

## **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.

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## **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.