

### **LGA/CIPFA Commission on Local Government Finance**

The Commission have recently issued an interim report, "Public money, local choice", and a copy has been circulated to all members of the Council. The Commission are seeking further views to inform and shape the recommendations in the final report, which is expected in early 2015.

The interim report outlines key themes but has also asks for responses to 25 questions.

The Commission are testing the options for reform against five key challenges facing the country and local communities:

- Promoting economic growth and investing in infrastructure
- Ensuring a sufficient supply of housing in every part of the country
- Providing a welfare system that promotes work while protecting the vulnerable
- Integrating health and social care to promote independent living and efficient use of resources
- Supporting families and children through early intervention

The vision, as expressed in the interim report, can be summarised as building a local government finance system which:

- Promotes self-reliance and self-sufficiency
- Encourages entrepreneurialism
- Promotes local decision-making on service delivery
- Is transparent and clearly defines the role of central and local government
- Maintains support for the most vulnerable

The early views of the Commission are:

- The current funding system is in need of urgent reform
- A funding system should be established which is self-sufficient (funded by retained business rates etc and not government grant)
- There need to be longer term funding settlements to aid financial planning
- There is a recognition of a need for equalisation of resources between councils
- That an option could be for councils to revalue properties and set tax bands

Clearly there are many implications and not all suggestions would benefit the Council.

In Stockton's initial submission to the Commission we highlighted that the key principles that we would wish to see in any new system are those of fairness and equality. A new system should include a means to recognise the different service demand pressures arising from the impact of deprivation and the ability to raise income from local tax to meet such pressures. Other key issues we highlighted were the need to fund the true cost of new burdens and to move to multi-year settlements covering the life of the parliament to aid financial planning. We would seek to reinforce these messages in our response to the initial report and the detail will be circulated to members in due course.