

Sustainable Funding

Purpose of Report

For discussion and direction.

Summary

This paper provides an update to the Executive on our modelling of the future funding outlook for councils, set out our plans for making our findings public at Annual Conference, and seek confirmation of the messages we wish to communicate.

Recommendation

Members are asked to agree the messages and handling proposals which will be put forward at the meeting.

Action

Officers to proceed in line with the Executive's view.

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Background

1. We have worked with member councils to model the future funding outlook for councils to the end of the decade. Our model brings together a reasonably sophisticated attempt, based on conservative and cautious assumptions, to model both the future path for total council revenues – including local revenues, grants and investment income and use of reserves - and spending pressures including demography, inflation, and continuing future efficiency gains.
2. This modelling, which we will present to the Executive, shows that the future impact of the Government's proposals for spending restraint raises questions about the sustainability of council services on a business as usual basis. It is the view of the Finance Task Group, which has seen and discussed the emerging results, that significant change is inevitable as a result, and that we need to begin a high-profile debate about the options for change now.
3. We propose that we launch that debate at the LGA's annual conference. We will also present to the Executive a sketch of the terms in which that should be done and would be grateful for your guidance on the content and tone of the messages the LGA will be putting over.
4. This work will constitute the core of the sector's approach to the next spending review, whenever it takes place. In the first instance, we need to influence the current debate about social care funding and inform the Government's approach to this year's Autumn Statement.

Financial implications

5. This is core LGA work and is provided for in the 2012-13 business plan and budget.