

Note of decisions taken and actions required

Title:	Finance Panel
Date and time:	11.30am, 27 September 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	Barbara Janke	Bristol CC
Members	David Finch	Essex CC
	Nigel Ashton	North Somerset Council
	John Fuller	South Norfolk DC
	Catherine West	Islington LB
	Norman Keats	Knowsley MBC
	Marianne Overton	Lincolnshire CC
Observers	Alan Jarrett	Medway Council
Deputy Chair	Councilman Matthew Richardson	City of London Corporation
	Sir Stephen Houghton	Barnsley MBC

Officers:

Alan Finch, Paul Raynes (for part), Philip Mind, Mike Heiser, Caroline Green (for part), John Wright (for part), Aiva Statkevicius, Stephen Clarke and Frances Marshall.

Item	Decisions and actions	Action by
1	<p>Finance Panel Membership, Priorities and Work Programme for 2013/14</p> <p>Alan Finch (interim Head of Local Government Finance) introduced the report which set out the suggested priorities and work programme for the Panel for the coming 12 months and invited Members' views these. In doing so, he noted that should additional priorities or reactive work arise mid-year, this would impact upon the scale and timing of the work to be delivered.</p> <p>Members endorsed the core elements of the work programme, however in doing so, they highlighted the need for careful prioritisation, given the wide ranging and substantial issues on the work programme. With this in mind, the Panel asked that issue of welfare reform feature first in the list of priorities and that the integration of health and adult social funding also be reflected in work programme.</p> <p>Decision</p> <p>That Members agreed the Panel's priorities and work programme for the 2013/14 meeting cycle, subject to the changes requested by Members.</p> <p>Action</p> <p>Take work programme forward in line with Members' steer and oversight.</p>	<p>Alan Finch / Paul Raynes</p>
2	<p>Grant Consultations</p> <p>Mike Heiser (Senior Adviser) introduced the report which updated Members on LGA's response to the Governments' consultation on 'the use of capital receipts for one-off revenue purposes' and asked Members' to endorse the LGA's draft response on the 'technical consultation on the local government finance settlement 2014-15 and 2015-16'. He also updated the meeting on the Government's recent announcement regarding its intention to reduce the Education Services Grant. It was anticipated that a consultation on this would be published in the Autumn.</p> <p>In discussing technical consultation on the local government finance settlement 2014-15 and 2015-16', Members endorsed the LGA's response and expressed concerns regarding elements of the proposal which were counter intuitive to long term financial sustainability and autonomy. There was support for including reference to the issue of distribution in the LGA's response, with Members asking that the distributive effect of the proposed new Homes Bonus (NHB) changes also be included.</p>	

Decisions

The Panel:

- i. **agreed** the LGA's final response to the Department for Communities and Local Government's Technical Consultation on local government finance settlement 2014-15 and 2015-16;
- ii. **noted** the LGA's response to the consultation on the use of capital receipts from asset sales to invest in reforming services; and
- iii. **agreed** to receive a further report following the publication of the Department for Education's consultation on the Education Services Grant.

Action

Officers to take forward in line with Members' comments.

Mike Heiser

3. Autumn Statement: LGA Submission

Philip Mind (Senior Adviser) introduced the report by outlining the LGA's intention to present a submission to the Treasury in advance of publication of the Autumn Statement. He highlighted the broad outlines of the LGA's submission, as set out in paragraph 8 of the report, and invited Members' views on the content of the submission. A more developed version of the submission would be discussed by the October Executive, with a final version circulated to Panel Members via email for approval.

In the discussion that followed, Member endorsed the broad outlines of the submission set out in the report and asked that some key issues be highlighted within the final submission. These included highlighting some key successes, such as: making the case for councils' proven track record in promoting economic growth; highlighting the significant contribution of councils to the deficit reduction programme; and building on the success of health and social care integration to promote further integration of local-central budgets where appropriate. In terms of lobbying asks, several issues were discussed, including: the provision of greater freedoms and flexibilities for councils to drive growth and create greater financial certainty and sustainability; a move away from ring fencing of budgets and bidding frameworks; broadening the debate on neighbourhood planning beyond the issue of tackling empty properties; and strengthening local democratic accountability, such as through the removal of the cap on council tax increases and expanding the remit of Health and Wellbeing Boards.

In discussing the promotion of the *Rewiring Public Services* principles within the submission, Members felt that that *Rewiring* was important in terms of setting the context to the submission, but that the content of the submission should be financially focused.

Decisions

That the Panel:

- i. **agreed** the broad outlines of the submission;
- ii. **asked** that their comments inform the development of the submission; and
- iii. **agreed** that the final version of the submission be approved via correspondence.

Action

Officer to take forward in line with Members' comments.

Philip Mind

4 **Rewiring Public Services: Rewiring Finance**

The Chair introduced the report which set out a proposed way forward for exploring the finance related propositions within *Rewiring Public Services*. In doing so, she suggested that three time limited Task and Finish Groups be established to look at the different *Rewiring* issues within the finance portfolio. Members would be invited to volunteer for a Task and Finish Group of their choice.

Members endorsed the proposed way forward and highlighted a number of issues that could be considered by the Tasks and Finish Groups.

Decision

That the Panel **agreed** that the finance related *Rewiring Public Services* propositions be taken forward by three time-limited Task and Finish Groups, derived from the Panel's membership.

Action

Officers to establish the Task and Finish Groups.

Philip Mind /
Frances Marshall

5 **Update on Welfare Reform and Universal Credit**

Paul Raynes provided a detailed overview of the report which updated Members on: (a) the publication of LGA commissioned research on the local impacts of welfare reform and the local implementation of the Government's welfare reforms; (b) the progress of the Universal Credit (UC) Programme and the local authority face-to-face pilots; and (c) the current position on the implementation of the Single Fraud Investigation Service (SFIS). A draft letter from the LGA Chairman to Lord Freud regarding the SFIS had been

tabled for Members' comments. Additionally, Members were also asked to provide a steer on the work around outcome based payments and on the LGA's approach to the SFIS.

In the discussion that followed, Members shared their experiences of the local implementation of the Governments' welfare reform programme and discussed the difficulty of measuring the outcomes from the pilots. In discussing the need for a more complete picture across the piece, the Chair asked that the displacement of individuals from within the Capital to localities outside of London as a result of the impact of welfare reform changes be explored further. Paul Raynes (Head of Programme) confirmed that this was being undertaken.

With reference to the issues of payment formulas, Members were supportive of continuing the dialogue with Government based on a mixed funding formula, including: fixed funding; activity based funding; and outcome based payments. Whilst Members endorsed the inclusion of the outcome based payment element in the negotiations, they stressed that it must be balanced with sufficient fixed funding to cover upfront costs and that the percentage of outcome based funding must be achievable for rural local authorities whose ability to deliver may be different from urban areas.

In discussing the developments around the SFIS, the Panel expressed serious concerns regarding the lack of consultation of the issue and fully endorsed the position set out in the draft letter from the LGA Chairman to Lord Freud.

Decisions

That the Panel:

- i. **noted** the update on local implementation of the welfare reforms;
- ii. **endorsed** pursuing negotiations with Government around a mixed funding formula, based on an appropriate balance of fixed funding and outcome based payments; and
- iii. **endorsed** the LGA's stance on the need for a meaningful evaluation of all delivery options for the Single Fraud Investigation Service, including the partnership approach.

Action

Take forward in line with Members' direction.

Paul Raynes

6 Municipal Bonds Agency

Paul Raynes introduced the report which provided an update on the proposal to establish a Local Government Collective Agency to issue municipal bonds and dispense loans to councils for capital projects.

Members welcomed the positive developments and the opportunities it presented, however also noted the need to be cautious with regards to the potential risks. Cllr Janke offered to share some relevant work in this area, undertaken by Bristol City Council.

Decision

That the Panel **noted** the report.

7 LGA Consultation Response: New Homes Bonus & Local Growth Fund

Caroline Green (Senior Advisor) introduced the report which set out the LGA's response to the Government's technical consultation on the mechanism for pooling £400 million of New Homes Bonus (NHB) funding within LEP areas in 2015/16 as part of the Local Growth Fund. The response had previously been discussed by the LGA Executive, with the final version being approved by the political group leaders of the Association, the Finance Panel and the Environment and Housing Board. Members were invited to comment on the LGA's response to the consultation.

The Panel endorsed the robust stance of the LGA's consultation response, opposing the pooling of NHB monies in principle, highlighting the potential negative consequences of the decision and calling upon the Government to rethink the entire issue.

Decision

That the Panel **noted** the report.

8. LGA Activities at the 2013 Party Conferences

The report, which summarised the planned LGA activities at the party conferences on finance related issues, was moved without further comment.

Decision

That the Panel **noted** the report.

9. Note of the last meeting

The minutes of the previous meeting held on 12 July were approved as a correct record.