

Independent Commission on Local Government Finance

Purpose

For discussion and direction.

Summary

The Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) have together established an Independent Commission on Local Government Finance. The establishment of the Commission is timely, given the pressure on public finances and the upcoming election, and provides an opportunity for Fire and Rescue Authorities to set out their issues and proposed solutions.

Recommendation

Members are asked to consider the suggested approach to engaging with the Commission set out in **paragraph 12**.

Action

Officers will take action as directed.

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Independent Commission on Local Government Finance

Background

1. The Independent Commission on Local Government Finance was established in May 2014 to examine the system of funding local government in England and bring forward recommendations on how it can be reformed to improve funding for local services and promote sustainable economic growth.
2. The Commission is Chaired by Darra Singh OBE and the other commissioners are:
 - 2.1. Alan Downey
 - 2.2. Anita Charlesworth
 - 2.3. Bridget Rosewell, OBE
 - 2.4. Jonathan Portes
 - 2.5. Paul Gray CB
 - 2.6. Stephen Hughes
 - 2.7. Stephen Lewis
 - 2.8. Professor Tony Travers
3. Biographies for commissioners can be found at [appendix A](#).

Call for Evidence

4. The Commission published a call for evidence on 3 July 2014. Asking for respondents to provide information on:
 - 4.1. The strengths and weaknesses of the current local government finance system;
 - 4.2. Potential reforms that would enable better public services and encourage greater economic growth;
 - 4.3. Practical solutions for changing the system that can be implemented by an incoming government from May 2015;
 - 4.4. The impact of reforms and solutions on the key challenges facing the nation and local communities of:
 - 4.4.1. Economic growth;
 - 4.4.2. Housing supply;
 - 4.4.3. Welfare that encourages people into work and provides effective social protection;
 - 4.4.4. Affordable health and social care; and
 - 4.4.5. Early support to families and children.
 - 4.5. The call for evidence document can be found in [appendix B](#).

Expected outcomes

5. The Commission will explore how an improved local government finance system could help to address the five key challenges outlined in paragraph 4.4 above.
6. An interim report is expected in early autumn 2014 and the final report will be published in January 2015.
7. The focus of the reports will be on practical solutions that can be implemented by the incoming government.

Opportunity for the Fire and Rescue Service

8. The fire and rescue service has faced substantial funding reductions in the four years of the spending review and faces another 10 per cent reduction in 2015/16.
9. The LGA anticipates that the 2015 comprehensive spending review will continue with the same scale of reductions as seen in the last four years.
10. Fire Authorities have managed thus far to protect front-line services through a range of measures, innovations and reorganisations. However this will become increasingly hard to do as funding reduces further.
11. This raises a number of questions for the fire sector including:
 - 11.1. Is there a more effective financing arrangement for the fire sector?
 - 11.2. How can the fire sector establish itself as part of the solution to the societal problems that the Commission is addressing?
 - 11.3. How can the fire sector demonstrate its ability to support efficiencies and savings in other parts of the public sector?
12. Members are asked to consider the following approach to engaging with the Commission:
 - 12.1. FSAC to provide a submission to the Commission, working closely with its finance adviser and CFOA; and
 - 12.2. FSAC to publicise the need for all Fire and Rescue Authorities to provide their own submissions to the Commission.

Next steps

13. Following decisions by members:
 - 13.1. LGA officers will work with advisers and CFOA to prepare a submission to the Commission.
 - 13.2. The Commission's call for evidence will be publicised through the Fire Bulletin, the LGA's website and through the Fire Finance Network.

Appendix A

Darra Singh, OBE - Chair

Darra is a member of EY's leading local public sector advisory team. In his role as partner he leads in advising local authorities on how to achieve efficient and enhanced services in the face of financial and delivery challenges. Darra is also a member of the Advisory Government leadership team leading on strategy.

Darra was previously Chief Executive at Job Centre Plus, also of Ealing and Luton Councils, and chaired the government-appointed Communities and Victims Panel, which investigated the London riots.

Before joining the DWP, in November 2009, Darra had been the Chief Executive Officer of Ealing Council for four years and prior to that had been the Chief Executive of Luton Council.

He started as a housing case worker in Tyneside and London in 1984, and then worked for a variety of housing bodies in the voluntary sector before becoming a director of the North British Housing Association in 1991. He was later appointed Chief Executive of the Asra Greater London Housing Association, which specialises in housing ethnic minority tenants, and then worked for Hexagon, another London-based housing association.

In 2004 Darra was awarded an OBE for services to local government.

Alan Downey

Alan Downey began his career in 1981 as a fast-stream civil servant at the Department of the Environment, where he worked in a number of policy areas, including local government finance, housing, inner cities and environmental protection, and was private secretary to successive Ministers of Local Government.

He left the civil service in 1989 to join KPMG, spending the next 25 years as an adviser to numerous public sector clients, including government departments, arm's length bodies, local authorities and NHS trusts. He became a partner in 1997 and held various leadership positions, including Chief Operating Officer of the Management Consulting practice and latterly Head of Public Sector for Europe, Middle East & Africa.

He retires from KPMG in June 2014 and is taking up a number of non-executive positions on the boards of public sector and charitable organisations.

Anita Charlesworth

Before joining the Health Foundation Anita worked at the Nuffield Trust as Chief Economist from 2010. She led the Trust's work on health care financing and market mechanisms.

Previously Anita was Chief Analyst and Chief Scientific Advisor at the Department of Culture, Media and Sport and Director of Public Spending at the Treasury, where she led the team working with Sir Derek Wanless on his reform of NHS funding in 2002. Anita has a Masters

in Health Economics from York University and has worked as an Economic Advisor in the Department of Health and for SmithKline Beecham pharmaceuticals in the UK and USA.

Anita is a non-executive director of the Whittington NHS Trust and a Trustee of Tommy's, the baby charity (charity number: 1060508).

Anita is a member of the Outcomes Framework Technical Advisory Group, the Social Investment Advisory Group and the Economics of Social and Health Care Research Unit Advisory Group.

Bridget Rosewell, OBE

Bridget is a professional economist and business woman.

She has founded several economic consultancies, all of which are still successfully operating, and also has several non-executive roles with major organisations.

Her interests include risk and risk management, infrastructure and its funding, public and private sector co-operation, planning policy and corporate management. She publishes and presents in these areas as well as working with clients.

Bridget's current business interests include chairing Volterra Partners, Chair of Audit for Network Rail, Chair of Risk for Ulster Bank, With Profits Committee for the Co-operative Bank, and providing professional assistance to a variety of clients.

Bridget was the Consultant Chief Economic Adviser to the Greater London Authority from 2009 to 2012 and between 2002 and 2008 she was the Chief Economist to the GLA.

Her research interests focus on the economic performance of local economies, the role of infrastructure, the performance of markets, and business organisations. She is especially interested in the application of the tools of complex systems analysis to these issues.

Bridget was awarded an OBE in the 2013 Birthday Honours list for services to the economy.

Jonathan Portes

Jonathan is the Director of the National Institute of Economic and Social Research (NIESR).

Previously, he was Chief Economist at the Cabinet Office, where he advised the Cabinet Secretary, Gus O'Donnell, and Number 10 Downing Street on economic and financial issues.

Since joining HM Treasury in 1987, he has held various positions in the civil service and the private sector. He was Chief Economist at the Department for Work and Pensions and Chief Economist at the Cabinet Office before becoming the director of the National Institute of Economic and Social Research (NIESR) in February 2011.

His main areas of interest include fiscal policy, labour markets and immigration.

Paul Gray CB

Paul Gray CB, currently the Chair of the Social Security Advisory Committee, is a retired Civil Servant who was formerly Executive Chairman of HM Revenue and Customs and, before that, the Second Permanent Secretary in the Department for Work and Pensions.

He originally trained as an economist, and his earlier career included a wide range of posts in HM Treasury and periods as the Economic Affairs Private Secretary to the Prime Minister and as a corporate planner in the private sector.

Paul is now an associate of Praesta Partners LLP, an executive coaching and mentoring firm. He also serves as Chair of Governors of a comprehensive secondary academy, and as a member of the Council, and its Strategy and Resources Committee, at the University of Essex.

Stephen Hughes

Stephen Hughes is a strategic adviser to CIPFA on local government after leaving the post of Chief Executive at Birmingham City in February which he held for eight and half years.

At Birmingham he led the ambitious Business Transformation process and drove the Council's commitment to the local economy. Prior to that Stephen's career was in finance, having led the Finance function at Islington and Brent councils and gone to Birmingham as Director of Resources. He has also been a finance policy officer at two local authority associations and spent a year on secondment managing Council Tax and Business rates policy for the then DETR. Apart from CIPFA, Stephen has a number of other roles including as a Board Member of Housing and Care 21.

Stephen Lewis

Steve Lewis is the CEO of Zurich's UK General Insurance business, a leading general insurer dedicated to customers in the public and private sectors through direct and intermediated channels. He joined the Zurich Financial Services Group when it was still Eagle Star in December 1989, and has filled a number of appointments in different Zurich companies and locations since.

Steve held several finance and operational roles in the UK prior to moving overseas early in 2002. He then held the role of Strategic Finance Director for Zurich's Asia Pacific Region, responsible for driving improved performance in the Region and in 2004 moved to Switzerland to Head the performance reporting function for the Group. Since then he has been responsible for Finance and Operations for Zurich's Global Corporate business across Europe and most recently has been Head of Group Operations, Planning and Performance Management for the Zurich Group, based in Switzerland.

Steve is a Fellow of the Chartered Association of Certified Accountants, having qualified in 1990.

Professor Tony Travers

Tony Travers is Director of LSE London, a research centre at the London School of Economics. He is also a Visiting Professor in the LSE's Government Department. His key research interests include local and regional government and public service reform.

18 July 2014

He is currently an advisor to the House of Commons Children, Schools and Families Select Committee and the Communities and Local Government Select Committee. He has published a number of books on cities and government, including Failure in British Government, The Politics of the Poll Tax (with David Butler and Andrew Adonis), Paying for Health, Education and Housing: How does the Centre Pull the Purse Strings (with Howard Glennerster and John Hills) and The Politics of London: Governing the Ungovernable City.