

Note of decisions taken and actions required

Title:	Finance Panel
Date and time:	11.30am, 22 March 2013
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
	Nigel Ashton	North Somerset Council
	Catherine West	Islington LB
	John Fuller	South Norfolk DC
Observers	Alan Jarrett	Medway Council
Apologies	David Westley	West Lancashire BC

Officers: Nicola Morton, Paul Raynes, Philip Mind, Mike Heiser, Aivaras Statkevicius and Frances Marshall

Item	Decisions and actions	Action by
	<p>Members were informed that in 2013/14, the LGA's budget funding would be reduced by £2 million. Panel Members would be informed as soon as there was anything concrete to report.</p>	
1	<p>Social Bonds Investments Update</p> <p>Ben Jupp (Director, Social Finance) provided a verbal presentation on social finance and Social Impact Bonds (SIB). In doing so, he highlighted the benefits in terms of supporting new ways of delivering public services, particularly early intervention and transferring risk since the financial returns, as well as noting some potential challenges. He drew attention to the Peterborough prison pilot to reduce reoffending by short sentenced prisoners and the Essex pilot to prevent young people going into care. He highlighted the opportunity for the LGA and local authorities to work with Social Finance to explore similar opportunities.</p> <p>Members expressed interest in the potential for SIBs to deliver financial returns as well as innovating public service delivery. The Panel welcomed the opportunity to work with Social Finance to promote social investment opportunities to local government and suggested that a workshop on SIB be included as part of the LGA's 2013 Annual Conference programme. It was suggested that in future the term 'social finance' be used instead of SIB, as Members felt this terminology more clearly reflected the area of work and avoided confusion with the work on a collective municipal bonds agency.</p> <p>Decisions</p> <p>The Panel noted the report and agreed to work with Social Finance to promote social investment opportunities to local government.</p> <p>Action</p> <p>Work with Social Finance to deliver a workshop at the LGA's 2013 Annual Conference.</p>	Philip Mind
2	<p>The Budget</p> <p>Nicola Morton (Head of Local Government Finance) summarised the key implications for local government from the 2013 Budget announced on 20 March. The LGA's 'on the day briefing', which summarised the key announcements and LGA view of them, had been tabled.</p> <p>In the following discussion, Members considered changes to the 'Right to Buy' scheme and the implications for local authorities' social housing</p>	

stock. Although supportive of the principle of the 'Right to Buy' scheme, Members expressed concerns regarding the impact of the increasing uptake of the scheme on: the availability of affordable housing; overcrowding; rent prices and the social wellbeing of neighbourhoods. London was highlighted as an area where these problems were particularly acute. With reference to the success of the Government's mortgage scheme in certain local authority areas, Members highlighted the need for a strategic approach to addressing the affordable housing crisis.

Decision

The Panel **noted** the update on the Budget.

3 Spending review submission to the Treasury

The Chair introduced the report which included a copy of the LGA's key lobbying asks to the Treasury, which had been submitted to the Government on 12 March in order to influence them in advance of the 20 March Budget announcement. She summarised the key comments which the LGA Executive had made at their meeting on 14 March and thanked Philip Mind (Senior Advisor) for his hard work in developing the submission. The Panel were invited to comment on the submission with a view to informing a more detailed submission to the Treasury in late Spring.

In the ensuing discussion a number of issues were raised, including:

- Members endorsed the key messages within the spending review submission and welcomed the approach taken in the Chairman's letter to the Chancellor, whereby the LGA's key 'asks' were synthesised into a succinct few core messages. Members recommended that these core messages also be included as a form of Executive summary. The Panel asked that this summary be circulated to all key LGA Members, including the Chairs of Boards, so that a robust and consistent lobbying message was delivered across the piece.
- In discussing the key lobbying priorities, a number of different themes were suggested, including: local authorities' role in promoting local growth; community budgets; reviewing local authorities' statutory obligations; the role of local authorities in welfare and job creation; capital infrastructure; integrated health and social care funding; removal of the centrally set Housing Revenue Account (HRA) borrowing cap; and freezing landfill tax.
- Members requested that in addition to high level 'asks', the more detailed submission to the Treasury in late Spring also include some

technical adjustments that would be advantageous to local authorities and cost neutral to Government. Suggested technical amendments, included: changes to the current approach to pension liabilities; streamlining procurement regulations and processes; and removing local authority private borrowing from the PSRB.

Decisions

That the Panel **noted** the submission and **asked** that their comments inform the development of a more detailed submission to the Treasury in late Spring.

Action

Circulate the LGA Chairman's letter to the Chancellor of the Exchequer to Panel Members. Philip Mind

4 Reserves Survey – Confidential

Mike Heiser (Senior Advisor) presented the tabled report.

A discussion took place and officers agreed to take forward in line with Members' steer.

Decision

The Panel **asked** that this be taken forward in line with their comments.

Action

Officers to proceed as directed.

5 Update of City Deals

The Chair briefly introduced the report which provided an update on the second wave of City Deals and the LGA's lobbying work to make Local Growth Deals available to all areas. In doing so, she noted that Piali Das Gupta (Senior Advisor) would be happy to discuss City Deals with Panel Members individually outside of the meeting.

In the discussion that followed, Members welcomed that ability to negotiate bespoke deals specific to localities and asked that the issue of barriers to growth, such as disproportionate national regulation, be taken forward through the LGA's discussions with Whitehall Departments.

Decisions

The Panel **noted** the report and **asked** that their comments be fed back to the Economy and Transport Board to inform the work stream.

Action

Refer the Panel's comments to the Economy and Transport Board.

Piali Das Gupta

6 Welfare reform: A role for councils in Universal Credit

The Chair introduced the report which updated on the LGA's work with the Department for Work and Pensions (DWP) to produce a Framework on how the DWP and councils might work together after the introduction of Universal Credit. The Chair summarised the initial feedback to the draft Framework, including comments made by the LGA Executive at its last meeting. The Finance Panel were asked for their views on the draft Framework. In particular, Paul Raynes (Head of Programmes) asked that Members consider how councils' engagement on this issue could be further increased and asked for Members' views on the government's proposals for accountability for any future funding for services to UC claimants.

In the discussion that followed a number of issues were raised:

- Panel members agreed on the need to engage more local authorities in the debate and suggested that the District Councils Network (DCN), the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy networks be utilised.
- Members were unanimous in their view that the management of local Universal Credit budgets should not sit with DWP District Managers. Whilst Members expressed support in principle for funding being administered through local partnerships or by councils in a commissioning role, Members highlighted the need to clarify the role of councils in the process, before being able to determine exactly how the budgets should be managed.
- There was unanimous support for local government making a proactive offer, which made the case to DWP that the sector is best placed to provide an efficient and cost effective solution. There were a range of views on how ambitious the offer should be. One Member suggested that the devolution of Job Centre Plus's responsibilities to local government should be a precondition of the sector's offer to take an active role in the delivery of Universal Credit. Additionally, concerns were expressed regarding the long-term sustainability of DWP funding, should local councils take

responsibility for delivering frontline support to Universal Credit claimants. However the Panel felt that this was a positive opportunity for local councils and that an approach should be made to DWP setting out the sector's proposal, less as a response to consultation and more as a firm start to a negotiation.

Decisions

The Panel:

- i. **noted** the feedback so far on the Local Support Services Framework;
- ii. **endorsed** the LGA's approach for taking forward the work with Department for Work and Pensions;
- iii. **asked** officers to prepare a statement of the sector's offer; and
- iv. **noted** the progress made by the LA Face to Face pilots.

Action

LGA Officers to proceed as directed.

Paul Raynes

7 Minutes of the last meeting

The minutes of the previous meeting held on 22 January were approved as a correct record.

8. Date and time of next meeting

11.30am on 10 May 2013, Local Government House.