SUMMARY

As we approach the third decade of the 21st Century current arrangements for funding local authority and health services rooted in the 19th century are failing and no longer sustainable. Radical rather than incremental change is needed involving greater devolution and pooling of budgets on a place basis for health, local authority and emergency services. The Inquiry may wish to consider:

a) The findings of the Total Place project published as part of Budget 2010.
b) Establishing an independent national organisation with responsibility for collecting, verifying and publishing data in respect of local public services.
c) A place based approach with local government, health service and emergency services budgets pooled to secure a joined up approach to service provision.
d) Streamline local government integrating other local services.

Background

Relevant to this inquiry is my experience of working as a senior manager in 7 different local authorities over the last 25 years (county, district and unitary councils both in London and outside) managing the property function to optimise the use of property assets in supporting the delivery of public services. In 2009/10 I worked as the Interim Director of Property at Kent County Council contributing to the Total Place project the outcome of which was reported as part of Budget 2010.

The Inquiry will have received many detailed evidence based submissions from organisations individuals directly and indirectly concerned with the delivery of local public services. Based upon the insights gained through working in a wide variety of different local authorities over the last 25 years this submission puts forward proposals in respect of the second and fourth topics in the Inquiry’s terms of reference. There is a need to look behind the detail at the bigger picture which points to the need for radical rather than incremental change in order to provide a sustainable model for funding local services.

The efficiency, fitness for purpose and sustainability of the current system for funding local government (central government funding, council tax, business rates retention and other income); how it could be improved, including options for widening the available sources of funding; and what lessons can be learned from other jurisdictions.

The approach the Government should take to local government funding as part of the 2019 Spending Review, what the key features of that settlement
should be, and what the potential merits are of new or alternative approaches to the provision of funding within the review.

The current model for funding the delivery of local services in the UK is rooted in the 19th Century and is no longer a sustainable basis for the allocation of resources. It emphasises an outmoded vertical departmental approach to resource allocation rather than a horizontal cross-cutting approach focused on the outputs needed to support service delivery in the second decade of the 21st Century. The current model itself is a major barrier to improving the delivery of services to local communities and the Inquiry should consider the following points:-

**Total Place**

The Total Place project, the outcome of which was reported as part of Budget 2010, set a new direction for local public services, based on extensive work over a 12 month period by central government, local authorities and their partners. It demonstrated that greater value could be gained for taxpayers by public authorities putting the citizen at the heart of service design and working together to improve outcomes and eliminate waste and duplication. The link below is to the report which outlined the way forward for places, led by local authorities with their unique local democratic mandate.


Total Place was developed over twelve months in 2009/10 through the work of 63 local authorities, 34 Primary Care Trusts, 12 fire authorities, 13 police authorities, and a wide range of third sector organisations and service delivery bodies. The 13 pilots involved served a combined population of more than 11 million people. The report concluded that improvement in public service delivery need greater devolvement and a place based approach incentivising collaboration between different organisations to provide a citizen centred approach to public service delivery. Unfortunately the report was overtaken by a change of administration in May 2010 and the findings were not implemented.

The report would seem to be particularly relevant to this Inquiry and, if not already done, the findings should be reviewed and taken into account in considering changes to the current model for funding local public services.

**Data Transparency**

A lack of transparency and reliable data is a big issue which will no doubt have been flagged up in many of the submissions received by the Inquiry. Fair and impartial resource allocation is dependent on the availability of high quality data. Consideration should be given to establishing an independent national organisation (along the lines of the Office for Budget Responsibility) that will have responsibility
for collecting, verifying and publishing data in respect of local publish services which can then be used by Government.

The Inquiry may also want to look at recent developments on budget transparency in Canada please see the links below:-

https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start

In addition the work of Truth in Accounting in the USA which operates at all level of government provides some useful insights on data transparency:-

https://www.truthinaccounting.org/

Funding

Whilst there may be differing opinions on the extent to which individual local authorities have contributed to their own problems many of the submission received by the Inquiry will highlight the fact that funding cutbacks over the last decade have caused major problems for local government.

A recent report by the Association for Public Service Excellence (APSE) highlighted the shift between Local and Central Government funding over the last decade.

https://www.apse.org.uk/apse/assets/File/Hollowed%20out%20-%20The%20impact%20of%20financial%20localisation%20on%20neighbourhood%20services.pdf

In 2010/11 local government in England received £12 billion more from Central Government than the total amount it collected through council tax and business rates. By 2015/16, core spending power had fallen to the point where it more or less equalled the total amount raised locally thereby eliminating central government subsidy to local government. By 2019/20 locally raised taxes will exceed Core Spending Power by £7bn meaning Local Government is effectively subsidising Central Government.

Several organisations (NAO, CIPFA etc) have recently highlighted the fact that a significant number of local authorities are running into major financial problems. Whilst local authorities are very resourceful and innovative in dealing with financial challenges there are limits to what can be achieved. It simply cannot be right that local authorities have had to resort to undertaking the provision of commercial services and commercial property investment as ways of generating income to offset the loss of Government Grant.

Apart from the risks involved such activities divert management resources away from the delivery of public services. I have been involved in advising two local authorities on setting up and operating property investment funds to offset the loss of grant. Whilst appropriate governance measures can be put in place and steps taken to
operate within APSE/CIPFA best practice guidance such investment will still involve a local authority in financial risk.

Informed by reliable high quality data realistic levels of funding need to be made available preferably as part of a rolling 5 year settlement. A place based approach should be adopted with local government, health service and emergency services budgets pooled to secure a joined up approach to service provision.

**Streamline local government integrating other local services**

As mentioned above the underlying problem here in the UK is that we are trying to deliver public services in the second decade of the 21st Century on the basis of organisational and funding structures that are a 19th Century legacy. Increasing service demand and financial pressures will only be met through radical rather than incremental change. Historic divisions between health, emergency services, central and local government (together with multiple tiers in local government) need to be redrawn with greater devolvement and an integrated cross sector locality based approach to meeting need based on output rather than input. A single accountable body with unified budgets for every locality across the country covering all current local government and health services would be a major step in securing a sustainable future platform for the delivery of local services. Such action will also reduce duplication and overlap between services.

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