

<b>Committee(s):</b>	<b>Date(s):</b>
Efficiency and Performance sub-Committee	8 <sup>th</sup> May 2013
<b>Subject:</b> Trigger Reports	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Summary</b>	
<p>The Efficiency Board has monitored the various sources that might trigger a report to the Sub Committee.</p> <p>There are no major issues of concern to highlight for the Sub Committee's attention. However, members are invited to identify any areas where they feel specific work should be undertaken.</p>	
<b>Recommendation</b>	
<p>Members are asked to receive this report and identify any particular areas where further work should be undertaken.</p>	

## **Main Report**

### **Background**

1. The Efficiency Board monitors a number of source documents to identify issues that should be reported to the Sub Committee from a value for money perspective. These sources are as follows:
  - Monthly budget monitoring reports
  - Local Area Performance Solution (LAPS)
  - Committee reports
  - DTC performance meetings
  - Benchmarking studies
  - External audit or inspections
  - National studies, e.g. National Audit Office
  - Issues of public concern
  - Feedback from service users
  
2. A number of issues are highlighted for the Sub Committee's information.

## **Monthly Budgeting Reports**

3. The one service where an overspend has been reported is the Chamberlain's Department. This overspending has occurred essentially because of the need for extra resources in Information Systems to improve project management and to resource the IS Sourcing Project and to cover the implementation costs of the new City of London Procurement Service (CLPS). The overspending is not thought therefore to be an indicator of poor value for money or use of resources. Otherwise, services are generally forecast to be within, or close to budget.

## **LAPS**

4. As reported elsewhere on the agenda, the production of LAPS by London Councils is in transition, but in the meantime there is only one indicator that falls below average and that has been dealt with previously

## **Benchmarking Studies**

5. Her Majesty's Inspector of Constabulary (HMIC) has issued Police VFM profiles. These have been reported to the Police sub Committee where members queried support costs. A follow up report is being prepared for the May meeting of that Sub Committee after which, a report may be submitted to this Sub Committee.

## **External Audit or Inspections**

6. A Fostering Inspection is shortly to commence. This will be reported to the Sub Committee in due course.

## **Issues of Public Concern**

7. There are three items to bring to the Sub Committee's attention.

## **The Localisation of Council Tax Benefit**

8. The replacement of Council Tax Benefit (CTB) with Council Tax Support (CTS) marks a historic move from a nationally devised system to one of 326 different local schemes in England. This restructuring, along with a 10 per cent cut in funding, has created considerable challenges for local authorities, advice services and benefit recipients alike.

9. The impact is that changes to council tax benefits will affect poorer households and create inconsistencies in neighbouring areas. Multiple schemes will add complexity and reduce transparency.
10. However, the City Corporation decided not to introduce a new scheme, and has continued its previous scheme, absorbing the cut in funding. Therefore this should not impact within the City itself.

### **Transfer of Public Health Responsibilities**

11. From 1st April 2013, the Corporation has formally taken up its new Responsibilities for Public Health, as outlined in the Health and Social Act 2012. The Corporation now has an enhanced role with new powers and resources to address local problems with local solutions, including partnership working across Clinical Commissioning Groups and the NHS in the achievement of priority outcomes.
12. The new sets of functions and responsibilities are intended to cover the important areas of improving the health and wellbeing of our people – health improvement, health protection and public healthcare and quality. The transfer should result in a more effective approach and therefore deliver better value for money.

### **Pensions Bill**

13. By this meeting the Public Service Pensions Bill 2013 will have been enacted. This is seen as the final stage in delivering billions of pounds of savings from reforms. The Bill is forecast to save, nationally, £65 billion over the next fifty years, a significant proportion of the total of more than £430 billion which the Government's overall package of reforms to public service pensions is estimated to save.
14. Reforms will reduce public service pensions costs by around half, delivering sustainability for the long-term while ensuring that public service pensions remain amongst the very best available.
15. This Bill implements agreements reached:
  - moving to career average pension schemes, instead of unfair final salary schemes
  - asking public servants to work longer to receive a full pension, linking their Normal Pension Age to their State Pension Age, except for the Armed Forces, Police Officers and Firefighters

- protecting those closest to retirement: those ten years from their Normal Pension Age on 1 April 2012 will not see any change in when they can retire, nor any decrease in the amount of pension they receive on retirement
  - setting an employer cost cap to ensure that public service pensions remain affordable and sustainable
  - creating a high barrier to changes to specific elements of these pension designs for 25 years - a settlement for a generation
  - setting a common legislative framework and improving governance arrangements of public service pension schemes
16. We should see the first impact of these changes in the 2013 Actuarial valuation of the City Corporation's Pension Fund.

## **National Studies**

### **Financial Sustainability of local authorities**

17. In a report examining central government's approach to local authority funding, the National Audit Office has highlighted the increasing difficulty faced by local authorities over the rest of the spending review period in absorbing the reductions in their central government funding without reducing services.
18. The spending watchdog recommends that the Department for Communities and Local Government work with other government departments to improve the evaluation of the impact of decisions on local authority finances and services.
19. The NAO reports that local authorities have, so far, managed with reduced funding, but more are facing the challenge of avoiding financial difficulties while meeting their obligations. There is evidence that they are reducing services, for example, in adult social care and libraries.
20. Central government planned at the 2010 spending review to reduce funding of local authorities by £7.6 billion (26 per cent) in real terms between April 2011 and March 2015. The effects on local authorities vary. In 2012-13, the overall reduction in spending power ranges from 1.1 per cent to 8.8 per cent. (The figure for the City Corporation was 8.7%). In addition, changes to funding mechanisms will increase financial uncertainty and risk.
21. The NAO estimates that local authorities are planning to make £4.6 billion of savings by April 2013. It further estimates that they still need to find about half of the savings to be made before March 2015. At the same time, demand for high-cost services, such as adult and children's social care, is increasing. The scope is diminishing for absorbing cost pressures through reducing other, lower cost, services given that spending on these services has already been reduced.

22. Departments have assessed the impact of changes to local authority funding, but their approach needs to be more comprehensive in the future. With a range of changes to local government funding being implemented over the spending review period, it becomes increasingly important to understand the cumulative effect of the changes.
23. Finally, the NAO reports that the accountability framework for addressing widespread financial failure in local government is untested. Where there have been one-off failures requiring central government intervention, the failure regime has managed to resolve them. It is not known how the system would respond in the case of multiple financial failures in more challenging times for local authorities.
24. The City Corporation has already made sufficient savings for the next 2 to 3 financial years, but will be addressing the government funding cuts yet to come in a service based review.

### **New Homes Bonus**

25. The NAO has just issued this report which is yet to be considered. It reports that some local authorities could face significant cuts in their funding as a result of the New Homes Bonus scheme and that while it is too early for the scheme to have had a discernible impact on the number of new homes, the signs are not encouraging.
26. This scheme has not been material to the City Corporation so far so should not have the impact feared by the NAO.

### **Conclusion**

27. There are no major issues of concern to highlight for the Sub Committee's attention. However, members are invited to identify any areas where they feel specific work should be undertaken.

**Chris Bilisland**  
Chamberlain

T: 020 77332 1300  
E: [chris.bilisland @cityoflondon.gov.uk](mailto:chris.bilisland@cityoflondon.gov.uk)