

Finance Panel – report from Cllr Sharon Taylor OBE (Chair)

Independent Commission on Local Government Finance

1. The 19 May saw the first meeting of the Independent Commission on Local Government Finance. The Commission, which is a joint initiative between the LGA and Chartered Institute for Public Finance and Accountancy (CIPFA) will: take a fundamental look at the finance system; identify practical solutions to the real issues facing local communities; and explore the issues and solutions raised in *Rewiring Public Services* including distribution, revenue raising and the balance of central and local control.
2. A high calibre Chair - Darra Singh (Partner at Ernst & Young) - and Commissioners have been recruited: Anita Charlesworth (Health Foundation); Alan Downey (KPMG); Paul Gray (NHS Scotland); Stephen Hughes (Former Birmingham City Council CEX); Stephen Lewis (Zurich General Insurance); Jonathan Portes (National Institute of Economic and Social Research); Bridget Rosewell (Volterra); and Tony Travers (London School of Economics).
3. Finance Panel colleagues and I will be feeding our views into the Commission and I will continue to share progress with you through this regular report.

Council Financial Planning: 2015/16

4. We published our '*Under Pressure: How councils are planning for future cuts*' report on 12 May. Its analysis is based on 73 responses - from councils of all regions and types - to a call for evidence to gauge how councils are preparing for the financial challenges of budgets reductions in 2015/16. The report's findings make clear that each local authority faces a unique set of circumstances, with varying degrees of confidence in how they can deal with the challenge. For example, 20 per cent of councils felt they would be able to deal with the funding reductions through increasingly efficient ways of working, whilst 60 per cent mentioned that they were considering at least some reductions in services to help meet the budget gap.
5. To read the report in full, please download the publication from the LGA website:
http://www.local.gov.uk/publications/-/journal_content/56/10180/6173669?_56_INSTANCE_0000_templateId=PUBLICATION.

Annual Fraud and Error Conference

6. On 15 May, I spoke at the 4th Annual Fraud and Error Conference on Local Government fighting fraud. I highlighted the role of councils in fighting fraud and their strong track record in doing so; raised concerns about the introduction of the Single Fraud Investigation Service (SFIS); and highlighted social housing and tenancy fraud. I shared the platform with the author of "Protecting the Public Purse" from the Audit Commission. Other speakers on the day included officials from the Cabinet Office who outlined the cost of fraud and error to Government, and the anti-Fraud "Tsar" from Westminster City Council who described what the council is doing to fight fraud.

Business Rates Reform

7. I met with a delegation from the British Retail Consortium (BRC) on 14 May to discuss potential areas of commonality between the sector and BRC in terms of proposals for reform of the business rates system. The LGA is also in the process of responding to the Government's discussion paper on the '*Administration of Business Rates in*

England. We strongly agree that reform to the appeals system is crucial and are pushing for early implementation of the proposals for reforming appeals. The LGA's response will also highlight the importance that the aggregate yield of business rates continues to grow from year to year and will also advocate for gradually moving to 100 per cent business rates retention within the control of local government.

Municipal Bonds Agency

8. Since beginning mobilisation in March, the Lead Adviser for the project has held individual discussions with over 70 councils exploring their appetite for investment in/borrowing from the Agency and this effort continues. We have also begun building the structures to enable the promised investment to actually take place.
9. In the meantime a Project Board, which includes representatives of all the Treasurers Societies and a capital markets specialist, has been established to oversee the project until a Board of Directors is appointed to take over the running of the company on launch.
10. If you haven't already seen the Business Case for the Agency, it is well worth a look and will be key to helping you decide whether your council might like to become a founder investor and/or an early borrower. If you would like to know more about the project, please contact paul.raynes@local.gov.uk or john.wright@local.gov.uk.

Universal Credit (UC) Local Authority Face to Face Pilots

11. Following on from the successful work of the UC Local Authority Face to Face Pilots the LGA is happy to announce that 5 of the pilots (Birmingham City, LB Lewisham, Melton BC, West Lindsey and Oxford City) have successfully secured a further £1.6 million in European Social Funding (ESF). This funding is targeted at helping the councils develop the work they had begun during their pilots to help claimants move closer to the world of work. The LGA will be doing some further work with these councils to find out what learning they can share with others about how to access ESF funding to support the delivery of UC.

Local Support Services Framework Test and Learn Activity

12. As a result of the success of the Face to Face Pilots, Department of Work and Pensions (DWP) have launched a comprehensive Test and Learn Programme. The programme aims to give all councils and their Job Centre Plus (LCP) partners the chance to engage in preparations for UC whilst developing learning which will be used to build the business case for the Spending Review. We would urge all councils to consider taking part in the programme at an appropriate level.
13. As part of the Test and Learn Programme, a limited number of councils can apply to the DWP to be a funded robust trialling sites. Expressions of Interest (EOI) must be made jointly by local authorities and their JCP partners by the **13 June 2014**. DWP will be holding a session on **27 of May** in London to provide further detail about the EOI process. The DWP prospectus which explains the background, criteria and the application process for robust trialling can be found on the [DWP website](#).

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