

SOUTH EAST ENGLAND COUNCILS

MINUTES OF THE EXECUTIVE MEETING

Thursday 8 March 2012

The Institute of Materials, Minerals & Mining,
1 Carlton House Terrace, London SW1Y 5DB



Present: Paul Carter (SEEC Chairman)
Gordon Keymer, CBE (Deputy Chairman)
David Airey
Andrew Bowles
Ken Crookes
Myles Cullen
Moirra Gibson
Arif Hussain
Lorraine Lindsay-Gale
Sally Marks
David Neighbour
Tony Page
David Robertson
Bob Standley
Martin Tett

In Attendance: Chris Williams, Chairman of the LACE Group
Heather Bolton, Director, SEEC
Nick Woolfenden, Head of Policy Co-ordination, SEEC
Hayley Austin, Office Manager, SEEC
Roy Millard, SESPM
Kate Jones, SESL
Paul Raynes, LGA

- 1. Apologies, Declarations of Substitutes and Declarations of Interest**
 - 1.1 Apologies were received from Mary Ballin, David Burbage, Andrew Geary, Lynne Hack, Barry Norton, James Swindlehurst, Ken Thornber, David Tutt, Gerald Vernon-Jackson and Paul Watkins.
 - 1.2 Sally Marks substituted for David Hodge and David Airey substituted for Keith House.
- 2. Minutes of SEEC Executive on 9 December 2011 and Matters Arising**
 - 2.1 The minutes of the previous Executive meeting were agreed as a true and accurate record.
 - 2.2 Gordon Keymer explained that SEEC had received a number of positive responses to its EU Energy Efficiency Directive briefing sent to South East MPs and MEPs, including a constructive letter from Greg Barker MP, Minister of State for Energy and Climate Change who will explore SEEC's alternative proposals.
 - 2.3 Responding to David Robertson, Chris Williams explained he had asked South East Directors for Environment, Planning and Transport (SEDEPT) to take forward a stocktake of key strategic transport schemes/proposals to inform SEEC's thinking on these matters. He would ask for an update to report to members.

3. **Local Government Finance Bill – progress report and debate on member priorities for House of Lords stages.**

3.1 The Chairman explained SEEC is considering how best to engage on major issues in the Bill. Paul Raynes, LGA's Head of Programmes, Finance and Localism, updated members on the Bill and will feed back key issues from SEEC to the LGA. The Bill is due in the Lords in May.

3.2 Paul Raynes said there had been little discussion of the Bill's key principles in the Commons. As well as issues in the Bill itself, there are also wider implications of concern for local government:

In the Bill:

- **Business rate retention** - Although there have been some improvements to the proposed split of funding between local and central government, there is still concern about the degree of central control and limited financial incentives.
- Authorities broadly welcome new responsibilities for **council tax benefits** but the need to deliver a 10% cut (£500m nationally) raises major concern. Government's promise to protect the vulnerable and pensioners means cuts will disproportionately affect others who currently qualify for council tax benefit.

Wider implications:

- Central government may consider moving additional responsibilities to local government in return for the local share of business rates. Legally business rates have to be used to finance local government – as there is currently a surplus centrally, Government may try to transfer extra spending duties to councils to be funded by their share of business rates.
- Tax Increment Financing – plans to reset business rates every 10 years could limit use of business rate revenue to fund long-term infrastructure schemes.
- Baseline - Government is reviewing the way local government's grant baseline is calculated. This raises uncertainty on future local government finance levels.

3.3 As the Bill is due to come into force in April 2013, members need to weigh up whether change or delivery is their priority. How much do they want to challenge principles in the Bill if this delays agreement of details that councils need to implement new Council Tax Relief Schemes by April 2013.

3.4 Members discussed key issues including:

- Local government should take a strong stance on key issues of concern during further stages of Bill, to influence decision makers to ensure the final measures are as effective as possible. The LGA needs to be strong and clear it is influencing work and emphasise the need to get the Bill right, not just meet an arbitrary date.
- While business rate localisation is a move in the right direction, it will only bring very limited financial benefits; a much wider reform of local government finance is needed to ensure the South East receives a fair share.
- Any proposals for further responsibilities to be passed from central to local government in light of business rate localisation must be managed transparently by government.
- Local government must highlight the significant efficiencies it has already achieved, but make clear it cannot continue without harming frontline services.
- The financial implications of protecting the vulnerable and pensioners from cuts in Council Tax relief needs to be more fully understood. DWP should also be pressed to share information to help local authorities identify local people who should be defined as 'vulnerable'
- There is a risk that the cost of delivering the new council tax relief schemes will cost more than the 10% saving in payments to residents.

- 3.5 Members agreed it would be important to influence the Bill in the Lords and progress a wider debate with government on funding public services linked to SEEC's work on Fair Funding (item 4 below).
- 3.6 At members' request Paul Raynes agreed to circulate a briefing on key issues around localisation of business rates and the relationship with local government financing. He would take key messages back to LGA to inform work on the Bill.

ACTION 1: Summary briefing to be shared by Paul Raynes/LGA re business rates and local government financing.

ACTION 2: SEEC officers to consider key issues and timetable for influencing the Bill and report back to members.

4. Fair funding: SEEC proposals for local government finance reform

- 4.1 Heather Bolton explained that following members' discussion in December, work had progressed with input from finance officers in member councils. In addition to work previously reported to members, the relative level of council tax as a proportion of all local authority spending has now emerged as an important issue.
- 4.2 In finalising SEEC's work to influence government and other decision makers, members agreed five objectives:
- Securing central Government recognition that the current local government finance system is not fit for purpose.
 - Gaining central Government commitment to a fundamental review that will create a fairer, more transparent system for funding councils.
 - Confirming SEEC's support for national redistribution of funding to poorer areas via a fairer and more accountable process.
 - Persuading central Government to make longer-term financial commitments on funding mechanisms, allowing authorities to plan major infrastructure investments with confidence.
 - Putting forward specific funding proposals that will help deliver a fairer deal for South East council tax payers.
- 4.3 Given May's local authority elections, launch of the report and associated influencing campaign will be scheduled for June 2012.
- 4.4 In discussion members highlighted:
- Limitations in the ability of business rate localisation to redress the current unfairness in the local government finance system.
 - The need to carefully consider timing and targeting of the report launch to ensure maximum impact.
 - Other sources of potential local income available to local authorities.
 - The importance of case studies showing how unfair funding affects residents.
 - The potential for other areas to support SEEC's campaign for greater fairness.

ACTION 3: Prepare Fair Funding report for launch in June 2012.

ACTION 4: Consider approach to other similar areas of England re support for SEEC's fair funding campaign.

5. Strategic transport and Local Transport Body consultation:

- 5.1 David Robertson explained that SEEC will submit a response to DfT consultation, working jointly with SESL. He said local authorities generally welcomed

localisation of strategic transport decisions, but there were a range of views about the relative roles of councils and LEPs in Local Transport Bodies.

- 5.2 Nick Woolfenden suggested SEEC's response should emphasise the need for funding allocations to reflect population size and broad economic need, much like the Growing Places Fund. Members agreed and also agreed to raise the need for fair funding allocations for authorities within more than one LEP.
- 5.3 It was agreed that the Chairman and Transport Convenor would sign off the response for SEEC and aim for joint sign-off with SESL.

ACTION 5: Agree & submit joint SEEC-SESL response to DfT by 2 April deadline.

6. South East data: Draft response to Government consultation on ending publication of South East-level statistics

- 6.1 CLG is consulting on changes to the way it collects and publishes data. One suggestion is that it stops publishing South-East-wide statistics now that Government Offices have closed.
- 6.2 While SEEC strongly supports abolition of government offices and regional bureaucracy, SEEC and its member authorities still make valuable use of CLG's local, regional and national data. Members agreed to respond to CLG emphasising the importance of maintaining local *and* regional data. Members also agreed SEEC should liaise with the LGA and other local authority membership groups to seek a consistent response to government.

ACTION 6: SEEC Chairman to approve the final consultation response by 30 March. Officers to liaise with partners on a consistent response to government.

7. Local government self regulation

- 7.1 Members debated whether there is any potential role for SEEC in helping to co-ordinate and provide political leadership around self regulation in the South East. With abolition of the Audit Commission, the LGA is proposing that local government self-regulates to identify failing councils and try to prevent poor performance that damages the reputation of local authorities as a whole.
- 7.2 Local authority membership groups in some parts of the country are strongly involved in this issue. Any SEEC role must be very light touch and avoid duplication of work already done by South East Employers or Improvement and Efficiency South East (IESE).
- 7.3 Members discussed the issue, recognising the importance of the LGA's offer to arrange peer-reviews. In the short term there was no well-defined role for SEEC within available resources, but members would keep the issue under review.

8. SEEC finances, reserves and SEERA Ltd liquidation update

- 8.1 Heather Bolton updated members on SEEC's financial position. SEEC is on target to undercut the agreed budget of £359,000 for 2011-12. Final accounts and VAT calculations will be prepared after the end of the financial year.
- 8.2 A provisional budget of £325,000 had been set for 2012-13. This will go to the AGM for approval in June. Subscription invoices will be sent after the AGM.

9. Items for information

- 9.1 Members noted the items.

10. Confirmed forward meeting dates:

10.1 Forward meeting dates for 2012 SEEC meetings were noted.

- SEEC All-Member meeting & AGM (shared date with SESL) – 21 June 2012 at Church House Conference Centre, Westminster, London SW1P 3NZ
- SEEC Executive meeting – 11 July 2012, venue to be confirmed.

11. Any other business

11.1 There being no further business, the meeting closed at 12.30pm.

Signed: _____

**Paul Carter
Chairman**

Date: 11 July 2012