

Resources Board

Agenda

Friday, 27 March 2015
11.00 am

Smith Square 3&4
Ground Floor
Local Government House
Smith Square
London
SW1P 3HZ

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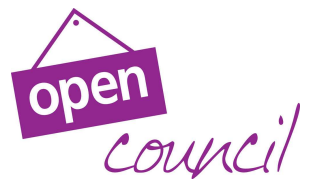
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Resources Board
27 March 2015

There will be a meeting of the Resources Board at **11.00 am on Friday, 27 March 2015** Smith Square 3&4, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ.

A sandwich lunch will be available at 1.00pm from those that have requested it.

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.

Political Group meetings:

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Apologies:

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

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:	Group Office: 020 7664 3235	email: libdem@local.gov.uk
Independent:	Group Office: 020 7664 3224	email: Vanessa.Chagas@local.gov.uk

Location:

A map showing the location of Local Government House is printed on the back cover.

LGA Contact:

Frances Marshall
0207 664 3220 / frances.marshall@local.gov.uk

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Resources Board – Membership 2014/2015

Councillor	Authority
Labour (7)	
Cllr Claire Kober (Chair)	Haringey Council
Cllr Sue Murphy	Manchester City Council
Cllr Aaron Shotton	Flintshire County Council
Cllr Sharon Taylor OBE	Stevenage Borough Council
Cllr Chris Shaw	North East Lincolnshire Council
Cllr Sian Timoney	Luton Borough Council
Cllr Tom Beattie	Corby Borough Council
Substitutes	
Cllr Norman Keats	Knowsley Metropolitan Borough Council
Cllr Michael Mordey	Sunderland City Council
Conservative (7)	
Cllr Roger Phillips (Vice-Chair)	Herefordshire Council
Cllr James Jamieson	Central Bedfordshire Council
Cllr John Osman	Somerset County Council
Cllr Nigel Ashton	North Somerset Council
Cllr Melvyn Caplan	Westminster City Council
Cllr Adrian Hardman	Worcestershire County Council
Cllr John Fuller	South Norfolk District Council
Substitutes	
Cllr Rodney Rose	Oxfordshire County Council
Cllr Johanna Churchill	Lincolnshire County Council
Cllr Rory Love	Shepway District Council
Cllr Robert Saunders	East Hampshire District Council
Liberal Democrat (2)	
Cllr Claire Hudson (Deputy Chair)	Mendip District Council
Cllr Barbara Janke	Bristol City Council
Substitutes	
Cllr Simon Shaw	Sefton Metropolitan Borough Council
Independent (2)	
Cllr Clarence Barrett (Deputy Chair)	Havering London Borough Council
Cllr Linda van den Hende	Havering London Borough Council
Substitutes	
Cllr Robert Dutton OBE	Wrexham County Borough Council
Cllr Adrian Naylor	Bradford Metropolitan District Council
Non-Voting 3	
Cllr Harvey Siggs (Non-voting Member)	National Association of Regional Employers

Cllr Denny Vitty (Non-voting Member)	Northern Ireland Local Government Association (NILGA)
Cllr David Phillips (Non-voting Member)	Welsh Local Government Assoc. (WLGA)

Resources Board – Attendance 2014/2015

Councillors	17/10/14	07/01/15
Labour Group		
Claire Kober	Yes	Yes
Sue Murphy	Yes	No
Aaron Shotton	Yes	Yes
Sharon Taylor	No	Yes
Chris Shaw	Yes	No
Sian Timoney	No	Yes
Tom Beattie	Yes	Yes
Conservative Group		
Roger Phillips	Yes	Yes
James Jamieson	Yes	Yes
John Osman	Yes	Yes
Nigel Ashton	Yes	Yes
Melvyn Caplan	Yes	Yes
Adrian Hardman	Yes	Yes
John Fuller	Yes	Yes
Lib Dem Group		
Claire Hudson	Yes	No
Barbara Janke	Yes	Yes
Independent		
Clarence Barrett	Yes	Yes
Linda van den Hende	Yes	Yes
Non-voting		
Harvey Siggs	Yes	Yes
Denny Vitty	No	No
David Phillips	N/a	Yes
Substitutes		
Norman Keats	Yes	Yes
Michael Mordey	Yes	
Jo Churchill	Yes	

Agenda

Resources Board

Friday 27 March 2015

11.00 am

Smith Square 3&4, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

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Date of Next Meeting: Friday, 17 July 2015, 11.00 am, Smith Square 3&4, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

Document is Restricted

Workforce Update

Purpose

For information and discussion.

Summary

This report updates on activity in the core workforce team work areas of pay negotiations, pensions, workforce strategy and consultancy.

Recommendation

That the Resources Board notes the content of the report and offers comments as necessary.

Action

Officers to continue with the work programme and report as necessary.

Contact officers:	Sarah Messenger
Position:	Head of Workforce
Phone no:	020 7187 7342
E-mail:	sarah.messenger@local.gov.uk

Workforce Update

NEGOTIATIONS

Local Government Services

1. Members will recall that as part of the recent pay agreement, both Sides agreed a form of words related to future work of the National Joint Council. A briefing paper has been sent to colleagues in the regional employer organisations with a request that they seek the views of councils. Feedback from the regional conversations will be discussed with the Regional Directors at a meeting in mid-April.
2. The unions' national officers have informed us that they intend to lodge their pay claim for 2016 in late July this year. This is much earlier than normal and is an attempt by the unions to start negotiations well ahead of when councils traditionally begin to give detailed consideration to their budgets for the next financial year.

Senior Managers

3. Agreement has been reached on pay for chief officers. It is 2 per cent on guaranteed FTE basic salaries of £99,999 or less (as at 31 December 2014) with effect from 1 January 2015. No offer has been made to those earning £100,000 or more. The agreement covers the period to 31 March 2016. An identical offer has been made to chief executives and is still under consideration by the union side. It is likely that this will involve a full meeting of the ALACE Council.

Soulbury and Youth & Community Workers

4. An agreement has been reached with the Soulbury unions on pay for 2014-16. It involves an increase on all pay points of 2.2 per cent from March 2015 (which is a delay of 6 months on the normal settlement date). The agreement runs through to March 2016. An identical offer has been made to Youth & Community Workers on which the unions are currently consulting their members. The outcome of the consultation should be known by late March.

Fire Service

The Thomas Review

5. Sir Ken Knight's '*Facing the Future*' Review, commissioned by the Department for Communities and Local Government (DCLG), highlighted a number of areas in the fire service which he felt could be reformed, arguing that the conditions of **service** of firefighters could be an actual or perceived barrier to change. Last summer, DCLG responded to the Knight Review by setting up an independent review (led by Adrian Thomas) into conditions of service, in particular to consider whether they present barriers to reform, improvement and efficiency. The review covers England only, while the collective bargaining arrangements in Fire are UK-wide.
6. Mr Thomas has visited 21 fire authorities and met with representatives of the various trade unions. He has also met more than once with the National Employers' Chair, and the Employers' Secretariat, as well as separately with the Independent Chair of the NJC. The LGA submitted a response to the Review.

7. The report was submitted to the Fire Minister at the end of February. DCLG has not indicated a publication date or, when having done so, whether it intends to produce a response before or after the general election.

Pay 2015

8. The usual settlement date for employees covered by the NJC for Local Authority Fire and Rescue Services is 1 July. The NJC covers employees from firefighter to middle manager levels. Whilst the National Employers have discussed their approach to pay for 2015, no decisions have been made at this time and they will consider their position when they next meet on 3 June. Members will take their usual political soundings at local and national level and any comments from today's meeting will be fed back to members of the National Employers.
9. Members have also considered the matter of any pay award for senior uniformed managers (covered by the NJC for Brigade Managers of Local Authority Fire and Rescue Services). No decisions have been made at this time and the comments about soundings in the paragraph above equally apply.

Schoolteachers

10. The School Teachers' Review Body (STRB) received a remit to consider what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to reflect the average of up to 1 per cent pay award for public sector workers, to apply from September 2015.
11. Having consulted authorities the LGA submitted a National Employers' Organisation for School Teachers (NEOST) response and followed this up with oral evidence in December. The review body submitted its report to the Secretary of State on 24 February. A response is anticipated during March.

Employment Law Advice

12. On behalf of local and fire authorities we have responded to European Commission's recent consultation on proposals for potential reforms to the Working Time Directive. The response, reflecting the views of authorities who were all given the opportunity to contribute, supports reforms which would enable more flexibility in on-call arrangements and the timing of rest periods, whilst retaining the opt out of the 48-hour limit on the working week.

PENSIONS

LGPS Governance

13. Final regulations on governance and cost management for the Local Government Pensions Scheme (LGPS) were published on 20 February. These set out the regulatory framework for:
 - 13.1. The establishment of local pension boards for each of the 90 LGPS pension funds in England and Wales. LGPS administering authorities are now in process of establishing local pension boards which have a role to assist the authority in compliance with legislation and effective management of the scheme.

- 13.2. The establishment of the LGPS Advisory Board (currently in shadow form). An advertisement for the Chair of the Board will be placed prior to the election although an appointment may wait for a new administration.
- 13.3. The cost management methodology for the sharing of changes beyond 2 per cent of payroll in the future service cost of the scheme.
14. In support of the above the shadow scheme advisory board has published the following documents:
 - 14.1. A guide to the establishment of and a template remit for local pension boards <http://www.lgpsboard.org/index.php/about-the-board/board-guidance>.
 - 14.2. A briefing note for employers covering cost management in the LGPS <http://www.lgpsboard.org/images/PDF/Publications/CostControlMembsEmpsFinal.pdf>.

Transfers to Defined Contribution Schemes

15. The Pensions Schemes Act 2015 gained royal assent on 3 March. This Act and its secondary legislation set out the impact of Freedom and Choice on the LGPS. In particular the framework for the advice LGPS members must take before transferring their benefits to a defined contribution scheme in order to take advantage of Freedom and Choice. In summary this advice must be:
 - 15.1. Specific to the transfer being requested by the member.
 - 15.2. Given by an FCA authorised advisor qualified to advise on transfers.
 - 15.3. Paid for by the member (unless the employer has been found to have encouraged such transfers in which case the employer must meet the cost).
 - 15.4. Certified by the advisor and evidenced to the LGPS fund before any transfer can be paid although the member does not have to follow the advice given.
16. LGA officers are currently working with the Department for Work and Pensions (DWP) and her Majesty's Treasury (HMT) officials to finalise the secondary legislation and ensure that no liability can fall on LGPS funds with regard to any actions taken or decisions made by the member in relation to such transfers. Once this legislation is place the LGA pensions team will issue guidance for funds, employers and members.
17. Further secondary legislation is also being finalised which will, in cases where the Secretary of State is convinced there is a risk to public funds, enable an LGPS fund to be designated. Such designation would result in a transfer to defined contribution schemes being reduced to reflect a funding ratio calculated by the local actuary.

Local Government Pension Scheme: opportunities for collaboration, cost savings and efficiencies

18. At the time of writing no statement in respect of this consultation had been issued by government. A verbal update will be made at the board should that situation change before the meeting.

WORKFORCE STRATEGY

Relationship with Skills for Care

19. Recent discussions with Skills for Care have focused on improving the LGA's relationship with what should be a useful organisation for local government.
20. Skills for Care coordinate skills development for a vital segment of the local government workforce as well as for many organisations that we commission services from. Although there has been good communication at an operational level with the workforce team involved in a number of Skills for Care projects, there has never been a strong enough governance relationship. Along with other sector skills councils, Skills for Care is designed as an employer-led organisation which has never given sufficient attention to the needs of councils as the primary commissioners of services.
21. During her time on the Skills for Care Board, Cllr Elaine Atkinson from the Community Wellbeing Board (CWB) Board was frustrated at her limited opportunities to exert sufficient influence. Finally, following restructuring of Skills for Care governance structures and a move to an "expert individual board" the LGA lost automatic representation.
22. A useful joint meeting was held between the Skills for Care Chair and Chief Executive and the lead members of the Resources and CWB Boards on 25 February. It is felt that from now on, relations with Skills for Care should be dealt with jointly by the two Boards. It has now been agreed that there will be an annual joint meeting during the business planning cycle to coordinate joint approaches and projects.

Social Work/Social Care Careers

23. A guide for members focused on improving retention of qualified social workers has been developed with the Public Sector People Managers' Association and is now in production. A further co-produced guide is being produced for HR Directors to support good social work practice and sustainable structures with clear Decision-making Accountability (DMA).
24. The LGA has agreed to sponsor a category award at the upcoming social worker of the year awards, as part of our campaign. The category has yet to be finalised in detail but will link to our theme of keeping experienced social workers in the workforce. The likelihood is that the award will be for a dedicated social worker making a significant long-term contribution.
25. Frontline, the Fast Track Graduate Scheme for Children's Social Workers have met with the LGA to explore working together to support first line managers in improving social work practice. A pilot is currently underway in the Manchester area and this is likely to be

extended to London. Frontline have just had their third cohort agreed and will be looking to enrol 180 applicants following a rigorous assessment process.

26. Finally we are planning to develop and issue some further benchmark social work role profiles to aid job evaluation and career development. The profile set will focus on new roles being developed as part of care responsibilities and roles inherited from the NHS.

Family worker apprenticeships

27. The LGA is also supporting a consortium of councils and ADASS bidding to develop an apprenticeship for family workers. Yorkshire & Humber, Eastern Region (led by Suffolk) and a group from the North West (led by Lancashire) submitted separate but similar bids for Apprenticeships in work with children and families. They were advised to combine these; this was subsequently unsuccessful but the Department for Business, Innovation and Skills (BIS) suggested developing the bid with other interested local authorities to submit in future 'waves'; hence the LGA endorsement. The driver for working with BIS is that an approved (by Secretary of State) Apprenticeship will be clear, official and available to any employer. There is resultant funding for employers who run these approved Apprenticeships.

Public Health

Continuity of service

28. The LGA has recently issued a technical guidance note on the difficult issue of offering continuity of service, particularly for redundancy purposes. Although there are potential costs, most HR specialists consulted take the view that necessary recruitment can be hampered if specialists working in the NHS and Public Health England (PHE) are reluctant to give up their service years when moving to local government. Full change would require alterations to the modification order and the Cabinet Office has not indicated a willingness to do this so far. The technical note describes what is possible on some terms and conditions under current regulations, including in respect of pensions. It was issued with a joint letter from the LGA, PHE, Association of Directors of Public Health (ADPH) and Faculty of Public Health (FPH) encouraging employers to do what they can to make an offer to employees where possible on a proper risk-assessed basis.

Public Health pay awards

29. Staff who transferred into local government in 2013 have no automatic entitlement to any further NHS pay awards under the current "static" interpretation of TUPE which means that only the terms at the point of transfer apply. They also have no automatic entitlement to the NJC award, unless they have been harmonised to local terms and conditions of course which hasn't happened as yet. There is an argument based on recruitment markets that can be used to produce a risk-assessed justification for granting the NJC award but this can reduce the protection against equal pay claims from existing staff. The workforce team has been advising councils informally on this.
30. The issue is now an active one for the unions and has been covered in the local government press. Further consideration will be given to the best advice to give councils on what has to be a local decision.

Pay and Reward at the Councillors' Forum

31. The last meeting of the Councillors' Forum included a discussion based on the Resources Board paper on pay and reward challenges. Members will recall that the

paper described challenges at every level of the pay structure from dealing with low pay to attracting professionals and a strategic approach to top pay.

32. The Councillors' Forum discussion was expanded by a presentation given by two senior partners from Mercer Consulting who made some thoughtful contributions. They argued for example that councils need not feel that they are treating staff unfairly by not paying the Living Wage provided that the other advantages in the overall reward package are highlighted and explained. They suggested also that councils could consider using a team-based approach to extra rewards for achievement and contribution which avoids some of the pitfalls of traditional performance-related pay. All of these points can be contentious of course but the purpose is to stimulate debate on future approaches to rewards across the sector. The Employers' Side of the NJC will be seeking to further the debate with structured questions to be debated in regional meetings based on the original Resources Board paper.

Family and Childcare Trust partnership with Local Government Association

33. The Family Childcare Trust (FCT) has a core view that families are at the heart of every council as employees, residents and service users and that when changes are being made to employment practices or service provision, the impact on families is considered. Following discussions, the FCT will work with alongside the LGA and representatives from councils across the UK to develop a set of family friendly guiding principles.

34. The project aims and outputs are:

- 34.1. To provide a set of family friendly guidelines for councils to be used to support their change programmes; and
- 34.2. To provide an evaluation and strategic planning tool so that each council can identify: how family friendly their current practices and services are; identify what areas need to be addressed; and plan how to improve and evaluate change.

35. The benefits of the project are:

- 35.1. To support councils with employee engagement and the recruitment and retention of valued experienced staff.
- 35.2. To improve service user experience and gather resident feedback.
- 35.3. Help reduce council cost through reduced recruitment costs, reduced absenteeism, increased employee performance and reduction in resident complaints.

Smart working

36. The LGA is working with the Cabinet Office and other Government Departments as well as the private sector, to create a Smart Working Maturity Self-Assessment tool. Partners include Vodafone, Microsoft and McMillan, as well as The Timewise Foundation. This is due to be launched in April/May 2015.
37. The LGA is working with six councils to run a national pilot to test the impact of the Timewise Council programme as a way to help local government and its partners, both improve the quality of its services and build efficiencies in how they are delivered through

flexible working. This is on the understanding that Timewise will work with councils to help them to achieve this and also undertake an evaluation with each participating council to assess the impact of the process had/will have on their ability to embrace flexible and agile working.

38. We will be sharing the results of the evaluation with Members and will be using the learning to inform a flexible working offer to local government.

Welfare Reform Update

Purpose of report

For discussion.

Summary

This report updates Members on the latest developments on welfare reform.

Recommendations

That Resources Board note progress and highlight any issues for consider within the current and future Board work programme.

Action

LGA Officers to proceed as directed.

Contact officer:	Rose Doran
Position:	Senior Adviser
Phone no:	020 7664 3073
E-mail:	rose.doran@local.gov.uk

Welfare Reform Update

Universal Credit roll-out

1. The national rollout of Universal Credit (UC) for single claimants began on 16 February 2015. By the end of March 2015, 48 new councils will be delivering UC.
2. All councils within tranches one and two of the UC rollout programme now have a specific date for when they will be going live. All remaining councils, which fall within tranches three and four, also now have a clear indication of their go-live timeframe. The Department for Work and Pensions (DWP) is negotiating individual Delivery Partnership Agreements with all councils at a local level. We are providing support to councils in their negotiations when necessary.

The future role of councils in Revenues and Benefits

3. The council role in Revenues and Benefits continues to change as Universal Credit is rolled out and responsibility for Housing Benefit for working age claimants is gradually transferred from councils to DWP.
4. Board members will recall that we secured assurances from Lord Freud, Minister for Welfare Reform, that there will be no reduction to the £315 million Housing Benefit Administration subsidy for 2015/16 other than the agreed 10 per cent efficiency saving and £12 million reduction to reflect the transfer of responsibility for welfare benefit fraud. The situation beyond 2016 remains unclear and we will continue to press for greater long term certainty in our work with the DWP UC programme and our Spending Review asks to Her Majesty's Treasury (HMT).
5. Lead responsibility for welfare benefit fraud has transferred to DWP (Single Fraud Investigation Service) however councils will continue to have a role in minimising Housing Benefit fraud and error for as long as they have a role in its administration. DWP has established the Fraud & Error Reduction Incentive Scheme (FERIS) which provides additional funding to participating councils to further reduce fraud and error in 2015/16. All English Local Authorities have opted in to the scheme. There is also a potential risk to councils if the debt for historical Housing Benefit overpayments remains with them once responsibility for HB has transferred to DWP.
6. The latest position on UC and TUPE has been outlined in a recent letter from the Director General of the UC programme (attached at **Appendix A**). We anticipate some further discussions with DWP around TUPE over the next few months. We will keep Resources Board fully up to date about any progress.

Realising Talent – making the case for devolution for welfare, employment and skills

7. The LGA has recently published the second in its series of reports on the shortcomings of the current centralised approach to welfare, employment and skills. This work has been led by the City Regions and People & Places Boards. The second report focuses on the challenges a national employment, skills and welfare presents for the unemployed,

disadvantaged and low-skilled, with an emphasis on the experiences of individual claimants and jobseekers. The report can be found on the LGA website here <http://www.local.gov.uk/documents/10180/6869714/Realising+Talent+for+Everyone/7a44acf7-d757-4ebf-9a04-6c5ace7a2537>. Hard copies will be available at the meeting should Members wish.

8. Resources Board Lead Members were recently asked to comment on the draft welfare reform and UC recommendations in the third and final report in the series, which will be published at the end of March.
9. This final report will be presented as the LGA's response to the challenges and opportunities identified in the two preceding reports. The specific draft recommendations in relation to Universal Credit are:
 - 9.1. For local and central government to work together to design a local service that provides personalised support to those UC claimants that need it, and which is fully integrated with local programmes of support for disadvantaged people.
 - 9.2. To significantly increase the extent of co-location of existing Jobcentre Plus services with other local services, leading to improved service harmonisation and major efficiencies in the use of premises.
 - 9.3. That DWP and local areas should jointly explore the effectiveness of services that will support the progression of people in low paid employment, with the aim of moving families out of poverty.
 - 9.4. That DWP and local areas jointly explore the effectiveness of services that will support the progression of people in low paid employment, with the aim of moving families out of poverty.
10. With Board members' approval we will build on these recommendations in partnership with local areas as a key part of our work programme during 2015/16.



**Department
for Work &
Pensions**

www.dwp.gov.uk

Neil Couling,
Director General, Universal Credit
Programme
6b Floor, Caxton House
Tothill Street
London
SW1A 9NA

neil.couling@dwp.gsi.gov.uk

Tel: 0207 245 3844

To: Carolyn Downs
Local Government Association
Local Government House
Smith Square
London SW1P 3HZ

11 December 2014

1. Following approval of the Strategic Outline Business Case, I am writing to confirm future planning arrangements regarding Universal Credit, and to provide some reassurance for Local Authorities.
2. I am grateful to the Associations for leading this on behalf of Local Authorities and for the on-going contribution to the development of Universal Credit. I look forward to working together to ensure the Government's long-term transformation of welfare to make work pay is a success.
3. As you know, the Government has agreed the Business Case and plan to deliver Universal Credit. The next step will be the national expansion of Universal Credit for single claimants who would be eligible for JSA from February 2015 building on delivery experience to date; reassured by positive early results that those on UC are doing more to find work, responding to improved financial incentives and flowing into work faster to earn more.
4. National expansion will be followed by the commencement of transition from 2016, with the Universal Credit caseload building naturally as claimant circumstances change until the Universal Credit service is established for all claimant types across GB by the end of 2019. Further, managed, migration will follow thereafter closing access to legacy benefits, (including Housing Benefit for working age claimants). We will continue to work with local authorities as we refine integrated delivery plans.
5. The process of planning for transition and migration of UC is likely to be driven by the spending review which means UC and councils can expect to begin and plan their staffing and service requirements post 2016-17 in the autumn of next year. We consider that would also be the right time for decision-making about our respective resource requirements and potential for staff transfers in light of the fact that no decision on the transfer of staff has been taken.
6. We recognise that UC does not represent the the whole HB picture and we continue to develop plans taking full account of future plans for pension age HB.
7. So, no change to HB admin arrangements will be made before 2016-17. In addition to this for 2015 expansion, funded Delivery Partnership Agreements (DPAs) will be established locally to

support claimants who may need additional help. This provides an important alignment opportunity for Local Authorities, Jobcentre Plus, landlords, employers and other partners to adjust to the requirements of UC under controlled volumes ahead of further scale and complexity in transition from 2016.

8. Two additional strands of work are underway to inform longer-term plans further:
 - the Universal Support trials will report emerging experience in the Spring of 2015; with final results in the autumn of the same year. This will inform further development of local Delivery Partnerships, building on the encouraging innovation underway across local communities;
 - to inform ongoing development of the Universal Credit Operating Model, the team will undertake further Test & Learn activity building on the continuous improvement experience of Alternative Payment Arrangement trials, Housing verification and Personal Budgeting Support trials in the North West of England.
9. These trials will ensure the longer-term operating model for managing complex cases through transition and migration works to support vulnerable households into UC, and will help us to refine our approach, based on evidence and sustained operating experience.
10. We will continue to communicate developments as fully and openly with as possible with councils as our plans develop. As always, I am grateful for the contribution of the Partnership Forum and Local Authority Delivery Partners; and I look forward to working with you to ensure Universal Credit fulfils the potential whereby households are always better off in work.
11. I am copying this letter to Rory Mair at COSLA, Steve Thomas at WLGA, Andrew Campbell at DCLG, Jamie MacDougall SG and Kate Cassidy WG.



Neil Couling
Director General, Universal Credit Programme

Local Government Finance and EU Funding Update

Purpose

For information.

Summary

This report outlines the progress since the last meeting of the Board in the various work streams contained under the broad heading of local government finance and EU funding.

This report is for information only. Items that are considered elsewhere on this agenda, such as the LGA's "future finance" campaign and the LGA's Budget 2015 submission, are not included in this report.

Recommendations

That the Resources Board note the contents of the report and use the information to inform response to other items on this agenda.

Action

As directed by Members.

Contact officers:	Nicola Morton
Position:	Head of Programmes
Phone no:	020 7664 3197
E-mail:	nicola.morton@local.gov.uk

Local Government Finance Update

Local Government Finance Conference 2015

1. This took place on 6 January 2015. This was the day before the previous meeting of this Board and due to print deadlines it was not possible to provide a written update at that meeting.
2. The conference was well attended by both senior finance officers and members, and had a range of speakers from both local and central government, and from outside the public sector.
3. Sessions ranged from a technical discussion of the contents of the draft Settlement, to a round table discussion with representatives from the local authority treasurers' societies, to speeches from both Kris Hopkins MP from the current government, and Hilary Benn MP from the opposition. The conference received good coverage in the trade press.
4. Full details and slides from all speakers are available to all LGA members on the LGA's website.

2015/16 Local Government Finance Settlement

5. The previous meeting of this board considered the LGA's response to the draft Local Government Finance Settlement. The final settlement was laid in Parliament on 3 February 2015.
6. Following sustained lobbying by the LGA, the final settlement included an additional £74 million for upper-tier authorities over and above what was included in the draft settlement. This is non-ring-fenced funding but in the settlement announcement this was highlighted as money to support pressures in "welfare and social care."
7. The LGA produced an on-the-day briefing paper for the draft Settlement, and detailed briefings to inform debates in both the House of Commons and House of Lords on the final settlement. The LGA was mentioned in Parliament over 40 times across the two debates. The LGA's briefings are available on the LGA's website.

Independent Commission on Local Government Finance

8. The background of the Commission is covered in previous reports to this Board. The Commission published its final report in February 2015. The report sets out a 10 year programme for financing English devolution, which includes local control over council tax and retention of 100 per cent of business rates for all councils. In addition, it calls for place based budgets covering all local public services, initially for "Pioneer" areas, which could be city regions or non-metropolitan areas. The Commission's expectation is that over the next 10 years place-based budgets, and greater fiscal devolution will apply to sub-national areas covering the whole of England.

9. The LGA's strategic response to the Commission's findings was outlined in a paper to the LGA Executive on 5 March. The paper set out some areas where there is a difference between the Commission's recommendations and current LGA policy. This board will, in the "LGA lines" report elsewhere on this agenda, be asked to agree the LGA's response on these areas.

Business Rates Consultations

10. The LGA has responded to the Government's business rate avoidance discussion paper and the interim report on the review of business rate administration. The avoidance response draws on the results of a survey the LGA conducted of its members in late 2014, and the administration response looks forward to the promised more fundamental review of the structure of business rates. The full responses are available on the LGA's website.
11. Her Majesty's Treasury issued [Terms of Reference and a discussion paper](#) on the business rates review on 16 March 2015. The deadline for responses to the discussion paper is 12 June 2015. The LGA has begun work on its response and lead members of this Board will have an opportunity to comment on this.

Public Health 0-5 Transfer

12. On 1 October 2015, commissioning responsibilities for 0-5 public health services will transfer from NHS England to local government. This marks the final part of the overall public health transfer which saw wider responsibilities successfully transfer to councils in 2013. The LGA is supporting councils to be prepared for the transfer and are involved in national negotiations.
13. Following an engagement exercise between NHS England and local authorities to establish funding for 0-5 services for 2015 -16, the Department of Health published final funding allocations for the majority of councils in February. For a very small number of councils discussions are ongoing at local level to resolve outstanding issues on contracts and overheads; we expect their final allocations to be published shortly. Final funding, as a result of the concerns raised by the LGA, included an extra £2 million across councils to fund new commissioning responsibilities which will be a recurring cost from 2016-17.
14. The plan is for funding from 2016-17 to move towards a needs-based formula and the Advisory Committee on Resource Allocation (ACRA) has launched a consultation to seek the views of councils on this. The LGA will continue to argue that the formula needs to be fairer and based on local needs, and that substantial extra funding may be needed in coming years to get local authorities to their target funding allocations quickly. The LGA has secured wording in the draft regulations that makes it clear there is no expectation of uplifts in performance for councils at the point of transfer.

Municipal Bonds Agency

Equity raise

15. The Local Capital Finance Company now has sufficient equity capital pledged by nearly 60 Councils and the LGA to continue into full launch. It has therefore become an independent entity and is proceeding towards issuing its first bond, while continuing to raise equity to take it towards the £8 million - £10 million identified in the revised business

case. In order to reward shareholders, encourage further investment and take the Agency on another step towards the stated ambition of attracting the widest shareholder base within the sector, the Company, with the strong support of the Project Board, has decided to give priority for borrowing to shareholders and charge a premium on borrowing to non-shareholders. The Company believes that it would still be cheaper for a non-shareholder to borrow from the Agency than, for example, from the Public Works Loans Board.

Project Board

16. With the Company now moving into full launch and becoming an independent entity, the task of the Project Board is complete. The Company however wishes to retain the services of a technical sounding board, and the representatives of the five Treasurers Societies, currently sitting on the Board will fulfil this role. In the longer term, it has been agreed that the shareholders should meet to discuss future arrangements.

Board Appointments

17. Following a rigorous selection process two additional Directors have been appointed, bringing the total to three: Sir Merrick Cockell as the Chairman of the Company and Adrian Bell, formerly the Chairman of RBC Europe Limited and now the Head of Debt Markets for Canaccord Genuity in London, as Vice Chairman join Michael Lockwood on the Board. To bring the Board up to strength there will be a requirement initially to appoint three more non-executive directors:
 - 17.1. Someone who brings financial expertise gained through experience in the financial services sector;
 - 17.2. Someone who brings senior executive experience and with connections from HM treasury; and
 - 17.3. Someone who brings finance experience gained as a section 151 officer.
18. This recruitment is being conducted through the executive search firm Korn Ferry.

Changes to Articles of Association

19. The Articles of Association set out how the company is run, governed and owned. The articles can put restrictions on the company's powers – which may be useful if shareholders want comfort that the directors will not pursue certain courses of action, at least without shareholder approval. The articles therefore are very important for ensuring that the company remains committed to its original purpose and philosophy. During the mobilisation and early launch phases of the Agency, the articles gave the LGA 75 per cent of voting rights in order to control the development of the Company. Now that the Company is an independent entity with a wide shareholder base, this is no longer appropriate. The articles will therefore be amended to put LGA shares on an equal footing with those of other shareholders, but with one important exception. In order to prevent a particular shareholder interest group forcing through a change in the company that could be to their advantage, but to the detriment of the sector as a whole, the LGA will retain a power of veto over the appointment of directors and changes to the Articles of Association. It is important to note that these veto rights are only there to ensure that the Agency retains the characteristics envisaged in the revised business case and does not fall under the control of a small group of investors to the detriment of the sector as a whole. It is envisaged therefore that they would only be used in exceptional

circumstances. In addition in order to comply with the Companies Act 2006 and be able to issue securities on the public market, i.e. issue bonds, the Agency will be reregistered as a public limited company. This will also involve a change to the Articles.

EU Funding 2014-2020

Background

20. European Structural and Investment Funds (ESIF) support the economic, social and environmental needs of member states through funds (grants) and financial instruments (loans and equity investments).
21. LGA lobbying in Whitehall and Brussels secured a commitment from Ministers to devolve spending decision for England's £5.3 billion of ESIF allocations for 2014-2020 to 39 Local Enterprise Partnership (LEP) Areas.
22. LGA representatives on the ESIF Growth Programme Board (GPB) (Cllr David Sparks - LGA Chair, Cllr Sir Albert Bore - Birmingham and Cllr Ian Stewart - Cumbria) have led lobbying efforts to ensure local areas: (a) have a far greater say in the design and delivery of England's ESIF allocation; and (b) are adequately resourced to carry out activities within the programme.

Recent developments

23. A recent ministerial decision (Lord Ahmad, February 2015) to limit local partner's role to that of an 'advisory' body, means local partners will not have any formal powers to actually select which local projects get funded through ESIF – this power will rest officially with Government Departments (Communities and Local Government and Work and Pensions Departments).
24. The LGA Chair has written to Lord Ahmad of Wimbledon and The Rt Hon Eric Pickles MP Secretary of State, plus other ministers to set out our disappointment over the decision and highlight the unintended consequences on growth (see www.local.gov.uk/european-and-international). A response from Lord Ahmad to the LGA Chair is attached (see **Appendix A**). A full LGA response will be drafted shortly.
25. The LGA has also mobilised a multifaceted push to directly lobby government for a reversal of this decision. The LGA Public Affairs team have submitted a Parliamentary Question (PQ) via Baroness Bakewell of Hardington to press Ministers on a review of ESIF governance arrangements. The LGA Brussels Offices are working closely with MEPs in the European Parliament to keep them well briefed on this issue. Whilst the LGA Press Team have also issued a media release on this issue and secured coverage in the Financial Times.

Future work

26. The LGA is considering its own informal review of local authorities' views on the first procurement round to support our lobbying work, together with further work to establish how other EU member states are devolving powers on European funding.
27. The most recent meeting of the ESIF GPB took place on 19 March 2015. The Resource Board will be provided a verbal update on progress with LGA lobbying, plus any relevant new information that emerges.

Next Steps

28. Members are asked to note the contents of this report; and use the information herein to inform their response to the other “finance” items on this agenda.



**Department for
Communities and
Local Government**

Councillor David Sparks OBE
Chairman of Local Government Association
Local Government House
Smith Square
London
SW1P 3HZ

Lord Tariq Ahmad of Wimbledon
Parliamentary Under Secretary of State

**Department for Communities and Local
Government**

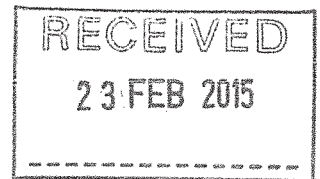
Fry Building
2 Marsham Street
London
SW1P 4DF

Tel: 0303 444 3461
Fax: 020 7035 0018
E-Mail: Lord.Ahmad@communities.gsi.gov.uk

www.gov.uk/dclg

Our Ref: 746114

19/2/15



Dear David,

Thank you for your letter of 5 February regarding the local delivery arrangements of the European Structural and Investment Funds (ESIF) programme.

I can assure you that final funding decisions will not be taken in an isolated manner in Whitehall, and local priorities are embedded into EU programmes and the funding decisions that will follow. Operational Programmes have been drafted to take into account the local economic needs and priorities identified by LEPs and other local partners within their local ESIF strategies, and Managing Authority decisions have to be taken in accordance with those Operational Programmes. Decisions taken on projects will also be informed by the advice of LEPs and partners in local ESIF committees, thereby giving local areas significant influence over local project delivery through the local understanding, intelligence and advice they provide.

Government Departments have aimed to continuously consult and inform LEPs and partners in the development of the Operational Programmes. We are, as you know, now in the final stages of agreeing with the European Commission the detail of Operational Programmes for each of the Funds that contribute to the priorities for England agreed in the Partnership Agreement so things are, by their nature, progressing very quickly. The text proposed around the planned approach to decision making and partner involvement was shared with Growth Board members as it became available on Wednesday (11th February) before discussion with the Commission on the 13th February.

I understand that some LEPs and partners may have been hoping for a co-decision process, or another approach where decisions are shared between local Departmental teams and LEPs. This is not allowed by the EU regulations except where decisions are formally delegated to an Intermediate Body. At this point in time I am not convinced by proposals for extending Intermediate body status beyond that which is being given to London and, for Sustainable Urban Development, the Core Cities.

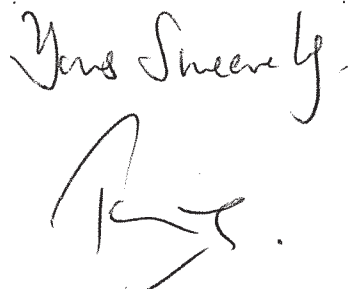
Government continues to be committed to LEP area partners' involvement in the development and delivery of local ESIF strategies. Technical Assistance will be made available to support that work within the framework of the EU regulations. Government has also delivered Financial Settlements that are fair to all parts of the country and leave local authorities with considerable spending power. Councils facing the highest demand for services continue to receive substantially more funding. There is still significant scope for councils to deliver sensible savings, for example through more joint working, better procurement, or using some of the £21.4 billion authorities are holding in their reserves. The Government also recognises the important role Local Enterprise Partnerships play in generating growth and jobs in their areas and announced in 2012 £24 million funding in support of their running costs for the remainder of this Parliament. This offer has been extended and Government has confirmed that for 2015/16 every LEP will receive core funding of £250k pa (subject to partners' match) and a further £250k pa for the implementation of their local economic and EU investment strategies.

Participating in this work is also local partner's opportunity to influence how billions worth of funding is spent locally across England over the programme period.

We are doing all that we can do to avoid funding gaps between programmes and members of the Growth Programme Board have heard about the practical steps we are taking to ensure continuity of funding. For ERDF, we are maximising the funds from current 2007-2013 EU programmes, by recycling funds where possible and extending some projects later into 2015. Local Growth Delivery Teams are currently in the process of contacting local projects to check and review their spend levels in order to assess their suitability for extension.

As part of that drive (and in response to the urging of most partners), the top priority for Government is to ensure Operational Programmes are agreed as soon as possible. Changing direction now would result in delays to the agreement of the ERDF and ESF Operational Programmes and thereby the start of project activity which none of us want.

Proceeding under current arrangements is therefore the best way forward at this time to ensure that local plans are able to take shape in projects that deliver growth and jobs for the economy across the country. I can confirm that the Government will review the position in the next 12 months and use that time to work with the LEPs to develop proposals for greater local responsibility. This is sooner than the 18 months I outlined at the Growth Programme Board meeting on 23 January and will provide space for Government to consider partner's feedback at an early stage in the programme and for us to make changes if and where appropriate.



LORD (TARIQ) AHMAD OF WIMBLEDON

Local Government Finance Work Plan Priorities

Purpose

For discussion and approval.

Summary

Arising from the loss of one Adviser post and the changing policy landscape, this report suggests the priorities for the work LGA's Local Government Finance policy team over the next financial year, including a list of activities proposed to be scaled back. The report also covers the priorities for the year ahead for the welfare reform team.

The Board are asked to discuss and approve the work priorities of the Local Government Finance policy and the welfare reform teams.

Recommendations

That the Resources Board:

- i. discuss the report;
- ii. approve the proposals on work programme priorities of the Local Government Finance policy team;
- iii. support the strategy for dealing with unexpected pressures outside of this framework; and
- iv. approve the proposals on priorities of the work programme of the Welfare Reform team.

Action

LGA Officers to proceed as directed.

Contact officer:

Nicola Morton / Rose Doran (welfare)

Position:

Head of Programmes / Senior Adviser (welfare reform)

Phone no:

020 7664 3197 / 020 7664 3073

E-mail:

nicola.morton@local.gov.uk / rose.doran@local.gov.uk

Local Government Finance Work Plan Priorities

Background

1. This report is presented to the Resources Board in the context of several important factors which necessitate a review of the priorities of the work of the Local Government Finance policy team.
 - 1.1. The LGA Executive has set the Business Plan for the year 2015/16, restating core priorities, including a focus on funding for local government. It calls for the finance system to be reformed so councils have confidence their financing is sustainable and fair, there are opportunities to raise more funds locally, and there is a greater ability to promote collective working across local public services.
 - 1.2. Ongoing budgetary constraints mean that there is a need to do more with less across the LGA. The Local Government Finance (LGF) team has lost one adviser post; this is 20 per cent of total full-time capacity.
 - 1.3. Local government finance and welfare reform issues are set to remain at the heart of the policy agenda. The upcoming General Election and subsequent Spending Review will determine the general trajectory of local government funding for the next couple of years. Social care funding reforms are also due to be implemented from April 2016.
2. Taken together, these factors call for a discussion of how the core activities of a smaller LGF team can continue to be efficient, effective and add value to the organisation as a whole. In particular, a review of the priorities of the work programme is the first step in achieving this goal.
3. The remainder of the report reviews the main proposed work priorities for the year ahead and strands of work proposed to be de-prioritised in order to keep the overall workload balanced and manageable.
4. A full table setting the strands of the work programme of the LGF team and the level of priority proposed to be given is set out in **Appendix A**. The table in Appendix A includes a number of other activities not mentioned below. This is because they do not constitute a major departure on the current set of work priorities.
5. The report also sets out the proposal for dealing with unexpected pressures outside this framework and the priorities of the work programme on Welfare Reform.

Local Government Finance: Proposed priorities for the year ahead

6. The following are proposed to be the three key priorities for 2015/16 (to be read in conjunction with the 'LGA Lines' paper):
 - 6.1. **Spending Review.** This will determine the broad direction of travel for local government funding for a number of years and will be a key announcement by the Chancellor. In close connection to this, the **Future Funding campaign** aims to provide a steady stream of activity which will build toward our Spending Review submission.
 - 6.2. **Adult social care funding.** The LGA is re-launching the Show Us You Care campaign with an aim to see adult social care protected in the next Spending Review. In addition, the introduction of the care cost cap from April 2016 poses a major financial risk for councils. There is a need to make sure these reforms are properly funded.
 - 6.3. **Local taxation.** The Chancellor has committed the government to a structural review of business rates after the General Election. This is an opportunity for the LGA to provide its own vision of how the tax could work, increasing certainty to local authorities through, for example, a more effective appeals mechanism. The discussions about various forms of 'mansion tax' also signal an opportunity to put forward the LGA's case for council tax reform after the Election.
7. In addition to these three key priorities, the following are also proposed to be important elements of the work programme:
 - 7.1. **Devolution and growth.** While the bulk of the work on this is currently led by the Localism and Economy teams, there is a need for the LGF team to become more proactive when it comes to financial aspects of Growth Deals, City Deals and other devolution frameworks, including place based finance principles more generally.
 - 7.2. **Government 'set piece' announcements.** The LGF team coordinates efforts of the policy directorate to affect the key annual 'set piece' announcements by the government, such as Budgets, Autumn Statements and local government finance settlements. This involves putting together the official LGA submissions, briefing MPs and Lords ahead of debates, producing on-the-day briefings and relevant consultation responses.
 - 7.3. **The annual Local Government Finance Conference.** This event has seen a steady growth in popularity over the past couple of years, bringing in around £20,000 to the LGA this year alone. It is consistently highly rated by delegates and is an opportunity to launch publications or new policies.

Local Government Finance: Proposed reductions to workload

8. In order to deal with the proposed priorities set out above effectively, there is a need to consider which parts of the current activity by the team could be scaled back. The following are proposed to be either de-prioritised or removed from the work programme:
- 8.1. **Fraud.** Following the forthcoming launch of the refreshed Fighting Fraud Locally Strategy, ongoing work and the development of best practice sits firmly with the Chartered Institute of Public Finance and Accounting (CIPFA), meaning there is now scope for the team to reduce its involvement in what has been a very time-consuming activity. However, it is proposed that, as part of the Spending Review, the officers may include in the submission policy related aspects of housing benefit finances which will include aspects of housing benefit fraud error and debt as part of the transfer to Universal Credit (UC).
 - 8.2. **School funding.** Currently, the LGF team works together with the Children & Young People team in relation to funding of schools. It is proposed that the LGF team significantly reduces its involvement in this area, starting with capital funding.
 - 8.3. **Public Health.** The LGF team currently works with Health and Community Wellbeing colleagues on public health funding. It is proposed that the LGA should still respond to consultations on public health funding but that this should be scaled back and in the most part to support the case for the overall level of funding.
 - 8.4. **Supporting sector-led improvement.** Currently, the LGF team helps the Local Government Support team prepare for visits to local authorities, such as Peer Reviews. This usually takes the form of producing financial diagnostic reports or other, shorter briefings. It is proposed that the officers approach the Local Government Support team to absorb this function.
 - 8.5. **Financial position analysis modelling.** The financial position analysis (or 'spidergram') model is an annually refreshed exercise which requires officers to engage in time-consuming desk-based research. The Research and Innovation team has offered to make this analysis part of LG Inform. The LGF team will ensure a smooth handover of this tool.
 - 8.6. **Future Funding Outlook.** While no change is proposed for this year, there is also a need to consider how the annual production process for the Future Funding Outlook model could be revised to release officer time, by drawing on external resource to update and streamline the model. Decision on the expenditure and funding assumptions used in the model would still be the responsibility of the Local Government Finance Team.

Local Government Finance: – Dealing with pressures outside of the framework

9. While the officers believe the list of work programme areas in Appendix A is comprehensive, there are instances where a rapid response is required to issues emerging outside of this framework, often on an ad-hoc basis.
10. Wherever possible, officers will continue to meet these pressures within their standard time commitment. However, some instances might require commissioning short-term external support so as not to compromise the work on the main, ongoing priorities. This would also allow us to commission external research when there is low internal capacity.
11. Should such situations emerge, it is proposed that officers, in conjunction with the Chair of the Resources Board, make a bid to use some of the centrally held contingency funds. Such one-off spending is proposed to be subject to an overall cap of £100,000 for the next financial year.

Welfare Reform: Priorities for the year ahead

12. The following are the proposed priorities for work programme of the welfare reform team that fall within the remit of the Resources Board:
 - 12.1. Work on the Housing Benefit transfer. The council role in Revenues and Benefits will continue to change as Universal Credit (UC) is rolled out. Responsibility for working-age Housing Benefit (HB) will transfer to DWP service centres as part of Universal Credit. However, councils will continue to have responsibility for Pensioner HB as well as statutory responsibilities for housing and homelessness. We will continue to work with the sector and DWP on key priorities including:
 - 12.1.1. Effective data-sharing between DWP UC programme, social landlords and councils to inform local council tax support and other passported benefits; additional support needs and use of Discretionary Housing Payments; management of rent arrears and Alternative Payment Arrangements;
 - 12.1.2. Adequate administration funding for retained responsibilities for HB including Pensioners; and
 - 12.1.3. Timely information, adequate funding and the right deal for local government staff during the transition of responsibility for working age HB.
 - 12.2. Senior strategic level lobbying on the design and delivery of Universal Credit through LGA representation on the Programme Board and consultation with local government Chief executives through the Partnership Forum.
 - 12.3. Improvement support for councils during the roll-out of Universal Credit.
 - 12.4. Lobbying and development of strong supporting evidence for the devolution of employment and skills and improved integration of support for disadvantaged claimants and low income households. This would be joint work with the Growth team, led by City Regions and People & Places Boards.

Next steps

13. The Members of the Resources Board are invited to discuss and agree the priorities of the work on local government finance policies for the year ahead. Draft proposals are summarised in the table in Appendix A for the LGF team and in paragraph 12 for the Welfare Reform team.
14. If these proposals are approved, officers will approach other teams mentioned in the report about appropriate arrangements for handover of responsibility. There might be a need for other Boards to discuss these changes where it impacts their activities, especially the Improvement and Innovation Board.
15. The Members of the Resources Board are also asked to approve the approach to dealing with issues outside of the agreed framework requiring rapid response.
16. Officers will continue to report on progress on the work activities set out in this report to Members of the Resources Board as and when appropriate.

Financial implications

17. The majority of suggestions set out above do not have a financial impact as work will be managed within existing budgets. The exceptions are as follows:
 - 17.1. The annual update of the Future Funding Outlook Model;
 - 17.2. The proposal to use external support on an ad-hoc basis in the case of unexpected pressures outside of the work programme has a potential cost of up to £100,000 in the 2015/16 financial year; and
 - 17.3. It is likely that the Local Government Support team will need to acquire capacity to deal with changes set out in paragraph 8.3. This will be a call on the Revenue Support Grant element of LGA funding.

Appendix A: Overview of Proposed LGF Team Activities

Activity area	Priority	Lighter involvement	Stop involvement
Adult social care	Yes		
Autumn Statements	Yes		
Budgets (government announcements)	Yes		
Business rates	Yes		
Council tax	Yes		
Devolution and growth	Yes		
Future Funding Outlook	Yes		
Annual Local Government Finance Conference	Yes		
Settlements	Yes		
Spending Review	Yes		
Future Funding campaign	Yes		
Income generation	Yes		
Council tax support		Yes	
Housing benefit - finance aspects		Yes	
Public health		Yes	
School funding		Yes	
Spidergrams		Yes	
Finance aspects of public service reform (unlocking efficiencies, less regulation etc)		Yes	
Multi-year settlements		Yes	
Housing finance		Yes	
Treasury management/capital		Yes	
Supporting Peer Reviews, visits etc			Yes
Corporate Fraud			Yes
Effective use of assets			Yes

Budget Submission 2015

Purpose of report

For information.

Summary

The LGA's 2015 Budget Submission - attached at **Appendix A** - was cleared by the Lead Members of the Resources Board and the Political Groups. It was submitted to the Government on 13 February. This report summarises the main themes and the activity undertaken.

The Chancellor of the Exchequer presented the 2015 Budget on 18 March and the LGA produced an on the day briefing which was sent to all member authorities. Although this was after this report had been drafted, a copy of the on the day briefing is attached at **Appendix C**. An update on the 2015 Budget will be given at the meeting.

Recommendation

That the Resources Board note the 2015 Budget Submission.

Action

Officers to proceed as directed.

Contact officer: Nicola Morton
Position: Head of Programmes (Finance)
Phone no: 020 7664 3197
E-mail: nicola.morton@local.gov.uk

Budget Submission 2015

1. The Lead Members of the Board and Political Groups cleared the LGA's Budget 2015 submission. It was submitted to the Government on 13 February and published on 16 February.
2. The submission calls on the Government to protect funding for local public services, such as social care and others and will be used to identify areas for further lobbying work in the run up to the Spending Review after the General Election. It sets out the LGA's position on devolution, economic growth, children's social care and education among other areas.
3. The wider impact of the pressures facing local government was recognised in the submission and a wide range of a wide range of charities and other groups expressed support for the LGA's proposals. Endorsements were directly quoted in the submission from groups including:
 - 3.1. Action for Children
 - 3.2. Age UK
 - 3.3. Barnardo's
 - 3.4. The Campaign for Better Transport
 - 3.5. The Care and Support Alliance
 - 3.6. Centrepoint
 - 3.7. Chartered Institute of Public Finance and Accountancy
 - 3.8. The Children's Society
 - 3.9. Federation of Small Businesses
 - 3.10. National Institute of Economic and Social Research
 - 3.11. NHS Confederation
4. The submission itself was sent to a range of Ministers and opposition spokespeople as detailed in **Appendix B**.
5. The submission has been noticed and commented upon many times in press coverage. At the time of writing the submission is still being mentioned in new press articles, and the lines used in the submission have informed other recent press responses from the LGA relating to Council finances, for example:
 - 5.1. The [Financial Times](#) (FT) has cited the pre-Budget submission and quoted Chair Cllr David Sparks calling for greater devolution, the protection of adult social care funding and an update on government's review of business rates.
 - 5.2. LGA Chair Cllr David Sparks featured in the [Telegraph](#), [FT](#), [Independent](#) and [Mirror](#) following a report suggesting Britain's poorest areas have been hit hardest by local government spending cuts and are likely to again lose most in the next round of cuts. The report from the Institute for Fiscal Studies calculated that spending per person at local authority level has been cut by 23.4 per cent between 2009/10 and 2014/15. Cllr Sparks also said that many basic local services such as

- libraries and road maintenance were in a “fragile financial position” and added the efficiency savings councils have made since 2010 cannot be made again.
- 5.3. Cllr David Sparks said in the [Mail](#) and [Telegraph](#) that funding for adult social care is “in crisis” in a report about new rules for minimum half-an-hour home visits with frail pensioners. Updated guidance published by NHS spending watchdog NICE insists that calls last for at least 30 minutes if they are offering personal care such as washing or dressing. However, we said money was just too short to end 15-minute care visits once and for all. The [Times](#) also featured our lines about the rising demand for home care visits.
 - 5.4. Our line that funding cuts have forced councils to ask care providers to run services on tighter margins was reported on [BBC Breakfast](#) and [BBC Online](#). Cllr Izzi Seccombe (Community Wellbeing Board Chair) said the squeeze on finances had “forced councils to ask providers to run services on tighter margins. It is clear that continued cuts to funding for adult social care is putting an impossible squeeze on councils and providers to deliver care for our most vulnerable,” she added.
 - 5.5. Cllr Izzi Seccombe wrote a [Guardian Online](#) piece based on our call for government to protect social care funding in next month’s Budget. She said: “While social care remains chronically underfunded, the support elderly and disabled people rely upon will continue to suffer and deteriorate. Another care crisis, like the one we saw this winter, will become an unavoidable reality all year around.”
 - 5.6. Our Budget call for social care funding to be protected in the same way as the NHS was reported on [Telegraph Online](#). It came as the Public Accounts Committee said plans to unite the health service with social care through the £5.3 billion Better Care Fund are at risk of failure because of poor planning and NHS reluctance to give up its protected budget. We said ministers had “moved the goalposts” because of concerns from the NHS and added that “protection for social care funding now needs to be urgently addressed in a similar way as it has been for the NHS.”
 - 5.7. An LGA press release calling for the Government to use the Budget to ensure social care funding to be given the same protection as the NHS was covered in the [Express](#). Cllr David Sparks said: “Too many older people are being let down by a system which leaves them languishing in hospital beds while they wait for an alternative, or consigned to residential care because we lack the capacity to help them live independently.” In [its leader column the Express](#) also said “the LGA has called for the cost of care to be protected in next month’s Budget as much as the NHS - and it is absolutely right to do so”. Cllr Izzi Seccombe was also interviewed on [LBC](#) to discuss the issue.
 - 5.8. Our call for the Government to devolve powers over EU funding to local areas was reported on [FT Online](#). We said English communities will have to depend on Whitehall to approve how they spend their share of £5.3 billion in EU structural and investment funds. It comes after ministers dropped a promise to give them a

strategic role, a decision which we warned could jeopardise growth and vital local projects. This was also widely reported in the local government trade press.

6. The submission will be used as a starting point for preparing the LGA's submission for the forthcoming Spending Review, after the General Election.
7. The Chancellor of the Exchequer presented the budget on 18 March and the LGA produced an on the day briefing which was sent to all member authorities. This was after this report had been drafted, but a copy of the on the day briefing is attached at Appendix C for information.

Key issues in the LGA submission

8. The key summary points included in the submission are calls to the Government to:
 - 8.1. Protect public services in England including adult social care and ensure adequate funding so that councils can provide these services locally.
 - 8.2. Make place based finance, underpinned by multi-year settlements for all local public services, the default method of service funding and delivery, empowering local partners to work towards shared outcomes.
 - 8.3. Engage in true, meaningful devolution of decision-making powers and funding to the local level. The devolution settlement across the UK has to be fair.
9. In addition the submission addresses a number of other proposals in more detail, including the following six calls to the Government to:
 - 9.1. Fully fund the cost implications of the Care Act and the Supreme Court judgement on Deprivation of Liberty Safeguards (DoLS).
 - 9.2. Fully fund council tax support, acknowledging that the scheme to date has taken millions of pounds out of funding for council services, provide longer term certainty for local welfare assistance funding at a level that is responsive to demand, and maintain funding for Discretionary Housing Payments.
 - 9.3. Reverse the 48 per cent cut in the Early Intervention Grant to councils and recognise that this is a false economy that will increase costs elsewhere in the public sector.
 - 9.4. Implement funding and policy commitments in the Growth Deals swiftly without imposing bureaucratic hurdles.
 - 9.5. Work with local government to improve the business rates retention system, including managing appeals and avoidance risk, and introducing a larger locally retained share of business rate revenue while also equalising for need.

- 9.6. Implement a range of financial freedoms, flexibilities and reforms to improve the financial sustainability of local authorities such as lifting the housing borrowing cap and greater local control over council tax, fees and charges.

Next steps

10. Members of the Resources Board are asked to note the 2015 Budget Submission.

Financial Implications

11. This is core work for the LGA and is budgeted for within the 2014-15 LGA budget.

The LGA's Budget 2015 Submission

February 2015

www.local.gov.uk

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1. Introduction and summary

We are calling on the Government to:

- **Protect public services in England and ensure adequate funding so that councils can provide these services locally.** In particular, we call for the Government to **protect adult social care funding**, and **inject a further £1 billion per annum into roads maintenance**.
- **Make place based finance, underpinned by multi-year settlements for all local public services, the default method of service funding and delivery**, empowering local partners to work towards shared outcomes.
- **Engage in true, meaningful devolution of decision-making powers and funding to the local level.** The devolution settlement across the UK has to be fair.

Local government will have dealt with a 40 per cent real terms reduction in core government grant funding by April 2016. Local government has received a greater reduction in funding than the rest of the public sector and therefore should not be subject to further cuts in this year's Budget. Any further reductions to public spending need to be driven by public service reform.

The Office for Budget Responsibility (OBR) predicts that government grant funding to councils in England will fall by another £8 billion over the course of the next Parliament. This is an optimistic number given that the OBR assumes the NHS budget will not continue to be protected. Dealing with spending reductions during this Parliament has raised the need for a future government to look at the impact of the funding mechanism on local authorities.

However, reductions in funding are only part of the challenge local government has faced and will continue to face over the course of the rest of this decade. Councils are subject to particular pressures on demand-led services which are affected by various factors such as demographic change. In addition, due to the government's incentive-based funding system reforms, such as welfare reform and business rate retention, local authorities now face larger uncertainty and risk when it comes to own-generated income.

Councils face uncertainty not only over whether new burdens, such as the costs of implementing the Care Act, will be fully funded, but the adequacy of funding for the rising cost of existing burdens outside councils' control, such as the concessionary fares scheme and increasing referrals to children's services. So far, councils have been successful in this balancing game. They have been able to prioritise and protect spending on frontline services for the vulnerable, such as social care. A variety of indicators confirm the achievements of local government to date:

- In the majority of cases, local residents are not yet feeling a reduction in the quality of local services.¹
- Local residents trust local government more than central government to make decisions about local public services².
- Councils continue to choose to keep council tax low. From 2010/11 to 2014/15, council tax has actually reduced by 5.8 per cent in real terms.

¹ BBC, October 2013. 'Public service cuts: did we notice?'

² See the quarterly LGA reputation tracker, page 12, table 8. <http://www.local.gov.uk/documents/10180/11719/October+2014+Resident+Satisfaction+Polling+-+Final+Report.pdf/dd57f664-443f-4bf7-9455-4506614bee6c>

The evidence is clear. While local government has so far been successful in counteracting the impact of cuts, some councils are edging closer to not being able to provide all the public services that local residents have come to rely on and expect.

For example, services such as economic planning and development have already seen large reductions in funding. In our call for evidence in late 2013, 60 per cent of respondent councils said that efficiencies alone would not be enough to meet the budget challenge in 2015/16. In response councils have increasingly mobilised and joined efforts to stamp out inefficiencies.

The LGA's shared services map shows that as at March 2014 at least 337 councils were engaged in 383 shared service arrangements. This sort of collaboration is increasingly giving rise to more complex models of decision-making, such as combined authorities.

Central government should remove the barriers to innovation in places and encourage local service delivery bodies, such as academies, job centres, the skills funding agency and others to cooperate with councils at a local level to truly reconfigure services to fit local circumstances.

This will also unlock cross-government savings. An important element of this is multi-year settlements for all budgets for services delivered locally – this should include services currently provided by central government, and capital allocations for schools.

Surveys of public opinion continually show that local residents trust local government more than central government when it comes to their local area. Yet local decisions, such as how to train people in the skills needed by local businesses, are dictated by government.

Greater power must be devolved to local communities through their democratically elected local representatives so they can decide how their services should be run. Devolution must not stop at Westminster, Holyrood or Cardiff, but continue outwards to the people in the cities, towns, and counties of England, Scotland and Wales.

In this submission, we also address a number of proposals in more detail. We call on the government to:

1. **Fully fund the cost implications of the Care Act and the Supreme Court judgement on Deprivation of Liberty Safeguards (DoLS).**
2. **Fully fund council tax support,** acknowledging that the scheme to date has taken millions of pounds out of funding for council services, **provide longer term certainty for local welfare assistance funding at a level that is responsive to demand,** and **maintain funding for Discretionary Housing Payments.**
3. **Reverse the 48 per cent cut in the Early Intervention Grant to councils** and recognise that this is a false economy that will increase costs elsewhere in the public sector.

4. **Implement funding and policy commitments in the Growth Deals swiftly** without imposing bureaucratic hurdles.
5. **Work with local government to improve the business rates retention system**, including managing appeals and avoidance risk, and introducing a larger locally retained share of business rate revenue while also equalising for need.
6. **Implement a range of financial freedoms, flexibilities and reforms to improve the financial sustainability of local authorities** such as lifting the housing borrowing cap and greater local control over council tax, fees and charges.

These pressures have a much wider impact than the institutions of local government. The services used by individuals and families are at risk, and this is recognised by a wide range of charities and other groups which support the LGA's proposals. The quotes throughout this submission demonstrate the support from groups including:

- Action for Children
- Age UK
- Barnardo's
- The Campaign for Better Transport
- The Care and Support Alliance
- Centrepont
- Chartered Institute of Public Finance and Accounting
- The Children's Society
- Federation of Small Businesses
- National Institute of Economic and Social Research
- NHS Confederation

2. Adult social care

We call on the Government to:

- **Protect funding for social care services in a similar way to how health spending is being protected.** Protecting health expenditure at a cost to social care budgets is a false economy that cannot be sustained. Continued investment in local social care activity is essential for avoiding another winter pressures crisis.
- **Fully fund the cost implications of the Care Act and the Supreme Court judgement on Deprivation of Liberty Safeguards (DoLS).** Local government cannot have confidence that the government will fund the costs of unknown Care Act pressures if it does not fund the known costs of DoLS burdens.
- **Fully integrate the funding for the commissioning of care and health as a step towards a single point of commissioning,** supported by long-term funding settlements, a larger Better Care Fund (BCF) and a transformation fund to ease the initial impact of the changes.

The LGA has long warned that the health and social care system is chronically underfunded.

It is social care services that support elderly and vulnerable people to maintain their independence, live in their own community and stay out of hospital longer which is why investing in social care plays a crucial part in alleviating the pressures on the health service.

In response to cuts to local government funding, adult social care departments have had to find savings of £3.5 billion over the last

four years and divert as much as £900 million from budgets in 2013/14 alone to protect adult social care – this transfer is set to rise by £1.1 billion by 2015/16 should councils wish to continue with the protection.

Research by the National Audit Office confirms that councils have prioritised social care spending and protected it in cash terms.³

Reductions in funding for social care have increased the pressure and financial burden on the NHS. If social care is not put on a sustainable footing the situation will only get worse and this will affect NHS services. Investment of extra money in the NHS while forcing councils to cut their social care budgets is simply a false economy and not a solution to this ever-growing problem.

The recent winter pressure crisis is a prime example of this. Councils have worked incredibly hard to reduce the proportion of delayed transfers of care attributable to social care to 25 per cent, and yet they are receiving £37 million, only around 5 per cent of the total resilience funding.

The recent Supreme Court judgement on DoLS is placing additional on-going funding cost pressures on the system, a minimum of almost £100 million in 2015/16, recurring thereafter.

There are also risks of inadequate funding for the implementation of the Care Act reforms, especially additional assessments, services for carers and the introduction of the national minimum eligibility threshold.

³ National Audit Office. Financial Sustainability of Local Authorities 2014

The government has just released an Impact Assessment for the main Dilnot reforms which shows that it has revised the estimate of costs downward by £650 million over the lifetime of the next Parliament alone. It must ensure that the Impact Assessment is fair, accurate and takes into account local experience.

Analysis to date suggests that the BCF is predicted to lead to a net financial benefit to local government of up to £440 million in comparison to 2014/15. The benefits are non-financial too – increased cooperation and new ways of working will potentially improve service quality.

The original intentions of the BCF – a mechanism to take forward integration at scale and pace and promote locally-led integrated care – remain sound. But they have been greatly diluted by an overly-centralised process. The BCF can be a model for future service planning but only if it is based on the original intentions of the fund.

This means a bigger BCF over a longer period of time with maximum local flexibility and a transformation fund of new money to meet the costs of moving to a new service model of preventative, personalised, coordinated care and support closer to home.

“Age UK exists to promote the best interests of older people, especially the most disadvantaged and vulnerable. We share the LGA’s analysis of the problems affecting social care and the need for substantially more investment in a fully joined up health and care system. At the moment, we know that approaching a million older people in England with a social care need are not receiving any support – not from councils nor from families and friends. We believe this is unacceptable in a civilised society. It also makes no economic sense since social care is relatively inexpensive and the lack of it undermines older people’s resilience, making it more likely they will succumb to illness and need expensive hospital treatment. In addition, for those older people in need who are lucky enough to be receiving social care the quality is patchy and often poor.

“Reform is therefore overdue. In this respect we applaud the Government’s new Care Act, which offers a framework for the kind of social care system older people are entitled to expect, but there is no chance of its good intentions being realised unless the social care funding gap is filled. Reform and funding must go hand in hand.”

Age UK, February 2015

“The Care and Support Alliance supports the Local Government Association Budget calls in relation to social care. We particularly welcome the focus on the link between spending on health and social care and the need to protect both.

The impact of chronic underfunding of social care on the NHS, and particularly A&E pressures, has been widely recognised. In January 2015, the Government put an additional £25 million into 65 areas with the biggest problems of delayed discharges. This was a welcome move, but the final Budget before the 2015 General Election, would provide the opportunity to make a reliable and consistent investment in social care to avoid similar problems occurring in future years.

The LGA analysis of the reduction in social care funding makes it clear why the CSA hears so many stories of people failing to be supported to wash, dress, leave the house and communicate with those around them. This results in people withdrawing from society, becoming reliant on friends and family to provide care and support, often driving those relationships to crisis point. The only way to address this is sustained and consistent investment enabling local authorities to plan effectively to meet their duties in a sustainable way. Without this the social care system will remain in crisis.”

Richard Hawkes, Chair of the Care and Support Alliance and Chief Executive of Scope, February 2015

“Without adequate funding for care, the NHS will continue to be forced to pick up the pieces from a social care system that is not resourced to meet demands, which will be increasingly unable to keep people out of hospitals. This would be a disaster for the health service and those left languishing in hospital beds instead of being cared for in their own homes and communities.

Our frontline staff are increasingly concerned about the impact this is having on vulnerable people in our care. Government must invest money in protecting a system which will be there to look after people now and in the future, and must commit to a long-term strategy to ensure people get the care they need. The system is in crisis now. We cannot wait any longer for it to be fixed.”

Joint statement from the LGA, NHS Confederation, British Medical Association, Royal College of Nursing, and Care and Support Alliance, January 2015

3. Welfare reform

We call on the Government to:

- **Fully fund council tax support,** acknowledging that the scheme to date has taken millions of pounds out of funding for council services, and has increased the cost of living for some of the poorest.
- **Provide longer term certainty for local welfare assistance funding at a level that is responsive to demand.**
- **Maintain funding for Discretionary Housing Payments (DHP) at the 2014/15 rate in line with the ongoing demand that it is designed to mitigate.**
- **Ensure that any new costs or administrative burdens from the welfare reforms that are passed from central to local government are matched by the appropriate funding** in line with the 'new burdens doctrine'.

The gulf between the money the government gives councils to fund Council Tax Support schemes and the cost of protecting discounts for those who previously qualified for council tax benefit is getting bigger every year. The unfunded cost to councils in 2015/16 of maintaining the entitlements of the previous council tax benefit scheme is £1 billion.⁴

The provision of £74 million additional funding for local welfare assistance and health and social care will help councils to continue to support some of their most vulnerable residents. However, this still amounts to a reduction of almost £100 million in government funding for local welfare.

As a result many councils will struggle to protect their local welfare scheme from this cut from April resulting in an inevitable scaling back of support. The additional funding is also unlikely to have a meaningful impact in alleviating the huge pressures on adult social care. Longer term certainty is required for local welfare assistance funding, which should be set at a level that is responsive to demand and the associated support provided by local authorities.

The Discretionary Housing Payment fund is allocated to each local authority to help people in their area with housing costs and additional assistance associated with the impacts of the welfare reforms. These include the benefit cap, spare room subsidy and changes to housing benefit entitlements.

Demand for DHP is high with 52 per cent spent by English authorities at the six month period of 2014/15⁵ and many councils expecting to top up DHP by the end of the year to meet demand. The proposed reduction in DHP funding by £40 million cannot be justified, particularly in light of the significant constraints on councils and claimants to reduce demand.

The ongoing demand associated with the welfare reforms remains as a significant number of those affected have been unable to make the necessary adjustments. In particular, the number of households affected by both the benefit cap and the removal of the spare room subsidy has remained broadly flat over the last year.

4 Council Tax Support: the Story Continues (LGA 2015)

5 DWP DHP update December 2014: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389060/use-of-DHPs-apr-to-sept-2014.pdf

At the same time the reductions in Housing Benefit entitlements have contributed to increased housing pressure in high rent, high demand parts of the country such as London and the South East. The announcement of additional Targeted Affordability Funding will help, but does not allow discretion for councils, and will only address a small proportion of the shortfall in housing costs.

“Centrepont have supported the devolution of many responsibilities to local councils, including those around housing and benefits. But these powers have not always come with the funding to properly resource them. Providing certainty over funding for local welfare assistance schemes in 2015/16 is a step forward but a future government must look again at whether these successful local programmes have sufficient funding to meet ever increasing demand.”

Centrepont, February 2015

“Almost 600,000 people came to StepChange Debt Charity for help with problem debt in 2014. Many people fall into problem debt when they do not have the savings or spare income to cope with changes to their circumstances or sudden costs.

“Problem debt leads to £8.3 billion in social costs, many of which are shouldered by local government – including some of the £2.8 billion costs of people losing their home as a result of debt, £658 million in additional social care costs, and £229 million in the cost of children being taken into care as a result of family breakdown due to debt.

“Local authorities therefore have a key interest in helping residents avoid falling into problem debt, and need to build their capacity in providing that support. One key way they can help is through low cost loans and grants provided via local welfare assistance. But successive reforms and cuts have led to extreme rationing of loans, leaving people with little certainty they will be eligible for support. Just 7 per cent of people think they would be eligible for a welfare loan, compared to 21 per cent who think they would be eligible for a payday loan.

“Local government needs a long term, certain funding stream to meet the demand for low cost credit and provide enough certainty that everyone who needs it can get it.”

StepChange, February 2015

4. Education and children's social care

We call on the Government to:

- **Reverse the 48 per cent cut in the Early Intervention Grant to councils** recognising that this is a false economy that will increase costs elsewhere in the public sector.
- **End restrictions preventing schools and councils from pooling budgets** to integrate child protection and narrow the attainment gap for deprived pupils.
- **Make five year allocations of schools capital to a single local capital pot in each area to free councils and schools to work together** to make the most efficient use of scarce capital to provide new places and repair and rebuild crumbling schools.

Councils have faced sharply increased demand for children's social care since the Peter Connolly case in November 2008, resulting in a 22 per cent rise in referrals, a 65 per cent rise in children subject to a child protection plan and a 16 per cent increase in the number of children in care.

They have responded by reducing costs and remodelling services. But in the face of cuts they have also had to protect budgets for this vital service by cutting investment in other preventative services. 2014/15 budget figures show falls of 20 per cent for spending on children's centres and early years, and 45 per cent in spending on youth services over the four years of the 2010 Spending Review. By contrast, spending on looked-after children rose by 26 per cent, and on safeguarding by 21 per cent.

Demand pressures are likely to increase. Some areas have already seen increased demand for referrals as a result of high profile child sexual exploitation cases including findings from the Jay report in Rotherham.

The Government has committed to a consultation on mandatory reporting of child abuse, and the Child Abuse Inquiry will further raise the profile and encourage more people to come forward – current child victims, but also adults in need of support. The LGA welcomes such moves and would always encourage people to report abuse and seek support where needed, but it must be resourced.

When it came to office the Government professed its commitment to the importance of preventative services by creating a non-ringfenced Early Intervention Grant for councils. But these resources have been cut by 48 per cent, from £2.7 billion in 2010/11 to £1.4 billion in 2015/16. This cut stops councils from investing in services which improve children's outcomes and reduce demand for more costly interventions.

Schools have been protected from the cuts councils have faced, but Department for Education (DfE) rules prevent them from pooling resources with councils to provide integrated early help services.

Schools have important responsibilities for safeguarding, and schemes to make sure children are 'school-ready' have been shown to be effective in boosting the attainment of the most disadvantaged pupils. Schools and councils must be freed to work together to provide joined-up services to improve outcomes for local children.

Councils have responded well to the challenge of sharply rising demand for new school places, but there is still much to do to meet the estimated 880,000 extra places that will be needed by 2023.

The current system for distributing schools capital is a classic case of Whitehall fragmentation, bureaucracy and central control, with separate allocations for rebuilding schools, school maintenance and new school places, allocated through a plethora of central and local programmes.

The independent James Review of schools capital⁶, commissioned by the Government, said that the DfE “should avoid multiple funding streams for investment that can and should be planned locally, and instead apportion the available capital as a single, flexible budget for each local area.” In the last Spending Round a £21 billion schools capital allocation for 2015/20 was announced and the Government now needs to make a corresponding five-year allocation to local areas, paid into local capital pots.

“Evidence shows that early help for children and families can save money and reduce pressure on services in the long-term. The right intervention can also radically improve the lives of children and families. Whether it is a targeted programme or a service open to all, providing support as the first signs of a problem emerge can make a real difference.

“A lack of funding for investment in early help services only stores up problems for the future. There is an increased financial cost of providing crisis interventions whilst leaving children and families to deal with substantial personal challenges that could have been avoided.

“Research from Action for Children has found early help services are facing an increasing demand for help just as budgets are scaled back. Although services are finding innovative ways to provide support to maximise resources, this approach can only take us so far.

“Reductions in the early intervention spending by local authorities come at a time when it should be growing. Increased use of community budgets and protecting funding must be a priority. Politicians of all parties face difficult financial decisions, at both national and local level, in the coming years. By placing early help at the heart of public services, we can reduce reliance on expensive crisis interventions and deliver the support children and families need.”

Action for Children, February 2015

⁶ [https://www.education.gov.uk/consultations/downloadableDocs/James per cent20Reviewpdf.pdf](https://www.education.gov.uk/consultations/downloadableDocs/James%20Review.pdf)

“Barnardo’s supports more than 200,000 of the UK’s most vulnerable children and families through over 900 services across the UK. We know that demand for support is increasing. Our services for sexually exploited children helped almost twice as many children in 2013/14 as in 2009/10.

“Beyond this, our services are supporting young people with particular challenges – care leavers, homeless young people, and teenage parents – who are struggling to make ends meet, due to the increased cost of living, and the introduction of tougher conditionality and sanctions in the benefits system. While our services do offer emergency funding, this is not a sustainable solution.

“Barnardo’s believes all children should have the same chance to thrive. The earlier support is put in place, the more likely it is that challenges can be overcome. We therefore urge the Government to continue to promote community budgets to make it easier to embed early intervention in decision-making.”

Barnardo’s, February 2015

“The Children’s Society works with some of the most vulnerable children in the country. We have experience of the valuable help which can be offered when you are able to intervene early before a problem has developed and the damaging impact of leaving a child to spiral into crisis.

“Projects like the Children’s Society ‘Scarpa’ programme in Newcastle shows that helping children who may fall into trouble not only makes their lives better but also saves the Government money in the long term.

“The project involves intensive one-to-one work with young people at risk of running away. An evaluation showed that 70 per cent of young people and families involved in the project recorded improvement in the issues they asked for help with.

“This is helped lead to a reduction in the number of children running away by two thirds, saving the police millions of pounds.

“Many services have struggled as a result of cuts to funding. For example, the Early Intervention Grant provided crucial support for services such as Sure Start children’s centres. The value of this grant has been halved since 2010.”

The Children’s Society, February 2015

5. Growth, skills and infrastructure

We call on the Government to:

- **Implement funding and policy commitments in the Growth Deals swiftly** without imposing bureaucratic hurdles.
- **Devolve all funding for local growth, regeneration, skills and employment support** through councils to Local Enterprise Partnerships in a single investment fund.
- **Inject a further £1 billion a year into roads maintenance by investing the equivalent of just 2 pence per litre of existing fuel duty.** This should not be paid for by increasing the fuel duty rate.
- **Fully fund the cost of the concessionary fares scheme** and allow councils to have greater control over all bus subsidies and local provision.
- **Guarantee the 39 LEP areas strategic decision making powers over how, when and on what their share of England's 2014-2020 £5.3 billion European Structural and Investment Funds (ESIF) is spent.**

Councils and local businesses continue to aspire to lift the economic performance of their area through productive partnerships supported by investment in the skills of local residents and local infrastructure.

However, they have been hamstrung in their efforts to do this because our paradoxically centralised yet fragmented system often creates significant delays in getting funding to projects and ties up delivery partners in unnecessary bureaucracy. It is vital that this pattern is not replicated with the Growth Deals.

After the protracted negotiations to agree these deals, no more time and resources must be taken away from delivery on the ground. Funding and policy commitments need to be implemented as swiftly as possible so that local partners can get on with the vital job of boosting economic growth in their areas, which will lead to the rebalancing of our national economy.

The funding landscape for growth, regeneration, skills and employment is as complex as it gets. LGA research identified over 120 funding streams across 20 government departments amounting to over £22 billion in 2013/14 alone. Up to 60 of these funding streams were based on competitive allocation. With an estimated average cost to councils of preparing of over £30,000, had a council wanted to apply for all those bid-based funding streams, it might have had to spend as much as £1.8 million. It is clear that this method of stewardship of public funds is not efficient or sustainable, does not provide value for money and should be reconsidered.

Addressing our ever-worsening roads crisis has to be a national priority. Recent harsh winters and decades of underfunding by successive governments have created a national backlog of road repairs that would take £12 billion and a decade for councils to fix.

Improving our roads would also help businesses suffering from congestion caused by frequent road repairs. A national survey commissioned by the LGA showed that 83 per cent of those polled back our call to divert an annual £1 billion of fuel duty to fix local roads.

This is only 2p in every litre but would go a long way toward dealing with the pothole backlog and transparently demonstrate to motorists that their money is not being squandered elsewhere.

Buses support local economies by getting people to work, schools, training, shops and public services. More people commute to work by bus than all other modes of public transport combined.

Reductions in government funding for the statutory concessionary fares scheme of £60 million means there is less funding available to councils to support commercially unviable services. Since 2010, together with reductions in council core funding, this has led to a 15 per cent cut in council funding for buses, that's 2,000 services reduced or withdrawn.

Rather than supporting commercially viable services, the Bus Service Operators' Grant (BSOG) should be devolved to councils so that public funding can be better targeted according to local needs.

Ministers have committed to the devolution of spending decisions for ESIF to 39 LEP areas⁷ and the LGA and its member councils expect it to happen, as do local businesses. However, so far decisions fall short of the promises, do not meet the European Commission's own ambition for a "simpler, more local" programme and do not go hand-in-hand with Growth Deals and devolution to other parts of the United Kingdom.

Without a strategic, Technical Assistance (TA) funded role, confidence from local businesses and politicians will diminish, and they will walk away if their ability to influence spend is reduced, because it will be hampered by protracted Whitehall-local negotiations which will slow down decision-making on projects and have unintended consequences on local growth.

⁷ HM Government. The Development and Delivery of ESIF Programmes, July 2013. Paras 1.5, 1.8 and 2.19 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224755/13-1049-development-and-delivery-european-and-investment-fund-strategies-guidance-for-leps.pdf

"In recent years, bus users have been hit hard by cuts in public spending, causing real hardship for many.

"We want to see a national roll out of the Total Transport initiative currently being trialled. This brings together the money spent of bespoke transport services by different public bodies – for example inter-hospital link services, social services transport to take older people to day centres, and transport for children with special needs to and between schools.

"The concessionary pass scheme needs to be fully funded, encouraging the 10 million pass holders to lead healthy active lives and to help to tackle social isolation. At the same time government should standardise and enhance concessionary travel schemes for younger people, especially those in education, on apprenticeships or out of work.

"Finally, a local connectivity fund should be established to bringing together existing bus funding from the Department for Transport with contributions from Departments including Work and Pensions, Health, Education, Environment and all parts of government whose objectives rely on good bus services being in place.

"With the threat of further steep cuts to come, we urgently need new initiatives which recognise the vital social, economic and environmental role buses play."

The Campaign for Better Transport, February 2015

"Local authorities have a unique position in their communities, able to bring services together, forging partnerships and strengthening referral networks. It is through such work that they are able to help unemployed people who are beyond the reach of national programmes."

Heather Rolfe, National Institute of Economic and Social Research, January 2015

6. Local government finance

Council tax

We call on the Government to:

- **Introduce more local flexibility over who receives the single person discount** to help ensure support goes to those who need it most.
- **Relax council tax referendum rules** to allow local communities to decide on local policy priorities through the ballot box.
- **Introduce and fund a new council tax discount for volunteering** to support voluntary work across the country.

For something that is perceived as the main local tax, council tax has become anything but. Council tax ratios between various bands and the property values of those bands are set in primary legislation and councils are severely limited in changing the average council tax as well. Council tax discounts are also a very rigid mechanism.

They are based on a national, one-size-fits-all approach which leaves local areas with little flexibility in making sure that the burden of taxation is spread fairly within the local community.

A prime example is the single person discount, which does not allow local authorities to differentiate those who truly need the discount from those who don't, for example based on their financial means to pay.

Council tax referenda dilute the meaningfulness of voting in local elections, and are poor value for money. If councils decided to stage a local vote it would cost at least £100,000, all to ask for approval of a council tax rise which could be as little as 38p⁸ per week or even less for smaller authorities such as fire authorities.

Council tax relief should be given to the thousands of volunteers who improve life in their areas by giving up their time to do things like help run local libraries, museums and leisure centres. It would reward those who demonstrate a sustained commitment to improving life in their local areas in a way which saves other council taxpayers money.

Estimates by the LGA suggest that if government was to establish a £50 million start-up fund, 500,000 volunteers could be offered a discount of 10 per cent on their council tax bill next year, in return for helping the public purse save many millions more.

⁸ The figure is based on a 2 per cent increase on the average council tax of a Band A property in England in 2014/15.

Business rates

We call on the Government to:

- **Bear the full cost of appeals raised before April 2013.**
- **Give more powers to local authorities to tackle avoidance.**
- **Increase the local share**, while adjusting the top-up and tariff mechanism accordingly so that local areas do not lose out.

Information about non-domestic rates collected by local authorities in 2013/14 which was released in late 2014 shows that the impact of backdated appeals has plunged the majority of local authorities into a deficit on the local share, with a total demand for the safety net of over £200 million in that year alone.

Analysis reveals that the main reason for this is the impact of backdated appeals which were raised before April 2013. Had those appeals been dealt with in a timely manner, the costs would have been covered by central government in full. Local government is paying the cost of central government's delays.

We welcome the government's commitment to review the system of business rates. However we are concerned that the Terms of Reference has not yet been published. We would welcome the opportunity to be part of the review and expect it to be neutral in terms of yield.

The review should look at the risk arising from appeals and how speculative appeals which put avoidable pressure on the system could be discouraged.

The LGA supports the principle of fairer distribution of the tax burden among different types of businesses in the age of e-commerce as long as it does not affect total business rate income.

We welcome the government's commitment to tackle business rates avoidance and the consultation document published in December 2014. The LGA has been working with the Treasury and DCLG on this issue.

Emerging evidence suggests that this is a problem for authorities and that the government need to give them more powers to tackle it; perhaps a power not to award discounts or exemptions when the arrangements appear to be there for avoidance purposes. Reform should include looking at where business rates are not being paid; this may call for a reform of the concept of 'beneficial occupation'.

2015/16 marks the first time in the existence of the business rate retention system when the revenue support grant paid out by central government is less than the centrally retained business rates. This provides government with room to gradually increase the share of locally retained business, up to 80 or 90 per cent towards the end of the decade whilst also equalising for need.

Other local government finance principles

We call on the Government to:

- **Allow local authorities to set local licensing and planning fees.**
- **Lift the housing borrowing cap altogether.**

Charges for licensing and planning procedures should genuinely reflect local circumstances. On licensing, estimates suggest that local authorities are diverting at least £1.5 million a month from under pressure services to pay for processing applications, holding consultations and hearings and investigating and taking action on licensing breaches.

On planning, the taxpayer is currently subsidising 40 per cent of the estimated £365 million annual cost of processing planning applications. This is unaffordable at a time of funding cuts.

Planning is essential to economic growth and locally set planning fees would ensure that the planning service is fully resourced to manage growth, boost the speed of development and improve certainty and quality of service for business.

The planning fee is a tiny proportion of development costs and many applicants would be willing to see planning fees set at a local level if there were safeguards (for example that fees reflect the costs of delivering the service) and a consistent level of good service.

The government should remove investment in homes through the Housing Revenue Account from the Public Sector Borrowing Requirement and lift the housing borrowing cap altogether.

Agenda Item 7a

At a time of unprecedented demand for, and shortage in supply of, affordable housing, local authority Housing Revenue Accounts are not only a way to fix a market failure, but are also one of the safest investments possible.

“Most of all, I hope that by the end of your tenure we see a whole swathe of areas and regions in England able to set much of their own policy and raise their own taxes. If we are serious about devolving power this should include many of the tax raising and spending powers that Scotland, Northern Ireland and Wales are increasingly enjoying.”

Rob Whiteman, Chief Executive, Chartered Institute of Public Finance and Accountancy, Open Letter to Melanie Dawes, Permanent Secretary of DCLG, January 2015

“The FSB agrees that Business rates need total reform. The opaque, regressive system has lost the support of the business community. The next Government should commission an independent review, to create a new model that will unleash jobs and growth.”

Federation of Small Businesses (FSB), February 2015



Local Government Association

Local Government House
Smith Square
London SW1P 3HZ

Telephone 020 7664 3000
Fax 020 7664 3030
Email info@local.gov.uk
www.local.gov.uk

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Appendix B: Distribution of the Submission

Members of Parliament

Adrian Bailey (Chair, BIS Committee); Andrew Tyrie (Chair, Treasury Committee); Andy Sawford (Shadow CLG Minister); Brandon Lewis (CLG Minister); Chris Leslie (Shadow Treasury Minister); Chuka Umunna (Shadow BIS Secretary); Clive Betts (Chair, CLG Committee); Sarah Wollaston (Chair, Health Committee); Graham Stuart (Chair, Education Committee); Greg Clark (Cabinet Office Minister); Tristram Hunt (Shadow Education Secretary); Kris Hopkins (CLG Minister); Liz Kendall (Shadow Health Minister); Louise Ellman (Chair, Transport Committee); Michael Dugher (Shadow Transport Secretary); Nick Boles (BIS/Education Minister); Robert Goodwill (Transport Minister); Andy Burnham (Shadow Health Secretary); Danny Alexander (Chief Secretary to the Treasury); David Laws (Education and Cabinet Office Minister); Vince Cable (BIS Secretary); Ed Balls (Shadow Chancellor); Ed Miliband (Leader of the Opposition); Eric Pickles (CLG Secretary); Hilary Benn (Shadow CLG Secretary); George Osborne (Chancellor); Jeremy Hunt (Health Secretary); Liam Byrne (Shadow Skills Minister); Lynne Featherstone (Home Office Minister); Matt Hancock (BIS Minister); Nicky Morgan (Education Secretary); Norman Lamb (Health Minister); Patrick McLoughlin (Transport Secretary); Steve McCabe (Shadow Education Minister); Iain Duncan Smith (DWP Secretary); Esther McVey (DWP Minister); Rachel Reeves (Shadow DWP Secretary); Dame Ann Begg (Chair, DWP Committee).

Peers

Lord Ahmad of Wimbledon (CLG Minister); Lord Hunt of Kings Heath (Health Spokesperson); Lord Davies of Oldham (Shadow Transport and Treasury Spokesperson); Lord Bradley (Shadow Health and DWP Minister); Earl Howe (Health Minister); Baroness Kramer (Transport Minister); Lord Nash (Education Minister); Lord Freud (DWP Minister); Lord Deighton (Treasury Minister); Lord Beecham (CLG Spokesperson); Baroness Sherlock (DWP Spokesperson); Baroness Jones of Whitchurch (Education Spokesperson).

Local Government Association Budget 2015: On the Day Briefing

18 March 2015

The Budget provides a formal update on the state of the economy, responds to the new economic and fiscal forecast from the Office for Budget Responsibility and announces the Government's fiscal measures.



The full set of documents is available on the [Treasury website](#).

Key Messages

- Between the Government's first Budget in 2010 and the end of the next financial year local authorities will have seen core funding from central government reduced by 40 per cent. It is now more important than ever for the next government to look at the way public services are funded and delivered in order to guarantee sustainability.
- The announcements on greater powers for Greater Manchester and West Yorkshire are a welcome initial step. Devolution of powers and funding is an important step in aligning decision-making with the people affected by decisions. The process must now be extended and accelerated across the country.
- The announcement of a review of the future structure of business rates, which the LGA has been calling for, is vital. It provides an ideal opportunity for central government to create a more effective local tax, where rates and discounts are set locally so that councils have increased freedoms to support small firms and encourage further local economic growth.
- It is disappointing that the Chancellor has not addressed adult social care funding, which is an important area that requires immediate attention. This will be a priority for whoever takes power post May 2015, and funding for adult social care should be given the same protection as NHS funding. Investing money in the NHS while forcing councils to cut their social care budgets merely moves the problem to the NHS.
- The announcement of the National Housing Institute and further measures to support first time buyers to purchase new homes are an important step in tackling the overall shortage in housing supply. Councils must now be given a lead role in future work on delivering homes, including giving them extra powers and flexibility.

This briefing covers:

- Public and local government finance
- Business rates
- Pensions
- Service integration
- Devolution
- Children and young people's mental health
- Apprenticeships
- Further education
- Planning
- Housing

Briefing

Aeneas Tole, Public Affairs and Campaigns Advisor
Email aeneas.tole@local.gov.uk
Tel 020 7664 3236
Information centre 020 7664 3131 www.local.gov.uk

- WiFi in libraries
- Broadband
- Trade
- Counter terrorism and security
- Flooding
- E-crime
- Creative sector and the media
- Digital ambition
- Landfill tax
- Workforce
- Public Works Loans Board

Public and local government finance

The Chancellor announced that:

- The Government's fiscal assumption is that Total Managed Expenditure (TME) will fall in real terms in 2016-17 and 2017-18 at the same rate as over the period 2010-11 to 2014-15. TME will stay flat in real terms in 2018-19, and in 2019-20 increase in line with nominal GDP.
(Page 26-27, paragraphs 1.70-1.72)

LGA view:

- At a time when local authorities are contending with significant reductions, this year's Budget confirms there will be reductions in 2015-16, which will continue to put pressure on council budgets.
- We note the Government's plans for further reductions in 2016-17 and 2017-18. Local government has taken more than its share of the reductions in this Parliament, and vital local government services should be protected from further reductions in the next.

Business rates

The Chancellor confirmed that:

- Two designated pilot areas, Cambridgeshire and Peterborough and Greater Manchester Combined Authority, will be able to retain 100 per cent of growth in business rates collected above existing forecasts from April 2015. The agreement in Greater Manchester and Cheshire East is subject to formal approval by the Greater Manchester Combined Authority
(Page 72, paragraph 2.28)
- A review of the future structure of business rates is underway, and is planned to report by the 2016 Budget. The Terms of Reference of the review were published on 16 March.
(Page 88, paragraph 2.181)

LGA view:

- We welcome the confirmation of the pilots for further business rate retention in Cambridgeshire and Peterborough, and in Greater Manchester and Cheshire East. All parts of the country should benefit from increased business rate retention, not just two areas. Local government should be able to retain all of business rates as soon as possible, with adjustments to the top-up and tariff mechanism to ensure that areas with less buoyant tax bases and high relative

needs do not lose out.

- We welcome the proposed review of the future structure of business rates, and the Government's willingness to consider councils setting their own business rates and changes to the system of reliefs and exemptions, including that for charities and farms.
- This review should be used as an opportunity to create a system which is fit for the 21st century and give local areas the freedom and finance to invest in the infrastructure and services which businesses rely upon. Local government could do much more to support small firms, high streets and start-ups if rates and discounts were set locally, rather than by the Treasury. This is something that both businesses and councils support.
- Central government must now work with local government to make business rates a truly local tax where the money which a business pays is retained by local government to invest in vital local services. All of this helps local businesses either directly or indirectly. This should form part of a fair funding settlement for local services which ensures that those parts of the country where business is less buoyant do not lose out.

Pensions

The Chancellor announced:

- From April 2016 the Government will change the tax rules to allow people who are already receiving income from an annuity to sell that income to a third party, subject to agreement from their annuity provider. The proceeds of the sale could then be taken directly or drawn down over a number of years.
(Page 59, para 1.230)

LGA view:

- These changes may have implications for care costs for councils, and the LGA will be writing to the Chancellor, Chief Secretary to the Treasury and the Secretary of State for Health to clarify this.

Service integration

The Chancellor announced:

- Building on the Government's programme of reform, including the Troubled Families programme and Better Care Fund, "the Government is exploring the cost-effectiveness of options to integrate spending around some of the most vulnerable groups of people", including health and social care, health and employment support, housing, support to individuals struggling with homelessness, addiction and mental health problems.
(Page 29-30, paragraph 1.87)

LGA view:

- The expansion of the council-led Troubled Families approach to new groups of people is an important step towards the LGA's vision for devolved place-based budgets. Any expansion must recognise the existing work of, and build on the learning from, councils and their partners.
- Integration is vital in providing joined up support to people, and must be driven locally by accountable health and wellbeing boards. However this alone will not be enough to plug the estimated £12.3 billion funding gap (£4.3 billion for social care, £8 billion for health) by the end of the decade. We now need adequate and protected adult social care funding and an additional Transformation Fund to support local health systems.
- The LGA welcomes recent developments in Greater Manchester. There are lessons from this that supports the commitment to the principle of subsidiarity in the Greater Manchester Memorandum of Understanding (decisions will be made at the most locally appropriate level).
- Recognition of the added value of local integrated interventions to address the needs of unemployed people with disabilities and health problems is welcome. This will only be achievable if Whitehall departments enable funding to be levered in and integrated locally.
- The current programme of welfare reforms both depend on, and offer, an opportunity for support for low-income households (housing, health and employment) to be more effectively integrated locally.

Devolution

The Chancellor announced:

- A new devolution deal with the West Yorkshire Combined Authority, giving West Yorkshire new powers over skills, business support and transport.
(Page 46, paragraph 1.158)
- Further powers over planning and skills will also be devolved to the Mayor of London. This will allow the Mayor to accelerate the provision of new homes by reducing planning delays, and to tailor decisions over skills provision to London's needs.
(Page 47, paragraph 1.173)
- The Government is opening negotiations with local partners and the Scottish and Welsh Governments for City Deals for Cardiff, Aberdeen and Inverness. In Inverness, the Government is making funding available in 2015-16 to help progress the deal.
(Page 42, paragraph 1.143)

LGA View:

- The deals and agreement to devolve powers and funding to city regions across the UK will assist local civic and business leaders in promoting economic growth. This is a welcome step, however the announcement still falls short of local ambitions.

- It is disappointing that the Government has missed this opportunity to devolve more powers to places outside our cities, as per the recommendations made in the recent report by the Independent Commission on Local Government Finance.
- Future approaches to devolution must go further in setting out a new settlement for the whole of England. This should include localising powers about infrastructure and skills, and health and social care to ensure the long term viability of local services.

Children and young people's mental health

The Chancellor has announced that:

- The Government will invest over £1 billion over the next 5 years to start new access standards which will see over 110,000 more children cared for over the next Parliament.
(Page 59, paragraph 1.234)
- The Government will be providing £118 million by 2018-19 to complete the roll-out of the Children and Young People's Increasing Access to Psychological Therapies (CYP IAPT) programme ensuring that there are talking therapists in every part of the country.
(Page 59, paragraph 1.234)
- £75 million over the next 5 years is being invested to give the right care to more women who experience mental ill health during the perinatal or antenatal period.
(Page 60, paragraph 1.235)
- The Department for Education will also provide an additional £1.5 million towards piloting joint training for designated leads in Child and Adolescent Mental Health Services (CAMHS) and schools to improve access to mental health services for children and young people, including the most vulnerable.
(Page 60, paragraph 1.235)

LGA view:

- The announcement of additional funding for mental health of children and young people is welcome. The LGA has argued for improvements to the system and extra resourcing.
- It is now vital that a new government builds on this investment, and the recent recommendations of the Children and Young People's Mental Health Taskforce, to ensure children and young people receive support when they need it from a joined up system.

Apprenticeships

The Chancellor announced that:

- An Apprenticeship Voucher will put employers in control of government funding for the training apprentices need.
(Page 49, paragraph 1.180)

- The Mayor of London and Greater London Authority will have power over the Apprenticeship Grant for Employers (AGE) budget.
(Page 75, paragraph 2.51)
- The national minimum wage for apprentices will rise from £2.73 an hour to £3.30 in October 2015
(Page 56, paragraph 1.214)

LGA view

- The proposal for an Apprenticeship Voucher is an important step to increasing employer leadership in the apprenticeship system. We now await further details on how the Government can enable councils, colleges, training providers and schools to work together with employers. This will be essential in order to create new opportunities for young people not already in work.
- It is a welcome start that AGE has been devolved to certain areas and this should now go further. All councils should have AGE funding devolved to them, which would enable local authorities to use subsidies to work with local employers to create apprenticeship opportunities for young people.
- The increase in the apprenticeship minimum wage is a welcome boost, as almost a quarter of 16 to 18 year olds were paid below the legal minimum in wage in 2014. Councils must also be given the freedom to work with local employers to create high quality opportunities for young people.

Further education

The Chancellor announced:

- The Mayor of London and Greater London Authority will have a role in the re-commissioning of Further Education skills provision in the capital.
(Page 75, Paragraph 2.51)

LGA view

- The proposal to enable spending on further education to be shaped locally is a positive announcement, and should now be extended more widely to all local areas as per the intention in the Apprenticeship, Skills, Children and Learning Act. This would then join up with the statutory duties councils have to support the raising of the participation age.

Planning

The Chancellor announced:

- A consultation into the compulsory purchase regime to make it clearer, faster and fairer for all parties has been launched.
(Page 42, paragraph 1.142)
- The Government is designating the first 20 housing zones outside London, and continuing to work with the other 8 shortlisted areas.

(Page 75, paragraph 2.54)

- The Government will consult on devolving planning powers over sightlines and wharves to the Mayor of London, allowing the Mayor to accelerate provision of new homes by reducing planning delays.
(Page 74, paragraph 2.50)

LGA view:

- We are pleased that the Government has recognised the LGA's calls for the reform of the compulsory purchase order process as it is a resource intensive and complex. Reforms should ensure that it is easier for councils to use and to capture more of the costs of delivering infrastructure.
- Councils want to make sure brownfield land that is suitable for housing is developed wherever possible. Many sites have planning permission, but are not brought forward because the costs of developing them can be high and therefore the sites are not viable. Housing zones will offer funding to some areas in tackling these barriers. We need further investment in infrastructure and affordable housing to tackle the shortage of housing across the country.
- Councils in London must be fully engaged in the process of devolving housing and planning powers to the Mayor of London. The planning process must continue to focus on communities and local decision making if London is to develop the homes it needs.

Housing

The Chancellor announced that:

- The scheme will work by providing a government bonus to each person who has saved into a Help to Buy ISA.
(Page 58, para 1.228)
- The Government has already sold enough surplus public sector land to build over 100,000 new homes. The Government is committed to releasing land with capacity for up to 150,000 homes between 2015 and 2020. The Government will look to set departmental contributions by the Spending Round.
(Page 75, para 2.59)
- The Government will work with Keith House and Natalie Elphicke to implement a Housing Finance Institute, as recommended by their review, of the role of local authorities in housing supply, in conjunction with the Local Government Association and businesses.
(Page 75, para 2.60)

LGA view:

- The LGA has called for greater powers for councils to pool and develop surplus public land in order to enable public land to be used more effectively for housing. It is therefore positive that the Government will be working with the LGA, business and the housing sector to implement a Housing Finance Institute, as recommended by Keith House and Natalie Elphicke.

- We welcome further measures to support First Time Buyers to access new homes. We must also tackle the overall shortage in housing supply in order to make home ownership a reality, and to increase investment in affordable housing. Councils must have a lead role in building if we are able to deliver the homes and infrastructure needed. This includes giving councils greater flexibility over investment in housing, and greater powers for councils to pool and develop surplus public land.
- Local authorities should have a key role in building on surplus public land. Councils are already planning to dispose of £13.3 billion worth of land and property between 2015-18 (central government's target is more modest at £5 billion between 2015-2020). In order to support this, the Housing Revenue Account borrowing cap should be lifted so that councils can build new homes.
- Councils have the ambition and appetite to build more affordable homes and are finding innovative ways to use land and finance building schemes. The LGA is already working to support councils and we look forward to working with partners on developing the proposals in further detail.

WiFi in libraries

The Chancellor announced that:

- The government will provide £7.4 million funding to support libraries in England to provide internet access and WiFi.
(Page 100, paragraph 2.290)

LGA View:

- This funding is a welcome boost to the role of public libraries as a community hub where residents and businesses can get online at either no or low cost. This will significantly boost measures to connect people, enable them to learn new skills and access online public services, and support small businesses.
- A number of councils have already invested in Wi-Fi for their public libraries, so this will enable joint working, and we hope that these initiatives will be supported to develop their digital ambitions even further.

Tobacco levy

The Chancellor announced:

- The Government will continue the consultation on a tobacco levy through informal consultation with stakeholders.
(Page 62, paragraph 1.254)

LGA view:

- The LGA welcomes the announcement that the Government will continue to consult with stakeholders on the introduction of a levy on tobacco manufacturers and importers.

- We support a levy and any money raised should be spent on areas of greatest need to introduce measures that prevent youth uptake, tackle smoking in pregnancy, encourage long-term smokers to quit, tackle counterfeit and illicit tobacco and help councils clean up the streets of cigarette litter.
- A levy would also send a clear message to increase necessary activity across trading standards, environmental health and smoking cessation.

Broadband

The Chancellor announced that:

- A new ambition that ultrafast broadband of at least 100 Megabits per second (Mbps) should be available to nearly all UK premises.
- The Government will also take further action to support the delivery of broadband in rural areas.
- The broadband connection voucher scheme, extended at Autumn Statement 2014 to March 2016, will be available in a total of 50 cities by 1 April 2015.
- Up to £600 million to support the delivery of the change of use of 700MHz spectrum, which will further enhance the UK's mobile broadband connectivity.
(Pages 39 and 40, paragraphs 1.122, 1.123, 1.124 and 1.125)

LGA View:

- The Government has recognised that far too many people and businesses in rural communities, and even some urban areas, are getting left behind in the broadband rollout. Access to fast and reliable broadband is as important a strategic consideration as electricity, planning, housing and transport for living and doing business in the twenty-first century.
- The next phase of the rollout for cities and rural areas must be taken forward quickly, and should promote value for money through competition to ensure that full coverage is achieved.

Creative sector and the media

The Chancellor announced that:

- The Government will implement a range of measures to support the creative sector and the media, including an increase of the rate of film tax relief to 25 per cent for all qualifying expenditure, and extend the high-end television tax relief and a new children's television tax relief from April 2015.
(Page 38, paragraph 1.112)

LGA View:

- The creative industry is one of this country's fastest growing economic sectors. Councils play a key role supporting the creative industries to thrive and welcome measures that will help to further boost local growth through this booming sector.

Digital ambition

The Chancellor announced that:

- The digital ambition will extend beyond central government and arms-length bodies, to consider local services. HM Treasury, the Department for Communities and Local Government and the Government Digital Service will collaborate with partners in local government, as the sector develops a set of proposals that will enable more customer-focussed, digitally-enabled and efficient local services in time to inform future budget allocations.
(Page 27, paragraph 1.76)

LGA view:

- Councils are the frontline of public services and help residents navigate and access a range of vital public services. Any commitment to greater digital collaboration to enable the public sector to join up more effectively around residents will help our communities. Councils are best placed to work with residents in shaping and designing digital solutions appropriate to local circumstances, so it is absolutely vital that we all work together and share our expertise and understanding of our customers. The LGA has long been supporting local government to deliver digital services and, with a wealth of knowledge and experience, central government needs to work with us on this project.
- Local government understand and work closely with their residents and use digital technologies to find local solutions to different needs, from reporting potholes to looking after the elderly. To do this effectively, central government partners must be willing to share data with councils. This is increasingly important as we work to integrate health and social care and support communities to deal with changes to welfare reform. We need to work across the public sector to implement and share technology so we can support our residents and businesses more effectively and efficiently.

Trade

The Chancellor announced:

- Funding for an ambitious series of trade missions focused on regional strengths, and to ensure that the UK makes the most of the International Festival for Business in Liverpool.
(Page 51, paragraph 1.197)

LGA View

- The LGA has been calling for the Government to recognise the role that city regions across England can play in boosting the UK's trade and inward investment performance. We now welcome this measure as a step in the right direction.

Counter terrorism and security

The Chancellor announced that:

- The Government will provide funding of £23.9 million in 2015-16 for measures to counter-terrorism and improve protective security, including at the border.
(page 76, para 2.64)

LGA view:

- Councils have a vital role to play in tackling terrorism and extremism. The LGA welcomes the announcement of funding in the Budget for counter-terrorism work.
- The LGA will be working with councils and the Home Office to ensure that the resources available to carry out the two new duties in the Counter-Terrorism and Security Act 2015 reflect the cost to councils.

Flooding

The Chancellor announced:

- 165 flood schemes will be delivered earlier than originally planned and a further 47 new schemes will be included within the £2.3 billion 6-year flood and coastal erosion programme.
(Page 96, para 2.248)

LGA view:

- The confirmation of existing schemes in the programme being brought forward, and the inclusion of new schemes, is good news for areas that have been affected. The Government should devolve the funding available for capital works to a single pot at local level in order to allow flexibility over capital and revenue funding.

Landfill Tax

The Chancellor announced:

- The standard and lower rates of Landfill Tax will increase in line with the Retail Price Index, rounded to the nearest 5 pence, from April 2016.
- The saving from the Landfill Communities Fund will be used to fund a one-off £4.2m increase in Environment Agency funding to address waste crime.
(Page 88, paras 2.172 - 2.174)

LGA view:

- This measure effectively implements in real terms the LGA's call for the Landfill Tax to be frozen. We are also calling for the receipts to be redistributed to councils so that they may use this money to invest in recycling

infrastructure.

- Any underspend from the Landfill Communities Fund should be given to councils that can ensure that it is spent on appropriate local projects to mitigate the impact of landfill sites. In the longer term it would be appropriate for councils to manage this funding in a way that achieves value for money, is accountable to and in the best interests of local communities.

Workforce

The Chancellor announced:

- The Government will consult on detailed proposals to restrict tax relief for travel and subsistence for workers engaged through an employment intermediary, such as an umbrella company or a personal service company, and under the supervision, direction and control of the end user. This follows a discussion paper published shortly after the 2014 Autumn Statement on employment intermediaries, and travel and subsistence relief. The changes will take effect from 6 April 2016 and will be legislated for in a future Finance Bill.
(Page 78, para 2.79)
- Legislation will be introduced to exempt from Income Tax travel expenses paid to councillors by their local authority. The exemption will be limited to the Approved Mileage Allowance Payment (AMAP) rates where it applies to mileage payments. There will be a corresponding disregard from Class 1 National Insurance contributions. These changes will have effect from 6 April 2015.
(Page 77, para 2.72)

LGA view:

- The LGA has supported the view that the use of personal service company and similar arrangements to pay individuals that are in effect employees should be restricted to circumstances where interim arrangements are needed. We advised local authorities of this view in March 2012.
- The LGA has recommended that allowances paid to staff for travel should be based on the approved mileage rate. Around 40 per cent of councils now do this for all claims, while many others use it for some claims. It seems fair and consistent to apply similar approaches for councillors' travel expenses.
- There is an outstanding issue in relation to expenses for individuals from combined authorities and fire authorities.

Public Works Loans Board

In the "Debt and reserves management report 2015 to 2016", published alongside the Budget report, the government announced that:

- It took an enabling power in the Infrastructure Act 2015 to abolish the PWLB via the Public Bodies Act 2011, and the Government intends to consult on succession arrangements later in the year.

LGA view:

- As the Report mentions, this will have no impact on councils' access to borrowing from central government. However we continue to believe that the newly established Municipal Bonds Agency will offer councils a cheaper alternative.

E-crime

The Chancellor announced:

- An additional £0.25 million funding for National Trading Standards' e-crime unit to tackle rogue online traders and fraudsters.
(page 99, para 2.275)

LGA view:

- The LGA welcomes this additional funding to tackle a crime that can target vulnerable people and ruin lives. National Trading Standards provides a model whereby council led teams can tackle cross border cases of serious consumer harm: this funding will help support the NTS e crime team hosted by York and North Yorkshire Councils to tackle e-crime investigations on behalf of all councils. <http://www.tradingstandardscrime.org.uk/>

Further Information:

For further information on this briefing paper please contact Aeneas Tole, Public Affairs and Campaigns Advisor, 020 7664 3236 or aeneas.tole@local.gov.uk.

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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

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

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

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

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

