

LGA Executive

Agenda

Thursday 14 June 2012
2.15pm

The Westminster Suite (8th floor)
Local Government House
Smith Square
London
SW1P 3HZ

To: Members of the LGA Executive
cc: Named officers for briefing purposes

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LGA Executive
14 June 2012

There will be a meeting of the LGA Executive at:

2.15pm on Thursday 14 June 2012 in the Westminster Suite (8th floor), Local Government House, Smith Square, London, SW1P 3HZ.

Attendance Sheet

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: Evelyn Mark: 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

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LGA Executive

Updated: 16.02.12

LGA Executive - Membership 2011/2012

Councillor	Authority	Position/ Role
Conservative		
Sir Merrick Cockell	RB Kensington & Chelsea	Chairman
Gary Porter	South Holland DC	Vice-chairman/Group Leader
Robert Light	Kirklees Council	Deputy-chairman
Andrew Lewer	Derbyshire CC	Deputy-chairman
Robert Gordon DL	Hertfordshire CC	Deputy-chairman
David Simmonds	Hillingdon LB	Chairman, CYP B
David Parsons CBE	Leicestershire CC	Chairman, Env & Housing B
Paul Bettison	Bracknell Forest Council	Chairman, LGR
Peter Fleming	Sevenoaks DC	Chairman, Improvement B
Labour		
David Sparks OBE	Dudley MBC	Vice-chairman/Group Leader
Sharon Taylor	Stevenage BC	Deputy-chairman
Steve Reed	Lambeth LB	Deputy-chairman
Mayor Sir Steve Bullock	Lewisham LB	Chair, Workforce B
Peter Box CBE	Wakefield Council	Chair, E&T B
Mehboob Khan	Kirklees Council	Chair, SSC B
Dave Wilcox OBE	Derbyshire CC	Chair, E & I B
Liberal Democrat		
Gerald Vernon-Jackson	Portsmouth City	Vice-chairman/Group Leader
Mayor Dorothy Thornhill MBE	Watford BC	Deputy-chairman
David Rogers OBE	East Sussex CC	Chair, CWB B
Flick Rea	Camden LB	Chair, CTS B
Chris White	Hertfordshire CC	Member
Substitute		
Jill Shortland OBE	Somerset CC	Substitute
Independent		
Marianne Overton	Lincolnshire CC	Vice-chairman/Group Leader
Regional Representatives (10)		
Peter Martin MBE (Cons)	Essex CC	East of Eng. LGA

Paul Carter	(Cons)	Kent CC	SE Eng Councils
Angus Campbell	(Cons)	Dorset CC	SW Leaders
Philip Atkins	(Cons)	Staffordshire CC	WM Councils
Martin Hill OBE	(Cons)	Lincolnshire CC	EM Councils
Mayor Jules Pipe	(Lab)	Hackney LB	London Councils
Paul Watson	(Lab)	Sunderland City Council	NE Councils
<i>Vacancy</i>			LG Yorks & Humber
Sir Richard Leese CBE	(Lab)	Manchester City	North West Regional Leaders' Board
Robert Dutton OBE	(Ind)	Wrexham County Borough	Welsh LGA
Named substitutes			
Simon Henig		Durham County Council	NE Councils
Gordon Keymer CBE		Tandridge DC	SE Eng Councils
Paul Watkins		Dover DC	SE Eng Councils

Non-voting Members of LGA Executive

Cllr/Local Authority	Political Group	Representing
Lord Peter Smith (Wigan MBC)	Labour	LG Leadership
Stephen Castle (Essex CC)	Cons	Resources Panel
Neil Clarke (Rushcliffe BC)	Cons	District Councils Network
Stephen Houghton CBE (Barnsley MBC)	Labour	SIGOMA
Roger Phillips (Herefordshire CC)	Cons	County Councils Network
Edward Lord OBE JP (Corporation of London)	Liberal Democrat	Local Partnerships

Agenda

LGA Executive

Thursday 14 June 2012

2.15pm

The Westminster Suite, 8th Floor, Local Government House

Part 1

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4.	Local Government Resource Review	23	3.25pm
5.	Regional Report – South East – Cllr Paul Carter – tabled		3.45pm
6.	Independent Local Government Campaign	31	3.55pm
7.	Annual Report of the LGA's Audit and Scrutiny Panel	51	4.05pm
8.	Note of LGA Leadership Board - tabled		4.10pm
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Date of Next Meeting: Thursday 12 July 2012 - 2.15pm, Local Government House

Welfare Reform update

Purpose of Report

To provide a regular monthly update.

Summary

This update focuses on developments in the work on Council Tax, Universal Credit and Housing Benefit.

Recommendation

That the Executive notes the actions in hand and highlight areas for further activity.

Action

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

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Welfare reform update

Background

1. Since the Executive last met, we have been pursuing three priorities:
 - 1.1. mitigating the potential impact of the proposed localised council tax relief system on councils and residents;
 - 1.2. ensuring councils' role in the forthcoming Universal Credit system is recognised;
 - 1.3. tracking the impact of current and forthcoming changes to housing benefit.

Council Tax reliefs

2. We have focussed on two areas:
 - 2.1. briefing members of Parliament for debates on the Local Government Finance Bill which implements the changes to council tax reliefs, and seeking to ensure that the press report the changes and their potential impact;
 - 2.2. discussing with the Government its emerging policy on detailed implementation and funding of the new system.
3. We briefed MPs for the final Commons stages of the Bill. LGA positions were well-reflected in the debates in the Report and Third Reading on 21 May. Members put down amendments which would have secured the LGA objective of giving councils greater flexibility in deciding locally on council tax reliefs in order to absorb the impact of the cut in funding for Council Tax reliefs. These were not supported by the Government and did not pass.
4. We have also briefed Peers of all parties for the forthcoming Lords stages at well-attended meetings. The LGA's briefing has been well-received and a number of Peers have asked for LGA support with speeches and drafting amendments. The Chairman has also written to Ministers setting out the LGA's main concerns. By the time the Executive meets, the Second Reading will have taken place and we will be able to report more fully on the outlook for the Lords consideration of the Bill.
5. A major concern remains the legislative timetable. There is a significant risk that the Bill will not finish its Lords stages by July. From the Government's point of view, this risk can be managed by inserting a clause in the Bill granting councils retrospective legal powers for the consultation and other preparations they will need to undertake during the summer, and issuing draft regulations on the

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assumption that the Bill passes. For councils, however, the picture is not so straightforward, as the delay involves the risk that the Bill will be amended and they will wind up implementing something other than the Government's current policy which they cannot plan for. At the same time, the obvious way of managing the risk of Parliamentary delay – delaying implementation of the measures in the Bill – has the very serious disadvantage that it will not delay the 10% cut in funding imposed by the Government. Unless the Treasury relents on the cut – which every source of information we have tells us it will not – delay to the Bill simply means £500 million will have to be taken out of services instead of some of it being found through restricting council tax reliefs.

6. We have secured a certain amount of media coverage for LGA lines on this issue and will continue working to raise the level of press engagement with the significant impact of the Government's proposals for working poor benefit claimants.
7. The key emerging issue beyond the Bill is the Government's emerging proposal on funding the new system. In its policy documents published on 17 May, the Government has said it intends to fund the future council tax relief arrangements by transferring the existing central Government funding – less the 10% cut – into the localised business rate arrangements. We have argued strongly against this model. Historically, the cost of Council Tax Benefit has risen by more than inflation and the cost is driven by factors beyond councils' control (basically, the number of claimants, half of whom are pensioners). If that is the rate of growth, it makes no sense to fund the future system through an income stream – the rates – whose growth is capped at inflation or a little more.
8. At the same time, the Government has released a forecast of future Council Tax Benefit expenditure which shows a significant decline in cost into the future, starting next year, after years of consistent strong growth. This raises two issues:
 - 8.1. it looks like a response to our argument on future funding through business rates intended to suggest that our concerns are unfounded;
 - 8.2. it also looks like an attempt to short-change councils at the moment of transfer to the new localised system.
9. The actual transfer will not be based on this forecast, but on a reworking of the forecast at the time of the Autumn Statement. We are now engaging at officer level with the Department for Communities and Local Government (DCLG), Department for Work and Pensions (DWP) and the Office for Budget Responsibility to better understand why the forecast is so far at odds with councils' experience of the cost pressures in Council Tax Benefit and to ensure a proper debate about these numbers – and we hope, a more plausible set of numbers – before the Autumn and in time to influence final decisions about both the funding allocation and the revenue dedicated to financing it.

Universal Credit

10. The principal current issues on Universal Credit are:
 - 10.1. selecting council-led pilots for face-to-face delivery of Universal Credit services;
 - 10.2. the TUPE position of council staff;
 - 10.3. the announcements of the pathfinder arrangements for Universal Credit.
11. We have received thirty-eight bids for pilots, some involving partnerships of more than one council. This represents more than a tenth of all councils involved in benefit delivery. LGA members will recommend a shortlist to DWP consistent with the intention of proceeding with a dozen pilots across the UK. Separate pilot recruitment exercises are under way for Scotland and Wales. We hope to announce the list of pilots selected at our conference on Welfare Reform on 20 July.
12. DWP has written to councils at official level setting out its “conclusion”, based on legal advice, that council officers working on benefits processing will not be entitled to transfer to the new Universal Credit service under TUPE. This has caused significant concern in the sector. We are working to develop our own understanding of the legal issues – difficult to do since DWP will not formally share either its legal advice or its detailed operational model with councils – and will use that to engage with and if necessary challenge DWP’s interpretation of the position in order to protect council staff. Were DWP’s view to be correct, there is an important New Burdens issue to pursue with the Government relating to potential redundancy costs to councils.
13. On 24 May 2012 DWP announced that Universal Credit for some claimants – principally those currently claiming out of work benefits – will begin from April 2013 in four locations in Greater Manchester – Oldham, Tameside, Warrington and Wigan. Although the precise local authority role in each area has yet to be determined the councils in all four areas have been closely involved in the planning with DWP.

Housing Benefit

14. We are continuing to monitor the impact of current and forthcoming housing benefit changes on councils, residents, and local housing markets. A number of councils have responded to our survey but we are seeking a much wider response. Any assistance Executive members can give in encouraging responses from their own councils and councils in the regions they represent would be welcome.

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15. The LGA is working with housing bodies on these issues and we supported the Chartered Institute of Housing (CIH) publication 'Making it fit - guide to preparing for the social sector size criteria' which was launched at the end of May.

Financial implications

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

Hidden Talents

Purpose of Report

To update and take members' steer on the next steps of the Hidden Talents campaign.

Summary

This paper provides an update on the LGA's activity on the Hidden Talents campaign. The activity is jointly led by the Economy and Transport and Children and Young People Boards.

Recommendation

Members are asked to comment on the report, and the proposed next steps in paragraphs 23 - 30.

Action

Officers to take forward actions as steered by members.

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Hidden Talents

Background

1. The UK has a poor track record in engaging all young people that pre-dates the recession. Although there is some debate around the statistics, youth unemployment continues to rise over 1 million – and in the first quarter of this year the number of 16-24 year olds not in any kind of education, employment or training rose by 29,000 to a record 954,000.
2. Local authorities play a pivotal role in services for young people; they have a duty to protect the most vulnerable, to ensure all young people have a quality set of opportunities as part of raising the compulsory participation age – to 17 years old in 2013 and to 18 years old in 2015 - and, together with local partners, are perfectly placed to reconnect education and skills provision with local labour markets.
3. The policy and funding landscape continues to change in response to Government policy. Despite some opportunities, there is doubt within places that local partners have the levers over services supporting young people into work and learning to achieve the positive outcomes in their area.
4. Councils are ambitious for young people and want to be enabled to deliver more for the young people in their area, delivering better results and better value for money from investments. The Hidden Talents work aims to achieve this, working with councils to seek public service reform that enables local partners to:
 - 4.1. join-up support around the most disengaged young people, to re-engage them in work and learning; and
 - 4.2. reconnect education and skills provision with local labour markets.
5. The analysis and policy ideas included in this report have been tested and developed by around 40 young people at an LGA/British Youth Council (BYC) Youth Summit; engagement with young people through the BYC is continuing throughout the campaign.

The policy case, a new deal for the most disengaged

6. In March 2012, the LGA launched a report arguing for the need to join up and personalise support for the most disengaged young people, and those at risk of longer term, structural disengagement, to participate more effectively in work, learning and volunteering. The analysis and report was well covered by the press, including by the BBC, the Guardian and Observer and front page in the Metro.

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7. Beneath the headline figures are a group of around 260,000 young people entrenched in periods of long term disengagement, which have been out of work for over a year. This group has been growing through periods of growth, but has accelerated during recession, doubling since 2008.
8. The lack of job opportunities is affecting the most disengaged young people the hardest, further entrenching disengagement and increasing the risk that more young people become locked into periods of long-term unemployment. This group is also likely to have a complex range of circumstances driving this disengagement, including: place, family and poverty, qualifications and personal barriers.
9. Over the last 18 months the policy and funding of services to support young people to move into work and learning has shifted in response to Government strategy. However the offer remains awash with different national agencies, strategies, age-boundaries and requirements. LGA analysis identified that, young people between 13 – 24 years old can receive support from at least eight national organisations, funding 33 funds and schemes, spanning 13 different age groups, and – not including school funding – at an annual cost of over £15 billion. A breakdown of these schemes is found in the **Appendix A**.
10. Some national approaches work for young people who experience periods of short-term disengagement, those closest to employment, but too many tend to address spikes in youth unemployment without reaching the most vulnerable – for instance Job Centre Plus. For decades councils have witnessed national schemes scatter provision across their areas with little scope for local partners to shape, quality assure, or bring together support around individuals, or to connect this support with local jobs.
11. The Hidden Talents work seeks to build on opportunities that councils can develop for young people, campaigning for local levers to strike a new deal with the most disengaged – those missed by national schemes – in a way that joins-up services to create personalised solutions for this group.
12. To achieve this, the campaign calls for:
 - 12.1. A community budgeting approach to bring services together around the most disengaged. From the 33 funding streams we indicated the six most suitable for pooling, creating a total budget of £1 billion – these funds are set out in **Appendix A**.
 - 12.2. This would enable local partners to support the 260,000 most disengaged young people to be intensively supported back into work and learning, at a potential contribution of almost £4,000 each.

13. As champions of young people in their area, councils would offer:
- 13.1. local early identification of young people likely to disengage, and tracking progress on their journey to offer coherent advice and support at the right times;
 - 13.2. the development of new ways of commissioning, which build on the Government's public sector reforms, including local commissioning of national and local organisations that ensure the involvement of high performing organisations in the delivery of results;
 - 13.3. integration with the early intervention approaches enabled by the early intervention grant, with a focus on offering early help to prevent young people most likely to disengage.

The policy case, matching skills to jobs

14. Hidden Talents analysis also identified that we are spending £50 billion a year on educating young people in schools, in colleges and through work-based learning. Despite rising unemployment, 17 per cent of vacancies in England are directly attributable to skills shortages. Councils are keen to make this investment work better for young people and for local economies.
15. There is doubt whether the present education and skills system is sufficiently making this link, which incentivises schools and colleges to steer students onto courses they can easily pass, rather than the skills local employers need. For instance school performance measures focus on education attainment, and post-16 colleges, schools and training providers are paid by qualification rather than by programme, with the payment being contingent on whether the qualification is passed.
16. Local authorities seek to bring employers and colleges together in places to help young people gain skills needed in the local economy, but they do not have any levers within the system to achieve this – making it extremely difficult to deliver the outcomes they want for individuals and the local economy. It is crucial councils and local partners have sufficient tools to achieve this as part of their Raising the Participation Age duties.
17. The LGA has commissioned further research to assess the skills system's performance in giving young people skills for jobs, by comparing qualifications undertaken at further education colleges with vacancies advertised by Job Centre Plus. We expect the research to:
- 17.1. highlight significant levels of mismatch between skills and jobs at the national level, with an oversupply of skills for some sectors such as

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hairdressing and beauty, and an undersupply of skills in others, such as construction, engineering and health;

- 17.2. provide analysis at the local authority level of the variations between course qualifications and jobs in local economies, highlighting those places with the highest and lowest levels of mismatch in certain sectors.
18. The aim is to publish this research in mid-June, around the time of the Executive meeting.
19. A further piece of research has been commissioned to assess the number and geographical spread of graduate engagement in work or further learning. We plan for publication in the summer.
20. To reconnect skills to jobs, the Hidden Talents report calls for:
 - 20.1. the devolution of responsibility for commissioning education, skills and training to local partnerships – including local authorities, schools, colleges and employers; or
 - 20.2. all education, skills and training providers to be accountable to local authorities, who are able to shape, oversee and intervene to improve provision for young people.
21. As champions of young people in their area, councils can offer:
 - 21.1. matching of education and skills provision to local labour market need, reducing disengagement and slashing the level of skills mismatch;
 - 21.2. the creation of clear progression routes for individuals not going to university, with employers playing a central role in preparing young people for work;
 - 21.3. the involvement of young people in the design, scrutiny and delivery of all education and skills provision in their area;
 - 21.4. integration with additional support for identifying young people likely to disengage and joining-up support around them to reengage them in work and learning.
22. All of the published material will be made available on the Hidden Talents webpage, found via www.local.gov.uk/economy-and-transport

Building the case with local authorities

23. The Hidden Talents report sets out a persuasive and well supported case for joining-up services around the most disengaged young people, and the need for local partnerships to be empowered to do this.
24. We are now beginning to build a more thorough evidential case for change with local authorities. Up and down the country councils are implementing innovative approaches that have an impact on the lives of young people, joining-up services to deliver better value for money. We are working with a range of local authorities to capture this activity, and developing a single programme that builds a deeper evidence case for public-service reform that can better enable it. Government will be engaged in this work throughout.
25. This work was launched at a Hidden Talents roundtable by members of the Economy and Transport Board and Children and Young People Board, which was attended by the Rt Hon David Miliband MP, chair of AVECO Commission into Youth Unemployment, John Hayes MP, Minister for the Further Education, Skills and Lifelong Learning, and a range of senior local government figures and partners.
26. From new innovative approaches, we are looking to capture:
 - 26.1. Objectives – such as the targeted group, the type of support, the added-value (how it fills gap in service provision);
 - 26.2. Details – such as the financial modelling and investment, the numbers of young people supported, the partners involved;
 - 26.3. Success rates – such as the numbers supported into work and learning, the cost of doing this, projected long term savings to public services, the lessons to learn;
 - 26.4. Barriers – restrictive features in the current system, and their impact on success rates and financial value for money;
 - 26.5. Recommendations for new models – the financial and impact case for national public service reform and models.
27. The activity will also capture and develop evidence of how councils are using their own buying and planning powers to help young people into employment, for instance through public procurement.
28. A number of local authorities have signed up to this work, including: Cheshire West and Chester Council, East Sussex CC, Essex CC, Greater Manchester Combined Authority, Kent CC, Leeds City C, Staffordshire CC, and the London Tri-Boroughs.

29. This activity will be developed over the summer, and culminate in a report later in the year.

Taking the case to Government, Parliament and partners

30. The campaign will continue to engage Government, parliament and partners to take forward the policy case set out by Hidden Talents, and for instance will:
- 30.1. hold a cross-party parliamentary roundtable jointly with the Prince's Trust, bringing together local authorities and Parliamentarians;
 - 30.2. once confirmed, give oral evidence to the DWP Committee into Apprenticeships and the Youth Contract;
 - 30.3. continue meeting with Ministers, Parliamentarians and partners;
 - 30.4. develop joint working with business groups and the third sector.

Appendix A: Schemes aiming to reengage young people

33 services and funds, with total investment over £15 billion a year (not including universal credit, school funding, and programmes where the budget is unknown) * all 2010/11 figures unless stated		
Fund	Budget and targeted groups	Estimated annual budget
16-19 bursary fund	180m	£180m
19+ Further Education	1,600m (for all age groups)	£1600m
Adult Dependents Grant	£54.4m	£54.4m
Apprenticeships	£744.9m (16-18) + 314.7m (19-24)	£1000m
Care to Learn	£38.6m	£38.6m
Carer's allowance	£1.57b for all ages, 23,557 claimants under 25 claiming £56 a week in 10/11	£1.7m
Childcare grant	£46.5m	£46.5m
Dance and Drama Awards	£14.3m	£14.3m
Disability Living Allowance	£11.8b for all ages, quarterly average of 485,548 claimants under 25, claiming up to £73.60 a week in 10/11	£142m
Disabled Students' Allowance	£107.3m	£107.3m
Discretionary Learner Support 19+ hardship	£62.9m	£62.9m
Discretionary Learner Support 20 +	£35.4m	£35.4m
European Social Fund	£5,000m 2007-13	£714m
Foundation Learning	£3,980m	£3980m
Innovation Fund	£30m over three years	£10m
National Careers Service	-	-
National Citizen Service	-	-
National Scholarship Programme	£50m (£100m in 13/14)	£50m (£100m in 13/14)
New Enterprise Allowance	-	-
Parents Learning Allowance	£26.1m	£26.1m
Personal Independence Payment	-	-
Pre-16 provision in Academies, Free Schools and City Technology colleges	£4,920m	£4920m
Pre-16 provision in maintained schools	£3266m	£32660m
Professional and Career Development Loan	£159m	£159m
Residential Bursary Fund	£4.4 m (16-18 yrs old) + £2.3m (19+)	£6.7m
Residential Support Scheme	£3.3 m	£3.3m
Sector based work academies	-	-
Sixth Form colleges and general and specialist FE colleges	£3,990m	£3990m
Sixth forms in maintained schools and academies	£2,430m	£2430m
Work choice	-	-
Work experience	-	-
Work Programme	200,000 in 18-24 group in 11/12, average est £1,108 per participant	£221m
Youth Contract	£1,000m over three years	£330m
Total (33)		£52.8billion (£15 billion not incl school funding)

Funding earmarked for sub-regional commissioning responsibility, or sufficient alternative local influence, for supporting all young people in an area (combined to over £50b a year)	
* all 2010/11 figures unless stated	
Programme	Budget
19+ Further education	£1.6b
Apprenticeships	£744.9m (16-18) + 314.7m (19-24) – 1000m
Pre-16 provision in Academies, Free Schools and City Technology colleges	£4.92b
Pre-16 provision in maintained schools	£32.66b
Sixth Form colleges and general and specialist FE colleges	£3.99b
Sixth forms in maintained schools and academies	£2.43b
Foundation Learning	£3.98b
Total (6)	£50.58 billion

Schemes earmarked to pool into community budget for most vulnerable (around £1 billion, approx £4,000 for each of the 260,000 most isolated young people)		
* all 2010/11 figures unless stated		
Fund	Budget and targeted groups	Estimated annual budget
Youth Contract	£1,000m over three years	£330m
16-19 bursary fund	£180m	£180m
Adult Dependents Grant	£54.4m	£54.4m
Care to Learn	£38.6m	£38.6m
Residential Support Scheme	£3.3m	£3.3m
Work Programme	200,000 in 18-24 group in 11/12, average estimated £1,108 per participant	£221.6m
Total (13)		£1.1 billion

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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Sustainable funding

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.

Local Government Resource Review

Purpose of Report

For discussion and direction.

Summary

This report provides an update on the key issues arising from the Government's proposals.

Recommendations

Members are asked to provide general direction on the LGA's work on these issues, particularly over the period of the House of Lords' consideration of the Local Government Finance Bill.

Action

Director of Finance and Resources to take forward actions as steered by members.

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Local Government Resource Review

Background

1. The February meeting of the Executive received an update report on current local government finance issues, including localisation of business rates and council tax reliefs. The Finance Task Group has considered some of the more detailed issues on business rates and council tax relief localisation. This report provides an update on business rates localisation.
2. The Local Government Finance Bill has now completed its Commons stages. Its consideration by the House of Lords is expected to have started by the time of the Executive meeting, and LGA briefings have been offered to peers from all the parties and crossbenchers. The Bill sets out the legislative framework for the Government's localisation proposals. Most of the detail, including significant matters relating to the overall quantum of funding returning to local government, will either be set out in secondary legislation or determined by Ministers. The key principle that business rates revenue can only be used for the funding of local government remains intact.

The Business Rates localisation proposals

3. The LGA's consistent position has been to advocate a fair and simple local government funding system that gives councils greater financial autonomy, supports local services and encourages economic growth. The principle of full business rate localisation, which also ensures fair treatment of councils in areas with weak economies, would be a powerful move towards localism and a driver of economic growth. The Government's own economic analysis, published on 17 May along with a number of papers setting out more of the detail of the approach the Government intends to take, supports the view that full localisation makes better economic sense.
4. What the Government proposes in the Local Government Finance Bill dilutes and potentially compromises this principle. Rather than full localisation, Government intends to keep a 50% top-slice of business rates for the Treasury. This large 'central share' will give the Government the ability to squeeze total local government funding over the next few years. This will be achieved by means of decisions to use the Government's top-slice of business rates to fund areas of local government spending that are currently paid for by using general central Government tax revenues. In its 'Statement of Intent' on central and local shares of business rates, the Government lists a number of grants that, in the future, will be funded partly through business rates. The grants listed total more than £8 billion at current levels and include the amount of just under £4

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billion that will from 2013-14 be paid to fund the local council tax support arrangements that will replace council tax benefit.

5. The new proposals can be seen as half-way house between the full localisation of business rates and the original proposals for a fixed 'set-aside' to maintain central control over local government spending. As we said in the briefing we issued to member authorities on 18 May, the policy is a first step towards localisation, but raises a number of concerns.
6. The immediate issue is how the policy will operate in 2013-14 and 2014-15. Here, the Government has stated that the policy will be that other grants will be funded out of the 'central share' of forecast business rates to the extent that, assuming that the business rates yield is as forecast, the amount of funding going to local government would be as originally allocated in the Spending Review. In this way, the Government will maintain its Spending Review expenditure controls. This raises several issues for local government:
 - 6.1. If the Government's forecast is over-optimistic (and there is a history of significant over-optimism in business rates forecasts), local government may receive **less** than the amount originally allocated in the Spending Review.
 - 6.2. To the extent that the forecast assumes real growth in business rates, the benefits of real growth are shared between central and local government rather than being wholly retained by local government.
 - 6.3. At individual authority level, the overall amount of funding received could fall short of expectations because of matters outside the council's control (for example, the impact of appeals against rating valuations) and the authority would have to manage that risk up to the level of the 'safety net'.
7. At present, there is little transparency in how the Government's business rates forecast for 2013-14 and 2014-15 will be constructed. Officers have raised this issue with officials, and it does seem that its importance is recognised. Officers will continue to press this important issue. It can be noted that the Budget 2012 forecast for UK business rates yield shaved down the projections for 2012-13 and 2013-14 by £100 million each year from the numbers in the 2011 Autumn Statement, with the projections for 2014-15 to 2016-17 each reducing by £300 million - £400 million each year. Members will want to ensure, on behalf of the sector as a whole, that local authorities are not penalised by excessive optimism in Government forecasts for business rates. There is a potential 'double whammy' here, too, because use of an excessively optimistic forecast would have the effect of weakening still further the impact of the incentive for business rates growth in the new scheme.

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8. The Government has stated its intention to run the new business rates retention system from 2013 until 2020, at which point the funding baselines for authorities will be reset. However, this decision will not be implemented through legislation, because the flexibility to make adjustments at individual authority level each year will be retained through a revision to the way in which the annual local government finance settlement works. In future, this will set the central and local shares for local authorities individually, as well as providing a distribution for money to be returned to local authorities through the central share.
9. In order to make the localisation of business rates fair for all authorities, the detailed design of the new arrangements will incorporate safeguards to help authorities that raise relatively low amounts of business rates, whilst still delivering an incentive for all local authorities to grow their local economies. The broad principles of how this is achieved are that:
 - 9.1. every authority will have a starting point position calculated reflecting the result of a Formula Grant calculation rolled forward to 2013-14 – that will be the **funding baseline**;
 - 9.2. every authority will also have allocated to it a share (less than 100%) of the business rates raised in its area – that will be the **business rates baseline**, and the percentage share will remain fixed until the system is reset;
 - 9.3. going forward, if an authority's business rates baseline is **more** than its funding baseline, then its future funding will be the fixed percentage share of actual business rates raised less a tariff equal to the RPI indexed difference between the two baselines. For authorities paying the tariff, a levy may also be charged at a rate which will vary from authority to authority but which will be designed to ensure that a 1% real growth in business rates income will translate into a 1% real growth in the authority's income net of the tariff;
 - 9.4. if on the other hand an authority's business rates baseline is **less** than its funding baseline, the authority's future funding will be the fixed percentage share of its actual business rates raised, plus a top-up amount equal to the RPI indexed difference between the two baselines;
 - 9.5. the levy receipts will fund a safety net to protect any authorities whose business rates fall significantly. The Government intends to set the safety net at somewhere between 7.5% and 10% of each authority's indexed funding baseline.

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10. The material issued by the Government does not provide any detailed assessment of calculations of whether the money that is raised from the levy is likely to be sufficient to pay for the safety net, or whether the levy is in fact excessive having regard to the safety net obligation. An over-prudent calculation of the levy would have the effect of withholding money from tariff authorities that had achieved the best rates of growth, potentially limiting much-needed protection to some authorities whose business rates fell, or both. Given the other limitations on the incentive element in the scheme, the lack of transparency around the Government's calculations is a matter that needs to be put right, and officers have raised this point with officials in the Department for Communities and Local Government (DCLG).
11. In two tier areas, the business rates share will be split on a roughly 80:20 basis between Shire Districts and Counties. This will provide districts with a high degree of incentive to grow their business rates (and higher risk if growth is not achieved), and give counties more stability in their funding, as they will be more likely to be 'top-up' than 'tariff' authorities.
12. Single service Fire and Rescue Authorities will come within the scope of the scheme, as will the Greater London Authority (GLA), the revenue elements of whose general grant will be funded from business rates.
13. Alongside the Statements of Intent covering the central and local shares and the manner in which the levy and safety net will operate, the Government has also published a prospectus inviting applications for 'pooling' from groups of local authorities. The deadline for such applications is tight – 27 July – and officers have already raised issues around this with DCLG officials. Pooling would allow groups of authorities to share the risks and benefits of the scheme and, potentially, avoid the impact of the levy on tariff authorities in a pool.

Summary

14. It is considered that the key points that need to be pursued in discussions with the Government, ahead of further formal consultation planned for July, are:
 - 14.1. our concerns that, although the policy is a step towards localisation, maintaining a Government-allocated central share is not a localising policy, and the continued Treasury insistence on putting control ahead of growth;
 - 14.2. our concerns around optimism in the forecast for business rates yield;
 - 14.3. the lack of transparency in the assessment of the likely levels of levy and safety net, and the impact of excessively cautious forecasts on both the growth incentive and the depth of the safety net.

Financial implications

15. This is core work for the LGA which is funded from existing budgets.

Independent Local Government Campaign

Purpose of Report

For discussion and direction.

Summary

The LGA has been conducting a debate within the sector about how to respond to the House of Commons Political and Constitutional Reform Select Committee's proposal for a Code entrenching local government independence. The Executive will wish to discuss how to bring that debate to a conclusion and frame a response to the select Committee.

Recommendation

That following discussions with the Chairman of the Select Committee, the LGA set out a formal position at annual conference along the lines suggested in this paper.

Action

A cross-party group of members are asked to engage with the Select Committee.

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Independent Local Government Campaign

Background

1. The LGA has been conducting a debate within the sector about how to respond to the House of Commons Political and Constitutional Reform Select Committee's proposal for a Code entrenching local government independence. This is an extremely unusual and welcome collaboration between the LGA and a Select Committee. We have held events and discussions across the country involving national politicians and academics as well as councils. These have tested the draft Code published by the Committee.
2. The tentative conclusions emerging from those events are as follows:
 - 2.1. the principle of a Code is possibly of less significance than its substance and effectiveness;
 - 2.2. in particular, a declarative Code could not remove legal barriers identified by councils as limiting their autonomy and councils would look for measures with legal effect;
 - 2.3. of the substantive ideas reflected in the Select Committee's draft Code, councils were attracted by the idea of genuine financial self-sufficiency, subject to retaining mechanisms for fairness and redistribution;
 - 2.4. councils were attracted by removing many of central Government's unnecessary supervisory powers;
 - 2.5. councils were attracted by the prospect of removing central Government's power to intervene in councils' boundaries, structures and governance models;
 - 2.6. councils were attracted by making it a default position that local government should have the power to provide any local public service not explicitly reserved to another body;
 - 2.7. councils were attracted by the possibility of entrenching local government's position in a way that made it harder for future Parliaments to re-regulate local government.
3. A number of other proposals in the Select Committee's draft Code, however, did not command consensus among councils.
4. A copy of the Select Committee's draft Code is attached at **Appendix A** to this paper.

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5. Following the Executive's discussion, which Graham Allen MP, the Select Committee's Chairman is available to attend, the Executive may wish to mandate a cross-party group of members, including Cllr Robert Light who is the Leadership Board's sponsor for this piece of work, to seek to agree a formal response to the Select Committee which the Committee might be minded to accept and which we might then jointly at the LGA annual conference commend to central Government as a way of pursuing a policy of localism.

Illustrative draft Code for central and local government¹

Preamble

Through this code Parliament recognises free and independent local councils in England accountable to local citizens. These include unitary, county, district, metropolitan district, and London borough councils. They shall enjoy independence in both powers and finance and be entitled to do all that is required at local level, within the law, to secure and improve the well-being of their citizens and communities. Parliament makes plain that within their spheres of competence, local councils have co-equal—not subordinate—status to central government and that their rights and duties shall enjoy equal protection in law.

Article One:

1. The fundamental rights and duties of local councils herein are defined protected and entrenched. They may only be changed by the consent of Parliament as authorised firstly by an elected joint committee of both Houses, and then by the approval of both Houses of Parliament as prescribed in the amendment to the 1911 Parliament Act [enabling the second chamber to reject changes to the fundamental freedoms of local governance].
2. The code represents a consensual agreement between central government and local councils. Councils, local government representative bodies, all ministers, government departments, MPs, civil servants, courts of law and all public agencies interacting with local government are bound by the articles within this agreement and will act in accordance with these articles.
3. All of the provisions of the code are subject to the law. The individual rights of citizens are not affected by this code and citizens may seek judicial review against any injustice or infringement of rights as now. Councils and government can seek legal adjudication should it be felt that a council, councils or central government are not acting in accordance with the code.

Article Two: Local Autonomy and Local Self-Government

1. Councils' accountability is to local citizens.
2. Councils shall operate within the rule of law and with regard and respect to human rights legislation.
3. Councils are autonomous, democratically elected bodies which independently decide upon, administer and regulate the public affairs of and deal with all matters of concern within their boundaries which are not dealt with or attended to by other governmental bodies.
4. Councils operate within a framework of an irrevocable general power of competence with a full legal personality. Powers rest with councils, acting in

¹ On 18 January 2011, the Committee agreed “that written evidence be sought from an academic witness, containing an illustrative draft code governing the relationship between central government and local authorities in England”. Professor Colin Copus of de Montfort University agreed to take on this work. On 23 March 2011, the Committee wrote to all those who had given oral evidence to the inquiry asking for their views on the draft code for relations between central and local government. Suggested revisions were received and at the request of the Committee incorporated by Professor Copus into the draft code.

accordance with the national legal framework, to pass local legislation on matters affecting the affairs and interests of their area.

Article Three: Scope of Local Government

1. The powers and responsibilities of councils shall after due consultation be prescribed by statute subject to safeguards in Article 1.1.
2. Councils have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence or assigned to any other authority or body.
3. Councils are to be consulted, early within the policy and decision-making processes, by the Government if it is proposing reform, which will affect any council and its communities.

Article Four: Inter-Governmental Activities

1. Central and local government acting jointly shall be allowed to create inspection regimes to set and maintain service standards.

Article Five: Territorial Autonomy

1. The boundaries of local authorities are an issue for councils and their citizens. Any proposal for boundary changes must be conducted with the involvement of the Local Government Boundary Commission for England and within the law and subject to a local referendum in the area concerned.

Article Six: Council Governmental Systems

1. Local citizens through their councils have autonomy to choose their internal political decision-making systems (including, whether to adopt a directly elected mayor and cabinet, cabinet and leader, committee system, or some other political decision-making arrangement). Changes to political decision-making systems must first be subject to a binding local referendum.
2. Councils must review their political decision-making system every eight years and produce a publicly available 'Political Governance' report setting out the effectiveness of the system and if appropriate considering alternative approaches.
3. Councils or local citizens can adopt any electoral system for use in council elections, after consultation and a binding referendum.

Article Seven: Local Government Financial Integrity

1. Local councils shall to the greatest possible extent be financially independent of central government. Equalisation will be conducted by an independent Equalisation Board on an annual basis.
2. Local citizens through their councils may raise additional sources of income in their localities in any way they wish [subject to the rule of law and human rights legislation] if they gain the consent of their electorates through a binding referendum or local propositions.
3. Local government shall be given a guaranteed annual share of the yield of income tax. This share shall be increased as and when service provision responsibilities are transferred from central to local government so that councils are always able to benefit from the growth in buoyant tax resources available to the state as a whole.
4. The process of equalisation, ensuring fairness as between local councils, shall be undertaken by a body independent of central government.
5. Councils shall be able to raise any loans which their credit rating allows and will be exclusively responsible for repayment. For the purpose of borrowing for

capital investment, councils shall have access to the national capital market at their own discretion. All councils shall operate an annual balanced budget so that all outgoings, including interest repayments on borrowings, shall not exceed income.

6. Central government will not cap, or in any way limit, councils' taxation powers. Central government must consult with councils on how it will distribute and allocate government funding when using local government as an agent to pursue its own policy objectives. Government funding to councils, in pursuit of central government policy objectives is to be based on a rolling three year budget cycle to coincide with the comprehensive spending review process. Once the three year medium term budget planning process has been agreed and announced no significant changes in funding levels will be made by central government.
7. The same financial transparency standards will apply to local and central government, alike.

Article Eight: Councils' Right and Duty to Co-operate and Associate

1. Councils as independent legal entities are entitled, in any undertaking, to co-operate in any way with other councils, public and private bodies, any voluntary, charity or third-sector organisation, or with any financial, commercial or private enterprise.
2. Where more than one Council is responsible for services in a geographic area, these Councils shall co-operate to maximise the well-being of those within that area.
3. Councils are able to belong to any association for the protection and promotion of their common interests and to belong to an international association of any sort. Councils are entitled to co-operate with councils in other countries for any matter.

Article Nine: Local Referendum

1. The administration of any local referendum process shall follow standards set by the Electoral Commission, and those responsible for the conduct of any such referendum shall be accountable to the Electoral Commission for their performance against those standards.

Article Ten: Legal Protection of Local Government

1. Councils have the right of recourse to a judicial remedy in order to secure free exercise of their powers and respect for the power of general competence and any other principles of local self-government or individual rights enshrined in law or contained within the code or evident in Human Rights legislation.

Prospects for Codifying the Relationship between Central and Local Government

Introduction

The Committee set out [nine principles](#) to be expanded upon and to form the basis of a draft code governing the relationships between central and local government. The draft code could then be the basis for a wider consultation and discussion under the auspices of the Select Committee. The nine principles flow throughout the draft code and are developed in the clauses within each article. The Committee also asked for an assessment of the issues involved in implementing the principles through a code of central and local government relationships.

The first section of the paper sets out a rationale for the construction of a code of intergovernmental relationships and the rationale for each article contained within the draft code; the second section presents the draft code. The Third section assesses the feasibility and practicality of such a code. The paper concludes by drawing out the main issues that the Committee may want to consider in the development and decisions about the adoption of a code of intergovernmental relationships.

Section One: Rationale for Codification

The draft code is based on an assumption that it is required to re-establish and strengthen the position of local government within the constitution, to enable it to operate as a co-equal alongside central government and to provide a degree of protection for local government and its citizens from centralisation and over-regulation. If codification is to produce a balanced working relationship between central and local government it must explicitly recognise the value of local government and formally establish the degree of its political and governing autonomy. Without those underpinning assumptions a code is likely to see local government as little more than a means of providing or overseeing the provision of public services and consequently diminish its politically representative features.

Article Rationale

A preamble is required to set out a broad framework within which the articles sit and to set the context for operationalising the code in relation to principal authorities by stressing the underlying localist philosophy on which it is based.

Article One is required to emphasise the independence and autonomy of local government and to secure the code as an agreement between the entire centre and the localities. It is designed to ensure that all central government departments work with local government through a shared set of practices. Constitutional protection for the code is required to prevent it being amended or abolished.

Article Two is required to achieve an agreed definition, between central and local government of the role, purpose, nature and constitutional status of local government and to emphasise that local government accountability is primarily to citizens. It asserts councils as governing and politically representative institutions with independent regulatory and legislative powers within their own boundaries.

Article Three establishes a consultative working relationship between central and local government based on a mutual acceptance of the broad remit of local government responsibilities.

Article Four is required to ensure a negotiated and mutually agreeable process of constructing a framework for ensuring service delivery quality.

Article Five establishes the territorial autonomy of local government and that council boundaries are to be agreed by councils and their citizens (through local referendum). Without territorial integrity and autonomy council boundaries can be re-organised for the benefit of central government and the national parties' ideological concerns.

Article Six is required to operationalise the freedom of councils and local citizens to decide the internal political decision-making arrangements of the council and the voting systems for local elections to suit local circumstances. The article recognises that central government is not required to decide how councils will be elected or how they will make decisions once they have been elected.

Article Seven recognises that local autonomy and independence is strongly related to financial freedoms, but also that financial responsibility and rectitude comes with a clear link of accountability to local citizens. Alignment is required between central and local government financial processes to add certainty and consistency to financial planning. The article recognises the importance of an independent equalisation process between councils and that local and central government should be co-equal partners in this process.

Article Eight is required to set out the broad parameters within which councils can co-operate with each other and with other bodies so that there is clarity and recognition of councils' rights to act in ways that they think beneficial to their areas.

Article Nine provides for local referendum to be the responsibility of the Electoral Commission. Such independence enhances the probity of and confidence in, the referendum process and that local referendum will be overseen by a body Independent of local and central government.

Article Ten by enabling local government to take legal action in any circumstances that might threaten the autonomy of a council serves to provide additional protection to local government independence from external control or interference.

The next section sets out a draft codification of relationships between central and local government.

Section Two: The Practicalities of Codification

The section is set out in two parts to ease consideration of the issues involved. The first part examines the key issues (identified as italicised sub-section headings below) involved in codifying the relationship between central and local government and the implications arising. It does this by using the draft code developed from the nine principles the committee articulated which have been collapsed where they consider similar issues, such as finance. The first part of this section considers the following issues: securing agreement to the principle of codification; central and local government policy consultation; council boundaries; local electoral systems and

internal council political decision-making systems; local government financial freedom; quality of services; and, local government independence and autonomy.

The second part of this section makes a brief assessment of each article of the draft code.

1. Assessment of Broad Principles

Securing agreement of central government to the very principle of a codification of the relationship with local government has two key dimensions:

1. Central government accepting a permanent change to the current constitutional settlement between the centre and the localities
2. Ensuring that agreement to a code and abiding to its conditions extends across government, that it is not restricted to the DCLG alone and that it is adhered to by ministers and civil servants

Given the last Labour Government's policies of devolution to Northern Ireland, Scotland and Wales and given the current government's localism agenda and the Localism Bill, particularly section one's 'general power of competence', common ground should exist across the parties, for establishing a framework for the independence and autonomy of local government. Past governments, however, including the last government, have implemented policies which expressed little patience for local government autonomy and have viewed councils as a mechanism for little more than implementing central government policy. Currently however, each of main political parties appears to support greater autonomy for local government, so the time is right to develop and consult on a draft code. The feasibility of a code stands or falls on two aspects: first, Parliament and government re-balancing the constitutional relationship and doing so on a permanent basis; and, second, local government being willing to use new found freedoms.

A code itself does not alter the fundamentals of the constitution; making that code constitutionally secure does however, create a re-balance to a more localist orientation in the governing system.

Government would not be able to change the structure, nature, functions or purpose of local government, without the due process necessary to respect the independence of local government including undertaking negotiations. Any change negotiated would require (under Article 1.1) a legislative process different to that normally employed. While this may create frustration for government and slow down its own policy implementation, it would also mean less legislation, wider consent and more localised decision-making. Parliament has become accustomed, very quickly, to constitutional change brought on by devolution to Northern Ireland, Scotland and Wales and what that means for Parliamentary and governing processes. If viewed in the same devolutionary and evolutionary way a codification of central-local relationships would soon establish itself as the standard operating procedure.

A failing of the current concordat is that it has not been taken up across government departments and across ministers as the means by which intergovernmental relations are to be conducted. The concordat's focus on the service role of councils has served to sideline the political, democratic and representative contributions made by local government. Experience has shown that production of a code alone is insufficient to change working practices and that a change of attitudes across central government is required to successfully operationalise any code.

Independent central and local government would need to devise effective arrangements to work together in partnership. Developing a forum for *policy consultation* between local and central government means a shift from a top-down, control relationship to a negotiated, consensual style. Such a relationship between the centre and local government exists in other governmental systems, both unitary and federal (Goldsmith and Page, 2010). Central government already consults and negotiates with local government and creating a forum would sharpen the focus of existing processes and enable more detailed consideration of policy development concerning local government. A negotiating forum may however, slow down policy decisions, delay the implementation of government policy and frustrate government intentions across a range of policy areas. Genuine consultation and negotiation comes with the expectation of compromise and concession and that would be an expectation on all parties to the process. As a consequence delay may be off-set by better policy decisions and policy outcomes.

Control of *council boundaries* resting with councils and local citizens rather than with central government, exemplifies local autonomy and independence. Devolving to councils and citizens, working with the Local Government Boundary Commission for England, the power to set and change boundaries, to amalgamate (in whole or in part) or to disaggregate councils, is easily achievable. Moreover, it avoids the danger of council boundaries being manipulated for national party political reasons; or for reasons that suit the needs of the central government machine.

There are examples across the globe where decisions about council boundaries rest with citizens and councils and there are no practical difficulties in switching to a system of local boundary control, which would remove the need for the expensive bidding process that has been seen in some past reorganisations (Chisholm and Leach, 2008). A question arises as to whether council boundaries should be something that citizens alone should control, rather than giving councils a say in the matter as councils will tend to want to maintain or extend existing boundaries.

Central government will, of course, have a view on proposed boundary changes and on the overall coherence of the structure of local government and will be able to express that view during any consultation process.

Local electoral systems and internal council political decision-making systems need not be the same across the country. Indeed, since the Local Government Act 2000, some choice in internal political decision-making systems has existed. Moreover, the Localism Bill widens that choice by making the committee system open to all councils. The implications of councils being able to adopt different internal decision-making systems fall on the councils concerned; although, government inquiries have explored the way councils make decisions in an attempt to speed-up and add clarity and accountability to the process and this will still be a central government concern (HMSO, 1967, HMSO, 1986).

If council decision-making is perceived to be slow then there is an impact on central government as local people look to it for a solution to be developed and imposed. In this case government continues to be the arbiter of local matters at a detailed level. Encouraging independent councils to develop local political decision-making processes, with local people, rather than government legislating across the entire local government system could lead to more refined processes developing. By devolving responsibility to councils and local people to set council political decision-making arrangements, central government will be faced with a possible array of

systems when it comes to negotiating with councils. But, local decision-making forms would be the choice of local people rather than designed for the convenience of Whitehall.

The consequences of local electors choosing different electoral systems would again fall mainly on the councils concerned. Those council areas choosing a more proportionate electoral system are likely to have a wider range of parties and non-partisan groups represented on the council and would be more likely to be governed by some form of coalition, than those choosing to employ the first-past-the-post system; those areas retaining the current voting system for local elections are more likely to have a clearer one party outcome and governance. Central government will, of course, have a view on the matter and will be able to express that view during any consultation process, while the choice of electoral system should rest with the locality rather than Whitehall.

Securing *Local government financial freedom* is necessary to operationalising any of the nine principles and the draft code in section two. Central government control of local finances, both the source of finance and the way in which it is used by councils, would need to be fundamentally changed to give councils greater financial freedom (Layfield, 1976, Foster, *et al*, 1980).

Securing local government financial freedom from the centre is made difficult by: the role that local government expenditure has in the macroeconomic and fiscal policy fields; the control governments, of all parties, have been able to exert over local finances for national economic and political reasons; and, the current government's deficit reduction policy. Again, these issues are not insurmountable but rely on the formation of a different mind-set in the relationship between the centre and the localities when it comes to financial matters, rather than relying on an evolution of policy to secure change (John, 1999).

The Layfield Commission (1976) and the Lyons Review (Lyons, 2007) examined local government finance set within the wider context of the purpose of local government and central–local government relationships. Lyons was restrained in the reforms suggested, but the practical implementation of alternatives such as local income tax is not the issue, here. It is in local financial matters that we often see the conflation of local and national government in the public mind. Overall council expenditure and council tax levels are national issues and debated in the national media and thus government is required to have a view on their reasonableness. But, government holding and expressing a view about council financial decisions need not mean having control of them to ensure accountability; adding clarity to the system would enhance local financial accountability.

The current system of financing local government would be greatly simplified and accountability sharpened as a result of local people having freedom to endorse, or not, council access to diverse and buoyant sources of finance and to set their own taxation levels. With complete financial freedom given to local people however, central government would no longer be able to safeguard communities from excessive increase in local taxation, high levels of local expenditure or other financial adventures by individual councils. But, if local electors continue to grant a mandate for such financial policies by re-electing controlling groups who pursue them, the choice is either for local citizens to be the arbiters of local affairs or for central government by claiming a national mandate (Wolman and Goldsmith, 1992). There are no practicalities only political choices involved here.

Financial freedom for local government is not an all or nothing choice. Structures created for negotiation and agreement between the centre and the localities over the financing of local government, financial equalisation, and the level and nature of grant support, can replace a top-down approach without the centre relinquishing all control or involvement (Goldsmith and Page, 2010). Enhanced financial freedom would provide stimulus for re-energising local political parties, local civic society and civic debate around local choices and value for money. Yet, there is a need for central government to provide funding in emergencies such as natural disasters or, if for some reason, a local authority's finances broke down entirely.

The *quality of high-profile services* provided or overseen by local government are an issue of national debate. Major policy areas, such as education and housing, will always provoke central government interest and concern for involvement beyond inspection and freedom for local government needs to be seen and set in this context. A balance must be drawn between services which can be left to local decisions reflecting local sensitivities and circumstances so as to recognise local differences and diversity; and, those areas in which government will negotiate with councils about service standards, while avoiding any centralising tendencies which the provision of public services generate and which has been long noted (Toulmin-Smith, 1851).

The solution to the nationalising pressures of national expectations of service standards is to be found in the construction of fora where central and local government can spread best practice and negotiate and agree service standards and inspection regimes in a broad sense. Negotiation and agreement avoids the need for heavy-handed inspection regimes – which have served to undermine local autonomy and the democratic mandate granted to a council (See, Leach 2010). Moreover, it avoids the need for central government to impose required service standards and thus treat local government as a means of implementing government policy.

Local government independence and autonomy from central government and changing the directional flow of accountability from the centre to local citizens are factors inherent in the nine principles and are reflected throughout the code in section two. If local government is to have autonomy from the centre it must have the freedom to be able to undertake any action. The feasibility of achieving local government autonomy rest on the same considerations as those required for securing agreement to codification in the first place: re-balancing the constitutional relationship between central and local government; and, acceptance across government of a new working relationship. To ensure the continual effectiveness of a code it must be adhered to throughout the life of any government which is easier at the outset of a new government but becomes more difficult as time passes and governments become closer to the Whitehall machine.

The constitutional relationship required to secure local autonomy is something that has been achieved in federal and unitary states. Yet, there has been a recent trend across Europe for central government, in states which have constitutionally guaranteed local government freedom, to find ways of increasing control over local government (Goldsmith and Page, 2010). Again, the Localism Bill's 'general power of competence' nudges in the direction of autonomy – although the Bill does contain around 140 reserve powers for the Secretary of State, which indicates that local government autonomy will not be a direct outcome of the Bill, alone.

2. Brief Assessment of articles in the draft code

Article One: There is no reason why this article could not be implemented. A difficulty might occur around the issue of local government representation on the hopefully rare occasions when the joint committee proposed in the article, is convened. While Parliament might not accept non-MPs being full members of a Parliamentary committee, the local government representatives could be non-voting members, or hold their membership *ex-officio*.

Article Two: For the purpose of drafting a code general competence and local government autonomy are not fully articulated and these concepts would have to be defined in any consultation on the code undertaken by the select committee to avoid confusion. Indeed, general competence and local government autonomy are usually limited in constitutional settlements and are not left unrestrained. It is also necessary to set out elsewhere the distribution of functions and responsibilities between the levels of government and how disagreements can be resolved. Would the Supreme Court, or some other body, for example, be the final arbiter in any dispute?

Care would be needed in defining 'local citizens', either employing the current formulation for compiling the electoral register; or, a more extensive view of 'local citizenship' based on proximity to, but not residency within, a council area.

Article Three: Sets some limits on the autonomy of local government to that contained in article two. The scope and extent of the powers within article three and the nature of local government and community power over economic development would need to be agreed and defined in other documentation. It would rest on the agreed distribution of functions and responsibilities between levels of government. A *de minimis* rule may need to apply when it comes to this article.

Article Four: There are no practical problems as to why this cannot be achieved and implemented, quickly. But, it is likely that central government would want to have primacy in the process – again, the question of allocation of functions and responsibilities between levels and agencies would be required.

Article Five: There is no reason why this cannot be achieved. The question of the allocation of functions and responsibilities may be an issue in boundary setting, but, given that under article eight councils would be able to co-operate with each other in the provision of services, then boundaries are no longer linked to issues of service management and efficiency. The accountability of joint-provision would need to be ensured and mechanisms needed to enable voters to cast a judgment on jointly provided services.

Article Six: There are no difficulties in implementing article six. The article requires straight-forward devolution of power over electoral systems and political decision-making arrangements to councils and citizens. Too frequent changes however, should be avoided and maybe there is a need to place a time limit on change – such as two electoral cycles – eight years.

Article Seven:

Clause 1: The concept of local government financial independence needs to be carefully defined and agreed, otherwise as a statement of principle it could become meaningless and easily ignored, unless otherwise set out in law.

Clause 2: The use of referendum provides for a specific democratic mandate for taxation and revenue raising policy. But, councils must be prepared to have their proposals overturned and thus have developed, through consultation, alternative plans.

Clause 3: Rests on the assumption that an agreement has been reached about the re-allocation of local services and the division of income tax. Such agreement is not impossible, but, would require detailed negotiations between central and local government and devolution of functions and power from the centre.

Clause 4: Rests on the assumption that existing rules will be agreed for equalisation and the mechanism for allocation will continue. It would also mean that central and local government was unable to unilaterally change the processes once they had been agreed and therefore they would both need government to accept this limitation.

Clause 5: The clause has implications for the PSBR and is something that the Treasury would need to be closely involved in and is likely to strongly oppose, given its on-going and long-standing reluctance to see any local government financial reform. It is possible that linking loans to council credit ratings would be limiting for councils if resource bases were not equalised and thus poorer areas would suffer from their low credit rating, while more affluent areas may not need to borrow. On the other hand, prudent competent councils would be recognised by a revived local government bond market of the sort that has existed in the UK and that currently exists in the USA and elsewhere. The need to balance budgets would have to include the right to maintain reserves.

Clause Six: Easily implementable but rests on government's willingness to devolve final decision-making power on local taxation to local government. Financial and Partnership mechanisms imply a limitation to local autonomy by their very existence, so they would have to be voluntary and councils entering into partnerships do so without the expectation of government funding, so that those choosing not to operate in that way were not financially penalised.

Clause Seven: Difficulties may arise with this provision unless there are comparable disciplines on central government. Problems could arise from a general election and a change of government mid-Parliamentary or mid-budgetary cycle; or, if a severe financial crisis emerges; or, an event requiring immediate and large-scale financial commitment, such as an overseas military operation. These can be overcome by the agreement of a set of 'emergency provisions' that would allow central government to respond to mid-financial term emergencies.

Article Eight: The broad powers suggested here would have to be only for purposes which were legal and carried out within the legal framework setting out council powers.

Article Nine: Included to ensure probity in the referendum process and would require the allocation of the responsibilities and functions necessary to the Electoral Commission. Cost implications of the increased use of referendum would emerge, but linking them to the electoral cycle could reduce that cost.

Article Ten: The power for local government contained here would be under the rule of law which could result in legal challenge to abuses by central government action, policy and proposals and as with all issues covered by UK law could involve judicial review at Supreme Court or at the European level.

Conclusions

There are no real technical or practical reasons why the nine principles articulated by the committee or the draft code that is set out in section two, cannot be operationalised. The feasibility of codifying the relationship between central government and English local government rests not so much on practical and technical concerns. Rather, the feasibility of codification rests on political and ideological grounds and on the willingness of the centre to accommodate a new constitutional settlement for local government which acknowledges for it a political, representative and governing purpose. Moreover, codifying the relationship between central and local government would sit well with the government's localism and the Big Society agenda. It would underpin these policies by reducing centralisation and by providing the ground on which councils and communities could experiment with local initiatives that reflected local priorities.

The general implications of codification would be:

- Freeing local people to make many more decisions effecting their lives at a local level
- A shift to a more negotiated set of relationships between central and local government
- Enhancement of the constitutional status of local government
- A freeing of central government from the detailed control of local government
- Improvements to the clarity of the financial relationships between central and local government
- Other documents would be required to fully elaborate how the code would be operationalised, to set definitions and agree areas of responsibility
- Possible delays because of the time needed to build a consensus for central government in the development and implementation of policy and legislation as it impacts on local government
- Limitations on the central executive machine to use a Parliamentary majority in regard to local government policies, which would reflect similar limitations resulting from devolution to Northern Ireland, Scotland and Wales
- At a time of national financial constraint the costs associated with creating a new settlement between local and central government and of the consultation process may be seen to be prohibitive
- Considerable cultural change will be required to ensure that all central government ministries were aware of and adhered to the code in all activities and to recognise that a constitutional rebalancing had occurred as a result of the codification of the relationship between central and local government
- Mechanisms for dealing with disagreement between central and local government about the code and breaches of it would have to be decided upon by agreed structures
- As now, court action either involving the Supreme Court or at the European level would ensure the rule of law
- Greater freedoms for local people to make choices could result in wide diversity in the quality, type and nature of public services chosen

- Involvement and education of public and media around the choices available would be essential
- Strengthened localism could stimulate a revival of civic culture and activity and encourage local parties to forge greater links with local civil society
- The conflation, in the minds of the public and the media, of local and national politics and government may lead to central government suffering at the polls for local government failings or *vice versa*. But, a clear understanding of the roles of councils and governments could lead to them being elected on their own record and merits
- Enhanced financial freedom for councils would impact on central government economic and fiscal policy
- Robust mechanisms would be required for financial equalisation and central financial assistance in the event of local emergencies
- If local electors are to judge local issues central Government would find it difficult, if not impossible, to intervene where individual councils acted in ways that generate public concern or outrage, or are unnecessarily bureaucratic and meddlesome. Court action, as we see currently with central government, may be the only redress for citizens and the cost may be prohibitive and it would be necessary to ensure this was not repeated by local government.

The key to successfully implementing codification of inter-governmental relationships is the centre's willingness to permanently devolve political and governmental power to councils. Given that intention, the negative implications of codification can be overcome through the creation of safeguards and by negotiation and compromise. The forging of a new relationship between central and local government must go hand-in-hand with forging a new relationship between citizens, councils and councillors. The principle of codification and the draft code contained in this report, provide the basis for forging those new sets of relationships and a framework within which they can be explored.

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Annual Report of the LGA's Audit and Scrutiny Panel

Purpose of Report

For information.

Summary

The report sets out the work of the Audit and Scrutiny Panel for the year 2011-12.

Recommendation

Members are asked to note the report.

Action

Officers to take forward actions as steered by members.

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Annual Report of the LGA's Audit and Scrutiny Panel

Chair's Summary

1. The Panel has had a busy and productive year. Our focus has been on ensuring that the LGA has effective risk and performance management processes and we have regularly monitored these during the course of the year. The Panel has ensured that the internal auditor's recommendations for 2011/12 and for previous years have been implemented. We have also conducted important scrutiny reviews of the LGA's offer of direct support to councils and the LGA's corporate overheads. We shall be making recommendations arising from these reviews to the LGA's Leadership Board and also Resources Panel. Thanks are due to the members of the Panel for all their hard work.

Introduction

2. The responsibilities of the Panel are to:
 - 2.1. review the financial statements of the LGA and group organisations;
 - 2.2. monitor the processes for managing financial risks and internal control;
 - 2.3. oversee the appointments of the external and internal auditors for the LGA;
 - 2.4. monitor delivery of the LGA's Business Plan;
 - 2.5. report back on specific issues, commissioned by the LGA Executive;
 - 2.6. monitor the use of resources, including the effective use of top-slice funds;
 - 2.7. consider issues of probity and conduct.
3. The main focus of the Panel's work in 2011/12 has been to review the internal audit programme; review performance monitoring including the LGA's Corporate Health Indicators; review the LGA's and group companies' audited accounts and conduct scrutiny reviews of the LGA's offer of direct support to councils and the LGA's corporate overheads.

Financial statements and external audit

4. From 2007/08 to 2010/11, KPMG acted as the LGA's and other group companies' external auditors. Following a tendering exercise in the autumn of 2011, which included members from all political groups, Littlejohn LLP was appointed as the external auditor for three years for the LGA and all of the group companies.
5. At its meeting on 30 May 2012, the Panel reviewed consolidated audited accounts for 2011/12 for the LGA; IDEa; LGE; LACORS; LGIB; Leadership

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Centre; LGA properties and LGMB, prior to these being adopted by the Resources Panel. This follows the Resources Panel's earlier decision that consolidation was now appropriate in the light of the operation of the LGA and its related bodies as a single entity.

6. The consolidated financial statements also disclose the position of the LGA as a stand-alone entity, and incorporate the Association's Income and Expenditure account and Balance Sheet.
7. The LGA and its related bodies made an operating surplus of £1.655 million before financing income and costs, contributions from joint ventures and adjustments relating to pension scheme items. Financing items gave rise to net costs of £0.685 million, so the surplus after these items was just under £1 million. This figure is net of a contribution of £1 million to the 'creative councils' work that the IDeA Board previously agreed to fund from reserves, and therefore the overall outturn against budget for the year was an underspend of £2 million, in line with budget forecasts. The surplus for the LGA as a stand-alone entity was around £1 million.
8. This profit translates into the result shown in the financial statements by means of further adjustments reflecting the LGA's share of the surpluses realised by its two joint ventures, Local Partnerships LLP and GeoPlace LLP, and the adjustments required to account for the pension scheme deficit.
9. It is standard practice for issues identified in the course of the external audit to be raised by the auditors with management and for these to be reported to the board members as "Performance Improvement Observations" in what is commonly known as the "Management Letter". The Panel will monitor progress with the recommendations arising from the 2011/12 external audit.

Internal audit

10. The Panel is responsible for agreeing the annual internal audit strategy and programme at the start of each financial year, taking account of the key risks identified in the LGA's Risk Register.
11. The internal audit service was retendered over the summer of 2011 and Parkhill was appointed for three years from 2011/12, replacing RSM Tenon who acted as internal auditors to the LGA and the other group organisations for four years up to 2010/11.
12. The Panel agreed the internal audit strategy and audit programme for 2011/12 at its meeting in September 2011. The audit programme was split in to two blocks of work, including follow-up of the 2010/11 audits. Parkhill have now completed the programme and full reports were presented to the Panel

meetings held in December 2011 and March 2012. Parkhill’s annual report was presented at the Panel meeting in May 2012.

13. Based on the work undertaken in 2011/12, the internal auditor’s overall opinion regarding the adequacy and effectiveness of the LGA’s arrangements for governance, risk management and control was that the LGA has:

- 13.1. adequate and effective risk management;
- 13.2. adequate and effective governance;
- 13.3. adequate and effective control processes.

14. All of the thirty one recommendations made by the internal auditor have been accepted by management, apart from one recommendation made in relation to approving Additional Liberata Services. Panel members asked that further consideration be given to this recommendation, and extra controls for the approval of low value additional Liberata services provided without a purchase order have been implemented as a result.

15. The audit opinions are summarised below:

Internal audit assignment	Internal audit opinion
Financial Sustainability	Adequate
Contract Management	Adequate
ICT Health Check	Limited
ICT Infrastructure	Adequate
Governance	Substantial
Risk Management	Adequate
Key Financial Controls	Substantial
Follow-up of previous internal audit recommendations	Substantial assurance over the accuracy of management’s own recommendation tracking

16. The reports provided by the internal auditor confirm that the LGA has sound governance arrangements and that new business processes implemented in 2011/12, including the implementation of self certification of expenses, are operating effectively. The reports also identified that the introduction of a new Debt Policy has strengthened the debt recovery arrangement. This is confirmed by an overall reduction in debt. A key recommendation from the Panel in reviewing the internal auditor’s findings, was that further work is done to strengthen debtor management and reduce write-off.

17. A limited assurance internal audit opinion was provided for the ICT Health Check audit, with a recommendation to strengthen the client-side arrangements in relation to ICT. Management accepted this recommendation. A tender exercise to provide additional ICT capacity has now been completed and work

is underway to develop the LGA's ICT strategy. This is expected to be in place by July 2012. The strategy will address the weaknesses and risks identified in the internal auditor's report and provide overall direction for the LGA's ICT requirements. The strategy will be owned and monitored by a newly created ICT Strategy Board which includes members of the Strategic Management Team.

Scrutiny Reviews

18. The Panel agreed to conduct scrutiny reviews in 2011/12 of the LGA's offer of direct support to councils, and the LGA's corporate overheads. Two task and finish groups chaired by Panel members have progressed the reviews, which are due to deliver final reports and recommendations to the Panel meeting in July 2012.
 - 18.1. The task group for the review of LGA's offer of direct support to councils, agreed that the following hypotheses have emerged from the review, that:
 - 18.1.1. member access to information could be improved;
 - 18.1.2. the LGA's offer to backbenchers could be strengthened;
 - 18.1.3. the added value from the LGA's improvement offer needs to be made clearer.
 - 18.2. The task group for the review of the LGA's corporate overheads agreed the review would focus on the Liberata contract and in particular that the review would:
 - 18.2.1. provide oversight on the benchmarking process of the Liberata contract;
 - 18.2.2. provide evidence to inform the decision about the future of the LGA's outsourced services;
 - 18.2.3. ensure the LGA is managing its other overhead costs effectively as possible.
 - 18.3. The benchmarking exercise will be completed in June 2012, which will inform the Panel's recommendations to the LGA's Resources Panel which is leading the process of re-negotiating the Liberata contract.

Risk management and internal control

19. The Panel attaches importance to ensuring that the LGA has effective risk management processes in place and particular attention was paid to the internal auditor's risk management recommendations.
20. As part of the 2010/11 internal audit programme, the internal auditors recommended that a risk management policy should be established. A policy has been developed and was presented to the Panel at the meeting in September 2011.

21. The LGA's approach to risk management involves:
- 21.1. identifying the key risks associated with delivering the LGA's priorities and establishing a strategic risk register. Subsidiary registers, for example for individual programmes, are established as appropriate;
 - 21.2. evaluating the risks in terms of impact and likelihood, in order to assess the overall importance of the risk and the level of attention it should merit;
 - 21.3. defining a suitable response to the risk which mitigates its impact or reduces the likelihood of it occurring, in the light of the overall importance of the risk;
 - 21.4. defining target dates to ensure the risk owner is aware of the timeframe for implementation and to act as a prompt for management to review the risk;
 - 21.5. examining all risks periodically at an appropriate level of seniority, to identify any risks which can safely be deleted from the strategic risk register and to identify any new risks for consideration and evaluation.
22. The Panel has regularly reviewed the Strategic Risk Register. In particular the Panel focused on ensuring that key risks facing the organisation are being effectively managed. The Strategic Risk Register is reviewed and updated by the Strategic Management Team and from 2012/13 will be presented to members in the quarterly performance management pack.

Performance monitoring

23. Included in its terms of reference is the requirement for the Panel to monitor delivery of the business plan. The business plan for 2011/12 was agreed by the Executive in January 2011. At its meeting in September 2011, the Panel agreed the following framework for reporting progress in achieving the business plan:
- 23.1. **A summary report on each of the programme plans** set out in the business plan, to supplement the performance reviews being undertaken by individual Boards.
 - 23.2. A report on performance against **a suite of Corporate Health Indicators**;
 - 23.3. A report on the **financial performance of the group** - in particular, performance against the agreed budget for 2011/12.

24. The Panel reviewed a six month progress report at its meeting in December 2011. A full progress report was presented to the Panel in May 2012. Key issues from the reporting are:

24.1. **Delivery of programmes** - overall, the assessment is that of the 76 objectives in the business plan, 39 have been achieved (assessed as “green” as per the applied traffic light rating) with the remaining 37 objectives being assessed as “amber”.

24.2. **Corporate Health Indicators** – the number of authorities in membership stood at 422 in March 2012 and included all but four eligible councils. The total headcount has fallen significantly following the restructuring exercise, and debtor balances have reduced significantly.

24.3. **Financial performance** – consolidated accounts for the LGA and the group companies show that in spite of the significant reduction in core funding that took effect from 2011, the organisations managed within their resources.

Probity and conduct

25. No instances of fraud or corruption have been reported to the Panel in the course of the year.

Note of decisions taken and actions required

Title:	LGA Executive
Date and time:	Thursday 17 May 2012, 2.15pm
Venue:	The Westminster Suite, Local Government House

Attendance

An Attendance list is attached as **Appendix A** to this note.

Item	Decisions and actions	Action by
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1. The Local Growth Campaign

Cllr Peter Box CBE and Cllr Shona Johnstone introduced the work of the campaign.

Councils were already working with partners to drive economic development, and using existing devolved powers. The Local Growth campaign will cover:

- there can be no one-size-fits-all solution to economic development as local solutions were the most appropriate;
- local government needs further powers to implement locally tailored economic programmes successfully;
- opportunities created by changes in the education sector for local government to act as the “glue” between education providers and employers, to make sure appropriate skills for the area are being taught in schools.

In response to members’ comments, Cllr Box confirmed that the Campaign would include collecting and sharing case studies highlighting successful joint working with other agencies.

Members agreed that the devolution of powers to directly elected mayors, should be reflected in other areas to groups of councils or large counties or unitary authorities.

Decision

Members agreed the importance of local government in promoting and creating economic growth and the value in further devolution of powers.

Action

Officers to produce paper on this issue for the Annual Conference.

Ian Hughes

2. Welfare Reform

Members agreed the importance of continued lobbying on this issue, particularly in the light of the short time frame for implementation of the reforms.

Members raised a number of issues including:

- concerns about the lack of flexibilities and discretionary powers for councils. Paul Raynes, Head of Programmes for Finance and Localism, said that this was a key issue in discussions with the Department for Work and Pensions (DWP).
- concerns about the potential effects of the cut in council tax funding on county authorities in two tier areas. It was noted that officers were in discussion with councils potentially affected.
- the role of the private rented market given the lack of evidence of the predicted decrease in rents. Paul said that the LGA was presently undertaking joint work with the National Housing Federation on this issue.
- concerns about the transfer of staff into the new benefits structures. It was noted that conversations with DWP were ongoing on the transfer of staff and ensuring parity between council and DWP staff.

Decision

Members agreed that the LGA should continue lobbying on this issue and work with DWP to increase data sharing. Members agreed to have a further report on welfare at the next Executive meeting.

Action

Officers to provide a further report on welfare reform to the next Executive meeting and work with DWP on further data sharing.

Paul Raynes

3. Community Budgets update

The LGA was continuing to work with the four whole-place Community budgets pilots. Cllr Peter Martin MBE updated members briefly on the work that Essex had been undertaking since the last Executive meeting.

Decision

Members noted the report.

Action

Officers to continue to provide regular updates on Community Budgets to the Executive.

Paul Raynes

4. Regional Report – South West – Cllr Angus Campbell

Cllr Angus Campbell outlined the main challenges for the South West, including the aging population and the associated costs in social care. The South West region had been engaged with the LGA's Adult Social Care Campaign.

Decision

Members noted the report.

Action

Officers to add the regional reports to the LGA's website.

**Lucy
Ellender**

5. LG Inform Progress Report: May 2012

Michael Coughlin and Cllr Peter Fleming, Chairman of the Improvement Board, introduced this item and demonstrated LG Inform to the Executive. It was noted that LG Inform provides a useful benchmarking and improvement tool, allowing councillors and officers to access, interrogate and compare data across councils. The system is accessible to anyone with an email address from a member council and can be tailored to the individual's requirements.

Members thanked Cllr Fleming and Michael Coughlin for the presentation and demonstration of LG Inform.

Decision

Members agreed to promote this work further

Action

Officers and members to continue to promote the use of the LG Inform.

6. Local Partnerships – The Relationship between Local Partnerships and the LGA

Cllr Edward Lord OBE JP, Chairman of Local Partnerships, introduced this item to the Executive, setting out the work that Local Partnerships had undertaken since the Executive made the investment decision in December 2010.

Decision

Members noted the report and the progress made by Local Partnerships. Members also noted the work done by LP for local

authorities.

Action

No further action required.

7. Local Elections and LGA Political Balance 2012-13

Decision

Members noted the new political balance following 3 May elections.

Action

Officers to agreed the allocation of places across all LGA structures.

**Heads of
Group
Offices**

8. General Assembly Annual Meeting Motions

Decision

After a short discussion, members agreed that the three motions on scrap metal dealers, local government funding and adult social care would all go to the General Assembly.

Action

Officers to submit reports to the General Assembly on the three motions.

Cathy Boyle

9. Note of the LGA Leadership Board

Decision

Members agreed the note of the last LGA Leadership Board meeting held on 16 May 2012.

10. Note of last LGA Executive

Decision

Members agreed the note of the last LGA Executive meeting held 15 March 2012.

Attendance list

Position/ Role	Councillor	Authority
Chairman	Sir Merrick Cockell	RB Kensington & Chelsea
Vice-chairman	Gary Porter	South Holland DC
Vice-chairman	Gerald Vernon-Jackson	Portsmouth City
Vice-chairman	Marianne Overton	Lincolnshire CC
Deputy-chairman	Robert Light	Kirklees Council
Deputy-chairman	Andrew Lewer	Derbyshire CC
Deputy-chairman	Robert Gordon DL	Hertfordshire CC
Deputy-chairman	Steve Reed	Lambeth LB

Position/ Role	Councillor	Authority
Members	Paul Bettison	Bracknell Forest Council
	Flick Rea	Camden LB
	Angus Campbell	Dorset CC
	David Rogers OBE	East Sussex CC
	Peter Martin MBE	Essex CC
	Stephen Castle	Essex CC
	Mayor Jules Pipe	Hackney LB
	Roger Phillips	Herefordshire CC
	Chris White	Hertfordshire CC
	David Simmonds	Hillingdon LB
	Mehboob Khan	Kirklees Council
	Mayor Sir Steve Bullock	Lewisham LB
	Martin Hill OBE	Lincolnshire CC
	Edward Lord OBE JP	Local Partnerships
	Sir Richard Leese CBE	Manchester City
	Neil Clarke	Rushcliffe BC
	Peter Fleming	Sevenoaks DC
	Paul Watson	Sunderland City
	Peter Box CBE	Wakefield Council

Position/ Role	Councillor	Authority
Substitutes	Apu Bagchi	Bedford BC
	Catherine West	Islington LB
	Tim Moore	Liverpool City
	Jim McMahan	Oldham MBC
	John Merry CBE	Salford City

Jill Shortland OBE
Gordon Keymer CBE

Somerset CC
Tandridge DC

Apologies

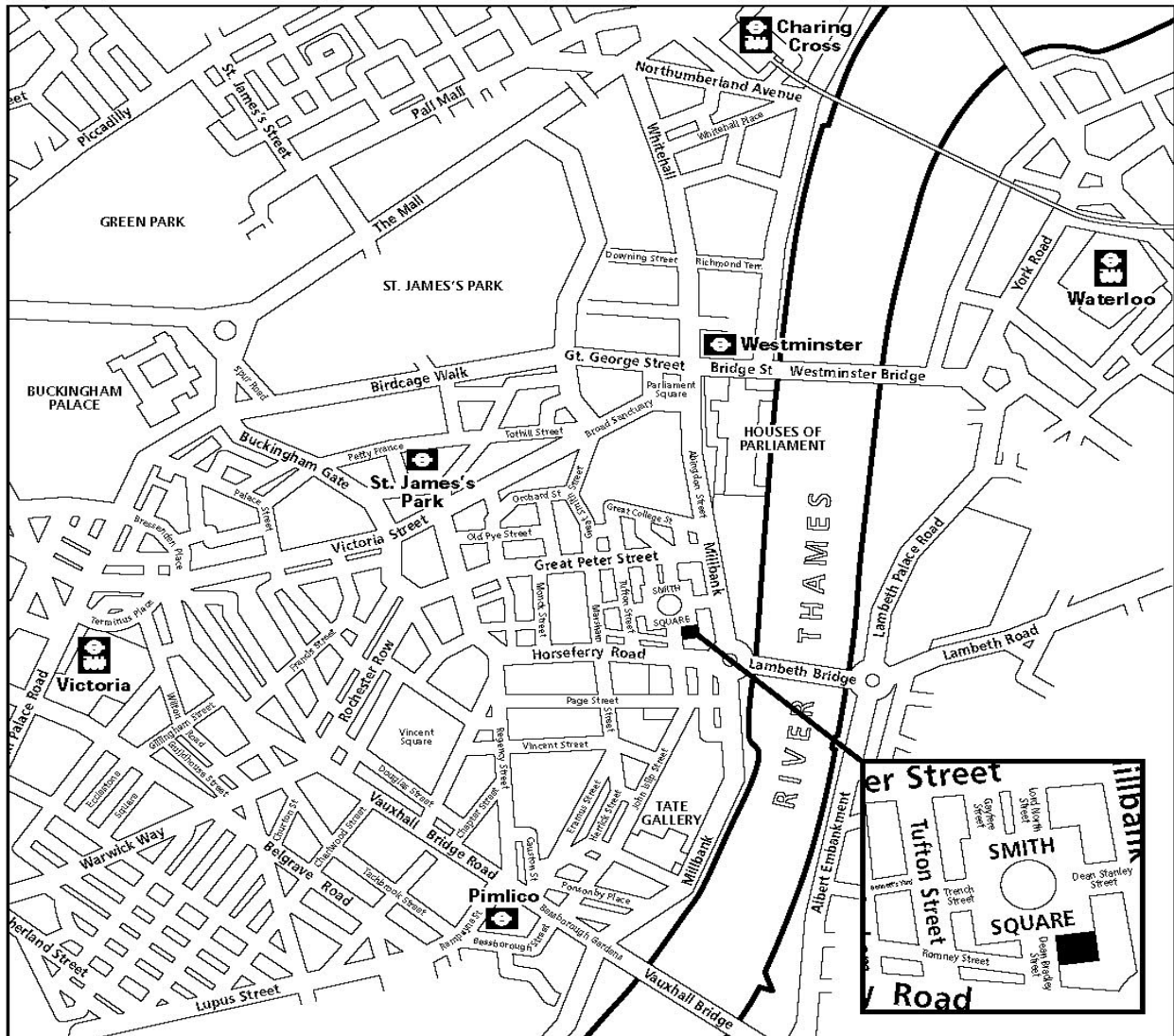
Councillor

David Sparks OBE
Sharon Taylor
Mayor Dorothy Thornhill MBE
Stephen Houghton CBE
Dave Wilcox OBE
Paul Carter
David Parsons CBE
Philip Atkins
Lord Peter Smith
Robert Dutton OBE

Authority

Dudley MBC
Stevenage BC
Watford BC
Barnsley MBC
Derbyshire CC
Kent CC
Leicestershire CC
Staffordshire CC
Wigan MBC
Wrexham County Borough

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** (District and Circle Lines); **Westminster** (District, Circle 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 goes close by at the end of **Dean Bradley Street**.

Bus routes - Millbank

87 Wandsworth - Aldwych **N87**
3 Crystal Palace - Brixton - Oxford Circus

Bus routes - Horseferry Road

507 Waterloo - Victoria
C10 Elephant and Castle - Pimlico - Victoria
88 Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

Cycling Facilities

Cycle racks are 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
Great College Street
Horseferry Road Car Park
Horseferry Road/Arneway Street