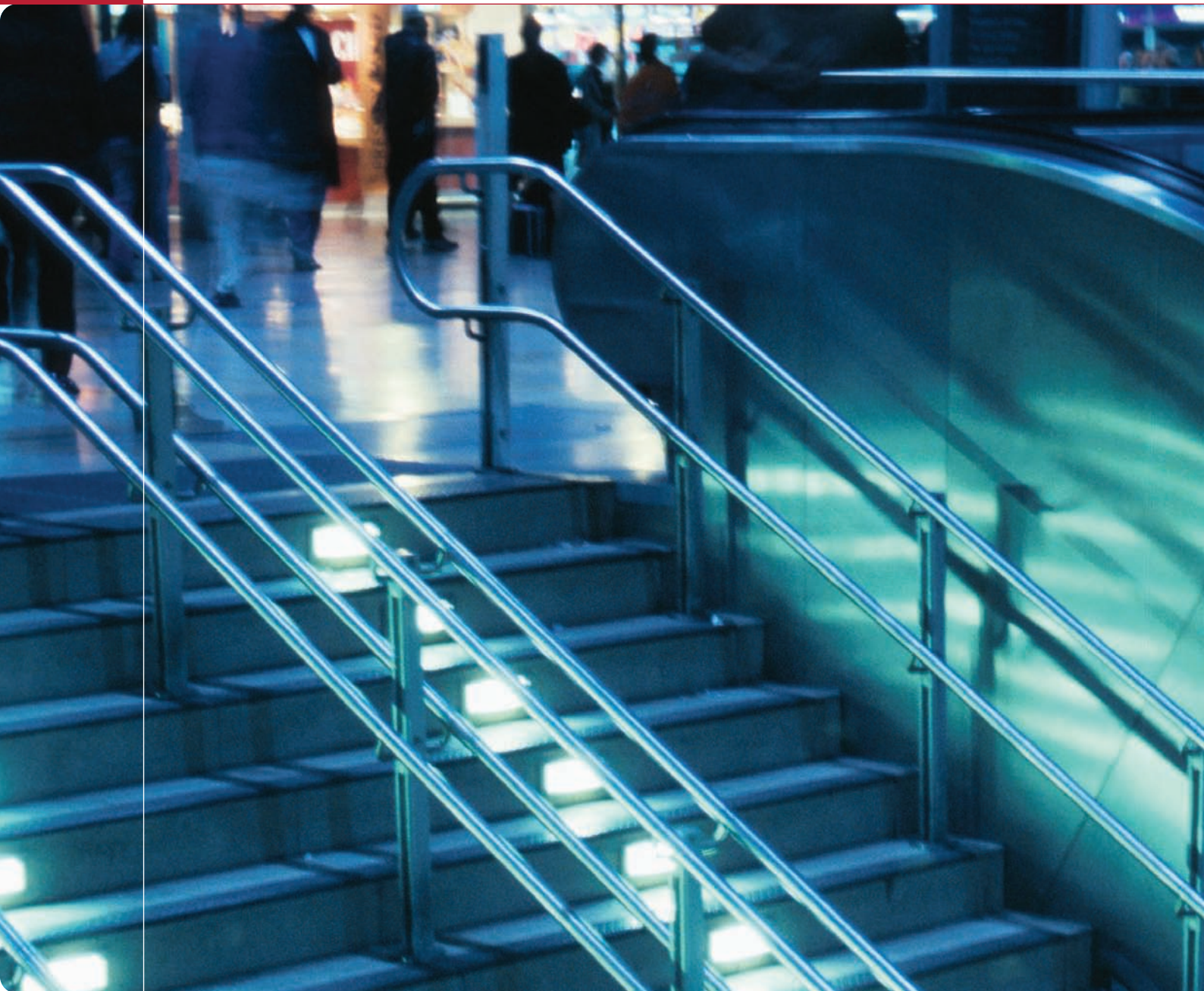


SIGOMA Agenda 2008 - 2010 July 2008



# SIGOMA

**This document sets out the agenda for SIGOMA over the span of the Government's current Spending Review, ensuring that we continue to build on our previous successes and influence the future policy direction, in order to protect the futures of our communities.**

SIGOMA is the Special Interest Group of Municipal Authorities, representing most of the large towns and cities in the northern, midland and south-coast regions of England.

We are the collective voice of urban areas across these regions and work to release the opportunities and potential of the communities we represent.

The Government's drive to improve public services has started to deliver success and SIGOMA remains committed to ensuring that this success reaches every local authority and every community in our areas.

SIGOMA has been instrumental in delivering significant progress as part of the current spending review and needs to retain this momentum.

Our successes to date have been achieved through a combination of technical expertise and political pressure.

Our track record of providing technical evidence, developing research and briefings in support of our key issues, has provided the ammunition for our arguments to promote and support our local authority members and influence wider Government policy.

This approach needs to continue with the strong links already forged with the SIGOMA MPs executive group being fully utilised.

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# National Backcloth

As in the past, the key to SIGOMA delivering successes in the future will be our ability to continue to inform and influence key players during the decision-making processes within Government.

The next 18 months will provide some significant challenges and opportunities for all involved in local government, with important decisions and proposals being developed that will shape the future role and responsibilities of all local authorities.

We need to consolidate our efforts to ensure that our messages continue to be heard and that the Government continues to look towards SIGOMA to assist in the development of its wider agenda for the future of local government.

To help us in this role, we need to continue to:

- maintain our links with our Parliamentary colleagues through the MPs executive who have successfully championed our cause; and
- retain a presence in parliament to help ensure that our presence is felt and that our messages are clear.

This approach will enable us to continue the integration of the technical and political strengths that already exist within SIGOMA with a clear focus on the Government's agenda.

In line with this approach, SIGOMA will need to build its agenda around the work currently being developed by the Government. The following key areas are all due to report over the coming months and will have implications for all our urban areas:

- **Education Funding Review:** Government has given a commitment to move back to funding based on need.
- **Review of Health Funding:** The Government has completed a review of the current funding mechanisms but has yet to publish results.
- **Community Empowerment, Housing and Regeneration Bill:** This will encompass the outcomes from the empowerment white paper and key recommendations from the review of sub national economic development.
- **Business Rates Supplement Bill:** The power to raise additional rates locally will need to be considered as a key mechanism to deliver economic development.
- **Comprehensive Spending Review 2010:** a wide-ranging review that will set the Government's public spending priorities for the next three years.



# Challenges for Government

Over recent years, the Government has increasingly recognised the inequities that exist within the systems for allocating funding to local communities.

The three year settlement announced in December 2007 clearly demonstrated that the Government had heard our views, with many of our issues starting to be addressed as part of the settlement.

- Removal of Social Services Specific Damping
- Setting of Floors at a level that allow resources to begin to flow to those identified as in need
- Additional resources targeted at Authorities with less ability to generate local taxes.
- Replacement of NRF with the new Working Neighbourhoods Fund.

But, despite the Government's commitment to close some of the remaining gaps between funding needs and funding allocation over the following three years, significant disparities still face the country.

Although the Government has acknowledged the inequities and funding issues facing our communities, the continuation of 'damping' changes to the current funding levels, still means those areas that have historically been more 'fortunate' in receiving public spending will continue to do so at the expense of our communities.

Although the Government has been successful in identifying the needs of today's society and has started to deliver the changes required to make the necessary improvements, there is still much more to do.

- Recognised needs in SIGOMA local authorities identifies that they should have received 39.3% of the national total grant in 2008/09;
- In practice SIGOMA areas received about 37.8% of the national total grant;
- A total shortfall of £258m in resources to SIGOMA areas
- Even though the Government has started to close this gap over the current 3 year settlement by the end of the 3 years period the gap will still remain £158m

## Health and Social Care:

The government has placed huge focus on delivering the best possible health and wellbeing outcomes for everyone and is committed to tackling the underlying causes of poor health through reducing the numbers of children in poverty, reducing levels of unemployment and helping people to make healthier lifestyle choices.

However despite improvements, levels of health and wellbeing in SIGOMA areas is generally lower than in other parts of the country.



Compounding these difficulties is the current funding position for PCTs:

- SIGOMA PCTs are currently receiving some £200m less than the Government says is their fair share.
- For 2008/09 across the board increases mean that SIGOMA Authorities are even further away from target than previously.

#### **Narrowing the Gap in Educational Achievement:**

SIGOMA welcomes the Government's aim for a society where all young people achieve their full potential and learning continues into adult life.

Unfortunately, for many SIGOMA areas this has yet to be delivered, with our Authorities having the lowest percentage of pupils achieving 5 GCSE passes including maths and English.

Whilst overall funding levels have been significantly increasing, the current allocation of resources based on past spend rather than need compounds the difficulties faced by those less able to find local resources.

- Some mitigation through targeted funding based on deprivation but inequity perpetuated
- Government now recognises that need to move back to funding based on need, but again there will be a 'pace of change' policy, this needs to be appropriate to take time to be delivered.
- Current 'unmet needs' have to be addressed

#### **Local Taxation:**

##### **Council Tax**

- although there was widespread recognition that the current tax base is out of date and undermines the system of local government funding, the Government broke a commitment to address this fundamental issue;
- SIGOMA authorities continue to lose an estimated £200m a year;
- more importantly, the Government lost an opportunity to deliver improvements in the system for those less able to pay.

##### **Business Rates**

- discussions continue on the role of business rates in supporting local communities with the introduction of the ability to levy a supplementary rate, the development of a new and improved LABGI scheme and ongoing debate on the localisation / centralisation issue.
- SIGOMA will need to influence the debates to ensure that the Government recognises the potential impact of decisions on the needs of our communities.



### Economic Renewal:

The Government's vision for raising sustainable growth in order to deliver rising prosperity, a better quality of life and ensure that there are employment and economic opportunities for all is applauded by SIGOMA.

However growth in economic activity in SIGOMA areas remains below average, along with skill levels and both will need to be raised if the Government is to ensure that people can benefit from being in employment in the future.

Our areas will continue to work with Government on such improvements and in particular in the effective use of the Working Neighbourhoods Fund to tackle deep rooted issues.

Clearly, there are a number of challenges that the Government needs to address if it is to deliver on its promises to eradicate inequalities and ensure a better future for every area.

### SIGOMA therefore calls on the Government to:

- Move quickly to make sure that all public funding is aligned to meet the needs of local areas defined in current funding formulae;
- Recognise the unique and vital role of a democratically accountable local authority;
- Establish a local, up to date, tax system to support those less able to pay
- Direct new resources to areas currently falling behind the Governments own Public Service Agreement targets



## Education and young people

The future of our communities rests with our children, and so delivery of the Children's agenda is at the heart of both central and local government priorities.

Whilst significant increases in education funding have been provided in recent years, there is still work to be done to ensure that these resources reach the children whose needs are greatest.

In the past, changes to the formulae used to distribute education resources did improve the way that need was recognised and defined. But these changes have never been fully implemented.

Local authorities in SIGOMA have therefore struggled to deliver the improvements they would like to achieve. In addition, the majority of SIGOMA areas also do not have the capacity to raise additional resources locally for education spending.

SIGOMA was therefore disappointed that the Government decided to take schools funding out of the mainstream grant, so that schools now receive their funding directly from central government. This backward step in devolution of power has resulted in:

- funding being based on past spend rather than need.
- local authorities no longer able to determine where local resources are to be spent; and
- little financial support at the local level to help implement major initiatives such as Building Schools for the Future.

The problems facing SIGOMA local authorities have not gone away. Despite a steady upward trend in pupil achievement within our schools, attainment levels still lag behind others, with SIGOMA Authorities having the lowest percentage of pupils achieving 5 GCSE passes (including

maths and English).

Based on current annual increases our forecast indicates that overall our areas will not reach the Government target of 53% until 2017, some 6 years later than the Government intends.

The lack of directed funding for education and schools hinders the progress being made to close the educational gaps and starts the cycle of underachievement that impacts on the social and economic difficulties that our communities face.

The figures speak for themselves, with funding for SIGOMA authorities significantly lagging behind our counterparts in London. A school child in SIGOMA receives:

- £345 less than a pupil in Outer London
- £1467 less than a pupil in Inner London

### SIGOMA therefore calls on the Government to:

- Recognise the consequences of under funding on education performance and the ongoing impact on overall skills and economic performance
- Establish a minimum entitlement to adequately support all pupils.
- Target additional resources to those most in need.
- Recognise the crucial role of the local authority in delivering the Children's agenda.



## Health and Social Services

Improvements in health are key to many of the Government's priorities. Prevention rather than cure needs to be at the forefront of national policy and local practice.

Poor health within SIGOMA areas has an impact on every area of local service provision, creating greater dependency and need as well as increasing pressure on the resources available.

Progress is being made though, and there is growing partnership work between primary care trusts and local social service departments, helping to 'join up' provision and understand the impacts of poor health on the ground. SIGOMA now needs to harness the good work already undertaken to ensure that our local communities are better supported by both health and social services.

At the national level, the resourcing of local authority social service departments and health trusts needs to be complimentary to ensure funding is targeted at those areas in need of support.

Overall, resources need to be adequate to deliver the joint health agenda. Failure to tackle the underlying health issues and causes of poor health because of inadequate funding will only store up problems for the future as well as encourage cost shunting and reduce trust between local agencies.

The introduction of new funding formulae for the children and young adults elements of the overall Social Services formulae in 2006/07 was a good step forward as they better reflected the needs of today. However it was extremely disappointing that the Government implemented specific damping proposals for these two distinct blocks, minimising much needed change in the pattern of social services funding.

SIGOMA therefore lobbied consistently and hard for the removal of this damping and therefore welcomed the decision to remove this perverse measure from 2008/09.

However the continuing protection of Authorities through the floor damping of overall grant still means that many are receiving more than they have been assessed as needing.

Compounding this lack of redistribution of resources for social services provision is the 'pace of change' policy hampering similar progress on PCT funding.

Many of our authorities are therefore experiencing a double hit on the services that are crucial for the most vulnerable in our communities.

If we are to deliver the joined up services we strive for, and improve the underlying health and social problems within our neighbourhoods, then the Government needs to move swiftly towards full implementation of its own funding targets.

### We will work with Government to deliver:

- Funding for Health based on need.
- Funding for Local Authority Services based on need.
- Removal of the inadequacies and barriers in current funding regimes.
- Improvements in partnership working.



## Local Services

An attractive environment and well-managed public spaces are vital to attracting people and investment into urban areas. Liveability, the quality of the built environment and the way that our streets and public spaces are managed by local authorities is also becoming an increasingly important part of an areas' economic development strategy.

Many local authorities, especially those with smaller city or town centres, have traditionally relied on the Environmental, Protective and Cultural Services (EPCS) spending block to fund public investment in their local environment.

But this area of funding has consistently been the poor relation in annual local government settlements to councils, with SIGOMA areas receiving some of the poorest rises in central government grant over recent years.

At the same time, local authorities in SIGOMA are also improving the way that domestic and commercial waste is managed – increasing recycling rates and reducing the amount of waste taken to landfill to meet national targets. Although this is a priority for urban areas, it also creates significant additional costs to local authorities which have to be met through mainstream budgets.

At the same time, though, changes to local authority funding, including the removal of education funding from local authorities, the way that social services funding has been damped back in many SIGOMA areas and the capping on Council Tax, have all conspired to generate greater pressure on a councils' ability to improve liveability and waste management in their area.

Whilst SIGOMA authorities are engaging with the efficiency agenda, it remains difficult to achieve further significant savings in the areas that have been squeezed year upon year.

### SIGOMA therefore wants to work with the Government to:

- Move the liveability agenda up the priority list of national and local government;
- Identify more direct sources of funding so that local authorities can create the kind of environment that will attract more investment; and
- Ensure that the increasing cost pressures of waste management are met through the annual funding settlements, so that national targets on waste minimisation and recycling are reached.



# Neighbourhood and Economic Renewal

Renewal of our Neighbourhoods through the improvement of skills to improve life chances and a thriving economy to support choice will continue to be key to the success of SIGOMA Authorities.

Whilst overall levels of deprivation have improved significantly as measured on the new IMD 2007, at the neighbourhood level 84 of the 100 most deprived Super Output Areas are in SIGOMA Authorities.

Clearly pockets and clusters of deprivation are more prevalent in SIGOMA areas than elsewhere in the country and bring their own challenges.

The Neighbourhood Renewal Fund (NRF) has been crucial in starting to address the complex deprivation issues that our communities face and has provided much needed resources for the most deprived communities across the country as a whole.

SIGOMA lobbied hard for continuation of the overall level of resources for the crucial services funded by NRF which were in danger of being lost and consequentially to avoid losing the progress that has been made to date in our most deprived neighbourhoods.

Whilst the NRF has now come to the end the Government did announce significant levels of continuing resources to be targeted at reducing the worklessness within those same deprived areas, a key factor in delivering more sustainable economic and skilled based communities.

Clearly such targeting of resources is welcomed particularly alongside the increased freedom provided by the Area Based Grant (ABG) to use resources according to local needs and circumstances.

The flexibility should ensure that appropriate actions can be taken to deal with the local problems. Solutions can be tailor made.

## SIGOMA will therefore work with the Government to:

- Ensure that such funding continues to recognise pockets of deprivation within more affluent authorities
- Consider more effective targeting of resources available
- Work with Government to deliver on the Worklessness Agenda
- Support the LAA process



## Local Taxation

The future of Local Government Funding has long been debated, but with no real clarity at this stage on the way forward.

Clearly the removal of schools funding to a direct grant, and the discussions on the future form of local government itself, will have a significant impact on the details of a more suitable taxation system.

Whatever the outcome though, a fundamental principle will still need to underpin the solution. That of equalisation.

It has been accepted that the level of deprivation is the key driver shaping the balance of funding between central and local government. More deprived local areas tend to have both less capacity to raise revenue locally and a greater need for resources to deal with that deprivation.

The issue to address now is how far equalisation should reach, with judgements to be made on when it could become counterproductive to local development and growth.

It is also clear that if a property tax is still to be part of the overall package then the issue of revaluation cannot be ignored.

The current Council Tax system has become implausible, based on 1991 data it no longer reflects the current patterns of wealth and ability to pay. The decision to delay revaluation indefinitely was extremely disappointing and unacceptable to SIGOMA.

Over and above the fact that this penalises SIGOMA authorities by an estimated £200m a year, the opportunity to help those least able to pay and avoid the perverse impacts of the current tax, was lost.

Council Tax cannot continue to exist in its current form and consideration needs to be given to the number and width of council tax bands. Another crucial element must be the simplification and updating of the current benefits system to include consideration of automatic entitlement to benefits for vulnerable groups like pensioners and those out of work.


Further discussions also need to take place around other initiatives that have the potential to release monies locally, such as the new Local Authority Business Growth Incentive scheme (LABGI). Such approaches may provide the opportunity for the level of resource to be influenced locally without the disincentive of centralisation and redistribution.

Clearly the introduction of the Supplementary Business Rate also needs to be considered to determine how that may help deliver economic improvements for our areas.

It would, however, appear problematic for the whole of the business rate to local authority control, given that it is now the key source of grant to ensure a minimum level of equalisation.

## SIGOMA will therefore be working with the Government to identify solutions that:

- Takes account of individual's ability to pay.
- Takes full account of authorities' ability to generate resources.
- Is open, transparent and fair.
- Supports local accountability.



# Housing

Increasing the supply of homes is a key priority for the Government. A growing population, paired with a growing number of people who live alone has resulted in a continually rising demand for homes, while supply of new housing had fallen dramatically over the same period.

There has been good progress made in increasing the housing supply in recent years but there is an urgent need to go further and build more homes.

The Government's vision is that by March 2011 there will be an increase in housing supply in England especially in the provision of social rented and other affordable homes.

Central and local government will both play crucial roles in the delivery of new and affordable housing. Communities and Local Government will set the national policy direction for local government and ensure that the new local government performance framework, through Local Area Agreements plays an effective role in driving local housing delivery.

Through their strategic housing role local authorities will plan for future housing needs of the population across all tenures, make best use of existing housing stock and facilitate new supply.

Clearly, the provision of appropriate and affordable housing is also vital to the economic and social regeneration of our communities.

The current funding system for social housing does not provide the flexibility that is now required if local solutions are to be developed that will start to address the complex needs of different areas.

We need to recognise the positive role housing can play by offering greater incentives to work and the ongoing incentives and rewards that housing can offer the economically active.

SIGOMA areas will need to ensure that the developing Local Areas Agreements address local housing needs more effectively.

Achieving a balanced housing market by getting the local numbers right, raising the quality of the stock and neighbourhoods and improving the way residents are able to access affordable homes will be crucial for the success of our communities in the future.

## SIGOMA will work with the Government to:

- Ensure adequate investment is provided to deliver future housing needs
- Deliver local solutions that meet the needs of individual communities
- Deliver flexibility of funding for Local Authorities to lead on housing provision
- Deliver solutions that support the worklessness agenda



# Transport

A major concern to SIGOMA Authorities is the difficulties that face our communities through increasing road congestion alongside reducing levels and quality of public transport.

This polarisation of provision hinders many social and economic initiatives where appropriate and relevant transportation is crucial to delivery.

Investment in transport infrastructure within SIGOMA areas lags behind other areas, particularly London where transport spending per head is nearly 3 times higher than many other regions.

With overall limited resources, there is a real danger that investment will continue to focus on growth areas and those already more prosperous than our communities.

Transport links within and between our conurbations will be vital to the rebirth of our communities and must be delivered alongside other investment in housing and economic prosperity.

## SIGOMA will therefore work with Government to:

- Ensure adequate investment is provided to deliver future transport needs
- Deliver local solutions that meet the needs of individual communities
- Deliver solutions that support the economic revival of our areas

# The Future Shape of Local Government

Crucial to many of the issues that SIGOMA Authorities currently have to deal with is the future role and structures that services are delivered within.

Significant debates are currently taking place through the Department for Communities and Local Government and SIGOMA has already been active within the debates and has established a set of 'Core Principles' that we would wish to see as the basis of any future changes.

**Local democracy and leadership** – at its heart, effective local government needs the mandate provided by its democratically elected members to work with, and on behalf of, local communities, setting a clear lead amongst local agencies to make sure that local needs and aspirations are met.

**Practical results and real improvements** – to strengthen local democracy and ensure that government as a whole meets the needs of communities, local government needs to have a real impact; this means direct service delivery as well as the ability to improve other services, acting as an agent of change for local well-being.

**A sense of place** – different towns and cities have different characteristics with varying opportunities and challenges facing each. These characteristics make local areas what they are and local government itself is part of this diversity.

**Fairness** – diversity and a sense of place should not mean inequality. Local government should seek to work towards the well-being of all its communities and this principle needs to be inherent in national policies and funding systems so that they reflect the inequalities facing many urban areas.

**SIGOMA will work with its members to identify and showcase existing good practice, in order to provide the Government with practical examples of how local government is already working to deliver an improved future.**

# The Approach

Now that we have identified our key issues we need to ensure that:

SIGOMA will continue to work through its established networks of officers, Members and MPs with a view to influencing those with the power to make things happen.

Our approach will focus on the production of key lobbying documents for each issue that will demonstrate the need for change and the real benefits that it would bring.

Case studies for SIGOMA members will provide live examples of the good work that is taking place.

As ever, though, the support of you all will be vital if we are to see further benefits realised for our communities

# SIGOMA

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