

# LGA Executive

## Agenda

**Thursday, 21 January 2016**  
**1.45 pm**

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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This meeting is



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**LGA Executive**  
21 January 2016

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There will be a meeting of the LGA Executive at: **1.45 pm on Thursday, 21 January 2016 in Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ.**

### **Attendance Sheet**

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### **Apologies**

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<b>Conservative:</b>	Group Office: 020 7664 3223	email: <a href="mailto:lgaconservatives@local.gov.uk">lgaconservatives@local.gov.uk</a>
<b>Labour:</b>	Group Office: 020 7664 3334	email: <a href="mailto:Labour.GroupLGA@local.gov.uk">Labour.GroupLGA@local.gov.uk</a>
<b>Independent:</b>	Group Office: 020 7664 3224	email: <a href="mailto:independent.group@local.gov.uk">independent.group@local.gov.uk</a>
<b>Liberal Democrat:</b>	Group Office: 020 7664 3235	email: <a href="mailto:libdem@local.gov.uk">libdem@local.gov.uk</a>

### **Location**

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### **LGA Contact**

Paul Goodchild  
paul.goodchild@local.gov.uk / 020 7664 3005

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## LGA Executive Membership 2015/2016

Councillor and Role	Authority / Representing
<b>Conservative (10)</b>	
Lord Porter of Spalding (Chairman)	South Holland District Council
Cllr David Hodge (Vice Chairman)	Surrey County Council
Cllr David Simmonds (Deputy Chairman and Board Chairman) <sup>1</sup>	Hillingdon London Borough Council
Cllr Philippa Roe (Deputy Chairman)	Westminster City Council
Cllr Peter Fleming OBE (Deputy Chairman)	Sevenoaks District Council
Cllr Sean Anstee (Deputy Chairman)	Trafford Metropolitan Borough Council
Cllr Roy Perry (Board Chair)	Hampshire County Council
Cllr Mark Hawthorne MBE (Board Chair)	Gloucestershire County Council
Cllr Izzi Seccombe (Board Chair)	Warwickshire County Council
<b>Labour ( 10)</b>	
Cllr Sharon Taylor OBE (Deputy Chair)	Stevenage Borough Council
Mayor Sir Steve Bullock (Deputy Chair)	Lewisham London Borough Council
Vacancy	Labour
Cllr Anne Western (Deputy Chair)	Derbyshire County Council
Cllr Nick Forbes (Deputy Chair)	Newcastle upon Tyne City Council
Cllr Keith Wakefield (Deputy Chair)	Leeds City Council
Cllr Peter Box CBE (Board Chair)	Wakefield Metropolitan District Council
Cllr Claire Kober (Board Chair)	Haringey LB
Sir Richard Leese CBE (Board Chair)	Manchester City Council
Cllr Simon Blackburn (Board Chair)	Blackpool Council
<b>Independent ( 4)</b>	
Cllr Marianne Overton MBE (Vice-Chair)	Lincolnshire County Council

<sup>1</sup> Eligible for two votes by virtue of his two roles.

Cllr Ian Stephens (Board Chair)	Isle of Wight Council
Cllr Peter Reeve (Deputy Chair)	Cambridgeshire County Council
Cllr Bob Dutton OBE (Balancing Member)	Wrexham County Borough Council

<b>Liberal Democrat ( 3)</b>	
Cllr Gerald Vernon-Jackson (Vice-Chair)	Portsmouth City Council
Mayor Dorothy Thornhill MBE (Deputy Chair)	Watford Borough Council
Cllr Chris White (Balancing Member)	Hertfordshire County Council
<b>Substitutes</b>	
Cllr Jeremy Hilton	Gloucestershire County Council
Cllr Ruth Dombey	Sutton London Borough Council
Cllr David Neighbour	Hart District Council
Cllr Liz Green	Kingston upon Thames Royal Borough Council
<b>Regional and Welsh Representatives (10)</b>	
Cllr Jason Ablewhite	CON East of England Local Government Association (EELGA)
Cllr Nicolas Heslop	CON South East England Councils (SEEC)
Cllr John Hart	CON South West Councils
Cllr Stephen Parnaby OBE	CON Local Government Yorkshire and Humber (LGYH)
Cllr Martin Hill OBE	CON East Midlands Councils
Cllr Roger Lawrence	LAB West Midlands LGA
Cllr Paul Watson	LAB Association of North East Councils
Cllr Barrie Grunewald	LAB North West Regional Leaders Board
Mayor Jules Pipe	LAB London Councils
Cllr Aaron Shotton	LAB Welsh Local Government Assoc. (WLGA)
<b>Named Substitutes</b>	
Cllr Anthony Hunt	LAB Welsh Local Government Assoc. (WLGA)

### Non-voting Members of LGA Executive

Councillor	Representing
Sir Stephen Houghton CBE	LAB SIGOMA
Cllr Paul Carter CBE	CON County Councils Network
Cllr Neil Clarke MBE	CON District Councils Network
Alderman Sir David Wootton	INDE Local Partnerships

## LGA Executive Attendance 2015-2016

Councillors	17/9/15	22/10/15	10/12/15
<b>Conservative Group</b>			
Lord Gary Porter	Yes	Yes	Yes
David Hodge	Yes	Yes	Yes
David Simmonds CBE	Yes	No	Yes
Philippa Roe	Yes	No	No
Peter Fleming	Yes	Yes	Yes
Sean Anstee	No	Yes	Yes
Roy Perry	No	No	No
Mark Hawthorne MBE	Yes	Yes	Yes
Izzi Seccombe	Yes	Yes	Yes
<b>Labour Group</b>			
Jim McMahon OBE	Yes	Yes	No
Sharon Taylor OBE	Yes	Yes	Yes
Mayor Sir Steve Bullock	Yes	Yes	Yes
Anne Western	Yes	No	Yes
Nick Forbes	Yes	No	Yes
Keith Wakefield	No	No	Yes
Peter Box CBE	No	Yes	No
Claire Kober OBE	Yes	Yes	No
Sir Richard Leese CBE	Yes	Yes	Yes
Simon Blackburn	Yes	Yes	Yes
<b>Independent</b>			
Marianne Overton MBE	Yes	Yes	Yes
Ian Stephens	Yes	Yes	Yes
Peter Reeve	Yes	Yes	No
Robert Dutton OBE	Yes	Yes	Yes
<b>Lib Dem Group</b>			
Gerald Vernon-Jackson	Yes	Yes	Yes
Mayor Dorothy Thornhill MBE	Yes	Yes	Yes
Chris White	Yes	Yes	Yes
<b>Regional Representatives</b>			
Jason Ablewhite	Yes	No	No
Nicolas Heslop	Yes	Yes	Yes
John Hart	No	Yes	No
Stephen Parnaby OBE	No	No	No
Martin Hill OBE	No	Yes	No
Roger Lawrence	No	Yes	Yes
Paul Watson	Yes	Yes	Yes
Barrie Grunewald	Yes	No	No
Mayor Jules Pipe	Yes	Yes	No
Aaron Shotton	Yes	No	No

<b>Non Voting Members</b>			
Alderman Sir David Wootton	No	No	No
Paul Carter CBE	No	No	No
Sir Stephen Houghton CBE	Yes	Yes	No
Neil Clarke MBE	Yes	Yes	Yes
<b>Substitutes / In attendance</b>			
Harvey Siggs	Yes		Yes
Kate Haigh	Yes		
Tim Swift			Yes

## Agenda

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### LGA Executive

Thursday 21 January 2016

1.45 pm

Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ

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### 7. **Budget Submission 2016**

To follow on a supplemental agenda.

**Date of Next Meeting:** Thursday, 3 March 2016, 1.45 pm, Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ





**LGA Executive**  
21 January 2016

## **Provisional Local Government Finance Settlement 2016/17 and Future Years**

### **Purpose of report**

For Information.

### **Summary**

This report summarises the main announcements in the provisional local government finance settlement. The LGA's response to the consultation will be circulated to members as a follow up to this report when it has received political clearance.

### **Recommendation**

That members of Executive are asked to note the update and the response which has been submitted to DCLG.

### **Action**

Officers to provide updates on any follow-up announcements and policy developments and proceed with next steps as directed.

**Contact officer:** Nicola Morton  
**Position:** Head of Programmes: Local Government Finance  
**Phone no:** 020 7664 3197  
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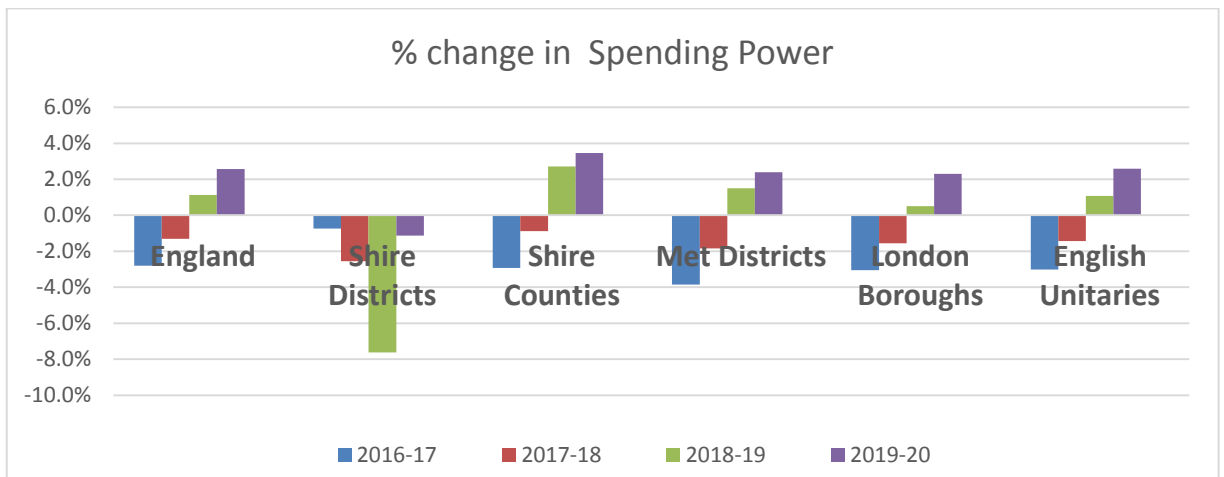
## Provisional Local Government Finance Settlement 2016/17 and Future Years

### Background

1. The Secretary of State for Communities and Local Government made a statement to Parliament on 17 December 2015 on the provisional local government finance settlement for 2016/17. This is a consultation which closes on 15 January 2016 and the final settlement will be published in February. The government also issued indicative figures for the years up to and including 2019/20.
2. The LGA's on the day briefing is appended for information and summarises the main proposals affecting councils. The LGA's response to the consultation will be circulated to members as a follow up to this report when it has received political clearance..

### Implications for Local Government Finance

3. The headline figures announced by the government are:
  - 3.1. Core Spending Power for councils as a whole will fall by 0.5% (more or less cashflat) over the four year period to April 2020. Core Spending power is a new measure defined by the government as Revenue Support Grant (RSG), retained business rates, the new homes bonus, and income from council tax assuming specified levels of growth, as well as some other specific funding. The following graph shows core spending power over the period to 2019/20 by class of authority:



- 3.2. The Government has also included a new definition of “settlement core funding” which is RSG plus retained business rates and council tax at the
- 3.3. 2015/16 base level. The inclusion of base council tax is new compared to the “settlement funding assessment” used in previous years.
- 3.4. The Government has taken 15/16 council tax receipts into account when calculating core government funding (principally RSG) and has prioritised funding for social care authorities. RSG will reduce in a way that ensures that councils delivering the same set of services will receive the same percentage change in settlement core funding for these services. As a result the settlement proposes distributional changes and this impacts differently on each type of council.

- 3.5. Revenue Support Grant for 2017/18 and beyond are subject to councils publishing an efficiency plan.
- 3.6. In later years RSG will be reduced to below zero for some councils and these councils will have their funding adjusted via top-ups and tariffs. These councils will therefore lose some of their locally retained business rates. The total amounts involved nationwide are £2.27 million in 2017/18, £22.82 million in 2018/19 and £152.88 million in 2019/20. This represents about 0.02% of retained business rates in 2017/18 rising to about 1.2% in 2019/20.

4. The number of authorities going into negative RSG is shown by type and year in the following table

Year	Shire Counties	London Boroughs	Shire Unitaries	Shire Districts	Metropolitan Districts	Fire Authorities	Total
2017/18	0	0	0	15	0	0	15
2018/19	2	1	2	51	0	0	56
2019/20	11	3	8	146	0	0	168

5. The settlement includes greater flexibility over council tax. Adult social care authorities will be able to increase their council tax by 2 per cent over the referendum threshold. This must be spent on adult social care. District Councils whose council tax is currently in the lowest quartile Band D council tax will be able to increase their council tax by the higher of 2 per cent or £5.
6. Beyond this, the 2% council tax referendum limit was confirmed, and a consultation on the review of new homes bonus was launched.

### Other key announcements

7. Announcements were made on:
- 7.1. Funding for the Care Act implementation will be included in the RSG baseline. This is £307 million in 2016/7 rising to £513 million by 2019/20.
- 7.2. The continuation of the Better Care Fund (with additional grant funding from 2017/18 worth £1.5 billion by 2020). Methods for distributing this will be consulted on. DCLG has proposed that the BCF grant should act as a method of equalising the relative needs for social care services and the maximum possible impact of the social care council tax precept. This would lead to some social care councils receiving no additional BCF money.
- 7.3. Flexible use of capital receipts to fund the upfront revenue costs of savings projects. This will apply to receipts received after 1 April 2016 and will be subject to the inclusion of the project in a published efficiency strategy.
- 7.4. Schools and Children's services funding: Ringfenced Dedicated Schools Grant figures were published. Reductions were announced in the general Education Services Grant and the Government will consult on further reductions to meet the £600 million saving announced in the spending review.

- 7.5. Rural services funding will increase to £65 million over the four years of the settlement funded by a top slice from RSG.
  - 7.6. A package of funding measures to tackle homelessness were announced.
  - 7.7. Local Welfare Provision £129 million from the 2015/16 settlement has been baselined for 206/17, but a further £74 million in the 2015/16 settlement has not.
  - 7.8. An additional £32 million of funding for flooding was announced.
8. Many of these announcements reflect or respond to concerns that the LGA has raised in its lobbying.
  9. Announcements were also made on funding for Fire and Police.

### **Communications / Public Affairs**

10. A media statement was issued on the day of the settlement with our initial analysis and reaction on what it means for councils. Chairman Lord Porter was interviewed live on the **BBC Daily Politics** on the day of the settlement and our statement was also reported as part of coverage in the **Guardian**, **FT**, **Express** and on **Mirror Online**.
11. Our On the Day briefing (attached as **Appendix 1**) was circulated to Council Leaders, Finance Portfolio Holders, Chief Executives, senior local government officials and parliamentarians. So far the briefing has been downloaded 4,481 times.

### **Next steps**

12. We will continue to brief MPs and Peers as the Finance Settlement is debated in Parliament in January and February 2016.
13. Members are asked to:
  - 13.1. Note the report and the content of the attached briefing.
  - 13.2. Note the content of the LGA's response to the consultation on the provisional settlement.
  - 13.3. Support the continued lobbying and finance work outlined above

### **Financial Implications**

14. This is core work for the LGA and is budgeted for within the 2015/16 LGA budget.

# **Local Government Association (LGA) briefing: Provisional Local Government Finance Settlement 2016-2017 and an offer to councils for future years 17 December 2015**



## **LGA KEY MESSAGES**

- Giving councils the option of longer-term funding settlements is significant. This is an important step towards the financial certainty councils need to run high quality services.
- The Government has responded to our calls for greater flexibility for local authorities in setting council tax levels. The option to raise council tax by an additional 2 per cent, if taken up in full, would raise additional resources of £393 million in 2016-2017 and would help to tackle local social care funding pressures and offset some of the extra cost pressures they face next year.
- Further recognition of the pressures on adult social care is demonstrated in the promised targeted increase of £1.5 billion in the Better Care Fund by 2019-2020. While recognizing this as positive, councils are concerned that the extra investment will not be fully in place until the end of this decade. 2016-2017 looks set to be the toughest year of this four year Spending Review period for local services.
- We support the variation to the referendum principle which will allow shire district authorities to raise their council tax by £5 if this is greater than what a two per cent increase will deliver.
- Taking into account the full range of ways councils can raise money the 2015 Spending Review announced a 'flat cash' settlement for councils over the next four years.
- However, there are still significant challenges ahead for councils who will have to make savings despite receiving a flat-cash settlement over the next four years, there are still significant challenges ahead for councils who will have to make savings sufficient enough to compensate for any additional cost pressures they face.
- These include those arising from general inflation, cost pressures in the care sector, increases in the number of adults and children needing support and rising levels of need, increases in demand for everyday services as the population grows and pressure on homelessness budgets and increases in core costs such as national insurance, the National Living Wage and pension contributions.
- The Settlement proposes distributional changes, including an equal percentage reduction in settlement core funding for different authorities of the same type. Different councils will have different views about this. We will work with the Government to ensure it listens carefully to arguments put forward by councils during the consultation.

# **Briefing**

- We will continue to work with Government to help shape the details of today's announcements ensuring that the views of councils are heard and understood, and will continue to respond to all related consultations.

## **THE SETTLEMENT IN DETAIL**

- The Department for Communities and Local Government (DCLG) has announced the provisional [Local Government Finance Settlement for 2016-2017](#). It has also issued indicative figures up to 2019-2020.
- This is a four-year settlement. However the figures for 2017-2018 and beyond are part of an offer to any council that wishes to take it up. This will be conditional on councils publishing an efficiency plan.
- The closing date for responses to DCLG is 15 January 2016. The final settlement will be published in February 2015.

## **Core settlement funding**

- **The Government's has defined Core Spending Power** as Revenue Support Grant, retained business rates, income from the New Homes Bonus, the local government element of the Improved Better Care Fund, and the Rural Services Delivery Grant as well as income from council tax assuming that the tax base grows, councils increase council tax by CPI and where appropriate by 2 per cent to support social care. The Government calculates that Core Spending Power in accordance with this definition will fall by an average **0.5 per cent** over the four year period.
- The Government will reduce revenue support grant to individual local authorities in a way that ensures that councils delivering the same set of services receive the same percentage change in settlement core funding for these services. Taking council tax into account when calculating this adjustment is a significant change in central government policy.
- As a result of the calculations above, some individual local authorities in later years will be required to contribute funding from other elements of their settlement core funding if their revenue support grant amount is reduced to a level below zero. The Government proposes that this adjustment could be made through the top-up and tariff method.
- Efficiency Support Grant paid up to 2015-16 is incorporated into the Settlement Funding Assessment.

## **New Homes Bonus**

- The provisional amount of £1,461 million for the New Homes Bonus (NHB) in 2016-2017 has been announced by DCLG. This will continue to be

funded through £210 million in specific grant with the rest in top-sliced funding, expected to be £1,275 million.

- As announced in the October 2015 Spending Review, the Government is also consulting [on delivering savings to the new homes bonus](#).

### **LGA View**

- The NHB represents a considerable addition to funding for some authorities. However for many other authorities the effect of the NHB being mainly funded through top-sliced funding is a net reduction in resources. The LGA will be responding to the NHB consultation.

### **Business rates**

- There are no changes to the current business rates retention scheme for 2016-2017. DCLG is consulting on 29 proposals for pools in 2016-2017, compared with 28 in 2015-2016. The Department did not issue a formal pooling prospectus this year.
- The Settlement contains some further information on the introduction of 100 per cent business rates retention, which the Government has promised by the end of the Parliament. The Government will be consulting on giving more responsibility to councils to support older people with care needs, including people who, under the current system, would be supported through Attendance Allowance. There will be protection for existing claimants and new responsibilities will be matched by the transfer of equivalent spending power. The Government will consult in the New Year on the proposals, including what it describes as the right model of devolution and level of flexibility.
- The Government has announced £50 million top-slice for the business rates safety net in 2016-17. This is the same level as 2015-16.
- The Government has confirmed that it will pay in full for the extension of small business relief announced in the Spending Review and Autumn Statement 2015 through a section 31 grant. The doubling of Small Business Rate Relief will continue for a further year but the retail discount will end on 31 March 2016.
- The multiplier will therefore be 49.7 pence, with the small business multiplier being 48.4 pence. Top-ups and tariffs will be uprated by 0.8 per cent; in line with the increase in the September 2015 Retail Price Index.

### **LGA view**

- Allowing local government to retain 100 per cent of its business rates income has long been called for by local government and has the potential to provide a vital boost for local communities, businesses and our high

streets. The Government's intention is for this change to be fiscally neutral and the Settlement sets out some options for services that may be transferred to be funded by these additional retained resources.

- While we will engage in discussions with the Government about the proposals to give more responsibility to councils to support older people with care needs, we believe that councils and businesses paying rates would like some of this extra local income to be invested in services that support local economies and drive local growth. Handing over responsibility for skills and transport services would allow local areas to close skills gaps, improve public transport and boost.
- With the move to 100 per cent business rates retention we are keen to work with Government to find a better way to deal with business rates appeals.
- We welcome that councils will continue to be fully compensated for the loss of income from the small business rate measures. However, this reduces the buoyancy of the taxbase. This is one of the issues to discuss with the government as we move to 100 per cent business rates retention. It is essential that the system of top-ups and tariffs which redistributes revenues between local authorities will be retained.
- The LGA and local government need to be fully engaged in all relevant discussions on the move to 100 per cent business rate retention.

### **Council tax**

- The referendum principle for 2016/17 is proposed to be 2 per cent, with the exception of Police and Crime commissioners and shire district authorities which are in the lowest quartile by council tax level, for which a higher limit of either 2 per cent or £5 (on a Band D bill) applies.
- In addition, social care authorities will be able to increase their council tax by 2 per cent over the existing referendum threshold, with the proviso that the additional 2 per cent 'social care precept' is spent on adult social care services. This will have to be separately itemised on council tax bills.
- In summary, section 151 officers of local authorities will be expected to notify the Secretary of State of the amount intended to be raised through the additional social care precept and what impact it has on previous plans for social care budgets. This will then be verified through various existing financial statutory returns. The full set of arrangements can be found [in this letter](#).

### **LGA view**

- We have long raised concerns about the underfunding of adult social care and the impact this inevitably has on the quality and quantity of commissioned care. We therefore welcome the increased flexibility that allows social care authorities to put up council tax by an additional 2 per



cent. This will go some way to addressing the funding gap facing social care.

- The Government should ensure the administrative burden of assurance on councils regarding the social care flexibility is kept to a minimum.
- A referendum on council tax increases is an unnecessary burden and real local accountability should be through the ballot box.

### **Care Act implementation funding**

- The Government has announced that the funding earmarked for preparation for implementation of Care Act 2014 will be included in the baseline for calculating Revenue Support Grant. The element is worth £307.7 million in 2016/17, growing to £513.9 million in 2019/2020.

### **LGA view**

- The continuation of adult social care funding for the Care Act reforms is welcome and adds much needed resources to take forward this important legislation, including moving towards the cap on care by 2020.
- The LGA has consistently called for the £6 billion earmarked funding for phase two of the Care Act to be reinvested into the social care system; this was central to our call for a delay to phase two of the legislation in the first place. This announcement, along with the increases to the Better Care Fund, goes some way to meeting our proposal.
- We are continuing discussions with the Department of Health as to the exact scope of the services to be covered by the funding and expect to receive more information in the New Year.

### **The Better Care Fund**

- The Settlement confirms the continuation of the Better Care Fund (BCF) and additional funding for adult social care through the BCF worth £1.5 billion by 2019/2020. In the interim years, the additional funding through the BCF will be worth £105 million in 2017/2018 and £825 million in 2018/2019. This funding will be allocated as a specific grant.
- The Government will consult on how the additional funding is distributed. However, as a default option it has proposed that the BCF grant should act as a method of equalising the relative needs for social care services and the maximum possible impact of the social care council tax precept. This would lead to some social care councils receiving no additional BCF money.

### **LGA view**

- The introduction of the BCF has marked an important change in how care and health interact within a place. The fact that the nationally mandated £3.8 billion BCF in 2015/2016 was increased by an additional £1.5 billion from local care and health budgets demonstrates that local areas are ambitious about integration. We welcome the continuation of the BCF and the additional money within it for adult social care.
- The Settlement confirms that there is no additional BCF funding for social care in 2016/2017 and only £105 million in 2017/2018. This, together with the incremental nature of the council tax precept policy, means a further two years of significant pressures on a system that is already under strain.
- As with any conditions attached to the council tax precept, any conditions attached to the use of additional funding through the BCF should be kept to an absolute minimum. Councils will face a completely different mix of council tax and BCF income within the overall support package. Those with a higher proportion of BCF funding should not face tighter constraints.
- We would encourage individual councils to respond to the Government's consultation on the distribution of the additional money for social care through the BCF.

### **Flexible use of capital receipts**

- Draft statutory guidance on the flexible use of capital receipts [was published](#) alongside the Settlement consultation.
- Under this guidance councils will be able to use new capital receipts from April 2016 to March 2019 to pay for the revenue set up costs of projects that are designed to make revenue savings. It will be for individual local authorities to decide if a project qualifies (paragraph 4.1). In order to qualify, councils will be required to prepare an annual efficiency strategy listing all qualifying projects and this strategy, and any variations to it, will need to be approved by full council.

### **LGA view**

- We welcome the flexibility to use new capital receipts and the discretion given to councils in identifying qualifying projects. The new requirement to produce an annual efficiency strategy is likely to be complementary to current financial planning carried out in councils. The requirement for any amendments to it, including amendments to individual projects, to be approved by full council rather than by the council's executive, will be an administrative burden.

### **Schools and Children's Services Funding**

Schools funding is through ring-fenced resources (Dedicated Schools Grant and the Pupil Premium). Most Children's Services Funding is included within the SFA.

- Provisional figures for Dedicated Schools Grant (DSG) for 2016-2017 were published on 17 December 2015. The addition previously announced for the 69 councils which the Government considers to be the least well-funded has been added to the baseline.
- The Education Services Grant retained duties rate will remain at £15 per pupil and the general funding rate for 2016 to 2017 will reduce from £87 per pupil to £77 per pupil, with continued protections for academies affected by the reduction. The Government will consult in the New Year on further reductions in order to reach the £600 million reduction announced in the 2015 Spending Review.
- An additional £92.5 million has been allocated to the DSG high needs block; pupil premium per pupil amounts for 2016 to 2017 will be protected at the current rates; and the minimum funding guarantee for schools will remain at 1.5 per cent.
- Full details can be found on the Department for Education website

### **LGA View**

- Councils have worked hard to protect children's social care budgets in recent years, and between 2008 and 2015 councils have seen a 60 per cent increase in children on child protection plans and are supporting an additional 20,000 children.
- However funding cannot keep pace with demand and 19 of the 74 councils inspected for children's services by Ofsted since February 2014 have been judged inadequate. These councils now risk losing control of children's services to third party organisations or high performing local authorities from other parts of the country.
- Continuing reductions to education grants outside the DSG and to early intervention funding risk under-resourcing local authorities in their delivery of early support to children, young people and families. Reducing core funding is counter-productive and will lead to significant cost pressures in the longer term, due to increased demand for more costly longer-term/lifelong interventions. We want to understand how the government expect to find the £600 million in Education Services Grant reductions and whether it intends to reduce statutory duties for councils.
- Recent research from the LGA estimated the cost of recovering from an inadequate judgement at between £3 million and £10 million, on top of the existing budgetary pressures caused by rapidly increasing demand. It is vital the new arrangements proposed by the Government are supported with the capacity and resources required to transform a hugely complex child protection system.

### **Rural Services Funding**

Government funding through the Rural Services Delivery Grant will continue. The

Government will top slice £20 million from Revenue Support Grant in 2016/2017 to pay as a non-ringfenced Section 31 grant to the upper quartile of authorities based on the super-sparsity indicator. This funding will increase to £65 million over the four year period of the Settlement.

### **LGA view**

- LGA members in rural areas will welcome this increased funding.

### **Homelessness**

To tackle homelessness the Government is:

- Maintaining and protecting homelessness prevention funding for local authorities, through the provisional Local Government Finance Settlement totalling £315 million by 2019 to 2020.
- Increasing central government funding for homelessness programmes to £139 million over the [Spending Review](#) period.
- Committing to work with homelessness organisations and across departments to consider options, including legislation, to prevent more people from becoming homeless.
- Providing £40 million from the Department of Health to refurbish hostels and provide low cost shared accommodation for young people at risk of homelessness.
- Providing £30 million extra to councils to give them more control and flexibility over homelessness budgets by devolving the funding for managing temporary accommodation from 2017 to 2018.
- Providing a £5 million fund to the 25 local authorities facing the greatest pressures in moving people out of temporary accommodation and into a settled home

### **LGA view**

- This package of measures is needed to address an increasingly challenging issue. We look forward to working with Government on developing options to prevent more people from becoming homeless. It is in everyone's interest to prevent homelessness and avoid the disruption to people's lives.
- Councils are doing a good job tackling homelessness under increasingly difficult circumstances, including an ever widening gap between household incomes and housing costs, and a chronic shortage of affordable housing. A partnership between central and local government is essential in tackling the issue of housing costs, and councils should have the tools and flexibility to build new affordable homes.

### **Local welfare provision funding**

- The Government added the £129.6 million of funding which was identified in the 2015-2016 provisional Local Government Settlement to the baseline for 2016-2017. However it has not baselined the additional £74 million which was added in the 2015-2016 final Settlement.

### **LGA view**

- Councils continue to be at the front line of supporting and enabling households to adjust to a significant and ongoing programme of welfare reform. Councils run a number of highly efficient and effective local schemes to prevent households from falling into crisis and to build capacity. It is of concern that the additional £74 million included in the final 2015/2016 Settlement has not been added to the baseline.

### **Funding for lead local flood authorities**

- Existing funding for lead local flood authorities will be incorporated into the Settlement. This amounts to £32.5 million in total. In addition there will be a new section 31 grant to ensure that these elements of funding for lead local flood authorities increase in real terms in each year of the Settlement. They are consulting on whether this grant should be ring-fenced.

### **LGA view**

- Lead local flood authorities will welcome this increased funding.

### **Fire Funding**

- The Settlement announced a decrease in settlement core funding available for fire services in 2016-2017.
- The Settlement also indicated that provision would be made so Dorset and Wiltshire Fire Authorities can set the same level of fire precept across both counties when they merge in April 2016.

### **LGA view**

- The further reductions in funding for the fire service in 2016-2017, and for the majority of services over the Spending Review period, will continue to put pressure on the delivery of fire services.
- As the recent National Audit Office report on the financial stability of the fire service highlighted, there are early signs of financial stress in some fire and rescue services. The reductions will have an impact on national and local resilience as well as operational capacity, and the ability of fire and rescue services to respond to events such as the recent severe flooding in Cumbria, Lancashire and Northumberland.

## **Police funding**

- The police funding settlement was also announced today. The Minister of State for Policing, Crime and Criminal Justice stated that government funding for the police in England and Wales (excluding counter-terrorism funding) in 2016/17 will be £8.3 billion. The Home Office also announced reallocation of funding to continue to invest in the Emergency Services Network and police innovation fund. There will also be a further £38 million of new transformation funding.
- In addition the Home Office confirmed the referendum threshold for Police and Crime Commissioners (PCCs). This will be 2 per cent. However as announced in the Spending Review 10 PCCs (Northumbria, West Midlands, West Yorkshire, Sussex, Essex, Kent, Hertfordshire, South Yorkshire, Greater Manchester and Cheshire) with the lowest precepts will be given additional flexibility to raise their precept by up to £5 per year per band D household.

## **Further Information**

The LGA will continue analysing Settlement figures in order to develop a deeper understanding of the effect on councils before replying to the consultation. We would welcome sight of responses from individual member councils and groupings. Please send to [lgfinance@local.gov.uk](mailto:lgfinance@local.gov.uk)

There will be a session on the Local Government Finance Settlement at the [LGA's finance conference](#) on 6 January 2016 which will provide in-depth analysis of the figures announced today. You can find out more about the event and book your place by following this link.

For further information on this briefing paper please contact Mike Heiser, Senior Adviser (Finance) ([mike.heiser@local.gov.uk](mailto:mike.heiser@local.gov.uk)/ 020 7664 3265); or Aeneas Tole ([aeneas.tole@local.gov.uk](mailto:aeneas.tole@local.gov.uk))



## Annex A: Tables showing key numbers

	2015-16 adjusted, £m	2016-17, £m	2017-18, £m	2018-19, £m	2019-20, £m
<b>Settlement funding Assessment</b>	21,249.9	18,601.5	16,621.6	15,536.0	14,499.7
<b>Council Tax of which:</b>	22,035.9	23,148.3	24,435.5	25,821.3	27,314.2
<i>Council Tax requirement excluding parish precepts (including base growth and levels by CPI)base growth and levels by CPI</i>	22,035.9	22,748.5	23,601.8	24,513.0	25,486.1
<i>Additional revenue from 2% referendum principle for social care</i>		392.8	820.9	1,289.8	1,804.0
<i>Additional revenue from £5 referendum principle for lower quartile districts Band D Council Tax Level</i>		6.99	12.80	18.51	24.13
<b>Improved Better Care Fund</b>			105.0	825.0	1,500.0
<b>New Homes Bonus and returned Funding</b>	1,200.0	1,485.0	1,493.0	938.0	900.0
<b>Rural Services Delivery Grant</b>	15.5	20.0	35.0	50.0	65.0
<b>Core Spending Power</b>	<b>44,501.3</b>	<b>43,254.8</b>	<b>42,690.1</b>	<b>43,170.3</b>	<b>44,278.9</b>
<b>Change (£m)</b>					- 222.4
<b>Change (%)</b>					-0.5%



**Annex B – Glossary of Local Government Finance Technical Terms**

<b>Aggregate External Finance</b>	Government grant (including specific grants) and business rates when taken together.
<b>Better Care Fund</b>	A single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities
<b>Central Share</b>	The percentage share of locally collected business rates that will be paid to central government by billing authorities. This will be set at 50 per cent. The central share will be re-distributed to local government through grants including the Revenue Support Grant.
<b>Core Spending Power</b>	Core Funding plus increase from council tax up to referendum limits, and grants including new homes bonus and (from 2017-18) the improved Better Care Fund money within the Local Government total.
<b>Dedicated Schools Grant</b>	The Dedicated Schools Grant was introduced in 2006-07, and is the principal source of funding for schools and related activities in England. The grant was introduced in place of funding previously allocated via the Formula Grant and a number of smaller specific grants.
<b>Education Services Grant</b>	This replaced the LA block of LACSEG (local authority central support equivalent grant) and the corresponding element of local government revenue funding from 2013-2014. The ESG is allocated on a simple per-pupil basis to local authorities and academies according to the number of pupils for whom they are responsible. It was cut by £200 million in 2015-2016. The government have announced that it will be cut again by £600 million by 2019-2020.
<b>Efficiency Support Grant</b>	A revenue grant which will help those authorities most affected by reductions in spending power to support long term changes to bring costs down whilst continuing to deliver the services that their citizens expect.
<b>Local Council Tax Support</b>	In April 2013 the national system of Council Tax Benefit was replaced by local support schemes in each billing authority. Authorities receive a fixed amount of funding and are free to design schemes as they wish, as long as pensioners' entitlement is protected.
<b>Local share</b>	The percentage share of locally collected business rates retained by local government. This is currently set at 50 per cent. At the outset, the local share of the estimated business rates aggregate will be divided between billing authorities on the basis of their proportionate shares (This is the percentage of the national business rates yield which a billing authority has collected - on the basis of the average rates collected by authorities over the two years 2010-2011 and 2011-2012). The government have announced that the local share will rise to 100 per cent by 2020, but it has remained unchanged this year at 50 per cent.

<b>New Burdens Doctrine</b>	The Cabinet agreed that all new burdens on local authorities must be properly assessed and fully funded by the relevant department.
<b>New Homes Bonus</b>	A grant paid to local councils for increasing the number of homes and their use, paid each year for six years. It's based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.
<b>Pupil Premium</b>	The pupil premium was introduced in April 2011 and is allocated to schools to work with pupils who have been registered for free school meals at any point in the last six years ('Ever 6 FSM'). Schools also receive funding for children who have been looked after continuously for more than six months, and children of service personnel.
<b>Safety Net</b>	A mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5 per cent below their baseline funding level.
<b>Section 31 Grant</b>	A grant paid to local councils under Section 31 of the Local Government Finance Act 2003, under such conditions as the minister may determine.
<b>Settlement Core Funding</b>	Settlement Funding Assessment (Revenue Support Grant plus baseline funding) plus council tax at 2015-2016 levels
<b>Settlement Funding Assessment (SFA)</b>	This is a local authority's share of the local government spending control total which will comprise its Revenue Support Grant for the year in question and its baseline funding level.
<b>Small Business Rate Relief</b>	Until 31 March 2017 businesses receive 100 per cent relief (doubled from the usual rate of 50 per cent) for properties with a rateable value of £6,000 or less. This means business rates are not payable on properties with a rateable value of £6,000 or less. The rate of relief gradually decreases from 100 per cent to 0 per cent for properties with a rateable value between £6,001 and £12,000.
<b>The (business rates) multiplier</b>	The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the retail prices index (although exceptionally a lesser increase may be imposed) and the other multiplier adjusted accordingly.
<b>Top-ups and Tariffs</b>	The difference between an authority's business rates baseline (the amount expected to be collected through the local share of business rates) and its baseline funding level (the amount of SFA provided through the local share). Tariff authorities make a payment and top-up authorities receive a payment. Tariffs and top-ups are self funding at the outset of the scheme and updated by inflation each year.





## **Children's Services and Education**

### **Purpose**

For discussion and decision.

### **Summary**

Recent announcements about the ending of the council role in school improvement and new measures to formalise the process for removing failing children's services from local authority control will have significant implications for local government. The Children and Young People Board and the Improvement and Innovation Board will discuss an LGA response to these significant developments at their January meetings and their Chairmen will present the outcome of these discussions to the LGA Executive for discussion and agreement.

### **Recommendation**

The LGA Executive is invited to provide a steer to the Children and Young People and Improvement and Innovation Boards following their recent discussions on local authorities' role in school improvement and support for Children's Services.

### **Action**

Officers to take action as directed by members.

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## **Children's Services and Education**

### **Children's services announcements**

1. On 14 December 2015, the Prime Minister announced a series of children's services reforms, including new measures to formalise the process for removing failing children's services from local authority control. Children's services departments rated inadequate by Ofsted will now be given six months to demonstrate significant improvement, or risk being taken over by "high performing local authorities, experts in child protection and charities".
2. The key proposals in the announcement included:
  - 2.1 Greater DfE scrutiny of councils judged inadequate by Ofsted, including a requirement on them to produce an effective improvement plan within three months, with progress against this plan reviewed every six months.
  - 2.2 For councils considered to be making insufficient progress, a commissioner will be appointed to review whether services should be removed from council control.
  - 2.3 For councils that DfE considers to be persistently or systemically failing, a Commissioner will be appointed immediately, with a presumption that the service will be placed outside of the council's control.
3. There are currently 20 inadequate children's services departments across the country, with just over half of children's services authorities inspected since the current inspection framework was introduced in 2012. If this trajectory continues, 38 local authorities will have been found inadequate and therefore subject to potential takeover by April 2017.
4. The LGA has previously expressed concerns that the current Ofsted inspection regime does not effectively drive improvement in children's services, and recent research we commissioned from independent consultancy firm iMPower suggested that it may in fact hinder a council's ability to improve.
5. iMPower found that of the 86 councils inspected twice or more since 2010, approximately 25% of those rated as inadequate in 2010 remained inadequate over the five year period. And 56% of those requiring improvement / considered adequate in 2010 maintained that rating on re-inspection.
6. iMPower also highlighted the stark change in ratings since 2007/8:
  - 6.1 In 2007/08, Ofsted reported that none of the councils inspected were considered inadequate, 22% were adequate, 69% were good, and 9% were outstanding.
  - 6.2 Now 28% of councils are rated as inadequate, 55% require improvement (previously described as "adequate") and just 18% are considered good. No council has been rated as outstanding in the last two and half years.
7. Demand for children's social care services increased significantly over that period:
  - 7.1 The number of children on child protection plans has increased by 60%.
  - 7.2 The number of children in care has increased by 17%
  - 7.3 The number of referrals to children's services has increased by 18%

8. Councils have generally worked hard to protect children's services budgets: the *Future funding outlook for councils 2019/20*, found a 1 per cent increase for children and families services spending, from £6.97 billion in 2010/11 to £7.03 billion in 2013/14. However, this still represents a reduction in real terms at a time of sharply increasing demand.
9. With this context in mind, it is clear that a new approach is required to drive sustained improvement within children's services. While the current government focus is on responding to identified failure, there is to be a role for the LGA to strengthen our existing sector-led improvement programme to better identify areas at risk and provide targeted support before more serious issues arise.

### **Proposed LGA response**

10. Since DfE withdrew the funding for the Children's Improvement Board, the LGA has only been able to provide a limited support offer for children's services. The LGA's current sector-led improvement offer includes safeguarding peer reviews, children's care practice diagnostics and leadership academies. A network of Children's Improvement Advisers has been established, contracted for 10 to 15 days a year per region to support the LGA's Principal Advisers on issues specifically related to children's services.
11. The LGA's peer reviews and diagnostics are provided on a voluntary basis and it is up to each authority to decide whether to make use of the offer. Around 15 children's peer challenges/diagnostics are currently being carried out each year.
12. As part of current discussions with DCLG about the future use of the RSG top slice to fund improvement work, a significant bid to continue and enhance the children's services offer has been submitted. In response to the Prime Minister's announcement the CYP Board is recommended to propose to the Improvement and Innovation Board and to the LGA Executive that:
  - 12.1. Support for children's services should have a high priority within the LGA's sector-led improvement offer, given the number of councils currently in intervention and at risk of being judged inadequate by Ofsted.
  - 12.2. The children's services support offer should prioritise councils that have not yet been inspected under the Ofsted Single Inspection Framework and are at potential risk of an inadequate judgement.
  - 12.3. The LGA's political and professional networks should be used to encourage these councils to have a full Safeguarding Peer Review or Safeguarding Practice/Care Practice Diagnostic.
  - 12.4. An enhanced support offer to councils should be developed to deal with any issues identified following a peer review or diagnostic that put a council at risk of an inadequate judgement at their next inspection.
  - 12.5. For councils judged inadequate, the existing support offer should be retained and enhanced, with a focus on supporting them to produce a credible improvement plan and maintain sufficient progress to avoid full-scale Department for Education (DfE) intervention in line with the new proposals.

### Education announcements

13. In the Spending Review and Autumn Statement on 25 November the government announced that:

“The Spending Review and Autumn Statement represent the next step towards the government’s goal of ending local authorities’ role in running schools and all schools becoming an academy. Around £600 million savings will be made from the Education Services Grant (ESG), including phasing out the additional funding schools receive through the ESG. The government will reduce the local authority role in running schools and remove a number of statutory duties. The government will consult on policy and funding proposals in 2016.”
14. Education Services Grant is paid to councils for the schools they maintain and directly to academies at a current rate of £77 per pupil (but academies receive a higher rate as a result of DfE top-ups to dampen the effect of recent cuts). Councils also receive a rate of £15 per pupil for all pupils in all schools including academies for the duties they retain in relation to all schools. In 2015/2016 councils received £570 million out of a total of £815 million. ESG is not ring fenced, but is intended to support services such as school improvement, education welfare and school place planning.
15. It is understood that the £600 million of ESG savings will not be fully implemented until after the 16/17 financial year for councils and 16/17 academic year for academies. This will give time for consultation and for the passage of the legislation needed to achieve the savings by removing duties from councils.
16. Early this year there will be a consultation on the removal of statutory duties and the detail of how the cuts will fall, followed by a Bill. It appears that the main duty the government is looking to remove is the overarching duty on councils “to exercise their relevant education functions with a view to promoting high standards”, but the consultation will look at the full range of council education duties.
17. This overarching educational standards duty is the legislation that Ofsted have relied on to inspect councils on their school improvement support and to also to hold them to account for the performance of academies – an accountability that the DfE has disputed. A number of councils have asked for greater clarity in this area and the removal of this duty would provide greater clarity and would be likely to end the legal basis for Ofsted inspection of council school improvement support.
18. It is understood that the government’s ultimate aim is to end the council role in school improvement, with schools unambiguously responsible for their own self-improvement. This will be supported by an expansion of the infrastructure developed during the last Parliament of teaching schools and National Leaders of Education and Governance and a strengthening of their accountability for supporting a self-improving schools system.
19. There will be no compulsion on schools to become academies, but the government expects that the clear expression of its policy intentions in this area and a more challenging financial climate will encourage more to convert to gain the advantages offered by Multi-Academy Trusts. The Education and Adoption Bill currently before



Parliament, which will require coasting and inadequate maintained schools to become sponsored academies, will also have an impact.

20. There is likely to be a continuing council role in education in other areas, including:

- 20.1 Place planning, admissions and home-to-school transport.
- 20.2 Supporting pupils with high needs and looked after children.
- 20.3 Acting as champions of parents and pupils.
- 20.4 Safeguarding, extremism and children missing education and in unregulated settings.

21. The formal consultation and the forthcoming Bill will provide the LGA with many opportunities to give a view on these proposals and it will not be possible to take a definitive view until the detail is published. However, the Children and Young People Board had an initial discussion of the proposals and the outcome will be reported to by the Board's Chairman, for discussion by the LGA Executive.

22. To gauge a wider range of views, the LGA has commissioned an opinion poll of parents and the results will be available by the time of the meeting. We will also carry out a survey of Lead Members for Children's Services to gauge the views of councils.

### **Education and Children's Services in Devolution Deals**

23. In examining the recent devolution deals, both education and children's services are notable for their absence, despite a number of councils making proposals in this area. Anecdotal evidence suggests that the Department for Education is much less engaged in discussions about devolution than some other parts of Whitehall. This supports points made elsewhere in this paper about government's overall approach.

### **Recommendations to the Children and Young People and Improvement and Innovation Boards**

24. The recommendations that the Children and Young People Board and the Improvement and Innovation Board will consider are that:

- 24.1 Support for children's services should have a high priority within the LGA's sector-led improvement offer, given the number of councils currently in intervention and at risk of being judged inadequate by Ofsted.
- 24.2 The children's services support offer should prioritise councils that have not yet been inspected under the Ofsted Single Inspection Framework and are at potential risk of an inadequate judgement.
- 24.3 The LGA's political and professional networks should be used to encourage these councils to have a full Safeguarding Peer Review or Safeguarding Practice/Care Practice Diagnostic.
- 24.4 An enhanced support offer to councils should be developed to deal with any issues identified following a peer review or diagnostic that put a council at risk of an inadequate judgement at their next inspection.

24.5 For councils judged inadequate, the existing support offer should be retained and enhanced, with a focus on supporting them to produce a credible improvement plan and maintain sufficient progress to avoid full-scale Department for Education (DfE) intervention in line with the new proposals.

25. The LGA Executive is invited to provide a steer to the Improvement and Innovation and Children and Young People Boards following their recent discussions on local authorities' role in school improvement and support for Children's Services.

### **Financial implications**

26. Any recommendation of an enhanced sector-led improvement offer for children's services will have financial implications which will need to be considered in the context of current discussions with DCLG about the future use of the RSG top slice to fund improvement work.



**LGA Executive**  
21 January 2015

## **Flooding: Resilience and Response**

### **Purpose**

For discussion and direction.

### **Summary**

With December 2015 being a record breaking month for rainfall in some parts of England and exceptional amounts of rain falling onto already saturated ground, councils have been at the forefront of activity to ensure communities are resilient and protected as far as possible.

### **Recommendation**

That the Executive discuss the latest position and identify any new work.

### **Action**

Officers will take actions forward as directed.

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## **Flooding: Resilience and Response**

### **Background**

1. With the UK experiencing the wettest December in a century, with rain falling on already saturated ground, a number of areas are still on high alert in case of further downpours, at the same time as undertaking clean-up and recovery. Cumbria, Lancashire and Northumberland were the main areas to be badly hit by flooding in early December, spreading across other parts of Yorkshire over the Christmas and New Year break. Whilst overall the weather situation has now improved, there is a risk that any further heavy rain falling on wet ground could lead to more flooding over the coming weeks.
2. The Environment Agency issued almost 1200 flood warnings in December 2015, with 89 at the highest level, meaning danger to life and more than 250 warnings have already been issued in 2016 (to 5 January). In excess of 16,000 homes and businesses were flooded. Tens of thousands of properties were also without electricity, including 55,000 at one point in Lancaster alone. However, whilst no consolation to those who were inundated, flood defences protected over 20,000 properties. Alongside councils working with the local emergency services, the Environment Agency and the voluntary sector and other partners, 600 military personnel were also deployed to support operations, with a further 1,000 on standby. Fire and rescue services from across the country also provided additional assistance to affected areas.

### **Funding for flood defences and local authority role in flood risk management**

3. The Flood and Water Management Act 2010 implemented the recommendations from the 2007 Pitt Review and placed a series of new responsibilities on Lead Local Flood Authorities or LLFAs (county councils and single-tier councils). LLFAs have a 'lead' role in managing flood risk from surface water, groundwater and ordinary watercourses (non main-rivers), working closely with other partners involved in flood and water management.
4. Main duties include: putting in place a local flood risk management strategy (as of December 2015, 78% of LLFAs had published or consulted on their strategy); cooperation with other risk management authorities including district and borough councils (in two-tier areas), water and sewerage companies, the Environment Agency and others; maintaining a register of local structures and features likely to have a significant effect on flood risk; investigation following significant flood events; a statutory consultee to the planning process on the management of surface water for new major developments.
5. The Environment, Food and Rural Affairs Committee (EFRA) published the 2014-15 DEFRA performance report last month. On flooding, DEFRA has committed to a six-year programme of capital investment of £2.3 billion to improve defences up to 2021 (and just over £1.9 billion by 2019/20). This is a real-terms increase on investment in the previous Parliament. To enable delivery this requires an additional £600 million of 'partnership' contributions. £250 million has been identified so far (£190 million from local authorities and £60 million from the private sector). The LGA is seeking further clarity around the subsequent revenue funding which will be necessary to cover the day-to-day costs of these projects.

6. Last year the Government responded to LGA calls to introduce tax relief for businesses contributing to flood defence projects. However, businesses can only get tax relief if the Environment Agency has allocated funding by way of grant-in-aid to the project. Entirely privately funded flood defence projects are not eligible for this tax relief. We have been calling on the government to broaden the scope to enable tax relief for all flood defence projects and further promote the relief available.
7. The LGA has also been calling for capital and revenue (maintenance) funding for flood and coastal risk management to be devolved into a local place-based 'pot' to increase flexibility on how the money is spent and allow local areas to support a more diverse set of outcomes to meet local priorities. The existing model tends to mean smaller, more rural and dispersed areas are unable to compete for funding. Other areas have catchments that are characterised by industry, commerce and critical infrastructure, yet little residential accommodation and so national funding contributions through Flood Defence Grant in Aid (FDGiA) for such areas are very low. A number of devolution bids have also called for additional powers over funding for flood risk management.

#### **Local government and fire and rescue response**

8. Councils have been at the forefront of activity ahead of, during and after flooding to support their residents and businesses including monitoring forecasts and keeping residents informed through regular postings on their websites and via social media. Teams were involved in clearing roadside drains and gullies to alleviate the risk of road flooding, managing road closures, supporting rescue of stranded motorists as well as assessment of damages to local transport infrastructure. Emergency rest centres and emergency accommodation were set up for families evacuated from their homes and plans were put in place to ensure other vulnerable and elderly residents were not put at risk and could still access the necessary council services. Skips to remove flood-damaged goods and other debris have been provided as well as other equipment to assist with recovery, including dehumidifiers, cleaning equipment and access to specific council-run hardship grants. Many staff were diverted from their normal duties and other placed on standby to work with emergency services and other partners as required to get help to where it was needed.
9. The Fire and Rescue Service has been working alongside councils in responding to the flooding. Firefighters from 24 fire and rescue services have been involved in rescuing hundreds of people across the affected areas. In addition to the traditional response in fire engines, firefighters in water rescue boats and operating specialist high volume pumps have worked around the clock to protect life and property in often very challenging conditions.

#### **LGA response**

10. Our strategy to date has focused on highlighting the continued work of councils and councillors working with the fire and rescue service, the military, the police, the voluntary sector and many other partners on the ground to protect people and property. The role of councils has been widely commended by national politicians and the widespread community spirit in order to help neighbours has been widely welcomed.

11. The LGA has also been liaising with the national media on a daily basis to highlight the work councils have been doing on behalf of their communities both ahead of bad weather, but also in dealing with the immediate response and subsequent clear-up.
12. We have also been working closely with councils affected to ensure that information for residents on their websites is clearly accessible. This has included updating and circulating LGA guidance on communicating with residents during extreme weather. Our flood resource on the LGA website has also been updated daily so that our member authorities can find all the information they need in one place: [www.local.gov.uk/flood-resilience](http://www.local.gov.uk/flood-resilience) . This contains sections on funding, case studies about council activity, a number of press notices and access to other useful information including live flood alerts.
13. We set up a dedicated response and recovery team and in particular have been working behind the scenes to help councils deal with their immediate challenges. For example assisting local authorities with their requests for sourcing sandbags to shore up flood defences to minimise flooding in a number of areas.
14. In addition, we have continued to press our lines on winter preparedness and flooding with DCLG, Treasury and Defra Ministers at the end of last year, and will continue to do so in the coming weeks and months.
15. We are running three regional workshops in February 2016 on managing severe weather outbreak and other emergencies.

### **Additional Funding**

16. There have been multiple announcements about additional funding for local areas, summarised below (as of 12 January). In particular, previous LGA lobbying has meant that capital funding has been made available to repair roads and bridges and small steps have been taken to introduce a more streamlined recovery package for Communities and Businesses. The package is essentially the same as that offered following the Winter 2013/14 floods.

<b>Scheme</b>	<b>Amount</b>
<b>Storm Desmond</b>	
Communities and Business Recovery Scheme Includes: <ul style="list-style-type: none"> <li>- up to £500 per household</li> <li>- up to £2500 for businesses</li> <li>- up to £5000 per property for resilience measures</li> <li>- council tax discounts</li> <li>- business rates relief</li> <li>- farming recovery fund (£500-£20,000 per farm)</li> </ul>	£42.85 million
Cumbria and Lancashire – assessment of damage to roads and bridges	£2 million
Repairs to roads and bridges	£40 million
Repair to flood defences	£10 million

Charity match funding	up to £1 million
<b>Storm Eva</b>	
Communities and Business Recovery Scheme Includes: - up to £500 per household - up to £2500 for businesses - up to £5000 per property for resilience measures - council tax discounts - business rates relief - farming recovery fund (£500-£20,000 per farm)	£50 million
Repair to flood defences	£40 million
Charity match funding	up to £1m
Repairs to roads and bridges	£3.5 million
<b>Storm Eva and Desmond other</b>	
Sport England fund	£400,000
Bellwin scheme	100% of eligible costs above threshold

17. Since the announcements, we have been working closely with central Government on the details of the schemes, particularly the Communities and Business Recovery Scheme, many elements of which have been passed on to councils to administer. In particular we have pushed for a firm commitment that councils will be fully reimbursed for all of the schemes, in order to provide reassurance that there will be no further shortfall in their budgets. This has meant that councils have been able to promptly start to process requests from residents and businesses.

18. We are working with affected councils to ascertain the likely costs of repair of the infrastructure in their area. As soon as these figures become clearer, we will be able to make an assessment of whether the overall funding provided by the government is of the right magnitude.

### Ongoing issues and next steps

19. The national co-ordination mechanism (COBR) is essentially a command and control operation and Ministers have asked for reassurance on a number of issues and services which local authorities run. This includes concerns about: continuity of provision of social care to vulnerable people; emergency and out of hours telephone numbers being sufficiently visible and active on websites and levels of mutual aid. Our approach has been consistently to remind central Government that responding to communities is the day job for councils and that, although provision will be different across the country, we can be confident that councils are continuing to provide the required services.

20. Whilst the LGA has not been formally involved in COBR in relation to the flooding, we have agreed to work with DCLG to put together a protocol on how LGA mutual aid arrangements regarding sandbags (and other resources) can be actioned following future emergencies.

21. Whilst the support and high levels of engagement from government has been mostly welcomed by councils, ministerial oversight of both response and recovery in affected areas has been exceptionally rigorous. Concerns have been raised that this has engaged valuable resources and that councils must be allowed to get on with planning for and undertaking recovery following an emergency event.
22. The Government has charged Oliver Letwin MP with carrying out a National Flood Resilience review to protect the country better from future flooding and increasingly extreme weather events. This is due to report in Summer 2016. The LGA will seek opportunities to feed into this review.
23. Members may wish to comment on the LGA's role in the debate on the future flood strategy for England going forward. For example, should there be a stronger focus on the role of farming and upland management as well as the role of the planning system being played into how we prepare for floods in the future.
24. In addition, members may wish to consider whether the LGA should consult member authorities on the appropriate balance between investing in flood defences versus environmental management approaches to managing flood risk. For example, in the Netherlands, billions of pounds are being invested in an approach to flood risk management which marries the best of their engineering expertise with more flexible management of flood waters.



## Note of last LGA Executive meeting

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**Title:** LGA Executive  
**Date:** Thursday 10 December 2015  
**Venue:** Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ

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### Attendance

An attendance list is attached as **Appendix A** to this note

Item	Decisions and actions	Action
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### Welcome and Congratulations

The Chairman welcomed Mark Lloyd, Chief Executive, to his first meeting of the LGA Executive since he joined the LGA in November 2015.

The Chairman also congratulated Cllr Jim McMahon, Vice-Chair of the LGA and Leader of the Labour Group, on his election to the House of Commons following the recent Oldham and Royton by-election.

### 1 Declarations of Interest

No declarations were made.

### 2 Spending Review and Autumn Statement 2015

Cllr Sharon Taylor, Vice-Chair and Spending Review Lead for the Resources Portfolio, introduced the report which highlighted the implications for local government of the Spending Review and Autumn Statement 2015. She particularly drew attention to the 24% reduction in real terms in core funding for local government, comprising business rates and revenue support grant. The additional £1.5 billion in the ring-fenced Better Care Fund by 2020 and the consultation on reforms to the New Homes Bonus as well as the flexibility for some Councils to raise Council Tax by up to 3.99%.

In the discussion which followed Members made a number of comments including:

- The LGA had received good media coverage on the day of the Spending Review and Autumn Statement, and a press briefing by Cllr David Simmonds and Cllr Sharon Taylor the following day had led to further measured coverage in the weekend press. The LGA

had received positive feedback from member councils on the response and media coverage.

- Although the Spending Review was not as tough as the worst forecasts, there would continue to be substantial financial challenges for local government in the coming five years, following five years of previous funding reductions. There was an assumption from government that councils could use reserves to 'smooth' funding reductions, although some authorities had limited reserves.
- The LGA had made a strong case to DCLG and the Treasury on the need for funding to house and care for Syrian refugees, and as a result the government understood the requirements of local government. There were still concerns about the availability of housing.
- The LGA would need to work with government on the distributive aspects of the settlement. The flexibility for authorities with Adult Social Care responsibilities to increase council tax by a further 2% was welcomed, but geographically some areas would benefit more than others from this and there is already pressure on the cost of beds and domiciliary care. All councils faced challenges with an increasing older population. The LGA should consider the issues of redistribution to help areas with higher levels of deprivation so that inequality was not locked into the system.
- The announcement that councils could keep 100% of business rates, and the reform of the New Homes Bonus were welcomed. The LGA would continue to work with government on the detail of the localisation of business rates and would respond to the New Homes Bonus consultation.
- There would be a transitional period into the new national funding formula for school, high needs and early years which would be introduced from 2017/18. This would be challenging for some areas and individual schools, and authorities would have to manage the transition carefully at local level.
- Homelessness and provision of temporary accommodation were placing extensive costs on local authorities, but also high social costs. Private rental evictions have increased. There was more work to do with the government on this issue.

#### **Decision**

The LGA Executive **noted** the update.

#### **Actions**

Comments from members to provide a steer for the LGA response to the local government finance settlement, expected to be announced the following week, and further work on local government finance.

### **3 Policy Priorities**

- a) Local Government Finance Policy

Sarah Pickup, Deputy Chief Executive, introduced the report which updated the LGA Executive on the local government finance priority which had been agreed by the Leadership Board. Members noted that the next area of work would be the LGA response to the local government finance settlement, which was expected to be announced before parliamentary recess on 17 December.

There were a number of issues to work through to implement the move to 100% retention of business rates. One part of this was work on reforms to the business rate appeal system, given the financial impact and uncertainty it placed upon councils. The LGA was looking to reduce the number of appeals and secure a more modernised way to collect business rates and would be responding to a government consultation which would close early in the new year.

In response to a question it was confirmed that the LGA would consider methods for distribution of business rates beyond top ups and tariffs, and the issues facing all member authorities would be taken into account as part of this work.

### **Decision**

The LGA Executive **noted** the finance work which had been undertaken to date and plans for future delivery of the priorities.

#### b) Devolution within England

Cllr Sir Richard Leese, Chair of the City Regions Board, and Cllr Mark Hawthorne, Chair of the People and Places Board, introduced the report which updated the LGA Executive on recent policy developments and the next stage of the LGA's campaign for devolution within England.

In the discussion which followed Members made a number of comments including:

- There were still issues around legislation and governance, with the Cities and Local Government Devolution Bill still passing through Parliament. There was concern particularly from two tier authorities that amendments to the Devolution Bill would have adverse impacts on devolution discussions currently underway. These concerns are exacerbated by delays in securing deals in two-tier areas, which appear to have been put on hold until after the Bill received Royal assent.
- There have also been issues related to civil service capacity to manage the scale of negotiations generated by

the volume of bids, as well as continued resistance to devolution from key departments. The LGA is exploring how to unlock progress by supporting negotiations at scale.

- Members noted that work was still ongoing on how the LGA provided support to combined authorities.
- Welsh authorities were working with the Welsh LGA and colleagues in English authorities on the implications for Wales. Authorities in the North of Wales in particular were in discussions with neighbouring councils in Liverpool, Manchester and the Northern Powerhouse generally.
- There was concern that transport responsibility could be removed from an economically functional area if a geographically larger area submitted a devolution deal which included transport.
- It was observed that the constitutional position of local government is still not secured. All of the deals are discretionary and functions could still be revoked in future. It is important for devolution to become entrenched in legislation, so that the government would require primary legislation to remove powers from local government.
- There is a need to recognise the progress that has been made in a relatively short period of time. In the past 18 months, we have seen control over post-19 skills budgets, bus franchises and commissioning of acute health services handed to local partners.

**Decision**

The LGA Executive **noted** the update.

**Action**

LGA to continue to support councils in devolution deals and models of governance, and to continue consideration of how to support combined authorities.

**4 LGA Business Plan 2016**

The Chairman introduced the report, which set out the updated LGA Business Plan, which included one additional priority 'Promoting Health and Wellbeing', and would be rolled forward to September 2016.

**Decision**

The LGA Executive **noted** that the current Business Plan would be rolled forward to September 2016, and **endorsed** the updated Business Plan as set out in the report.

**Action**

Updated Business Plan to be uploaded onto the LGA website.

**5 Note of last LGA Executive meeting**

**Decision**

The LGA Executive **agreed** the minutes of the LGA Executive held on 22 October 2015.

**Appendix A -Attendance**

Position/Role	Councillor	Authority
Lord Gary Porter (Chairman)		South Holland District Council
Cllr David Hodge (Vice Chairman)		Surrey County Council
Cllr David Simmonds CBE (Deputy Chairman)		Hillingdon London Borough Council
Cllr Peter Fleming OBE (Deputy Chairman)		Sevenoaks District Council
Cllr Sean Anstee (Deputy Chairman)		Trafford Metropolitan Borough Council
Cllr Marianne Overton MBE (Vice-Chair)		Lincolnshire County Council
Cllr Gerald Vernon-Jackson (Vice-Chair)		Portsmouth City Council
Cllr Mark Hawthorne MBE		Gloucestershire County Council
Cllr Izzi Seccombe		Warwickshire County Council and Community Wellbeing Board
Cllr Sharon Taylor OBE		Stevenage Borough Council
Mayor Sir Steve Bullock		Lewisham London Borough Council
Cllr Anne Western		Derbyshire County Council
Cllr Nick Forbes		Newcastle upon Tyne City Council
Cllr Keith Wakefield OBE		Leeds City Council
Sir Richard Leese CBE		Manchester City Council and City Regions Board
Cllr Simon Blackburn		Blackpool Council
Cllr Ian Stephens		Isle of Wight Council
Cllr Bob Dutton OBE		Wrexham County Borough Council
Mayor Dorothy Thornhill MBE		Watford Borough Council
Cllr Chris White		Hertfordshire County Council
Cllr Nicolas Heslop		South East England Councils (SEEC)
Cllr Roger Lawrence		West Midlands LGA
Cllr Paul Watson		Association of North East Councils
Cllr Neil Clarke MBE		District Councils Network
Cllr Harvey Siggs		
Cllr Timothy Swift		
Apologies:	Cllr Philippa Roe	Westminster City Council
	Cllr Roy Perry	Hampshire County Council
	Cllr Jim McMahon OBE	Oldham Metropolitan Borough Council
	Cllr Peter Box CBE	Wakefield Metropolitan District Council and Economy, Environment, Housing and Transport
	Cllr Claire Kober OBE	Haringey LB and Resources Board

Cllr Peter Reeve  
Cllr Jason Ablewhite

Cllr John Hart  
Cllr Stephen Parnaby  
OBE  
Cllr Martin Hill OBE  
Cllr Barrie Grunewald  
Mayor Jules Pipe  
Cllr Aaron Shotton  
Sir Stephen Houghton  
CBE  
Cllr Paul Carter CBE  
Alderman Sir David  
Wootton

Cambridgeshire County Council  
East of England Local Government  
Association (EELGA)  
South West Councils  
Local Government Yorkshire and Humber  
(LGYH)  
East Midlands Councils  
North West Regional Leaders Board  
London Councils  
Welsh Local Government Assoc. (WLGA)  
SIGOMA

County Councils Network (CCN)  
Local Partnerships

In Attendance:

LGA Officers



# 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](mailto:info@local.gov.uk)  
Website: [www.local.gov.uk](http://www.local.gov.uk)

## Public transport

Local Government House is well served by public transport. The nearest mainline stations are: Victoria and Waterloo: the local underground stations are

**St James's Park** (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

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

## Bus routes – Horseferry Road

- 507** Waterloo - Victoria
- C10** Canada Water - Pimlico - Victoria
- 88** Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

## Bus routes – Millbank

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

For further information, visit the Transport for London website at [www.tfl.gov.uk](http://www.tfl.gov.uk)

## Cycling facilities

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

## Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at [www.cclondon.com](http://www.cclondon.com)

## Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park  
Horseferry Road/Arneway Street. Visit the website at [www.westminster.gov.uk/parking](http://www.westminster.gov.uk/parking)

