

Note of the joint SEEC Executive and SESL meeting on local government finance

- 1.1 Cllr David Burbage MBE, SESL chairman and Leader, Royal Borough of Windsor and Maidenhead, welcomed members to the joint SEEC-SESL meeting and introduced guest speaker Stephen Hughes.
- 1.2 Mr Hughes, a member of the Independent Commission on Local Government Finance and former Birmingham Chief Executive, said that there is still a long way to go to reduce the deficit by 2018/19, with less than half the 36.6% cuts in unprotected services made so far.
- 1.3 The Commission is concerned that the current council tax and grant systems neither fully meet service funding needs nor enable councils to be self sufficient. Furthermore financial incentives are not well-aligned with objectives.
- 1.4 SEEC-SESL believe there is a need for local council control over income, increased devolution of powers and funding for all areas – not just cities - and a funding formula with greater weight on population. Stephen said it is still early to see what controls cities are gaining through initial city deals.
- 1.5 Mr Hughes highlighted potential tensions between arguments on the right to be funded to meet local needs and powers to keep gains from improving the economy. The current hybrid system is too centralist, but does not deliver the “dependency drug” of sufficient funding. The Commission is focusing on whether a change can be made from dependency to self-determination.
- 1.6 He also considered what would be a suitable level for devolution of financial powers e.g. regions, LEPs, or councils? SESL and SEEC believe devolution should be to existing councils, not new regional structures. The Commission is interested in exploring a “Barnett” formula for English regions, e.g. a settlement for each area that responds to variations in need and provides certainty as well as more control over spending.
- 1.7 Commissioners agree skills and employment should be run at a more local level, but beyond that they are split on the scale of devolution. Some think some services have to be provided to minimum standards, underpinned with certainty about finances. For example, some Commissioners think that welfare support systems should remain national. Members noted that in other countries local government has a greater role in welfare, and where such responsibilities have been devolved in the UK, such as council tax benefit, councils have managed them well. The Commission will also consider how best to address integration of health and social care, and whether pooled budgets will drive this forward.
- 1.8 On council tax, the Commission’s interim report is likely to consider either freezing it and seeking supplementary sources of income, or taking an approach similar to the London Finance Commission and allowing localisation of property taxes, including bands and discounts. On grants, payments based on VAT generated in an area would provide incentives to grow the economy, as VAT is closely aligned to GVA. Greater retention of business rates is helpful but complex, contains risks and doesn’t offer the same incentives.

- 1.9 The Commission's interim report comes out in October and will ask for views on the options. The final report will hopefully be published in January 2015.
- 1.10 In discussion, members said devolution of finance to local government with a wider range of revenue raising powers should be central to the Commission's conclusions. Any proposals should be simple, easy to understand, and not run the risk of falling into a "too-hard" box for the Treasury. To ensure buy-in, the proposals should also present benefits to Whitehall politicians and MPs.
- 1.11 Supporting proposals to reset the funding formula with more weight on population, members also stressed the need to take "rurality" into account as it costs more to provide services in sparsely populated areas.
- 1.12 Cllr Burbage thanked Mr Hughes and brought the joint session to a close.

Attendees:

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| 1. Cllr David Burbage, MBE | SESL Chairman, Leader, Royal Borough of Windsor & Maidenhead |
| 2. Cllr Martin Tett | SESL Vice Chairman, Leader, Buckinghamshire County Council |
| 3. Cllr Nicolas Heslop | SEEC Secretary & Treasurer, Leader, Tonbridge and Malling BC |
| 4. Cllr Carole Paternoster | Aylesbury Vale District Council |
| 5. Cllr Paul Bettison | Leader, Bracknell Forest Council |
| 6. Cllr James Jamieson | Leader, Central Bedfordshire Council |
| 7. Cllr Myles Cullen | Chichester District Council |
| 8. Cllr Roy Perry | Leader, Hampshire County Council |
| 9. Cllr Paul Carter, CBE | Leader, Kent County Council |
| 10. Cllr Van Coulter | Oxford City Council |
| 11. Cllr Ian Hudspeth | Leader, Oxfordshire County Council |
| 12. Cllr Tony Page | Reading Borough Council |
| 13. Cllr Roland Dibbs | Rushmoor Borough Council |
| 14. Cllr John Furey | Surrey County Council |
| 15. Cllr Bob Standley | Leader, Wealden District Council |
| 16. Cllr Roger Croft | Leader, West Berkshire Council |
| 17. Cllr Keith Baker | Leader, Wokingham Borough Council |
| 18. Chris Williams | SEEC Lead Chief Executive, Buckinghamshire County Council |

Staff / guests

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| 19. Philippa Mellish | SESL Policy Manager |
| 20. Heather Bolton | SEEC Director |
| 21. Nick Woolfenden | SEEC Head of Policy Co-ordination |
| 22. Nathan Roach | SEEC/SESL Admin & Policy Support Officer |
| 23. Mona Sehgal | Principal Adviser (South East, South London), LGA. |

Apologies

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| 24. Cllr Gordon Keymer, CBE | SEEC Chairman, Leader, Tandridge District Council |
| 25. Cllr David Hodge | SEEC Deputy Chairman, Leader, Surrey County Council (sending sub) |
| 26. Cllr Gill Mattock | Eastbourne Borough Council |
| 27. Cllr John Burden | Leader, Gravesham Borough Council |
| 28. Cllr Ken Crookes | Leader, Hart District Council |
| 29. Cllr David Neighbour | Hart District Council |
| 30. Cllr Ian Stephens | Leader, Isle of Wight Council |
| 31. Cllr Peter Marland | Leader, Milton Keynes Council |
| 32. Cllr Andrew Bowles | Leader, Swale Borough Council |
| 33. Cllr Louise Goldsmith | Leader, West Sussex County Council |
| 34. Cllr Jane Scott | Leader, Wiltshire Council |
| 35. Carole Mills | Chief Executive, Milton Keynes Council |
| 36. Andrew Elkington | Head of Policy and Performance, RB Windsor & Maidenhead |
| 37. Joanna Simons | Chief Executive, Oxfordshire County Council |
| 38. Ruth Bagley OBE | Chief Executive, Slough Borough Council |
| 39. David McNulty | Chief Executive, Surrey County Council |
| 40. Dr Carlton Brand | Corporate Director, Wiltshire Council |