

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

Universal Credit (UC)

1. DWP began the expansion of UC into the North West of England on 23 June. DWP is working directly with these authorities to carry out all preparation work. Implementation planning includes any work needed with neighbouring authorities that are not going live, to ensure that everyone is fully prepared. For local authorities not within the North West of England region, DWPs planning assumption remains as stated, that the UC service will be fully available in each part of Great Britain during 2016.

TUPE

2. We recently wrote to DWP seeking clarification around TUPE. They responded stating “no formal decision has been made about TUPE and its application to the implementation of UC.” As we know this is an important issue for councils, we continue to engage with the DWP at a high level to negotiate local government’s role in UC.

IT providers

3. As the UC live service is rolled out across the North West, more councils will be speaking to their IT suppliers about changes to systems to share UC-related data with DWP. In principle, DWP should pay for new burdens related to UC.
4. DWP has written to the LGA confirming it is only willing to pay UC-related costs if the Department has put them through its own financial approvals process. DWP has not yet put a process in place for approving payments. This means that there is a risk DWP might refuse to pay some UC-related IT costs.

Local Support Services Framework Test and Learn Activity

5. The assessment process for the robust trialling phase of UC test and learn activity is complete. 31 bids were received. A panel of representatives from DWP, local government associations and regional government met to review the bids; successful bids will be announced in the coming weeks.

Local Welfare Assistance update

7. The LGA is conducting research into the local welfare schemes councils have set up since the localisation of the Social Fund in 2013/14. This will complement DWP’s ongoing review into how councils have spent the funding.

Independent Commission on Local Government Finance

8. This was formed to examine the system of funding local government in England, and make recommendations on how it can be reformed to improve local services and promote sustainable economic growth. It held its second meeting on 25 June where it discussed its key lines of enquiry. The terms of reference, call for evidence and minutes of the first meeting are now available at www.localfinancecommission.org. The Chair, Darra Singh, is attending the Finance Panel’s meeting on 18 July. Finance Panel colleagues and I will continue to feed our views into the Commission and to share progress with you.

Welfare, employment and skills research

9. The LGA has commissioned the Centre for Economic and Social Inclusion (CESI) to carry out three pieces of research and identify proposals for a devolved approach to welfare, employment and skills.
10. The first part will focus on emerging growth and the impact of an employment and skills deficit on the needs of a local area. The report will draw on the circumstances of eleven councils and will be launched at the LGA Conference. The second part will look at the needs of local residents and explore how a more joined up offer that includes welfare provision can improve outcomes for job seekers and low income households. A report on this will be launched in the autumn. The third part of this work, to be completed by early 2015, will be a final report drawing together a range of recommendations.

Municipal Bonds Agency

11. The project to establish a Municipal Bonds Agency is now at a stage where LGA members' informal expressions of interest in contributing to its establishment need to be converted into firm decisions. In early June the Chairman wrote to all council leaders asking their councils to become shareholders. Already, Birmingham has announced its intention to invest £200,000.
12. Commitments from councils received by 17 July 2014 benefit from more favourable return of shares in the Agency. We foresee this commitment possibly taking the form of a letter of intent. To ensure all councils have an opportunity to contribute, we will continue to seek commitments up to launch, which is expected in the 4th quarter of this calendar year.

Future Funding Outlook 2014

13. This report, a refresh of the funding outlook work released last year, was launched earlier this month. While the headline message of a growing funding gap for local services is similar to last year, the LGA's membership told us they thought it was important that we continue to emphasise the pressures councils face. The model now incorporates the latest settlement data and information from the first year of local business rates retention.
14. We have also taken last year's AnyCouncil analysis a step further to produce a report on "AnyHouseholds" which analyses the evidence of what is happening to local services as a result of funding and demographic pressures, and the impacts of this on typical households. Our research shows that, in general, while some households are starting to feel the cuts bite, critical services are being protected. But in the coming years councils will be faced with difficult choices about where savings should be made.
15. Both reports were available to delegates at the LGA conference and received significant coverage in the national and trade press; we worked closely with colleagues in ADASS to ensure the messages from their annual budget survey supported the results of our modelling.
16. The other element of the funding outlook work is the individual modelling for councils. In the week following its launch we issued the models to all Chief Executives of LGA member councils to assist with their own local financial planning. The model forms a key strand of the LGA's ongoing support offer.

LGA Conference 2014

17. The Panel and its work programme will have a strong presence at the conference, including:
- 17.1 Cllr Sir Steve Houghton will be a panellist at the plenary on political leadership, reflecting on his own experiences as leader of Barnsley;
 - 17.2 I will be a panellist at the “meet the commission” workshop led by Darra Singh (see update on the work of the Independent Commission on Local Government Finance); and
 - 17.3 There will be a confidential session for Chief Executives to discuss the LGA’s financial offer for local authorities in the context of the overall sector led improvement work programme.

Business Rates Administration

18. HM Treasury’s discussion paper considers the way in which the business rates system in England is administered by the Valuation Office Agency and local authorities, with a view to strengthening its responsiveness to changes in property values and its simplicity and transparency for business ratepayers in England.
19. The LGA’s response, submitted last month, agrees reform to the appeals system is crucial, pushes for early implementation of proposals for reform, and advocates for gradually moving to 100 per cent business rates retention within the control of local government.

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