

September 2009

Inside This Issue

- 1 The CIPFA Manifesto – ‘Better Ideas, Better Public Services’
- 4 Scottish Labour Party considers reintroducing domestic rates
- 7 The Government Response to the Taylor Review of Rural Economy and Affordable Housing
- 10 Free School Meals Trialled
- 13 Upcoming Regional Seminars
- 13 Other Services

The CIPFA Manifesto – ‘Better Ideas, Better Public Services’

The Chartered Institute of Public Finance and Accountancy (CIPFA) have recently published their manifesto outlining their ideas for change within our democracy ahead of the expected General Election in 2010. The CIPFA manifesto aims to give free and open ideas of what the government should do, do better and stop doing.

Within this manifesto CIPFA have outlined some of the challenges that face whichever party wins the forthcoming election. These challenges include; learning the lessons of the global financial crisis and ensuring that they are effectively addressed, managing the economy and ensuring that recovery is both swift and sustainable, implementing a medium and long term strategy to restore the public finances to good health and responding to the crisis of confidence arising from the MP’s expenses scandal and regaining public trust in the country’s politicians.

An important part of the CIPFA manifesto focuses on the fundamental question of how we are governed and how the public’s money is managed and controlled. It seems that unless such a question is openly resolved in full view to the public then any change of government and political players will leave the accountability, trust, and confidence within our democratic system (all aspects that we want to see) remaining elusive.

CIPFA have outlined 42 recommendations that aim to explore the ways in which the United Kingdom can be under a system of better governance and financial management to support the delivery of better public services.

The belief of CIPFA is that establishing a culture of good financial management is also vital to the success of the party that wins the next General election and to the success of the country in ending the recession. Better financial information, rigorously compiled and routinely published – to support the decisions taken by Ministers, Departments and all types of public service organisations seems to be the way forward for government.

CIPFA considers that all too frequently important decisions appear to be taken casually, as though they are cost-free or because costs can be accommodated within existing budgets. In no way does this demonstrate that these decisions constitute value for money or good use of taxpayers’ resources. Recommendations 26-31 attempt to address this problem.

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Recommendations 26-31 suggest that good financial management should start in Parliament where all legislation should be fully costed. It should also be a powerful influence on the cultures of all public bodies, it being said within the manifesto; “Good financial management should be in the bloodstream of organisations from the boardroom at the centre to the most distant front-line outpost”.

Politicians and public servants alike should be driven by the aims of delivering excellent service, meeting real needs and securing the best possible value for the taxpayers’ money and as CIPFA suggest they should be constantly testing performance by rigorous benchmarking, questioning and seeking ways to improve productivity and ways to save money in all aspects of the organisation’s activities.

The role of the Chief Financial Officer is also considered by CIPFA suggesting that he or she must be a key member of the leadership team in all public services organisations, helping it to deliver and implement strategy and to resource and deliver the organisations objectives sustainably and in the public interest.

The manifesto goes on to say he or she must be actively involved in and able to bring influence to bear on all material business decisions to ensure that they are consistent with the organisation’s financial strategy and that immediate and long term implications, opportunities and risks are fully considered. Critically, the Chief Financial Officer must lead the promotion and delivery of good financial management by the whole organisation, so that public money is safeguarded and used appropriately, economically, efficiently and effectively at all times.

Capturing real efficiency and productivity gains is another issue that CIPFA have looked at and made reference to in their manifesto of reforms. Taxpayers are naturally enthusiastic about public service efficiency but they are also sceptical of claims of huge efficiency savings, especially if their personal experiences are of rising taxation and charges.

The public need to be able to see clearly not only how much has been saved by a particular initiative but crucially, how those resources are being used. Are they being used to reduce taxes or charges for example or to create a new higher quality service.

Recommendations 32 and 33 address these questions and how CIPFA feel they should be resolved. Within the recommendations CIPFA suggest that explicit signposting in the published budgets and annual reports of public bodies would help. Further to this they say organisations should be expecting efficiency savings which are not captured and explained in the budget in terms of future use to be regarded with a high degree of scepticism.

The information that is given is also critically important for better decision making. Where initiatives have been taken, often involving upfront investment to improve productivity, organisations must be systematic and rigorous in measuring the change in performance that is actually achieved and comparing that result with the assumptions made in the business case that justified the investment.

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There is a fuller briefing paper on the CIPFA manifesto that can be freely downloaded from our website at: http://awics.co.uk/documents/briefing_papers/finance/The_CIPFA_Manifesto_03-09-2009.pdf

AWICS Ltd are holding a series of regional seminars on Budgets and Financial Management in the public sector for non-financial people in venues around England during September 2009. These will cover all aspects of budgeting and financial management including reference to the CIPFA manifesto. The presenter will be Adrian Waite. More details are available on our website at: http://www.awics.co.uk/RegionalSeminars/ViewCourse/budgets_and_financial_management_09/

Adam Waite

Scottish Labour Party considers reintroducing domestic rates

Labour killed off the SNP's unworkable proposals for a local income tax

In 2006 a committee headed by former Bank of Scotland boss, Sir Peter Burt suggested the idea of a property tax based upon house values. This would effectively be the reintroduction of domestic rates. The idea was dismissed by the Scottish Labour Party when it was in office but it is now reconsidering the idea as it looks to find replacements for the council tax.

The committee suggested a local property tax, set locally, and which would be refined through regular revaluation. Sir Peter's report said the tax would on average have worked out at 0.9% of the capital value of each house across Scotland if it was to raise the same money as the council tax.

That figure - £900 for a £100,000 house, at a time when average council tax bills were £958 - was based on the calculation that councils needed to raise £2bn when the country's housing stock was worth £220bn.

Sir Peter's report was kicked into the long grass by Labour on the day it was published when the then First Minister Jack McConnell said Labour wanted instead to "reform" the council tax. But it has emerged that the party is looking afresh at the idea of a property tax, although party sources said other forms of property taxation are also being looked at.

If proposals on the Burt lines are taken up, the average figure would be lower than 0.9% - partly because property values have changed the arithmetic since 2006, and partly because of a wish to soften the impact.

The tax would also reflect any improvements carried out and revaluations would be carried out more frequently than under the present system.

Labour finance spokesman, Andy Kerr said:

"Labour killed off the SNP's unworkable proposals for a local income tax. All of Scotland knew they just wouldn't work and were designed for an election campaign but not for the real world.

"Meanwhile we are working hard to deliver a property-based tax system that is fair and practical. We are drawing on different international models and looking at different ideas for every aspect of a new tax to ensure we come up with the very best system for the people of Scotland.

"The first suggestions will be going for discussion with the shadow cabinet and Labour's policy forum."

The Scottish National Party has slammed Labour's plans for a 'property poll tax' as a danger to Scotland's housing market.

Research from the previous administration's review of Local Government Finance estimated that "the reintroduction of a local property tax could reduce house prices in the long run perhaps by 15% on average." A 15% fall in values would wipe nearly £22,000 off the average house price in Scotland.

Labour's plan came to light only days after figures from the RICS showed house prices may be beginning to recover with a majority of surveyors now expecting the market to improve and mortgage surveys showing the market appears to be stabilising.

Scottish National Party MSP and Chief Whip, Brian Adam said:

"Labour is taking a wrecking ball to Scotland's housing market. Not content with increasing household tax bills by nearly £500 and taxing people for home improvements Labour now want to cut the value of people's homes by 15%."

"When Scotland's housing market is showing signs of recovery this is the wrong policy at the wrong time. Labour's tax plans are simply irresponsible."

"Any homeowner will want to make improvements to their property, so why should they be penalised? For many people homes are investments in their children's future. Now Labour wants to take £22,000 off their investment."

"If these plans were ever to be implemented we would see pensioners facing enormous bills and losing money on their homes. And with the prospect of regular revaluations this situation would only get worse."

"Labour's irresponsible proposals are a threat to household budgets and a threat to the housing market in the middle of the recession. This is midsummer madness from Iain Gray and Andy Kerr that will horrify people across Scotland."

We are working hard to deliver a property-based tax system that is fair and practical

AWICS is holding a seminar on 'All You Want to Know about Local Authority Finance in Scotland' in Falkirk on 4th November 2009. This seminar is an introduction and overview of local authority finance in Scotland but it will also refer to options for the replacement of the council tax in Scotland. The presenter will be Adrian Waite. The seminar is suitable for non-financial managers, councillors and anyone with an interest in the finance of Scottish local authorities. More details are available on our website at: http://www.awics.co.uk/RegionalSeminars/ViewCourse/local_authority_finance_in_scotland_09

Richard Myers

Associate Consultant

The Government Response to the Taylor Review of Rural Economy and Affordable Housing

Introduction

In 2008, Matthew Taylor MP, published his review of affordable housing and the state of the economy in the British Countryside. Mr Taylor outlined a list of recommendations for improving life in our rural areas. The report suggests that a blanket approach to rural Britain would not be sufficient, and highlights the need for specific local strategies for the economic recovery of rural areas. The report has brought many rural matters to the attention of the government as a whole, which may otherwise have gone unnoticed in the current economic climate.

Promotion of Rural Economic Development

The Taylor report stresses the importance of the rural economy; it highlights the need for clarification of policies on economic development and urges the government to review Planning Policy Statement 4 on the grounds that public transport to rural areas is an unacceptable indicator of a community's need for development. The government agrees expressing the need for a countryside that is self sustaining, is capable of "shaping its own future", where the jobs and services required are readily available. They also stress that the issues faced by the countryside should be acknowledged by all levels of government.

Masterplanning

The Taylor review suggests that further planning is required for the sustainable growth of and development of communities in rural areas. He proposes a guide to building communities for use in local authorities, a scheme could be launched to encourage local authorities to work towards better master planning for rural housing and economic needs. The government feels that scrapping the policy for eco towns is unnecessary, but is looking at raising competition between local authorities backing growth in rural areas. Mr Taylor suggests that further support should be put in place to help form productive and long lasting partnerships between the various sectors involved. The government plans to provide advice on best practice in community engagement.

The Taylor report praises the work done by the government in providing longer term planning for rural communities, but highlights that Local Strategic Partnerships should be encouraged to plan more in depth long term visions for their community. The report suggests that previous and existing initiatives can be adapted to improve community involvement in plans for their neighbourhoods, mainly the "Enquiry by Design" and "Planning for Real" schemes. The government has put in place an Empowerment fund of £7.5 million which will include a "Community involvement in planning" section, which aims to involve communities in housing, especially affordable rural housing.

The report has brought many rural matters to the attention of the government as a whole, which may otherwise have gone unnoticed in the current economic climate

Better infrastructure

Mr Taylor puts forward that plans for funding the proposed Community Infrastructure Levy (CIL) may not be sufficient and that costs can be recovered during development. This would allow for community funds to ensure maintenance is covered for communal spaces. Mr Taylor stresses that these issues must be considered before the CIL is brought in to effect. It is possible that the CIL could be extended to include the provision of the infrastructure required to expand housing development, extending existing rural areas. However; the Levy could not be used to improve existing problems faced by the community, neither will the Levy be used for general local authority expenditure relating to housing and community expansion.

Smaller communities and affordable housing

Mr Taylor highlights the need to gauge the impact brown field policies are having on amenity, wellbeing and bio-diversity, a review must be conducted into how applicable national affordable housing targets are for rural populations. Further support should be given to local authorities to ensure rural affordable housing targets are reached. Greater consideration between local authorities and communities is needed to assess rural needs. In general the government agrees that communities could decide to leave a brown field site and direct new development elsewhere and a review of the Homes and Communities Agency's targets is required to ensure its relevance in a rural setting. The government supports a good practice project to enable the Homes and Communities Agency to provide encouragement and support local authorities to improve their performance in rural housing. The government agrees that local authorities should engage with their rural communities to decide on exception sites for residential development and agrees that local authorities should be active in enabling residential development.

Further support should be given to local authorities to ensure rural affordable housing targets are reached

The report outlines an expectation for a rise in the popularity of Community Land Trusts (CLTs). However, the report also identifies a need for a clearer definition of the role of CLTs. The government agrees, but adds that a clear definition is already available in the Housing and Regeneration Act. Mr Taylor questions the policy of Sustainable Homes Building Regulations expressing concerns about making development financially infeasible in areas with no mains gas supply. The government believes that increased fuel costs will be offset by energy savings created by energy efficient innovations and claim that savings will offset costs for building to higher sustainability standards. When considering amendments to the Building Regulations and the Code for Sustainable Homes the government will debate how applicable this is to rural housing.

S106 agreements

Mr Taylor believes that local authorities could streamline the production of planning obligation drafts, if the delivery of affordable housing on Exception Sites and local connection / affordability model in Section 106 was reviewed so that the model may be applicable to more sites. The government is reviewing the S106 agreement, and working with the Planning Inspectorate towards publishing a planning obligations list on the Inspectorate website which will be available to others.

The review urges the government to update the model section 106 agreement for affordable housing and states that the clarification of section 106 obligations for affordable housing is vital with regard to private development. Mr Taylor recommends that to boost the delivery of affordable housing it should be exempt for the Community Infrastructure Levy. The government will review this as draft regulations are published for consultation. They recognise that a clear definition of "social housing" must be established for Community Infrastructure Levy.

The report recommends the government considers alternative ways to bring more affordable homes to local areas by allowing landowners under section 106 to use family members or employees to meet the initial occupation criteria. The government plans to introduce a practitioners' Working Group to investigate the Review's recommendation for landowners to retain nomination rights on affordable housing or retaining an interest in their land.

Conclusions

Mr Taylor's comprehensive report includes many rural issues that need urgent attention and may have otherwise remained unresolved. Several recommendations are focused on making policy work for rural areas and local authorities, as well as introducing greater support for local authorities to provide resources for their communities. He also promotes greater consultation with communities to assess what their needs are, and to increase community involvement in planning for brown field sites, decreasing opposition to development and ensuring that developments in rural areas are in the best interest of the local population.

The Government on the whole responded positively to Mr Taylor's recommendations and suggestions, clarifying certain points and committing to improving others. Although further innovation will be required in the future, this report and subsequent government actions have set the ball rolling to improve the situation for communities and local authorities in rural Britain.

Amy Elliott

Free School Meals Trialled

Introduction

There has been a lot of interest in the past few years in introducing free school meals to the United Kingdom. Several initiatives have been undertaken to run trials in school and gauge the response of children and parents as well as the potential benefits to children's health and food awareness. Hull and five Scottish authorities have embarked on ambitious trials bringing free meals to all their primary school children; whilst Bolton has self funded a scheme for reception classes.

Hull

The 3 year "eat well do well" initiative was launched in Hull in 2004, studying many aspects of local children's diet and offering free healthy option breakfasts, dinners and after school snacks for children up to Key Stage Two. The study monitored the frequency of meals outside school, children's behaviour and energy levels, dental health and attitudes to meals. The initiative was largely based on surveys completed by the children's teachers.

The surveys indicate that during the course of the initiative, 43% of teachers noticed an increase in energy levels of their pupils and 31% thought their pupils were less tired. Improvements in performance and punctuality were less significant, but marginally improved by the third year. The initiative shows marked improvement in children's awareness of healthy eating and social aspects of eating. The introduction of free school meals for every child reduced the stigma for children who were eligible to receive Free School Meals before the scheme. Teachers felt that lunchtime behaviour improved by 27% over the three years of the scheme, but saw no discernable difference in the behaviour of children taking free school meals and those bringing in packed lunches. It is noted that free school meals may not assure that a child achieves their recommended daily nutrient intake; the findings show that food consumption at home is not as healthy as hoped with over 5% of boys having a fizzy soft drink for their breakfast and 42% of homes not able to provide an evening meal. It is also noted that packed lunches often contain more saturated fats and sugars than school meals.

In addition, the children were keen to point out their preference for fresh vegetables instead of frozen, as frozen vegetables have a strange texture, and are often watery.

Scotland

The Scottish initiative ran for the duration of the 2007/08 academic year and focused on measuring the uptake of free meals and health benefits in children up to P3 within the trial area (Fife, Glasgow, Scottish Borders, East Ayrshire and West Dunbartonshire), as well as determining costs.

Uptake was shown to improve by 22% across the trial area, which breaks down as a 28% increase from those not already in receipt of free school meals, and a 4.4% uptake increase by those already eligible for Free School Meals. This increase is shown to be independent of the local

Hull and five Scottish authorities have embarked on ambitious trials bringing free meals to all their primary school children; whilst Bolton has self funded a scheme for reception classes

economic and social situations. However, it has been shown that schools with a low proportion of Free School Meals registered children see the largest increase in uptake of the scheme; on a national level (Scotland), the five areas selected have the highest proportion of children registered to receive Free School Meals, so if rolled out nationally, uptake is likely to be much higher.

The scheme has had a positive and lasting impact on parent perceptions of school meals, with many parents planning to give their children school meals more frequently than before the trial, even if fees were reintroduced. The Scottish trial shows that maximum uptake exists, partly due to the fussy diet of some children, but also the seating capacity of the school itself. Some solutions were suggested to deal with seating issues; including staggering eating times for pupils in different classes or year groups, having a separate eating area for packed lunches, presetting tables, extending lunch breaks (i.e. letting P1 begin lunch 5-10 minutes before P2 and P3), employing a larger catering staff, or enforcing a more effective queuing system.

The Scottish trial concluded that the scheme exposed children to a greater variety of foods (some healthier), the change in diet at schools has promoted parental interest in their children's diet, although the children still favour less healthy options when selecting their meal. During the course of the study, teaching staff noted no noticeable change in behaviour or concentration. However, it is possible that in a longer trial changes would become evident.

The cost of the scheme varied dependant on authority. However the general conclusion was that costs will be greater where uptake is highest.

Conclusions

The trials conducted in Scotland and Hull both significantly increased pupil uptake of free school meals, reducing any stigma felt by children who are Free School Meals registered. The natural maximum uptake for free school meals seems to be in the region of 75%.

The schemes have encouraged children to try new foods and think about their diet. They have also engaged parental interest in their children's diets, at home and at school, and hopefully promoted a healthier lifestyle. The increased uptake of school meals during the scheme has helped more children receive their recommended daily intake of nutrients, but emphasis is also placed on the importance of eating healthily and physical activity outside of school as part of a healthy lifestyle.

It is concluded that free school meals are unlikely to become available in all schools due to the high costs involved. However, targets are likely to be set to increase individual schools eligibility.

The Government has announced three more trial studies in Durham, Newham and Wolverhampton. Durham and Newham will offer free meals to every child, whereas Wolverhampton will increase the number of children qualifying for Free School Meals on a means tested scale.

The scheme has had a positive and lasting impact on parent perceptions of school meals, with many parents planning to give their children school meals more frequently than before the trial, even if fees were reintroduced

It seems that although free school meals may be in the pipeline, for many areas they may still be a long time in coming

These trials will begin with the new school year in September 2009.

Whilst the government considers what action to take to ensure healthy school meals are implemented through out the United Kingdom, requests have been made to consider the Norwegian approach to school meals (Norway has an exceptional standard of child wellbeing). The disapproval of Scottish parents was also felt at the end of the trial scheme when dinner fees were reintroduced in September 2008.

It seems that although free school meals may be in the pipeline, for many areas they may still be a long time in coming.

Amy Elliott

Upcoming Regional Seminars

We will be holding a number of our Regional Events around the UK over the upcoming months.

- Budgets and Financial Management in the Public Sector for Non-Financial People
- Developments in Local Authority Housing Finance in England
- All You Want to Know about Welsh Housing Association Finance
- All You Want to Know about Scottish Housing Association Finance
- Opportunities and Challenges for Arms Length Management Organisations
- All You Want to Know about Local Authority Finance in Scotland

You can find more information about all of these regional courses on our website : <http://awics.co.uk/RegionalSeminars/Overview/>.

We have also just published our In House Training Courses guide for 2009 which includes information on all the courses we can provide. These are available specifically for England, Wales and Scotland from our website: http://awics.co.uk/View/Page/in_house_training_courses/

Other Services

In addition to our in house and regional seminars AWICS also provide a range of other services including:

- Management Consultancy including:
 - Business and Best Value Reviews
 - Advice on Procurement
 - Housing Finance
 - Housing Stock Options Appraisals
 - Housing Association Finance
 - Public Authority Accounting
 - Advice to Voluntary Bodies
 - Performance Management
- Independent Tenants' Advice
- Publications

SEPTEMBER 2009						
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