

Summary from the meeting on 5 October 2014 of the Independent Commission on Local Government Finance .

**Commissioners**

Darra Singh (Chair, Alan Downey, Stephen Lewis

Tony Travers, Jonathan Portes, Stephen Hughes Paul Gray

**Guests**

Carolyn Downs (LGA) Michael Lockwood (LGA) Nicola Morton (LGA) Richard Vize.

**Secretariat** Eamon Lally (LGA) Alison Scott (CIPFA) Joanne Pitt (CIPFA)

**Apologies** Bridget Rosewell , ), Anita Charlesworth Rob Whiteman (CIPFA)

The meeting went through the report with comments made by the commission.

Page 1

- Forward should refer to Scotland and devote a longer paragraph to this unique opportunity
- Para 3 Page needs to be expanded and needs to talk not just about central funds but about for LA freedoms to generate The phrasing should be about Local accountability for funding autonomy

Page 2

- Scotland must be included as some of the English authorities financial on a par with Scotland and Wales
- Change the word from evidence to submission

Page 3

- The issue of the trading of the borrowing cap in Housing is a red herring we need to allow them to trade like RSL. Wording to talk about discussing the idea of trading HRA borrowing needs to link with views on page 8
- AC comments were read out as her concern is that the commission has not debated the issue of joint commissioning sufficiently and this report reflects what the submissions say rather than the comments of the commission.

Page 5

- Para 3 PG did not like the word renaissance but DS did
- Para 4 It is not relocalisation it is retention and report needs to cover the paradox of LA competence. Ironically because it can manage finances well and operate within a savings environment Central Government cuts its budget.
- Sharon White has produced a graph on protected spend that might be good to use
- Quote from Lyons on revaluation weakness suggested by
- Other illustrative examples from international work would be useful
- Commissions then discussed funding challenges faced by the complexity of the grant system and the lack of consistency in property tax comments included:
  - Grant is too arbitrary and needs a fundamental overall. There should be rational for distribution
  - The system is beyond the understanding of most.
  - Local Government decision making is still constrained and in fact usually LA deliver and central government decides. Local Growth funds are a good example of this. Very different to how Scotland is being treated.
- Action is to draft a paragraph at a strategic level on this discussion

Page 7

- Para 4 wording issue with dependence

Page 8

- The commissioners agreed to remove the title principles for reform as it was a continuation of the previous heading.
- Reference to the Housing crisis needs to be carefully worded

Page 9

- Make the section on council tax a reflection and reflect back the views that have been submitted
- Must be clear that council tax is the property not wealth and is a regressive tax especially with CTB

Page 10

- Para 2 claimed should be changed to does
- Just what can councils do to stimulate growth should be very clear.

Page 11

- The commission want to reflect that a property tax should reflect the value of the property. At the moment we just redistribute the same money and it does not really increase or decrease in line with the economy. This can be seen in the lack of change between domestic and non domestic charges although values are radically different.
- Example of the lack of a link with economy the commissioners talked about the Tesco / Hitachi business rate issue in Durham as an example to add to the report.
- Para 5 requested it be removed as did not add to discussion – accounting officer needs to reflect what is done on the ground.
- Transparency to reflect SH notes

Page 12

- Para 2 Check reference to numbers and link to source.
- Commissioners concerned there may be lack of continuity between comments here and in page 17
- Refer to Lyons out in November.
- Para 4 Commissioners debated pooling not the answer and single commissioner not a proven solution. But examples of Section 75 agreements have been successful. Most want to encourage integration and pooling is just one part of that approach.
- Identified that the Better Care Fund has been double counted and SH wanted this commented on in the report as did CD.
- A radical approach could be to look at money following the individual.
- Discussion on emerging solutions resulted in a consensus that this was an important element of the report and it had to be framed correctly. There was a tension between suggesting the more radical and limiting to the practical. In the wording the commission want to consider the more radical but be aware that there are constraints.

Page 13 /14

- Do not use safety net as a term
- Change the title as we should have minimum standards but the commission is not going to set them. The issue also includes outputs.
- DS request that this section be reworked.
- Para 5 Discussion centred around the tension throughout the piece between equalisation and incentives recognised as a big challenge. It was pointed out that Scotland should be included as the current system incentivises Scotland to grow.

- Intra-regional disparity is greater than inter regional disparity and over time there is relatively stable.
- Commission agree that there is a developing hypothesis and the wording needs to reflect what options would work and generate comments. For example how could a Barnett Formula for England work?

Page 15

- Para 6 a section on reform needs to be added before this can be discussed to set context.

Page 16

- Reforming property taxes needs a far stronger opening section.
- Commissioners observed there is a lack of political will to change this as seen over the last 24 years. Revaluation and banding really needs to be at a subnational level to make it suitable and fit for purpose. There are a few alternative models such as Switzerland but this is based on an acceptance of very different charges at the sub national level. . OCED report confirms that UK is highly centralised.

Page 17 / 18

- Commission felt that the section on housing and welfare the weakest of the report and report needs to make it clear that these are under discussion.
- Cross reference to the RPPI report

Page 19

- Next steps
  - o Interim report out October 27th (Delayed due to the City Growth Commission being put out on Oct 22)
  - o Working Title suggested as Public Money – Local Choice
  - o Media plan being drawn up by Simon Ward ( LGA )



**INDEPENDENT COMMISSION  
ON LOCAL GOVERNMENT FINANCE**

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Next meeting

November 3rd