 2014-15 is 8.5%, including the further 2% cut in the Autumn Statement 2012.

5. The government is reporting cuts to revenue spending power of 1.7% in 2013/14. Based on the LGA future funding model, which takes into account spending pressures and income from fees and charges we predict (on the basis of the DCLG figures) a 4.8% fall in income in 2013-14 while spending pressures rise by 0.7%.

6. DCLG figures for revenue spending power (which includes income from council tax and the New Homes Bonus) for the four years of the Spending Review (using the draft 2014-15 figures which were initially put up on the DCLG website) show that there is a real terms reduction of 20% for all councils over this period. These figures confirm that some councils are facing larger reductions than others. 69 councils have a real terms reduction in revenue spending power over the four spending review years of 25% or more.

7. Councils will be working out their own figures using their own local information and estimates and in many cases these will differ significantly from the DCLG figures. There are concerns about the figures used for the Revenue Spending Power calculation, as councils are informing the LGA that they do not concur with their own figures. For example, councils point out that they do not take into account the 10% cut in council tax support and that the council tax requirement for 2013-14, which is based on the 2012-13 figures does not take account of the reduction in taxbase due to the abolition of council tax benefit.

8. It is pleasing that campaigning from the LGA and member authorities has resulted in councils being protected from additional cuts in 2013/14. However, within the context of on-going pressures to key service areas such as adult social care and waste collection, the extra two per cent cut in 2014-15 is unsustainable to local government.

9. 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 local frontline services that residents rely on and value are inevitable.

10. The modelling work done by the LGA in 2012 show a funding gap of £16.5bn by 2019-20 if cuts in support continue on the current trends. We are happy to continue dialogue with the Government based on the findings of our modelling work. The LGA will be making the case for sustainable funding for local government in the Spending Review for 2015-16 which is expected before the summer.

11. We would ask the Government to discuss further with the LGA what additional support will be offered to authorities suffering financial stress.

The growth in the local share for 2014-15 has been used to cut Revenue Support Grant in that year

12. According to the settlement, Revenue Support Grant (RSG) falls by 17% in 2014-15 whereas the cut in the start-up funding assessment is 8.5%. This difference is explained by the government reducing RSG by the equivalent of a 3.1% increase in the local share, in line with the expected increase in RPI. This means that authorities do not get to keep any of the increase in business rates due to inflation in that year. This is contrary to the principle of business rates retention. Growth in the local share should be kept within the sector and not used for cutting other grants.

13. We ask the government to reverse this decision and allow local authorities to keep growth in business rates due to inflation in 2014/15 and future years.

Business rates retention has considerable risks for councils. The volatility caused by appeals exposes many councils to an unacceptable level of risk

14. Our frequent discussions with the Secretary of State and officials on this subject have demonstrated that local authorities are seen as key to promoting the economic growth of their areas, which we welcome.

15. Further top-slicing and complexity within the new model will directly contradict this initiative and we hope that consideration will be given to making more of the business rates funding available for local authorities, not less.

16. We are pleased that in response to LGA and authority lobbying the government has included adjustments to take account of business rates appeals and non-collection. The total adjustment for appeals is £593m. The LGA understands from authorities that the appeals in the pipeline could be considerably larger than this. This exposes local government to an unacceptable level of risk.

17. We ask the government to keep the total sum under review and if this proves to be insufficient to commit to making additional payments to compensate authorities, either within the scheme or under the New Burdens Procedure.

18. We further welcome the announcement that the Government is to make regulations to enable councils to spread the cost of refunds due to successful appeals over 5 years.

We welcome the clarification now provided by DCLG on council tax support funding in the 2014-15 settlement – but note that this implies that funding for other services has been cut by more than 8.5%

19. The main funding for local council tax support, which replaces council tax benefit from 1 April 2013 is within the start-up funding assessment. In 2013-14 it is included as a separate line. However for 2014-15 it is not separately identified, although other grants included within this figure, such as early intervention, have been.

20. The Office for Budget Responsibility in the material which it released at the same time as the Autumn Statement included a table which showed the transfer as a constant £4.3bn (including funding for police, and for Scotland and Wales) over the whole period up to 2017-18. [1] Following representations and consultation meetings with ministers, where the LGA and others made this point forcibly, DCLG officials have now confirmed that the amount of funding included for local council tax support in 2014-15 is the same as in 2013-14.

21. Although this will not in itself provide increased resources, and would imply an even steeper fall in the rest of the Start-up Funding Assessment, it will enable councils to have more certainty of funding as they plan their local council tax support schemes for 2014-15 and future years.

Although we welcome the announcement that authorities will be able to fund capitalisation for equal pay purposes through asset sales, we are concerned that non-equal pay capitalisation will be top-sliced

22. The government has announced that local authorities would be allowed to use the receipts from asset sales to fund equal pay claims. However, their position on capitalisation for other purposes is that it should be top-sliced from the total resources available for local government. Capitalisation does not provide any increased resources for local government, it just allows various kinds of exceptional revenue expenditure to be financed by borrowing and hence spread over more than one year. Therefore, this is effectively a cut in government funding of £100 million.

[1] [1] Economic and Fiscal Outlook December 2012. Box 4.2 page 141 at http://cdn.budgetresponsibility.independent.gov.uk/December-2012-Economic-and-fiscal-outlook23423423.pdf

23. We call on the government to allow councils to capitalise expenditure, which may well be more than £100m, without top-slicing it from revenue funding. We also call on them to be given more flexibility on the use of capital receipts.

The academies central services funding transfer will cause considerable problems for some authorities, although we welcome the reduction in the total top-slice by the use of later data

24. The government has decided to use 2012-13 spending data as opposed to 2011-12 data to determine the academies funding transfer. We welcome this decision, which has the effect of reducing the total transfer by £180m.

25. However the decision of DfE to only give £15 per pupil for those services which authorities have to provide for pupils in academies will cause considerable problems, particularly for councils which have a low spend on central services and which already have large numbers in academies.

26. DfE have provided extra money to protect the position of those academies that lose large amounts but they have not offered the same protection for authorities.

27. We ask the Government to provide additional protection for authorities who suffer a large loss.

We are concerned about the cuts in general funding at the same time as an increase in ring-fencing. In particular, we are concerned at the cuts to early intervention funding which seem bound to affect local authority provision.

28. The LGA welcomed the reduction in ring-fencing in 2011-12. However in this settlement there seems to be a movement back to ring-fenced grants. This goes against local choice on expenditure decisions.

29. As an example, the LGA has heard considerable concern from member authorities that both the £150m holdback and the increase in resources for provision for disadvantaged 2-year olds, which is within the ring-fenced Dedicated Schools Grant are at the expense of other early intervention expenditure. The amount incorporated in the Start-up Funding Assessment, which is £1.709bn represents a 28% fall compared with the Early Intervention Grant in 2012-13. LGA member councils have expressed the view that this could well lead to a fall in the number of children's centres being funded.

30. Whilst we understand that the government wishes to prioritise certain policies, it should be for local authorities who have responsibility for local services to prioritise the use of scarce resources according to local priorities. Increases in funding steams for some areas are welcome but they should not come at the expense of reducing other areas. We expect the Government to apply its New Burdens policy in this area.

We welcome the government's decision to provide additional grant funding to the worst affected of the shire districts that received transitional grant funding in 2012-13, but ask the government for this to be provided without strings

31. Seven shire districts will be eligible to receive the new Efficiency Support Grant in 2013-14 and 2014-15. The LGA, in its response to the business rates technical

consultation, drew attention to the position of the shire districts that received transitional grant in 2012-13 and so we are pleased that provision has been made.

32. However we are concerned that in order to get this grant funding the authorities will have to produce a business plan to demonstrate the savings being made in shared services, shared chief executives, shared procurement and asset management and that receipt of the grant in 2014-15 will be dependent on showing progress in these areas.

33. The LGA is aware that many authorities are demonstrating savings through these and other routes. However we are concerned at this being made a condition for the receipt of grant.

Council tax decisions are for local people to take

34. The settlement confirmed that there will be a council tax referendum threshold of 2% (with a concession for shire districts, fire and police authorities in the lowest quartile of council tax to increase their Band D council tax by the maximum of £5 or 2%).

35. It also confirmed a 1% grant for 2013-14 and 2014-15 for councils which freeze their council tax in 2013-14. Although councils do not wish to impose council tax increases on local people, this is giving them very little leeway, particularly at the time when there are funding reductions and the new local council tax support arrangements are being introduced.

36. We ask the government to remove the referendum threshold.

Conclusion

37. We hope ministers will act on these points in coming to their decisions on the final settlement

Local Government Association

January 2013

Finance Panel
25 January 2013

Item 2

Spending Review

Purpose of report

To outline the shape of the LGA's Spending Review submission for discussion and direction.

Summary

There will be a one year Spending Review looking at spending plans 2015-16 with an announcement before the summer recess. This note invites members to comment on the coverage of the LGA's submission and outlines our proposed approach.

Recommendation

For discussion and direction.

Action

Officers to act as directed by members.

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Finance Panel
25 January 2013

Item 2

Spending Review

Background

1. Both the Autumn Statement and the Coalition's mid-term review made statements about this year's Spending Review (SR):

    1.1. The review will report before the summer recess. Reporting at the time of the Budget has not been ruled out yet.

    1.2. The Government will operate on the principle that departmental resource budgets continue on the same trajectory in 2015-16 as over the period of the 2010 Spending Review (SR10).

    1.3. Spending on health, schools and overseas development and aid will be protected from further reductions.

    1.4. The Government is committed to *"increase the proportion of spending that is awarded through the single funding pot based on Lord Heseltine's recommendations. This is likely to include some of the funding for local transport, housing, schemes to get people back into work, skills and any additional local growth funding"*[1] and details are promised in the Spending Review.

    1.5. The Government will accelerate programmes of work to progress reform, drive efficiency and reduce wasteful bureaucracy.

    1.6. Total Managed Expenditure in 2017-18 will continue to fall at the same rate as the SR10 period.

    1.7. Exemption from the 2013-14 [one] per cent reduction is described by the Treasury *"as an opportunity for local authorities to invest in reform…by consolidating back offices and transforming service delivery."* [2]

2. The key point here is the Government's expectation that spending plans will continue on their current trajectory. There is a judgment to be made about how the LGA responds to this message.

3. Notwithstanding that decision, our proposed approach is to: clearly set out how local government has managed to reduce spending in line with SR10; the implications of continuing on that trajectory; and the measures that need to be taken to make it easier for local councils to manage within their financial settlement.

[1] Autumn Statement, HM Treasury, 2012
[2] Ibid

Local government's Spending Review submission

4. At the Finance Panel, we would like to invite the Panel to consider the main pillars of the LGA's SR submission to the Treasury – what follows below is an outline to aid that discussion. Later on, we sketch out what we can, in absence of a date for the announcement, about the process.

5. Local government deserves great credit for the way it has managed to live within the SR10 allocations.

6. **Our first proposed pillar is to set out a factual account of our track record** including:

    6.1. the reductions in budgets since 2010-11 and the variable impacts across the sector;

    6.2. the headcount reductions;

    6.3. progress on shared services, collaborative procurement, asset sales and other headline efficiency measures and measures to accelerate the full potential of these efficiencies;

    6.4. the impact on services, including closures and the re-framing of service thresholds.

7. **Our second proposed pillar is to set out the cost pressures**, drawing on the funding outlook model, other internal analysis and external sources including:

    7.1. Between 2010 and 2030 the population over 75 is forecast to increase by 64%, and the number of adults with learning disabilities by 32%[3]. Over the same time period, the additional cost of **adult social care** is projected to increase by 84% from £14.5 billion to £26.7 billion in real terms[4]. Over the last two years, adult social care budgets have reduced by £1.89 billion[5] in real terms.

    7.2. Pupil numbers (age up to and including 15) in state-funded schools began to increase in 2011 and are projected to continue rising (with more acute pressure on school places in some areas). For example, by 2020 numbers in maintained nursery and state-funded primary schools are projected to be 20% higher than in 2011. There are also increases in the number of pupils with special needs. Some councils, particularly in the North East, are reporting increases in the numbers of looked after children. There are pressures resulting from reducing the amount of ring-fenced early intervention grant and the decision to fund some central

[3] LGA figures
[4] LGA figures
[5] ADASS Social Care Budget Survey 2012-13

education services to schools and academies through the new Education Support Grant.

7.3. **Waste management** costs are projected to rise by 3% (or over £120 million) between 2014-15 and 2015-16, even if efficiency savings continue to be realised.

8. **Our third proposed pillar will cover the impact of policy that has changed the local government financial framework introducing additional risk, uncertainty or cost** including, for example:

8.1. the council tax freeze;

8.2. the localisation of council tax benefit (and other welfare reform changes);

8.3. the localisation of business rates;

8.4. the academy programme.

9. The remaining pillars deal with coping mechanisms – they can be described more positively as offers, and we will need to consider carefully language and tone. For example, some council leaders are concerned about community resilience.

10. **The fourth pillar is growth** – higher growth will help reduce the pressure on public services in the round (for example welfare payments, homelessness) and help drive local government's tax base, for example through business rate retention. We know from the local growth campaign that councils have continued to promote local growth despite falling budgets.

11. Professor Travers' report[6] also reminds us that the funding gap will lead to a focus on core statutory services for adults and children and waste management, reducing the funds available for those services that are growth promoting for example transport, environmental services, planning and capital investments.

12. Councils are ambitious to do more to promote local growth. We will be lobbying for an response to the Lord Heseltine's review[7] that enables local growth, and in particular a single pot that increases local decision-making over the public funds available to promote growth for example on vocational skills.

13. **The fifth proposed pillar is community budgets.** The Ernst and Young report[8] shows that if other places were able to replicate the approaches taken by the whole place pilots then there would be an annual steady state saving of over £4 billion a year and a savings of up to £21 billion over 5 years – across all public services. There are pre-conditions for such a rollout: at the local level relating for example to collaborative

[6] Local government's role in promoting growth, Professor Tony Travers, 2012
[7] No stone unturned in pursuit of growth, Lord Heseltine, 2012
[8] Whole place community budgets: a review of the potential for aggregation, Ernst and Young, 2013

public service leadership; and national pre-conditions that require new ways of collectively funding, organising and delivering public services.

14. Community budgets are not however a quick fix or an easy way to make savings – they are however a more progressive way to cope with falling budgets than cuts.

15. **The sixth pillar is to set out the mitigating measures that are service specific**. This pillar will need to be developed but the Government needs to put adult social care on a sustainable financial footing to take account of the demographic pressures, and to meet the costs of both the draft Care and Support Bill and those associated with the Dilnot proposals. We will consider developing an LGA estimate of the funding gap.

16. In children's services, the increasing pupil numbers require a school building programme and the capital finance for it[9]. This was subject of a review in 2011 for which we await the Government's response. A school building programme should be commissioned locally from a single capital pot.

17. Early Intervention Grant has been subject to a number of reductions (set out above). It needs protecting to allow councils to address the pressures on safeguarding and looked after children.

18. We could also make a case for freezing the landfill tax.

19. To support and develop these proposals we are beginning to consider the additional research and analysis we might commission.

20. **The seventh pillar sweeps up the other measures that would enable local government to cope more effectively with the impact of an SR10 trajectory**. They relate to the rules and ring-fences attached to local government funding which inhibit the efficient allocation of resources locally. We could consult the sector about the rules they would like to see removed.

21. We could also include the development of innovative financing mechanisms, such as social impact bonds.

22. After the panel meets, we would propose developing a short, overarching narrative that brings these separate strands together and includes the most compelling facts and prioritise the issues for which local government needs a positive SR outcome.

Process

23. Without a timeline we cannot be completely clear about process – if the outcome of the Spending Review were to be announced at the time of the Budget on 20 March, we would need to focus on key areas.

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[9] Review of education capital, Sebastian James, 2011

24. The Treasury sets the SR process – there are departmental submissions, bi-laterals between the Chief Secretary and Spending Departments and meetings of the group within Cabinet that taken the final decisions. We need to identify the key decision points and time our interventions to influence them.

25. Alongside that we need to engage local government – in shaping the submission and evidencing our propositions. Subject to the point about timing of the announcement, we would propose:

    25.1. An early submission in late February/March based on a short consultation with the sector.

    25.2. A more thoroughly evidenced based submission in April/May.

    25.3. A co-ordinated suite of meetings with senior members of Government – in Cabinet and at official level timed to impact on the key decision points.

    25.4. Briefings with other groups who could help make local government's case, for example in the voluntary and business sectors.

26. The LGA Executive will take the final decisions on the content of the submission and also play a role in steering its development, with the Finance Panel providing the initial political direction during its development. Officers are currently developing a Spending Review project plan.

Conclusion and next steps

27. Members of the Finance Panel are invited to comment on the outline themes and the approach to the Spending Review described in this note.

Financial Implications

28. None. This will be managed within existing LGA budgets.

Finance Panel
25 January 2013

Item 3

Whole Place Community Budgets

Purpose of report

For discussion.

Summary

This note updates the Finance Panel on taking forward whole place community budgets.

Recommendation

Members are invited to discuss community budgets and how they feature in our work on local government funding and the Spending Review – officers will update members on the latest developments at the panel's meeting.

Action

LGA Officers to proceed as directed.

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Local Government Association

Finance Panel
25 January 2013

Item 3

Community Budgets

1. At the LGA Executive meeting on 10 January, members discussed:

   1.1. the conclusions of Ernst and Young's review of the potential for aggregating the impact of community budgets on a national scale;

   1.2. the prospects for striking the necessary bargain – or contract – between central and local government to ensure the preconditions for implementing the four pilots' proposals can be met;

   1.3. the support that might be needed to help other areas make progress with this approach to public service reform.

The Aggregation Study

2. The Ernst and Young aggregation study, commissioned by the LGA and the pilots sites aggregates the cost/benefit analyses in the whole place community budgets pilots' final business cases to a national level. Each of these cases proposes service reform on issues including health and social care, work and skills, troubled families.

3. The report shows the potential financial benefits of adopting the pilots' approaches across the country and makes the case for putting the national and local conditions in place.

4. This national aggregation model reflects the fact that each pilot has taken its own approach to service redesign, and that the same kind of variety is likely to be found as the result of a wider roll-out. It therefore shows the potential financial benefits as a range. It has also adopted a number of extremely cautious assumptions about the figures: they have all been adjusted downwards by between 10% to 33% for optimism bias, for example.

5. The aggregation model also only generates figures for projects where three or all four of the pilots have produced a broadly comparable business case. It therefore only aggregates figures for

   5.1. health and care integration;
   5.2. skills and employment;
   5.3. troubled families.

6. Across the pilots, work has also been undertaken on issues such as early intervention, early years, reoffending, drugs and alcohol treatment. Savings from wider rollout of that work would be in addition to the figures in the aggregation model.

7. The model estimates that the five-year net financial benefit from national roll-out of the three themes would be between £10 billion and £20 billion at a 2012-13 net present value. In-year net financial benefit would reach between £5 billion and £10 billion

(rounding up) by the fifth year and the pilots' businesses cases indicate that savings would grow after year five. This represents between 2% and 13% of the relevant spending across all the organisations involved.

8. The share of the benefits attributable to local government is – on average across the themes – about one-fifth. The table below sets out the figures:

Theme	**Net annual benefit £bn**	**Annual addressable spend £bn**	**% of addressable spend**	**5 year net benefit £bn**
Health and social care	2.8 – 5.0	56.7	5-9%	5.8 – 12.0
Families with complex needs	0.4 – 1.2	9.0	4-13%	0.5 – 2.7
Work and skills	1.0 – 1.7	41.4	2-4%	3.1 – 5.9
Total	4.2 – 7.9	107.1	4-8%	9.4 – 20.6

9. The net financial benefits reflect the balance between upfront investment and savings. Each pilot shows a different profile of investment to achieve the savings, with some more heavily loaded towards the earlier years.

10. There are three obvious but very important provisos that emerge from the Ernst and Young work:

10.1. first, any financial benefits from adopting the community budgets approach take some years to materialise and require accompanying investment;

10.2. secondly, the benefits are contingent on the pilots' new models actually being adopted, which means that preconditions such as enabling changes to central Government systems must first be met (more discussion on these preconditions is in the next section of this paper);

10.3. thirdly, benefits on the national scale set out in Ernst and Young's modelling are only available if the capacity exists everywhere to adopt the community budget approach. While many places are working in a similar way and have the preconditions for implementation in place, others are not at this point ready. They would need to capacity development to take this approach.

Meeting the preconditions: next steps

11. The pilots' business cases identify dozens of separate changes in processes or rules within central Government agencies which are necessary to implement the joint working models they have devised. The Government's announcement in the Autumn Statement that it expects local areas to proceed with the community budget approach strongly implies that it is predisposed to make those changes. The decision-making

process or processes by which that will happen in general have yet to be made clear, though.

12. In some areas, there is a definite process in train which addresses the pilots' preconditions. For example:

    12.1. we understand that it is the Government's intention for the pilots' requests for greater local decision-making over what skills provision should be funded, and for pooled local capital/infrastructure budgets, to be addressed as part of the Government's response to the Heseltine Review, which made parallel recommendations;

    12.2. the Department of Health has committed to making progress on health and care integration in ten places, which in principle suggests that the four community budget areas could and should be included in that exercise.

13. But there is at this point no explicit process by which the Government will address the preconditions identified by the community budget places. We are in active discussions with the Government about how the preconditions will be addressed.

Support: next steps

14. Both the implementation in the current four pilot areas and wider roll-out of community budgets are contingent on the necessary capacity being there in places. The particular success identified by the pilots include the maturity of local partnerships and leadership of place, the use of teams drawn from across local public services, analytical capacity, especially financial, and the deployment of secondees from Whitehall departments. Not every place will be ready to develop its own community budget without capacity support of this kind.

15. At the same time, a number of support offers relevant to the main community budget themes already exist, provided either within the local government sector or elsewhere. These include in particular the Leadership Centre's leadership of place offer, capital and assets pathfinders, and offers around health and care integration through Health and Wellbeing Boards. Any targeted support around community budgets should not duplicate or create confusion around these, but rather signpost places to them and help places draw on them. It also needs to build on what the existing Challenge and Learning Network[1] has done to share learning from the pilots and establish a core of other places interested in taking the same approach.

16. As members will be aware, supporting and promoting community budgets is a key theme in the emerging draft LGA business plan for the coming year. We will need to ensure that the spending round for 2015-16 recognises the potential of community budgets and that the measures are put in place which will enable the next full Spending Review to ensure that community budgets become the "normal" way of delivering public services. The Panel is invited to consider how the community budgets narrative

[1] The Challenge and Learning Network is made up of the 14 councils that applied to be a whole place community budget pilots but which were unsuccessful.

should be reflected in our wider work on local government funding and the Spending Review.

Finance Panel
25 January 2013

Item 4

Autumn Statement 2012

Purpose of report

For information.

Summary

This report highlights the announcements in the Autumn Statement with implications for local government.

Recommendation

Members are asked to note the update.

Action

Officers to provide updates on any follow-up announcements and policy developments.

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Finance Panel
25 January 2013

Item 4

Autumn Statement 2012

1. The Chancellor of the Exchequer delivered his 2012 Autumn Statement on 5 December. The LGA provided member authorities with an on-the-day briefing about the key announcements relevant for local government and has been following up with departmental officials on the detail.

2. In addition to announcements about the future path of public spending and the next Spending Review, the Autumn Statement also confirmed that departmental budgets would be subject to further cuts in 2013-14 and 2014-15 in order for £5 billion in current spending to be switched to capital spending to be invested in infrastructure. Local government will be exempt from the 1% additional reductions to departmental budgets in 2013-14 but will be subject to the additional 2% cut in 2014-15. The cut to local government funding will amount to £447 million (reduction included in the 2014/15 provisional local government finance settlement as announced on 19 December 2012), but there is also a risk that other departments will pass on a part of their reductions by cutting their grants to local government. We have characterised the proposed additional cuts to local government as unsustainable and will press the case for any further savings to come from Whitehall departments rather than local government.

3. Local authorities will be able to access some of the capital funding that is being made available for infrastructure, although we await further detail on how this funding will be distributed. New infrastructure spending announcements included:

   3.1. £270 million for priority national and local projects to remove bottlenecks and support development;
   3.2. £333 million for national and local road maintenance;
   3.3. £120 million to build new flood defences;
   3.4. £980 million in schools to 2014-15;
   3.5. £310 million towards the Regional Growth Fund in England;
   3.6. £225 million to accelerate delivery of large housing sites;
   3.7. £50 million to support a second wave of cities to roll-out broadband;
   3.8. A new concessionary public works loan rate to an infrastructure project nominated by each Local Enterprise Partnership (excluding London), with the total borrowing capped at £1.5 billion.

4. There were positive announcements in the Autumn Statement regarding devolution of growth-related funding and skills policy, which the LGA has long called for. The Chancellor signalled that a greater proportion of growth-related spending would be devolved to local areas from April 2015, in response to Lord Heseltine's review of economic growth. This spending will be devolved by creating a single funding pot for local areas on the basis of the strategic plans developed by Local Enterprise Partnerships (LEPs). LEPs will also be given a role setting skills strategies consistent with national objectives and be able to determine how the European Union Common Strategic Framework funds, including the European Social Fund, are used locally, and will be able to bring bidders together to access Employer Ownership Pilot funding.

Financial Implications

5. This is core work for the LGA and is budgeted for within the 2012-13 LGA budget.

Funding for Local Enterprise Partnerships

Purpose of report

For information.

Summary

This paper sets out the funding streams of Local Enterprise Partnerships (LEPs).

Recommendation

Members are asked to note the paper.

Action

LGA Officers to follow up any actions agreed by the Panel.

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Local Government Association

Finance Panel
25 January 2013

Item 5

Funding for Local Enterprise Partnerships

Background

1. Launched in June 2010, Local Enterprise Partnerships (LEPs) were intended to be 'local groups of councils and business leaders' coming together to 'provide strategic leadership in their areas to set out local economic priorities'.

2. There are now 39 LEPs, covering the whole of England. Each LEP is very different – they have developed organically and their priorities reflect sub-regional needs, circumstances, strengths and opportunities.

3. There are essentially two types of LEP activity that requires funding: Core Funding and Project Funding.

Core funding

4. Core funding enables them to perform basic tasks such as providing a secretariat, structural support and communications. Each LEP has taken its own approach to its organisation and delivery, including the administrative functions that have been established.

5. The bulk of administrative and structural support comes from public sector partners. Overwhelmingly, it is local authorities who provide and fund the salaries of the personnel who run, and are involved in the LEP secretariat. Therefore the public sector tends to support LEPs in the form of human capital, FTE salaries, additional administrative resources and occasionally, monetary funding for specific project implementation.

6. In September 2012, the All Party Parliamentary Group on Local Growth recommended that "Government should commit to providing a modest amount of core funding to LEPs in order to ensure that they have a basic level of staffing and the ability to act independently and balance different local interests."

7. The government recently announced that a potential total of £24 million additional funding for LEPs will be made over the next 3 years "to help them plan and develop their work in support of local economic growth". For 2012/13 this means each LEP will be given £125,000. Thereafter, each LEP will be invited to bid for matched funding for 2013/14 and 2014/15, for up to £250,000 each year, setting out how they would be able to offer a cash match from public or private resources.

Project funding

8. LEPs will have projects and programmes that are likely to require funding. These will vary according to priorities agreed – such as supporting inward investment; transport issues or the development of the green economy. The vast majority of LEPs are not formal institutions or accountable bodies, therefore a council from the LEP area will act as the accountable body for government grants.

9. Four key sources of project/programme funding have been made available to LEPs and the areas they serve:

   9.1. Regional Growth Fund
   9.2. Growing Places Fund
   9.3. Other national sources
   9.4. Local sources

Regional growth fund (RGF)

10. RGF is not a LEP-specific fund, open to proposals from the private sector and any public private partnerships. However LEPs were expected to have played a coordinating role. It has a minimum bid threshold of £1 million. The RGF is a £2.6 billion fund operating across England from 2011 to 2016. It supports projects and programmes that lever private sector investment to create economic growth and sustainable employment. The first 3 rounds allocated £2.4 billion which is hoped will leverage over £13 billion of private sector investment and create or safeguard over 500,000 jobs.

11. Councils and local partners are disappointed with the delays and the bureaucracy attached to the Regional Growth Fund (RGF) which exemplifies that competitive bidding rounds based on national criteria lead to greater bureaucracy and less effective distribution of resources.

Growing Places Fund (GPF)

12. In November 2011, the Government launched the £500 million Growing Places Fund. The funding was split equally across the Department for Communities and Local Government (DCLG) and Department for Business Innovation and Skills (BIS). The fund has 3 aims:

    12.1. to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing

    12.2. to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies

    12.3. to establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

13. The LGA agreed that the GPF is a much better mechanism for allocating funds to LEPs to invest directly in local economies. The allocation of unring-fenced funds on a formulaic basis allows places to prioritise projects through investment frameworks and get investment underway earlier.

Other national sources

14. As well as RGF and GPF, some LEPs have worked closely with their constituent local authorities in securing other funding, such as from the Local Sustainable Transport Funding (LSTF) or have secured broadband funding from the Broadband Delivery UK fund.

Local sources

15. A number of LEPs have secured other private sector funding such as Gloucestershire with £1.3 million private inward investment from a single investor and Leeds City Region securing £10 million private sector support for its Domestic Energy Efficiency programme.

Future funding issues

16. In his Autumn Statement, the Chancellor signalled that a greater proportion of growth-related spending would be devolved to local areas from April 2015, in response to Lord Heseltine's review of economic growth. The Government will devolve this spending on the basis of the strategic plans developed by LEPs by creating a single funding pot for local areas.

17. The Government will also take the opportunity to streamline its management of the EU Common Strategic Framework funds in England.

18. The LGA has backed Lord Heseltine's view in support of the devolution of budgets for transport, skills and employment. This view has been endorsed by the Chancellor and we welcome this direction of travel to support local economic growth. However, we would not support competitive bids for such funds, where Whitehall civil servants with no experience of business and localities decide how money is allocated. We await further details in the Spring.

19. On 18 September the Government formally published its plans for devolving Local Majors (Transport) Scheme funding. The primary decision making bodies on the use of the devolved funding will be Local Transport Bodies (LTBs), voluntary partnerships of local transport authorities and LEPs. The available funding will be distributed on a simple per-capita basis. Indicative figures for planning assumptions will be provided for each LTB in October 2012 with final figures determined following the Spending Review.

20. The LGA has welcomed proposals to align, simplify and devolve decision-making over the spending of EU funds on growth and skills. The current seven-year programmes represent around £8 billion, which local authorities and partners use to generate growth and give people the skills to benefit from it. To unlock full value from these funds it is important all local partners in LEP areas have genuine levers over funds and bring the co-finance needed to spend it, that they have the opportunity to manage funds where partners want to, and that large proportions of funds are not top-sliced into departmental budgets and programmes.

Conclusion

21. The LGA will continue to lobby to ensure that local partnerships are able to access the resources that their economies need to grow. This includes devolution of decision-making over growth /economy related government funding as well as greater borrowing flexibilities and freedoms. The Economy and Transport Board have commissioned Centre for Cities to explore what an effective devolution programme on local growth could be.

22. In terms of core funding, generally LEPs agree that there needs to be a fine balance to undertake core activities and pursue LEP priorities and plans, whilst avoiding becoming large, costly public bodies that would risk alienating prospective partners.

23. Finally, the LGA has offered a package of support to local authorities or groups of local authorities. This includes specific support in relation to putting together City Deal propositions. The nature of the support is broad, involving peer support, research, events and seminars, as well as focussed member workshops. The LGA will continue to develop its offer to councils and their partners to ensure LEPs develop and are able to take advantage of greater devolution of e.g. growth funding, skills provision and transport.

Finance Panel
25 January 2013

Item 6

Social impact bonds

Purpose of report

An update on social impact bonds for information.

Summary

This note updates members on the latest developments on social impact bonds.

Recommendation

For information.

Action

Officers to act on any comments members have.

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Local Government Association

Finance Panel
25 January 2013

Item 6

Social impact bonds

Background

1. Social impact bonds (SIBs) are a form of outcomes based contract in which the public sector pays for better social or economic outcomes for a defined population. The cost of the intervention is met by the private investors who receive a return when the outcomes improve (or not, if they don't).

2. The social finance market is currently small but it is seen as way of funding innovation and transferring risk. Some councils see it as having real potential – Essex, for example have identified a pipeline of social investment proposals to attract £100 million of social investment over coming years.

3. The development of SIBs presents a number of difficult technical challenges, for example:

   3.1. defining, measuring and pricing the outcome – SIBs can only operate where there is robust data;

   3.2. attributing the outcome to the intervention – some outcomes result from a wide range of factors, rather a specific service or intervention;

   3.3. the period over which the outcome matures – which in some cases is over the medium to long term.

4. These challenges are not insurmountable but they create up-front transaction costs, especially for first movers.

Latest developments

5. The Cabinet Office is committed to developing SIBs. In November last year, it launched a £20 million Social Outcomes Fund and a Centre for Social Impact Bonds in the Cabinet Office. The fund provides a top up to make prototype schemes viable.

6. The first bonds have launched.

7. Social Finance and Action for Children have been awarded a contract by Essex County Council to develop a social impact bond to provide support for 380 vulnerable children and their families with a target of preventing 100 adolescents going into care. Social Finance has raised £3.1 million for the bond from social investors including Big Society Capital.

8. The Mayor of London has also launched a bond with St Mungo's and ThamesReach to help 800 rough-sleepers and in doing so move them into stable accommodation, manage their health better and secure employment.

The whole place pilots

9. There is a strong link between community budgets (and the financially hard-edged proposals for new public service delivery models they are developing) and social impact bonds where the outcome benefits several local and national partners. In theory, several partners could co-commission a bond and strike a collective investment agreement to pay the returns according to how they benefit.

Conclusion and next steps

10. The LGA has not actively lobbied on SIBs but officers have kept a watching brief on developments. The whole place pilots would like to see a scaled up Social Outcomes Fund and funding to support the development of a greater pipeline of suitable social investment projects.

11. This is something the panel might consider supporting as part of the "asks" the LGA lobbies for in the Spending Review.

Financial Implications

12. None.

Finance Panel
25 January 2013

Item 7

Reserves Survey

Purpose of report

For information.

Summary

This report summarises a survey on reserves which has been sent to LGA member councils.

Recommendation

That members note that the reserves survey has now been forwarded to member councils.

Action

Officers to report the results of the survey to this Panel.

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Finance Panel
25 January 2013

Item 7

Reserves Survey

Background

1. The position on the level of local government reserves has been commented on by Ministers from the Department for Communities and Local Government (DCLG). In addition an Audit Commission report which was published in December 2012 considered both the level of reserves and wider issues.

2. In short, councils had around £16 billion in non-schools revenue reserves on 31 March 2012. £12 billion of this is earmarked.

3. Previous work from the LGA, and the Audit Commission, has identified that the many earmarked reserves are held for capital purposes. LGA press work last Autumn concentrated on how this is contributing to growth.

4. A report from the National Audit Office on the Financial Sustainability of Local Authorities is expected at the end of January 2013. Drafts seen by LGA officers suggest that this will include information on the use of and level of reserves in 2010/11 and 2011/12.

Survey

5. Councils report basic information on reserves, such as the split between non-earmarked and earmarked reserves to DCLG on both their budget (RA) and outturn (RO) expenditure returns. The level of schools reserves is also reported. However there is no systematic collection of further information, such as the purposes for which earmarked reserves are held.

6. The LGA has therefore circulated a survey to Directors of Finance / Treasurers in member councils, which is included as **Appendix A** to this report. This is aimed, in particular, at finding out:

   6.1. How much of authorities' revenue reserves are earmarked for growth purposes.

   6.2. How much of earmarked reserves could be reallocated to other purposes – and what the effect would be.

   6.3. What authorities predict their reserves will be at the end of the financial years 2012-13 and 2013-14.

   6.4. Information on any usable capital reserves.

Conclusion and next steps

7. Officers in the LGA's research section have been responsible for drafting the survey and will analyse the results. A report summarising early findings will be circulated to the Finance Panel once the survey is completed. The results will be used to inform

LGA comment around the NAO report, 2013/14 budget setting and other relevant work, and potentially our submission to the 2015-16 Spending Review.

Financial Implications

8. This is core work for the LGA and will be contained within existing budgets.

LGA survey of local authority reserves 2013

Dear Colleague,

In his Oral Statement on the local government finance settlement on December 19th, the Secretary of State for Communities and Local Government asserted that "councils are sitting on £16 billion of reserves". With the Chancellor having indicated in the Autumn Statement on December 5th that detailed public spending plans for 2015-16 will be set out in a Spending Review to be called early in 2013, we believe that there is an urgent need to set the record straight on local authority reserves and their capacity to be used to plug future funding gaps.

We would therefore be very grateful for your help in building as complete an evidence base as possible to make our case by completing the attached survey by **22nd January**.

[link to survey to come]

We recognise that there are many demands on your time at the moment, so have tried to make this survey as easy to complete as possible. We apologise for the short timescale, but we believe that the sector needs to be in a position to feed in to the Government's deliberations on the Spending Review as early as possible. Your response will be treated in confidence and no identifiable response will be published without prior permission. Please feel free to forward the survey to a colleague if you don't think you are the most appropriate person.

If you have any questions about the survey please contact stephen.richards@local.gov.uk.

Thank you in anticipation of your help.

Yours sincerely,

Carolyn Downs
Chief Executive
Local Government Asssociation

Notes
The first three sections of the survey relate to revenue reserves only, and the last refers to capital reserves only.
School reserves are outside the scope of the survey.
Definitions of revenue reserves are taken from the 2012/13 RA return (as follows)

Total reserves
All revenue reserves of the authority. Include former special and capital funds; earmarked reserves; reserves Trading Accounts; Exclude schools' reserves, pension fund reserves; HRA balances; provisions; amounts set aside to meet credit liabilities; unused capital receipts; Collection Fund balances (of billing authorities).

Appendix A

Earmarked reserves
Only amounts contributed from the GFRA. Exclude any unapplied capital receipts which may also be held in these funds, as well as amounts earmarked for future council tax reduction or budget support.

Unallocated reserves
Those revenue reserves which have not been earmarked. The working balances of the authority which are used to cover cash flow, and are available for emergencies only. Amounts 'earmarked' for future council tax reduction or budget support.

Finance Panel
25 January 2013

Item 7

Appendix A

Authority details
[Authority and contact details pre-populated]

The base information on revenue reserves for this survey is from CLG's RO/RA returns:
Your authority's revenue reserves at 31st March 2012 (from 2011/12 RO)
Earmarked £___ thousands
Unallocated £___ thousands
Total £___ thousands
Your authority's estimated total revenue reserves at 31st March 2013 (from 2012/13 RA)
£ ___ thousands
[Above will be pre-populated]

REASONS FOR HOLDING REVENUE RESERVES

1. How much of your authority's revenue reserves at the end of the year (31st March 2012 RO) were earmarked for growth purposes, e.g. housing or infrastructure projects, business development?
Please exclude school reserves.
£______ thousands
Don't know

2. Please provide brief details of any specific growth-related projects for which your authority is holding revenue reserves.
[open text]

3. How much of your authority's revenue reserves at the end of the year (31st March 2012 RO) were earmarked for capital purposes?
Please exclude school reserves.
£____ thousands
Don't know

4. How much, if any, of your authority's revenue reserves at the end of the year (31st March 2012) could potentially be used for other purposes, i.e. were not totally committed?
Please exclude school reserves. Enter '0' if none.
£______ thousands
Don't know

[If Q4>0]
5. Please briefly describe any effect(s) on your authority of re-allocating the earmarked revenue reserves identified in the previous question for other purposes?
[open text]

2012/13 REVENUE RESERVES

6. What do you currently estimate the level of your authority's total revenue reserves will be at 31st March 2013?
Please exclude school reserves.
£________ thousands
Don't know

[If Q6 different 2012/13 RA]
7. Please briefly explain why your current estimate differs from the 31st March 2013 figure given in the 2012/13 RA.
[open text]

[If Q6 different from 2011/12 RO]
8. Please indicate the reason(s) for the change in the level of your authority's revenue reserves between 31st March 2012 and 31st March 2013.
Tick all that apply.
Uncertainty about business rates
Uncertainty about council tax support
Uncertainty about welfare reform
New Homes Bonus funding
Community Infrastructure Levy funding
Income from other specific grants
Reaching savings targets ahead of schedule
Social care pressures
Other (please specify)

2013/14 REVENUE RESERVES

9. What do you anticipate the level of your authority's total revenue reserves will be at 31st March 2014 relative to your current estimate for 31st March 2013 [Q6]**?**
Please exclude school reserves.
Much higher
A little higher
Broadly unchanged
A little lower
Much lower
Don't know

[If Q9 higher or lower]
10. Please briefly explain why you anticipate your authority's total revenue reserves being higher/lower at 31st March 2014 than at 31st March 2013.
[open text]

CAPITAL RESERVES

11. What was the level of your authority's usable capital reserves at 31st March 2012?
Please exclude school reserves.
£________ thousands
Don't know

Appendix A

12. What do you currently estimate the level of your authority's usable capital reserves will be at 31st March 2013?
Please exclude school reserves.
£________ thousands
Don't know

13. Please add any other comments you have on the topics covered by this survey.
[open text]

Thank you for your help.

Finance Panel
25 January 2013

Item 8

Update on pension fund investment in infrastructure

Purpose of report

For information.

Summary

This report is intended to update Panel members on the 11 December roundtable and next steps.

Recommendation

Members are asked to note the update.

Action

Officers to provide a further update at the March Panel meeting.

Contact officer:	Piali Das Gupta
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Local Government Association

Finance Panel
25 January 2013

Item 8

Update on pension fund investment in infrastructure

1. The LGA and Chartered Institute for Public Finance and Accountancy held a joint roundtable to explore the scope for greater Local Government Pension Scheme (LGPS) funds to invest in infrastructure on 11 December. As agreed at the November meeting, the LGA was represented by Cllr John Fuller, who chaired the event, and Cllr David Wesley. A good mix and range of experts were in attendance. A full list of attendees is set out in **Appendix A**.

2. There was broad agreement with Cllr Fuller's opening remarks that the group could make a particularly useful contribution to the debate by establishing what needs to be done to enhance the attractiveness of infrastructure projects for private investment. As a result of the ensuing discussion, we will be focusing our efforts on researching and meeting with experts on:

    2.1. Identifying local infrastructure schemes that have the potential to be attractive to private investors

    2.2. Exploring the scope for "pooling" infrastructure schemes as investment opportunities

    2.3. Developing the capacity for LGPS funds to assess infrastructure-related investment propositions and monitor investments

    2.4. Working with the National Association of Pension Funds as it decides where to target funds collected as part of the Pension Investment Platform set to launch in March 2013

3. With parallel work being undertaken at the LGA to set up a Shadow National Pensions Board, the objective is to complete preliminary analysis to be followed up by the new shadow board in more detail. Although we had originally planned to hold three roundtables, we now believe that it would be more useful to hold bilateral or small group meetings with key experts through to mid-February with a view to publishing a set of think pieces by the end of March. For example, the Royal Bank of Canada and Eversheds are particularly keen to work with us to bottom out critical issues related to credit monitoring and structuring investment agreements. We propose to convene another roundtable on 5 March to sound out the broader group on our analysis prior to publishing the think pieces.

Financial Implications

4. This is core work for the LGA and is budgeted for within the 2012-13 LGA budget.

Appendix A

LIST OF ROUNDTABLE ATTENDEES

Cllr John Fuller	South Norfolk District Council
Nigel Keogh	CIPFA
Cllr David Wesley	Lancashire County Council
Brian Town	Department for Communities and Local Government
Chris Megainey	Department for Communities and Local Government
Ciaran Guilfoyle	Derby City Council
Hugh Gittins	Eversheds
Sir John Banham	Future Homes Commission
Brian Strutton	GMB
Ian Howell	Hampshire County Council
Doug Segars	Infrastructure UK
Paul Walker	LB of Enfield
Peter Wallach	Merseyside Pension Fund
Nicola Mark	Norfolk Pension Fund
Amelia Henning	Royal Bank of Canada
Cllr Martin Lawton	South Yorkshire Pensions Authority
Peter Morris	Tameside Metropolitan Borough Council
Bob Scruton	The Pensions Regulator
Kevin Dervey	West Midlands Pension Fund
Caroline Green	LGA
Piali Das Gupta	LGA

Finance Panel
25 January 2013

Item 9

Update on adult social care funding

Purpose of report

For information.

Summary

This report is to update members on the LGA's work on social care.

Recommendation

Members are asked to note the update.

Action

Officers to continue to provide updates to members.

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Local Government Association

Finance Panel
25 January 2013

Item 9

Update on adult social care funding

Introduction

1. This paper updates members on key actions carried out by the LGA on adult social care since the last Finance Panel meeting in November.

Draft care and support bill

2. A Joint Committee, chaired by former Care Services Minister Paul Burstow MP, has been established to provide pre-legislative scrutiny of the draft care and support bill. Cllr David Rogers OBE, Chair of the LGA's Community Wellbeing Board, gave oral evidence to the Committee on 10 January, alongside colleagues from the Association of Directors of Adult Social Services (ADASS), and the Association of Directors of Children's Services (ADCS).

3. Cllr Rogers set out the LGA's position on the draft bill as follows:

    3.1. For a number of years local government has been at the forefront of making the case for change in the way that care and support is commissioned and delivered. The sector wants to enable an approach to care and support that is based around preventing the onset or escalation of need, personalising support around the individual's needs, and supporting healthy and enabled communities.

    3.2. Despite broad support for the proposals set out in the draft care and support bill the LGA has a number of concerns. Chief among these is the disconnect between the policy aspirations of the draft bill and the funding implications of those aspirations. Cllr Rogers was clear in his evidence that, without a clear commitment from Government on funding for social care, the policy direction set out in the draft bill will not be realised – this point was strongly endorsed by both ADASS and ADCS.

    3.3. Cllr Rogers was also clear that the issue of 'funding' incorporated a number of points:

        3.3.1. Funding the system itself and putting it on a sustainable footing to deal with mounting demographic pressures.

        3.3.2. Funding reform – principally the Dilnot recommendation of a capped-cost model for individuals' contributions to care costs.

        3.3.3. Seeing the bigger picture in terms of making the connections between care reform and the broader welfare reform agenda.

3.4. The discussion took in a number of other topics including the role of information and advice, promoting diversity within the care market, integration with health, prevention, the role of carers and safeguarding.

3.5. Following on from this oral evidence, the LGA will shortly be submitting written evidence to the Joint Committee. This will be done jointly with ADASS.

Show Us You Care campaign

4. On 20 November we held an excellent debate on adult social care reform as part of our Autumn series of Smith Square Debates. Expertly chaired by Andrea Sutcliffe, Chief Executive of the Social Care Institute for excellence, the debate involved contributions from panellists Richard Humphries from the King's Fund, Naomi Snell from Partnership, Dr Samantha Callan from the Centre for Social Justice and Cllr Rogers. The debate was wide-ranging but there was consensus that reforming care and support was one of the most important public policy issues facing the country. However, speakers and audience members alike were clear that the Government needed to back up its vision with much-needed funding; both for the system itself and for the Government's reform proposals.

5. Campaign packs have been sent to all council Chief Executives and Leaders as well as Lead Members and Directors of Adult Services. The packs contain a copy of our guide to the care and support reform debate, a template press release which councils can use to highlight the importance of the subject locally, and a template letter which councils can send to their local MPs highlighting the importance of the issue.

6. In late November we launched the findings of our survey of councillors, showing that for the first time, adult social care tops the league table of important services that councils deliver. Caring for our rapidly-ageing population is now the number one priority for councillors, who rank it higher than potholes, bin collections and libraries, according to the research by ComRes.

7. An open letter to the Chancellor of the Exchequer, co-signed by the LGA and members of the Care and Support Alliance, received widespread coverage as part of the on-going debate on the importance of reform. The letter was featured by the Guardian newspaper and highlighted on BBC News.

8. The festive season saw the launch of the LGA's 'Show us you care' advent calendar which – through a series of key facts behind each calendar door – highlights both the immediate need to put adult social care on a sustainable financial footing and secure longer-term reform of the system to make it fairer, clearer and more transparent.

9. Before the Winter break we also polled the public on attitudes towards care and support and their plans for the future. The survey results demonstrated the true extent to which people are concerned about the negative consequences of ageing, with two in three people saying they are worried about having to pay for care as they get older. The majority of people also told us that care and support for the elderly should be a top

Finance Panel
25 January 2013

Item 10

Update on Public Health Finance Settlement 2013/14 and 2014/15

Purpose of report

For noting and discussion.

Summary

The attached on the day briefing (**Appendix A**) gives the LGA's view on the public health funding settlement announced on 10 January 2013. A breakdown of funding for all local authorities can be found at **Appendix B** and the LGA's press statement can be found in **Appendix C**.

Public health spending in 2013-14 will be set at £2.66 billion and in 2014-15 will be £2.79 billion. This is an increase on the Department of Health's initial baseline estimates which were £2.2 billion for 2013/14.

Recommendation

Members are asked to note the LGA briefing and press statement.

Action

As directed by the Finance Panel.

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Appendix A

Public Health Funding Settlement 2013/14
On the day briefing
10 January 2013

This briefing gives the LGA's views on today's public health funding settlement. A breakdown of funding for all local authorities and accompanying documents can be found here.

Key Announcements

- The Government confirmed that total public health spending in 2013-14 will be set at £2.66bn and in 2014-15 will be £2.79bn. This is an increase on the initial baseline estimates which were £2.2 billion for 2013/14.
- A commitment that no area will be worse off than they are at present.
- Councils will receive two years of above inflation increases in their public health budgets.
- The below figures are based on the Department of Health's estimate of health spending in 2012/13:
  - Average 5.5% increase in funding in 2013/14 equivalent to a 3.5% increase in real terms.
  - Average 5% increase in funding in 2014/15 equivalent to a 3% increase in real terms.
  - The increases will vary between areas: minimum increase 2.8% and a maximum increase 10%.
  - 55 Local Authorities will get a 10% increase in 2013/14 and 71 will get a 2.8% increase.
  - 45 local Authorities will get a 10% increase in 2014/15 and 73 local authorities will get an increase of 2.8%.
- Government has agreed that if any mistakes or unforeseen problems are identified (and are strongly evidenced) they can be addressed in year with extra funding.
- The Department of Health is revisiting its proposed formula for the distribution of funding between councils, which is due to come into force in 2015/16.

LGA Response

- It is pleasing that the sector's campaigning has resulted in an increase in the amount of funding councils will receive from central government. Although the final allocations have been a long time coming and it is only 3 months to the start of the next financial year, the Department of Health has clearly listened to our genuine concerns around the quantum of funding for public health.

For further information please contact Kirsty Ivanoski-Nichol at kirsty.ivanoski-nichol@local.gov.uk 02076643125

Local Government Association

Briefing

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- We were pleased with the Department's decision to protect real terms funding for 2013-14 and 2014-15. Local authorities are eager to pick up the mantle of public health but we must be given the right resources to do so. Only then can councils truly be at the forefront of tackling the social factors that contribute to poor health and providing services that help people to live long and healthy lives.

- In October last year the Local Government Association conducted a survey which showed a positive picture for the transfer of public health services. However, the biggest concern among councils was around the delay on the final funding decision. Today's announcement will give councils confidence that they have the money they need, to put plans in place to deliver on their statutory responsibilities for public health.

- The LGA welcomes the decision to give councils two year budgets rather than the planned one year budget as this will ensure greater certainty of funding for longer periods to enable local authorities to make strategic decisions in commissioning public health services.

- There are outstanding concerns over the individual allocations for each council but we are pleased that, where significant unforeseen funding issues appear, the Department of Health has agreed to work with the local authorities in question and, where there is sufficient evidence, provide additional funding through the relevant NHS Commissioning Board.

- We have consistently maintained that local government can only fulfil the new duties if it is adequately resourced to do so. We are pleased therefore that the government has listened to councils' concerns about the proposed future funding formula. We are glad the Government has agreed that funding cannot be based solely on historic data that is no longer fit for purpose. It is right that funding should be based on an appropriate measure of health need, but this must not be considered in isolation.

- The LGA welcomes the steps that the department has taken to engage with local authorities on its proposed approach to the funding of public health responsibilities. We will continue to work to ensure decisions in Whitehall enable local authorities' full potential to improve the public health outcomes of their residents is realised.

- Nevertheless these are profound and far-reaching reforms, which will take time to bed in. We need to look at the impact of the changes on the ground, and it is vitally important that this dialogue continues to address challenges which arise over the coming months and years, and to ensure sufficient ongoing funding to ensure all local authorities can continue to meet their new public health responsibilities beyond 2014/15.

For further information please contact Kirsty Ivanoski-Nichol at kirsty.ivanoski-nichol@local.gov.uk 02076643125

Public health Grants to Local Authorities 2013-14 and 2014-15

Local Authority	2013-14 opening baseline	2013-14 opening baseline per head	2013-14 opening distance from target	2013-14 target per head	2013-14 increase	2013-14 grant	2013-14 grant per head	2014-15 target per head	2014-15 increase	2014-15 grant	2014-15 grant per head	2014-15 closing DFT	Cumulative growth 2013-14 and 2014-15
	£000s	£s	%	£s	%	£000s	£	£	%	£000s	£	%	%
Hartlepool	8,030	87	29.1%	71	2.8%	8,255	89	75	2.8%	8,486	91	22.3%	5.7%
Middlesbrough	15,498	111	41.9%	82	2.8%	15,932	114	86	2.8%	16,378	117	35.7%	5.7%
Redcar and Cleveland	10,330	76	52.7%	53	2.8%	10,620	79	55	2.8%	10,917	81	46.0%	5.7%
Stockton-on-Tees	12,365	63	17.0%	57	2.8%	12,711	65	61	2.8%	13,067	67	9.3%	5.7%
Darlington	6,798	64	17.9%	57	2.8%	6,989	66	60	2.8%	7,184	67	11.7%	5.7%
County Durham	43,320	83	81.3%	49	2.8%	44,533	86	51	2.8%	45,780	88	72.5%	5.7%
Northumberland	12,688	40	5.9%	40	2.8%	13,043	41	42	2.8%	13,408	42	0.7%	5.7%
Gateshead	14,981	74	29.3%	61	2.8%	15,401	76	64	2.8%	15,832	78	23.0%	5.7%
Newcastle upon Tyne	20,157	71	6.5%	70	2.8%	20,721	73	74	2.8%	21,301	74	0.7%	5.7%
North Tyneside	9,818	48	-4.4%	53	6.1%	10,417	51	55	3.7%	10,807	53	-5.0%	10.1%
South Tyneside	12,223	82	50.8%	57	2.8%	12,565	84	60	2.8%	12,917	86	44.4%	5.7%
Sunderland	20,093	73	30.1%	59	2.8%	20,656	75	61	2.8%	21,234	76	24.5%	5.7%
Halton	8,279	65	0.4%	69	2.8%	8,510	67	71	2.8%	8,749	69	-3.4%	5.7%
Warrington	9,173	44	-8.1%	51	9.6%	10,052	49	53	3.9%	10,439	50	-5.0%	13.8%
Blackburn with Darwen	12,428	84	13.9%	77	2.8%	12,776	86	82	2.8%	13,134	88	7.8%	5.7%
Blackpool	16,981	119	57.3%	80	2.8%	17,457	123	83	2.8%	17,946	126	51.5%	5.7%
Cheshire East	11,568	31	-14.8%	38	10.0%	12,725	34	40	10.0%	13,998	37	-6.8%	21.0%
Cheshire West and Chester	11,968	36	-9.6%	42	10.0%	13,165	40	44	5.3%	13,861	42	-5.2%	15.8%
Bolton	16,631	59	-7.4%	67	8.9%	18,115	64	70	4.4%	18,906	67	-5.1%	13.7%
Bury	8,315	44	-9.2%	51	10.0%	9,147	49	54	5.2%	9,619	51	-5.2%	15.7%
Manchester	36,459	71	-24.8%	100	10.0%	40,105	78	105	10.0%	44,116	86	-18.3%	21.0%
Oldham	12,326	54	-18.5%	70	10.0%	13,559	60	74	10.0%	14,915	65	-11.9%	21.0%
Rochdale	13,637	64	-2.8%	69	4.5%	14,256	67	73	3.7%	14,777	69	-5.0%	8.4%

Local Authority	2013-14 opening baseline	2013-14 opening baseline per head	2013-14 opening distance from target	2013-14 target per head	2013-14 increase	2013-14 grant	2013-14 grant per head	2014-15 target per head	2014-15 increase	2014-15 grant	2014-15 grant per head	2014-15 closing DFT	Cumulative growth 2013-14 and 2014-15
	£000s	£s	%	£s	%	£000s	£	£	%	£000s	£	%	%
Salford	15,523	64	-13.5%	79	10.0%	17,075	71	82	10.0%	18,777	77	-6.1%	21.0%
Stockport	11,607	41	-4.8%	45	6.5%	12,360	43	47	3.8%	12,834	45	-5.0%	10.6%
Tameside	10,413	47	-26.3%	67	10.0%	11,454	51	69	10.0%	12,600	56	-18.9%	21.0%
Trafford	9,894	43	1.8%	45	2.8%	10,171	44	46	2.8%	10,456	45	-1.7%	5.7%
Wigan	22,393	70	24.5%	59	2.8%	23,020	72	62	2.8%	23,665	73	18.9%	5.7%
Knowsley	15,495	106	48.4%	75	2.8%	15,929	109	77	2.8%	16,375	111	44.1%	5.7%
Liverpool	39,210	84	-0.1%	89	2.8%	40,308	87	94	2.8%	41,436	89	-4.5%	5.7%
St. Helens	12,335	70	28.4%	57	2.8%	12,680	72	60	2.8%	13,035	74	22.0%	5.7%
Sefton	18,880	69	36.4%	53	2.8%	19,408	71	55	2.8%	19,952	73	33.0%	5.7%
Wirral	25,019	78	32.6%	62	2.8%	25,720	80	64	2.8%	26,440	82	28.0%	5.7%
Cumbria	12,887	26	-36.5%	43	10.0%	14,176	28	45	10.0%	15,594	31	-30.6%	21.0%
Lancashire	56,412	48	-0.2%	50	2.8%	57,991	49	53	3.1%	59,801	50	-4.9%	6.0%
Kingston upon Hull, City of	21,347	83	16.4%	75	2.8%	21,945	85	79	2.8%	22,559	87	10.0%	5.7%
East Riding of Yorkshire	7,583	22	-28.4%	33	10.0%	8,341	25	34	10.0%	9,175	27	-20.9%	21.0%
North East Lincolnshire	9,435	59	4.1%	60	2.8%	9,700	61	63	2.8%	9,971	62	-1.0%	5.7%
North Lincolnshire	7,825	46	-1.3%	49	3.1%	8,071	48	52	4.9%	8,464	49	-5.1%	8.2%
York	6,037	30	-24.1%	42	10.0%	6,641	33	44	10.0%	7,305	36	-17.6%	21.0%
Barnsley	12,969	55	-2.9%	60	4.6%	13,571	58	63	4.9%	14,243	60	-5.2%	9.8%
Doncaster	19,113	63	13.8%	58	2.8%	19,648	65	61	2.8%	20,198	66	9.1%	5.7%
Rotherham	13,415	52	3.1%	53	2.8%	13,790	53	55	2.8%	14,176	54	-1.8%	5.7%
Sheffield	28,571	51	-2.0%	55	3.8%	29,665	53	57	3.6%	30,748	54	-5.0%	7.6%
Bradford	28,677	54	-13.2%	65	10.0%	31,545	59	69	10.0%	34,699	65	-6.5%	21.0%
Calderdale	8,935	43	-12.5%	52	10.0%	9,829	47	54	8.6%	10,679	51	-5.8%	19.5%
Kirklees	20,842	49	-6.9%	55	8.4%	22,603	53	57	4.1%	23,527	55	-5.0%	12.9%
Leeds	33,504	43	-20.0%	57	10.0%	36,855	48	60	10.0%	40,540	52	-14.3%	21.0%
Wakefield	19,679	59	10.3%	57	2.8%	20,230	61	60	2.8%	20,797	62	3.7%	5.7%
North Yorkshire	17,497	29	-7.2%	33	8.7%	19,021	31	34	3.7%	19,732	32	-5.0%	12.8%
Derby	11,970	47	-21.1%	63	10.0%	13,167	52	66	10.0%	14,484	56	-14.5%	21.0%
Leicester	18,177	55	-22.6%	74	10.0%	19,995	60	78	10.0%	21,995	66	-15.7%	21.0%

Local Authority	2013-14 opening baseline	2013-14 opening baseline per head	2013-14 opening distance from target	2013-14 target per head	2013-14 increase	2013-14 grant	2013-14 grant per head	2014-15 target per head	2014-15 increase	2014-15 grant	2014-15 grant per head	2014-15 closing DFT	Cumulative growth 2013-14 and 2014-15
	£000s	£s	%	£s	%	£000s	£	£	%	£000s	£	%	%
Rutland	1,015	26	23.0%	23	2.8%	1,044	27	23	2.8%	1,073	28	17.2%	5.7%
Nottingham	26,343	85	8.7%	82	2.8%	27,081	87	85	2.8%	27,839	89	4.0%	5.7%
Derbyshire	33,736	43	16.1%	39	2.8%	34,680	45	41	2.8%	35,651	46	11.4%	5.7%
Leicestershire	18,370	28	-11.7%	33	10.0%	20,206	30	35	8.2%	21,863	33	-5.7%	19.0%
Lincolnshire	26,244	36	-3.2%	39	4.9%	27,542	38	41	3.5%	28,506	39	-5.0%	8.6%
Northamptonshire	24,399	34	-16.3%	43	10.0%	26,839	38	45	10.0%	29,523	41	-9.1%	21.0%
Nottinghamshire	34,178	43	4.4%	43	2.8%	35,135	44	45	2.8%	36,119	45	-0.8%	5.7%
Herefordshire, County of	7,542	40	21.4%	35	2.8%	7,753	42	36	2.8%	7,970	42	16.2%	5.7%
Telford and Wrekin	10,327	61	27.6%	50	2.8%	10,616	63	53	2.8%	10,913	64	21.9%	5.7%
Stoke-on-Trent	19,154	76	18.6%	68	2.8%	19,690	78	72	2.8%	20,242	80	11.1%	5.7%
Shropshire	8,135	26	-17.2%	33	10.0%	8,948	29	35	10.0%	9,843	32	-9.0%	21.0%
Birmingham	76,494	70	3.7%	71	2.8%	78,636	72	74	2.8%	80,838	73	-1.2%	5.7%
Coventry	16,211	49	-22.3%	67	10.0%	17,832	54	69	10.0%	19,615	59	-14.9%	21.0%
Dudley	17,954	57	33.9%	45	2.8%	18,457	59	46	2.8%	18,974	60	28.9%	5.7%
Sandwell	18,931	60	-8.5%	69	10.0%	20,816	66	73	4.7%	21,805	69	-5.1%	15.2%
Solihull	9,373	45	23.4%	38	2.8%	9,635	46	40	2.8%	9,905	47	18.0%	5.7%
Walsall	13,622	50	-9.9%	59	10.0%	14,984	55	61	5.6%	15,827	58	-5.3%	16.2%
Wolverhampton	18,259	72	18.4%	65	2.8%	18,770	75	67	2.8%	19,296	76	13.3%	5.7%
Staffordshire	30,549	36	-4.1%	39	5.8%	32,322	38	41	3.1%	33,313	39	-4.9%	9.0%
Warwickshire	20,638	37	2.1%	38	2.8%	21,216	38	40	2.8%	21,810	39	-1.5%	5.7%
Worcestershire	25,103	44	29.6%	36	2.8%	25,806	45	38	2.8%	26,528	46	23.0%	5.7%
Peterborough	7,678	41	-26.7%	58	10.0%	8,446	45	61	10.0%	9,291	48	-20.0%	21.0%
Luton	10,797	51	-19.9%	68	10.0%	11,877	56	70	10.0%	13,065	61	-12.9%	21.0%
Southend-on-Sea	6,661	38	-19.7%	50	10.0%	7,327	42	52	10.0%	8,060	45	-11.9%	21.0%
Thurrock	7,215	44	1.1%	46	2.8%	7,417	46	48	2.8%	7,624	46	-2.9%	5.7%
Bedford	6,069	38	-15.7%	47	10.0%	6,676	41	49	10.0%	7,343	45	-8.1%	21.0%
Central Bedfordshire	9,604	37	3.8%	37	2.8%	9,873	38	39	2.8%	10,149	38	-1.0%	5.7%
Cambridgeshire	19,432	31	-7.7%	35	9.3%	21,230	33	37	5.0%	22,299	35	-5.2%	14.8%
Essex	47,377	33	-1.3%	36	3.2%	48,874	34	37	2.8%	50,242	35	-4.9%	6.0%

Local Authority	2013-14 opening baseline	2013-14 opening baseline per head	2013-14 opening distance from target	2013-14 target per head	2013-14 increase	2013-14 grant	2013-14 grant per head	2014-15 target per head	2014-15 increase	2014-15 grant	2014-15 grant per head	2014-15 closing DFT	Cumulative growth 2013-14 and 2014-15
	£000s	£s	%	£s	%	£000s	£	£	%	£000s	£	%	%
Hertfordshire	31,109	27	-24.7%	38	10.0%	34,220	30	39	10.0%	37,642	33	-17.0%	21.0%
Norfolk	28,987	33	1.3%	35	2.8%	29,798	34	36	2.8%	30,633	35	-3.0%	5.7%
Suffolk	24,876	34	14.2%	31	2.8%	25,572	35	33	2.8%	26,289	35	8.1%	5.7%
City of London	1,606	186	580.4%	29	2.8%	1,651	192	29	2.8%	1,698	185	529.9%	5.7%
Barking and Dagenham	11,746	60	-14.3%	74	10.0%	12,921	66	76	10.0%	14,213	71	-6.7%	21.0%
Barnet	12,835	35	-5.9%	39	7.5%	13,799	37	40	3.9%	14,335	38	-5.0%	11.7%
Bexley	6,260	26	-30.8%	40	10.0%	6,886	29	42	10.0%	7,574	32	-24.7%	21.0%
Brent	17,835	56	2.2%	58	2.8%	18,335	58	59	2.8%	18,848	59	0.0%	5.7%
Bromley	12,258	39	16.7%	35	2.8%	12,601	40	36	2.8%	12,954	40	10.8%	5.7%
Camden	24,951	108	53.0%	74	2.8%	25,649	111	79	2.8%	26,368	112	42.3%	5.7%
Croydon	17,813	48	1.9%	50	2.8%	18,312	49	52	2.8%	18,825	50	-2.4%	5.7%
Ealing	20,793	60	9.6%	58	2.8%	21,376	62	59	2.8%	21,974	63	6.4%	5.7%
Enfield	11,783	36	-19.7%	48	10.0%	12,961	40	50	10.0%	14,257	43	-13.6%	21.0%
Greenwich	16,616	64	-8.9%	74	10.0%	18,277	71	77	4.3%	19,061	73	-5.1%	14.7%
Hackney	28,215	112	35.0%	88	2.8%	29,005	115	91	2.8%	29,818	117	29.4%	5.7%
Hammersmith and Fulham	19,846	108	82.1%	63	2.2%	20,287	111	66	2.8%	20,855	114	72.4%	5.1%
Haringey	16,254	62	-6.6%	70	8.2%	17,587	67	72	3.4%	18,189	68	-5.0%	11.9%
Harrow	8,576	35	-1.7%	37	3.5%	8,874	36	38	3.1%	9,146	36	-4.9%	6.6%
Havering	8,030	33	-18.2%	42	10.0%	8,833	36	44	10.0%	9,717	39	-9.7%	21.0%
Hillingdon	14,865	52	4.5%	53	2.8%	15,281	54	55	2.8%	15,709	54	-0.8%	5.7%
Hounslow	11,640	44	-20.7%	59	10.0%	12,804	48	59	10.0%	14,084	52	-11.7%	21.0%
Islington	24,063	112	30.7%	90	2.8%	24,737	115	95	2.8%	25,429	116	22.3%	5.7%
Kensington and Chelsea	20,074	126	199.2%	45	2.8%	20,636	130	46	2.8%	21,214	133	190.8%	5.7%
Kingston upon Thames	8,802	52	38.6%	40	2.8%	9,049	53	41	2.8%	9,302	54	30.6%	5.7%
Lambeth	24,208	78	-3.3%	85	5.1%	25,438	82	89	3.9%	26,437	84	-5.0%	9.2%
Lewisham	19,009	66	5.0%	67	2.8%	19,541	68	70	2.8%	20,088	69	-1.3%	5.7%
Merton	8,740	42	8.1%	41	2.8%	8,985	43	41	2.8%	9,236	43	5.3%	5.7%
Newham	21,580	68	-18.1%	87	10.0%	23,738	75	91	10.0%	26,112	81	-10.9%	21.0%
Redbridge	9,431	32	-27.2%	47	10.0%	10,374	35	47	10.0%	11,411	38	-18.8%	21.0%

Local Authority	2013-14 opening baseline	2013-14 opening baseline per head	2013-14 opening distance from target	2013-14 target per head	2013-14 increase	2013-14 grant	2013-14 grant per head	2014-15 target per head	2014-15 increase	2014-15 grant	2014-15 grant per head	2014-15 closing DFT	Cumulative growth 2013-14 and 2014-15
	£000s	£s	%	£s	%	£000s	£	£	%	£000s	£	%	%
Richmond upon Thames	7,467	39	24.6%	33	2.8%	7,676	40	34	2.8%	7,891	40	18.1%	5.7%
Southwark	20,700	68	-3.6%	75	5.4%	21,809	72	78	5.2%	22,946	74	-5.2%	10.9%
Sutton	8,119	41	-1.4%	44	3.3%	8,384	43	44	2.8%	8,619	43	-3.1%	6.2%
Tower Hamlets	30,528	113	22.7%	97	2.8%	31,382	116	100	2.8%	32,261	116	16.2%	5.7%
Waltham Forest	10,146	38	-39.8%	67	10.0%	11,161	42	68	10.0%	12,277	45	-33.6%	21.0%
Wandsworth	24,064	76	39.4%	58	2.8%	24,738	78	60	2.8%	25,431	80	32.5%	5.7%
Westminster	29,557	128	145.5%	55	2.8%	30,384	132	58	2.8%	31,235	133	127.3%	5.7%
Medway	11,973	44	-13.2%	54	10.0%	13,170	49	56	8.4%	14,280	52	-5.8%	19.3%
Bracknell Forest	2,520	22	-42.0%	39	10.0%	2,772	24	41	10.0%	3,049	26	-36.9%	21.0%
West Berkshire	3,983	25	-20.9%	34	10.0%	4,381	28	35	10.0%	4,819	30	-14.1%	21.0%
Reading	6,787	43	-28.3%	63	10.0%	7,466	47	67	10.0%	8,212	52	-22.5%	21.0%
Slough	4,534	31	-48.2%	64	10.0%	4,988	34	65	10.0%	5,487	37	-43.0%	21.0%
Windsor and Maidenhead	2,901	20	-43.7%	37	10.0%	3,192	22	38	10.0%	3,511	23	-38.4%	21.0%
Wokingham	3,490	22	-19.3%	28	10.0%	3,839	24	30	10.0%	4,223	26	-13.1%	21.0%
Milton Keynes	7,263	28	-36.6%	47	10.0%	7,989	31	49	10.0%	8,788	33	-31.5%	21.0%
Brighton and Hove	17,690	64	2.7%	66	2.8%	18,185	66	69	2.8%	18,695	67	-2.9%	5.7%
Portsmouth	15,309	73	18.9%	65	2.8%	15,737	75	68	2.8%	16,178	77	13.7%	5.7%
Southampton	13,078	54	-7.9%	62	9.4%	14,313	59	65	5.2%	15,050	62	-5.2%	15.1%
Isle of Wight	5,761	41	26.4%	34	2.8%	5,922	42	36	2.8%	6,088	43	20.7%	5.7%
Buckinghamshire	14,256	28	-18.1%	36	10.0%	15,681	30	37	10.0%	17,249	33	-9.5%	21.0%
East Sussex	23,190	43	32.9%	34	2.8%	23,839	45	36	2.8%	24,507	46	27.6%	5.7%
Hampshire	33,412	25	-17.7%	32	10.0%	36,753	27	33	10.0%	40,428	30	-10.5%	21.0%
Kent	45,312	30	-19.4%	40	10.0%	49,843	33	41	10.0%	54,827	36	-10.5%	21.0%
Oxfordshire	24,534	37	-1.1%	39	3.0%	25,264	38	41	3.3%	26,086	39	-4.9%	6.3%
Surrey	21,125	18	-42.4%	33	10.0%	23,237	20	35	10.0%	25,561	22	-36.8%	21.0%
West Sussex	25,971	31	0.6%	33	2.8%	26,698	32	34	2.8%	27,445	33	-4.1%	5.7%
Bath and North East Somerset	6,279	35	-3.9%	39	5.6%	6,632	37	40	4.3%	6,914	38	-5.1%	10.1%
Bristol, City of	24,830	57	-10.8%	67	10.0%	27,313	62	69	6.6%	29,122	66	-5.4%	17.3%
North Somerset	6,964	33	-4.3%	37	6.0%	7,381	35	38	2.9%	7,593	36	-4.9%	9.0%

Local Authority	2013-14 opening baseline	2013-14 opening baseline per head	2013-14 opening distance from target	2013-14 target per head	2013-14 increase	2013-14 grant	2013-14 grant per head	2014-15 target per head	2014-15 increase	2014-15 grant	2014-15 grant per head	2014-15 closing DFT	Cumulative growth 2013-14 and 2014-15
	£000s	£s	%	£s	%	£000s	£	£	%	£000s	£	%	%
South Gloucestershire	6,070	23	-28.1%	33	10.0%	6,677	25	34	10.0%	7,345	27	-20.7%	21.0%
Plymouth	10,145	39	-24.8%	55	10.0%	11,160	43	58	10.0%	12,276	47	-19.6%	21.0%
Torbay	6,956	52	35.6%	41	2.8%	7,150	54	43	2.8%	7,351	55	29.2%	5.7%
Bournemouth	6,856	36	-31.0%	56	10.0%	7,542	40	59	10.0%	8,296	44	-25.7%	21.0%
Poole	5,731	38	15.8%	35	2.8%	5,892	39	36	2.8%	6,057	40	11.4%	5.7%
Swindon	7,174	33	-26.3%	48	10.0%	7,891	37	49	10.0%	8,680	40	-19.1%	21.0%
Cornwall	17,353	32	1.6%	33	2.8%	17,839	33	34	2.8%	18,339	33	-2.6%	5.7%
Isles of Scilly	69	30	28.7%	24	2.8%	71	31	26	2.8%	73	31	20.8%	5.7%
Wiltshire	12,055	25	-16.1%	32	10.0%	13,261	28	33	10.0%	14,587	30	-7.3%	21.0%
Devon	18,862	25	-10.9%	29	10.0%	20,748	27	31	6.3%	22,060	29	-5.4%	17.0%
Dorset	12,197	29	6.1%	29	2.8%	12,538	30	29	2.8%	12,889	31	4.7%	5.7%
Gloucestershire	19,269	32	-8.2%	36	9.6%	21,126	35	37	3.2%	21,793	36	-4.9%	13.1%
Somerset	12,821	24	-19.8%	31	10.0%	14,103	26	32	10.0%	15,513	29	-11.9%	21.0%
England	2,521,222	47	0.0%	49	5.5%	2,660,000	49	51	5.0%	2,793,000	51	0.0%	10.8%

Appendix C

Councils respond to extra funding for public health

LGA media release 10 January 2013

Responding to the Government's announcement this morning on the public health funding settlement, Cllr David Rogers, Chairman of the Local Government Association's Community Wellbeing Board, said:

"This is very positive news for councils and we are pleased Government has taken the time to make the right decision and increased the amount of money being made available for local authorities by £400 million to fund public health services next year. The new total of £2.6 billion for 2013/14 represents an 18 per cent increase on the £2.2 billion originally proposed in February last year. This marks a real commitment to support local government in tackling vital issues such as smoking, alcohol abuse and obesity.

"The Department of Health has responded to the LGA's call for a longer-term settlement and taken the decision to allocate funding over a two-year period. This move will provide councils with a greater level of certainty and help them put new programmes in place to integrate public health with existing council services and start addressing some of the wider social and economic causes of ill-health.

"There are outstanding concerns over the individual allocations for each council but we are pleased that, where significant unforeseen funding issues appear, the Department of Health has agreed to work with the local authorities in question and, where there is sufficient evidence, provide additional funding through the relevant NHS Commissioning Board.

"In October last year we conducted a survey which showed a positive picture for the transfer of public health services. However, the biggest concern among councils was around the delay on the final funding decision. Today's announcement will give councils confidence that they have the money they need, but leaves a tight timescale of just three months to put plans in place to deliver on their statutory responsibilities for public health.

"Local authorities are eager to pick up the mantle of public health but we must be given the right resources to do so. Only then can councils truly be at the forefront of tackling the social factors that contribute to poor health by providing services that help people to live long and healthy lives. It is vitally important that the debate continues about the overall amount of funding that is needed to ensure local authorities can meet their new public health responsibilities beyond 2014/15."

Author: LGA Media Office
Contact: Jacob Lant, Senior Media Relations Officer, Local Government Association, Telephone: 020 7664 3333

Local Government Association

Finance Panel
25 January 2013

Item 11

Note of decisions taken and actions required

Title:	Finance Panel
Date and time:	11.30am, 23 November 2012
Venue:	Millbank Room, Local Government House, Smith Square, London, SW1P 3HZ

Attendance

Position	Councillor	Council
Chair	Sharon Taylor OBE	Stevenage BC
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
	Catherine West	Islington LB
	Stephen Houghton CBE	Barnsley MBC
Substitutes and Observers		
	John Fuller	South Norfolk DC
	Alan Jarrett	Medway Council
Apologies	Nigel Ashton	North Somerset Council

Officers: Stephen Jones, Paul Raynes, Piali Das Gupta, Mike Heiser, Lucy Ellender

Item	Decisions and actions	Action by
1	**Autumn Statement**	

Paul Raynes, Head of Programmes, introduced the paper setting out the country's current circumstances, the policy decisions of the Government and how these factors were impacting on reducing the deficit. The paper outlined some key messages for the Panel to consider around the LGA's response to the Autumn Statement.

Members agreed the importance of creating a strong narrative for the LGA's response to the Autumn Statement based around the role of local government in economic growth. Members agreed that putting councils at the heart of growth was a key message for our response and felt that the messages should refer more strongly to councils' growth work as well as looking at the role of local enterprise partnerships in relation to local government.

Community budgeting approaches and the importance of working in partnership were also discussed. Members agreed the importance of joining up work across the public sector. They also discussed the possibility of this being linked to other areas of work – especially around adult social care. This was also identified as a key concern of councils for the future, and there was a need for the LGA to keep pushing this message. Members discussed the ring-fencing within the health budget and how this could link to further community budgeting work.

Members also agreed there was a need to have a clear idea of what the barriers were to growth in their local areas and what councils needed from Government to break these down. There was also a need for further exploration of the context around capital and borrowing. Members felt that it was worth disaggregating the constituents of the proposed message about locally funded capital and borrowing.

Members agreed that it was not appropriate to include the part of the draft message on low value initiatives.

Decision

In the light of this analysis, Members of the Finance Panel Members agreed that it was appropriate to use the following messages to shape our overall approach to the Autumn Statement:

1. *councils' track record as the most efficient part of the public sector is a reason why they are coping better with the existing plan to impose greater cuts on them than on other frontline public services; but it is not a reason why they can cope with yet further cuts; the emerging evidence shows that the limits of what*

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is possible have already been passed in some places;

2. *the crisis in adult social care requires extra funding, now; in the medium term, the evidence from the four community budgets pilots shows that the potential of this approach to reduce the cost of services locally cannot be ignored;*

3. *ringfenced protection on some central Government budgets is no longer looking justifiable;*

4. *artificial constraints on the local taxbase compound the nation's overall fiscal problem and must be lifted;*

5. *councils have a key role in boosting economic growth: the Heseltine Review and City Deals have identified ways to do this by using existing budgets better under devolved control; these must be taken seriously and implemented;*

6. *locally-funded capital expenditure is about the most effective short-term demand stimulus there is, so more capital funding should be devolved;*

7. *councils have shown they can borrow under the prudential code in a responsible way; and moreover tend to have strongly positive balance sheets: the Government should therefore free up council borrowing by removing the cap on HRA borrowing so councils can invest in social housing;*

8. *there is also a case for taking council borrowing out of the Treasury's PSBR measures altogether.*

Actions
Officers to circulate the BPF and LGA report.

Officers to ensure future agendas include items on:

Lucy Ellender

1. Community Budgets.

2. Social Impact Bonds.

3. Local Enterprise Partnership funding.

2 Future Funding

Stephen Jones, Director of Finance and Resources, informed members on the LGA's financial modelling, which had been refreshed and updated in line with the changes that the Government had announced or proposed since June. It was noted that there were wide variations between authorities, with London and Metropolitan borough being particularly badly hit, although districts would also face uncertainty.

Members discussed the level of reserves held by local authorities, and how these reflected the level of risk they were facing. Members were concerned about how the sector's reserves were perceived within Parliament, saying that often reserves were earmarked for particular projects and that reserves were not simply "free money" which could be spent arbitrarily. Members discussed the possibility of sector-led support for any council facing difficulties with their reserves.

Decision

Members agreed the importance of communicating the sector's concerns to MPs, especially around the maintenance of reserves.

Action

Members agreed:

Finance Team

1. That the updated model should be further publicised.

2. The model should be used to give the sector an evidence based response to both the Autumn Statement and the local government finance settlement.

3. A briefing for MPs based on the model should be created for councils to give to their local MPs.

4. The narrative around the development of reserves needed further work.

3 Localisation of council tax benefit

Mike Heiser, Senior Adviser on Finance, outlined the developments in the localisation of council tax benefit and the progress of the Bill through Parliament since the last meeting. It was noted that on 16 October, the Department for Communities and Local Government (DCLG) had announced that a Transitional Grant of £100 million would be paid for 2013-14 only to those councils (both billing authorities and major preceptors such as counties) who develop local council tax support schemes which conform to a number of conditions intended to limit the effect on working age benefit recipients. The LGA welcomed any additional help however this will still mean that councils will need to ask people on lower incomes, including the working poor, to pay more council tax than they currently do. The LGA had also identified that there would still be a significant shortfall in the necessary funding of the scheme.

Members raised concerns about the Government's assumptions regarding who receives council tax benefit, saying that it was often given to people in work, not only those who were unemployed, who were received council tax benefit. Members discussed the levels of shortfall likely for councils.

Members also discussed the possible difficulties in collecting council tax from those who do not currently pay, and the associated costs with this.

Decision
Members agreed to continue monitoring the situation.

Action
LGA Officers to continue to provide updates to the Panel. — Mike Heiser

4 Welfare reform: update and the council role in universal credit

Paul Raynes outlined the work the LGA had been engaged in with the Department for Work and Pensions (DWP) around the introduction of Universal Credit.

Members discussed the proposals around administration of crisis loans, and the risks posed by increasing the complexity of applying for a crisis loan. Members agreed that setting appropriate criteria was key to introducing a suitable new system for approving crisis loans. Members also raised concerns about the increasing complexity of the forms members of the public would need to fill out.

Members were concerned that they would face greater cuts through the change to Universal Credit. However it was important that councils had the correct tools to implement the change as well as the right level of funding. There was a risk that councils would be blamed for any cuts to benefits if the level of funding was not maintained.

Decision
Members:

1. *confirmed that they were happy for the work described in the report on the future council role in Universal Credit to proceed as described;*

2. *agreed the importance of identifying any potential risks in this work;*

3. *agreed to publish the document contained in Appendix A entitled “A quick guide to Welfare Reform and questions councillors might want to consider asking”.*

Action
Officers to proceed as directed. — Paul Raynes

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5 Pension fund investment in infrastructure

Piali Das Gupta, Senior Adviser, updated members on the recent developments in pension fund investment in UK infrastructure and the LGA's work in this area. The LGA and the Chartered Institute of Public Finance and Accountancy will be holding a roundtable on 11 December as the first of a series of roundtables intended to support the release of a report in March. The LGA will also shortly be responding to the Department for Communities and Local Government's 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 response will support the creation of a new investment class for investment in infrastructure (including via limited liability partnerships), as it is felt that this would be the best way to manage probity issues.

Members agreed that several other parties also need to be brought into the discussion, including:

- The Department for Education;
- Pensions Regulator;
- Actuaries.

Decision

Members agreed Cllr David Westley and Cllr John Fuller would be the Panel's representatives in the roundtable working group.

Members agreed the current workplan.

Action

LGA Officers to proceed as directed. — Piali Das Gupta

6 2013-14 Business Plan

Paul Raynes introduced this item, saying that this was an early chance for Members to comment on the initial proposition for the business plan. It would be signed off by the Executive in March.

Decision

Members:

- *noted that the initial proposition confirms local government funding one of the organisation's overarching priorities.*

- *noted the vital and complex relationship between the priority we propose to give to funding and the other two priorities of economic growth and public service reform.*

Action Helen Platts
LGA Officers to proceed with the business planning process.

7 **The LGA's response to the Heseltine review 'No stone unturned in pursuit of growth'**

Decision
Members noted the report and the response to the Heseltine Review.

Action
No further action.

8 **Update on Business Rates**
Mike Heiser introduced this item saying that the Government had made some key decisions around how the scheme would work. It was noted that the Government had now made a number of changes to the scheme which would have a benefit for local government and would make it more of a growth incentive than the previously proposals would have made it.

Members welcomed the changes but agreed the LGA should keep lobbying on this issue to ensure that the changes would be a real incentive for growth.

Decision
Members agreed to have future reports any further developments.

Action Mike Heiser
LGA Officers to proceed as directed.

9 **Update on Adult Social Care Funding**

Decision
Members noted the report.

Action Matt Hibberd
Officers to continue to provide updates.

10 **Update on Public Health Funding**

Decision
Members noted the report.

Action Alyson Morley
Officers to continue to provide updates.

11 Minutes of the last meeting

Decision
The minutes of the last meeting held on 14 September 2012 were agreed.

Action
No further action.

Local Government Association

LGA location map

Local Government Association
Local Government House
Smith Square
London SW1P 3HZ

Tel: 020 7664 3131
Fax: 020 7664 3030
Email: info@local.gov.uk
Website: **www.local.gov.uk**

Public transport

Local Government House is well served by public transport. The nearest mainline stations are: Victoria and Waterloo: the local underground stations are **St James's Park** (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

Bus routes – Horseferry Road

507 Waterloo - Victoria

C10 Canada Water - Pimlico - Victoria

88 Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

Bus routes – Millbank

87 Wandsworth - Aldwych

3 Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at **www.tfl.gov.uk**

Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at Local Government House. Please telephone the LGA on 020 7664 3131.

Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at **www.cclondon.com**

Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park Horseferry Road/Arneway Street. Visit the website at **www.westminster.gov.uk/parking**