

# Local Government Association

## July Budget 2015, On the Day Briefing

### 8 July 2015

*The Budget provides a formal update on the state of the economy, responds to the new economic and fiscal forecast from the Office for Budget Responsibility and announces the Government's fiscal measures for the year ahead.*

The full set of documents are available on the [Treasury website](#). The Spending Review is expected in autumn 2015.

#### Key Messages

- The LGA has predicted that councils will already have to find £2.5 billion in savings this year and we support the Chancellor's decision not to re-open the local government finance settlement for 2015/2016 in his Budget.
- The 2015 Spending Review must reform local government funding in order to ease pressures on vital services over the coming years and to prevent councils facing a predicted funding gap of £9.5 billion by 2020. Ahead of the forthcoming Spending Review the LGA has put forward proposals to the Government on ways of working together to achieve our shared agenda.
- We welcome the proposal for a National Living Wage. However it will have a potential upward pressure on council budgets and contract costs and we expect any arising new burdens to be fully funded. We will conduct detailed analysis and evaluation on what this is likely to mean and provide updates.
- Local authorities are already working with the Government on devolution to ensure significant economic and social benefits reach all parts of the country. It is important however that places should be able to determine the right model of governance for their area, as opposed to a one-size-fits-all solution.
- Demand on the working age welfare bill can be reduced by devolving budgets and key responsibilities to local areas. This could provide responsive and tailored support to help residents to find or improve employment opportunities; and support the building of more affordable housing to reduce the housing benefit bill.
- Local authorities welcome the principle of any additional powers to set differential rent levels based on local circumstances and housing markets. Councils, like Housing Associations, should be able to retain the additional income generated from these rents to build new homes. This would have far greater benefits for local communities than the money going to the Treasury.
- The extra £6 million funding for the expansion of the LGA and Cabinet Office's joint One Public Estate programme will help to further integrate services, and support local economic growth and more sustainable local government.



# Briefing

**This briefing covers:**

Public spending and the Spending Review	Pensions
Workforce	Crematoria
Devolution	Funding for defence and security
Welfare	Tax compliance
Business rates	Tackling illicit tobacco and alcohol
One Public Estate	Youth employment and apprenticeships
Housing	Childcare
Transport	Support for victims of domestic abuse
Adoption	Shale gas
Shop opening hours	

**Public spending and the Spending Review**

**The Chancellor announced that:**

- The Government's fiscal assumption is that Total Managed Expenditure (TME) will change from 2015/16 to 2020/21 as follows:

	£bn
2015/16	742.3
2016/17	754.3
2017/18	768.0
2018/19	784.3
2019/20	804.4
2020/21	844.5

*(Page 75, table 2.2)*

- To achieve a Budget surplus in 2019-20 the Government will undertake around £37 billion of further consolidation measures. This Budget sets out around £17 billion of measures that will reduce the deficit, including £12 billion by 2019-20 from welfare reform and £5 billion by 2019-20 from tackling tax avoidance and tax planning, evasion and noncompliance, and imbalances in the tax system. In the autumn, the Government will set out plans to deliver the remaining £20 billion of consolidation measures required to achieve the surplus following a rigorous Spending Review process.  
*(Page 19, paragraph 1.45)*
- The Ministry of Defence budget will rise at 0.5 per cent per year in real terms to 2020-21.  
*(Page 78, paragraph 2.22)*
- The Spending Review, which will conclude in the autumn, will determine the precise levels of Departmental Expenditure Limits (DEL) and Annually Managed Expenditure, including the allocation of DEL between departments.  
*(Page 75, paragraph 2.8)*

**LGA view:**

- Local councils have already borne the brunt of the spending reductions in the last Parliament. The LGA's current forecasts are that councils will face a funding shortfall of £9.5bn in 2019/20. This will be revisited in the light of new

figures when they become available. However, an initial look at the overall trajectory of public spending coupled with the new protection for defence, suggests that the position by 2019/20 is unlikely to change by much.

- The financial challenge facing councils and the public sector over the rest of the decade illustrates the urgent need for reform of the way public services are paid for and delivered. Last week we launched detailed proposals on areas including health, housing, social care, employment, skills, local tax and welfare. We look forward to discussing these proposals with the Government ahead of the Spending Review.

## **Workforce**

### **The Chancellor announced that:**

- As announced at Autumn Statement 2014, the Government will exempt from income tax travel expenses paid to councillors by their local authority. The exemption will be limited to the Approved Mileage Allowance Payment (AMAP) rates where it applies to mileage payments. This change will take effect from 6 April 2016.  
*(Page 84, paragraph 2.70)*
- The Government will fund public sector workforces for a pay award of 1% for 4 years from 2016-17 onwards.  
*(Page 29, paragraph 1.87)*
- The Government will introduce a new National Living Wage (NLW) for workers aged 25 and above, by introducing a new premium on top of the NMW. From April 2016, the new NLW will be set at £7.20 – a rise of 70p relative to the current NMW rate, and 50p above the NMW increase coming into effect in October 2015.  
*(Page 33, paragraphs 1.122-1.123)*
- The Government will ask the Low Pay Commission (LPC) to set out how the new NLW will reach 60% of median earnings by 2020. Based on the OBR's earnings forecasts, this means that the NLW will reach the government's target of over £9 by 2020.  
*(Page 33, paragraphs 1.122-1.123)*

### **LGA view:**

- The Chancellor is referring to public sector pay settlements under direct Government control. Pay negotiations in local government are conducted independently and will take account of many factors including affordability and fairness based on the Budget settlement for the sector. The National Employers will begin consideration of pay from April 2016 in due course.
- The LGA has recommended that allowances paid to staff for travel should be based on the approved mileage rate. Around 40 per cent of councils now do this for all claims, while many others use it for some claims. We strongly welcome this announcement on applying similar approaches for councillors' travel expenses, as we have been long calling for this. However, it is disappointing to see this measure delayed to April 2016.
- There is an outstanding issue in relation to expenses for individuals from

combined authorities and fire authorities.

- It will affect considerations over pay and will be examined carefully as part of the negotiation process. It will have a potential upward pressure on council budgets and contract costs and we expect any arising new burdens to be fully funded.

## **Devolution**

### **The Chancellor announced that:**

- The Government is inviting bids for a new round of Enterprise Zones. The existing Enterprise Zones have supported the creation of over 15,000 jobs throughout England.<sup>94</sup> This new round will focus on ensuring that all places in England can benefit, including rural areas where appropriate, and the government encourages towns and districts to work with LEPs to develop bids.  
*(Page 63, paragraph 1.288)*
- The Government is working towards further devolution deals with the Sheffield City Region, Liverpool City Region, and Leeds, West Yorkshire and partner authorities, to be agreed in parallel with the Spending Review.  
*(Page 63, paragraph 1.283)*
- Further progress is being made on devolving powers to Greater Manchester, including putting Fire Services under the control of the new directly-elected Mayor, establishing a Greater Manchester Land Commission, granting the city region more powers over planning subject to the agreement of the Cabinet member representing the district in which the power is used, and inviting discussion of how central government and the city region might collaborate further on children's services and employment programmes.  
*(Page 63, paragraph 1.284)*
- The Government is working with towns and counties to make devolution deals happen and is making good progress towards a deal with Cornwall.  
*(Page 63, paragraph 1.285)*
- The Government welcomes efforts by local areas to strengthen their governance, and strongly supports the publication of a West Midlands Statement of Intent for devolution, which sets out proposals for a West Midlands combined authority. The Government is also pleased to have received two Combined Authority proposals from local authorities in the East Midlands.  
*(Page 63, paragraph 1.286)*
- The Government remains open to any further proposals from local areas for devolution of significant powers in return for a mayor, in time for conclusion ahead of the Spending Review.  
*(Page 63, paragraph 1.287)*
- Further devolution to Greater Manchester – Greater Manchester will receive further powers including over fire, planning, and a new Land Commission.  
*(Page 63, Para 1.284; and page 80, paragraph 2.37)*

## **LGA view:**

- Making decisions locally will bring significant economic and social benefits for city regions, county areas and districts, strengthening the country as a whole. The push to decentralise power, as recognised in the Cities and Local Government Devolution Bill, must include all parts of England. We are ready to work with the Government to meet this aspiration.
- Good progress is being made to extend devolution agreements to a number of non-metropolitan areas as well as city regions. We would like the Government to ensure ambitious deals are offered for all types of areas.
- There is no 'one-size-fits-all' solution to the stronger local governance arrangements that may be needed where significant new responsibilities are devolved. Councils should be free to put in place the appropriate model of governance for their communities.
- Fire and rescue service governance arrangements should be a matter for local determination in any negotiations about the devolution of new responsibilities to communities. The neat overlap of fire and rescue service, police, council and other organisational boundaries in Greater Manchester is not replicated elsewhere. Other areas will need flexible arrangements that enable them to adapt to the particular structures they have in place.
- Fire and rescue services already have varied governance arrangements, and are driving innovative arrangements across the country. With fire and rescue services already improving their interoperability with other blue-light services and integrating their work with other public services, in particular health and social care, it is important that the links between fire and rescue services and local authorities and their expertise is maintained.
- The Government must consult on the wider applicability of changes in the governance of fire and rescue services to ensure any proposals put forward can meet the needs of each locality, retain the role of councillors and keep distinct funding arrangements for fire services.

## **Welfare**

### **The Chancellor announced that:**

- The Government will lower the household benefit cap, which caps the amount of benefits out-of-work working-age families can receive, to £20,000, except in Greater London where the cap will be £23,000. The current exemptions to the cap will continue to apply.  
*(Page 88, paragraph 2.112)*
- From April 2017, new claimants of Employment and Support Allowance (ESA) who are placed in the Work-Related Activity Group will receive the same rate as those claiming Jobseeker's Allowance.  
*(Page 41, paragraph 1.160)*
- Most working-age benefits will be frozen for 4 years from April 2016. This will apply to Jobseekers' Allowance; Employment and Support Allowance; Income Support; Child Benefit; applicable amounts for Housing Benefit; and Local Housing Allowance rates, with provision for high rent areas.

*(Page 88, paragraph 2.115)*

- From April 2017, those out of work aged 18 to 21 making new claims to Universal Credit will no longer be automatically entitled to the housing element. Parents whose children live with them, vulnerable groups, and those who were living independently and working continuously for the preceding 6 months will be exempt from this measure.  
*(Page 88, paragraph 2.111)*
- The Government has set out the level of Discretionary Housing Payment (DHP) funding that will be made available to Local Authorities in future years. Local authorities will be able to use this funding to protect the most vulnerable and to support households to adjust to Housing Benefit reforms. This will be worth £800m over the lifetime of the Parliament.  
*(Page 88, paragraph 2.113)*

### **LGA view**

- Severing the link between the Local Housing Allowance rate and market rents will inevitably reduce the pool of properties available to households that are entitled to full Housing Benefit. The resulting shortfall may pose an increased risk of arrears, homelessness and temporary accommodation.
- These measures will do nothing to constrain the overall numbers of people that need to claim Housing Benefit. The number of working households claiming Housing Benefit increased considerably over the previous Coalition Government, as did overall Housing Benefit caseload.
- Further extension of the benefit cap may significantly impact on household income for those that have not traditionally been high on the list of targets for intensive employment support. In particular lone parents with young children. The Government must do more to enable local partners to target appropriate employment support at those affected.
- To reduce the working age welfare bill, key responsibilities and budgets need to be devolved to local areas to provide more responsive and tailored support that helps to reduce demand on the welfare bill. This could include support for job seekers and those on low incomes to find or improve employment and provision of affordable housing in order to bring down the overall housing benefit bill.
- The increase in DHP funding is welcome. However greater longer term certainty is needed on budgets to enable forward planning and the Government should be open to discussion on deciding if DHPs are the right way to mitigate long term consequences of reforms to Housing Benefit.

### **Business rates**

#### **The Chancellor announced that:**

- The Government is running a wide-ranging review of business rates. This will be fiscally neutral and will be completed by the end of 2015. In addition, the government has today published progress updates on action it is taking to improve the administration of business rates, including the appeals system, and on tackling business rates avoidance.

*(Page 55, paragraph 1.244)*

- The Government has published an update to its business rate administration review. It confirms that measures to reform the business rates appeal system, with an aim of making sure that only appeals that really need to be heard by the Valuation Tribunal go through to appeal stage, will be included in the Enterprise Bill, to come into effect in 2017. This will also contain a measure to allow better sharing of information between the Valuation Office Agency and local authorities. It has also confirmed that joint work is going on with the LGA and local government representatives on streamlining the billing system. *(The update is at <https://www.gov.uk/government/publications/administration-of-business-rates-in-england-interim-findings>)*
- The Government has also published an update to the consultation on business rates avoidance. This says that responses to the consultation have confirmed to the Government that that business rates avoidance must be addressed and that the Government will bring forward options for addressing avoidance. This will be coordinated with the business rates review which is evaluating the effectiveness of reliefs and exemptions and will complement the ongoing commitment to give local authorities in England greater power over their budgets. *(The update is at <https://www.gov.uk/government/consultations/business-rates-avoidance-discussion-paper>)*
- The Government is consulting on the introduction of a business rate relief for local newspapers. A consultation document has been published, with a closing date of 30 September 2015. *(This can be found at <https://www.gov.uk/government/consultations/the-case-for-a-business-rates-relief-for-local-newspapers>)*

#### **LGA view:**

- It is good news that the review of business rates is to be brought forward, and that anti-avoidance measures will be considered as part of the review.
- We support the confirmation that changes to the business rates appeal system will be in the Enterprise Bill. We would like to see reforms to business rates appeals in order to limit the number of speculative appeals, which are a major cause of financial uncertainty to local government.
- We welcome new powers for the Valuation Office Agency to share data with councils; this will be good for councils and ratepayers and be more efficient as it will potentially lead to less need to duplicate data collection.
- We look forward to having sight of replies to the consultation on business rates relief for local newspapers. We expect council newspapers and similar publications, and privately owned local newspapers to have a level playing field in this regard.

#### **One Public Estate**

##### **The Chancellor announced that:**

- This Budget commits a further £6 million to the One Public Estate programme

to continue to deliver progress and ensure local government rationalises its estate to contribute to growth and ensure efficient use of public assets.  
(Page 78, paragraph 2.26)

#### **LGA view:**

- Councils have shown that they are perfectly placed to deliver effective cross public sector asset management through the One Public Estate. The Programme is ensuring the integration of services and local economic growth, and also supporting more sustainable local government.
- The Government should go further and implement its manifesto commitment to give councils a 10 per cent stake in public land deals in their area. Combined with giving councils a Power to Direct the use of surplus public land in their area, this would unlock many thousands more homes and jobs as well as saving councils and central government money.

#### **Housing**

##### **The Chancellor announced that:**

- The Government will reduce rents paid by tenants in social housing in England by 1 per cent a year for 4 years from 2016.  
(Page 81, paragraph 2.44)
- Social housing tenants with household incomes of £40,000 and above in London, and £30,000 and above in the rest of England, will be required Summer Budget 2015 41 to “Pay to Stay”, by paying a market or near market rent for their accommodation.  
(Page 40, paragraph 1.154)
- The Government will review the use of lifetime tenancies in social housing to limit their use and ensure that households are offered tenancies that match their needs and make best use of the social housing stock.  
(Page 81, paragraph 2.46)

#### **LGA view:**

- Long term certainty on social rents is crucial to enable councils and Housing Associations to invest in housing over the long term. In 2013 the Government acknowledged this by setting out the rent strategy to 2025. These subsequent changes to social housing rents will mean councils and Housing Associations will need to review their investment plans and may reduce their ability to invest in new homes and the improvement of existing ones over the longer term. We will be working with councils to understand the impact of this change.
- Local authorities welcome the principal of any additional powers to set differential rent levels based on local circumstances and housing markets, these must remain affordable for those in work but on a low income.
- Councils, like Housing Associations, should be able to retain the additional income generated from these rents to build new homes. This would have far greater benefits for local communities than the money going to the Treasury.
- This is important in light of the reductions in social rents that have also been announced in the Budget.



- Any decision on lifetime tenancies should be made locally, so that councils have flexibility to meet local housing needs.

## **Transport**

### **The Chancellor announced that:**

- The Government is committed to significant transport devolution in all of the country's city regions that elect a Mayor, as well as the country's counties. This includes the roll-out of Oyster-style smart and integrated ticketing systems that will provide people with quicker and easier door-to-door journeys, greater choice, as well as simpler and more flexible fares.  
*(Page 65, paragraph 1.300,)*
- From 2020-21 the Government guarantees that all revenue raised from Vehicle Excise Duty (VED) in England will be allocated to a new Roads Fund and invested directly back into the strategic road network.  
*(Page 56, paragraph 1.251,)*

### **LGA view:**

- All areas should be able to benefit from a better and easier to use public transport services. The Government should use the Buses Bill to provide all areas with the opportunity to improve bus provision. This could be achieved through bus franchising powers, and a package of bus funding reforms including devolving Bus Services Operator's Grant to councils.
- While extra funding for roads is necessary, it is disappointing that this appears to be restricted to motorways. We are facing a 42 per cent increase in traffic on local roads by 2040 and there is a £12 billion backlog of roads repairs. Since no car journey begins or ends on a motorway, we would urge that this fund, which will be paid for by motorists out of their car tax, be applicable to all types of roads on a needs basis

## **Adoption**

### **The Chancellor announced that:**

- £30 million will be allocated to further speed up adoption for the 3,000 children awaiting adoption, whilst paving the way for regional adoption agencies.  
*(Page 82, paragraph 2.48)*

### **LGA view:**

- Councils will always look for the best adoptive family to suit a child's needs. They work closely with other councils who may have approved adopters or children in need of homes that can be matched.
- The LGA negotiated a level playing field on the fees that allow councils to recover the cost of this work, but it remains a significant burden when resources are limited. Confirmation that this is new money will provide the opportunity to recover these costs through this new funding arrangement, and should help overstretched children's services departments.

## **Shop opening hours**

### **The Chancellor announced that:**

- To ensure that local areas have a greater say over their own economies, the Government will consult on devolving powers on Sunday trading to city mayors and local authorities. This will look at allowing mayors or councils to extend Sunday trading for additional hours within parameters that they would determine.  
*(Page 63, paragraph 1.289)*

### **LGA view:**

- The proposed flexibilities for councils are welcome, and we are committed to creating the necessary conditions for local growth. Much will depend on the detail in the forthcoming consultation, and the proposals must allow councils to meet the needs of their communities without undue restriction or unnecessary bureaucracy. We encourage the Government to continue to take a joined-up approach to devolution, working with councils to support local prosperity through a range of measures to suit local circumstances.

## **Pensions**

### **The Chancellor announced that:**

- The Government will work with Local Government Pension Scheme administering authorities to ensure that they pool investments to significantly reduce costs, while maintaining overall investment performance. The Government will invite local authorities to come forward with their own proposals to meet common criteria for delivering savings. A consultation to be published later this year will set out those detailed criteria as well as backstop legislation which will ensure that those administering authorities that do not come forward with sufficiently ambitious proposals are required to pool  
*(Page 78, paragraph 2.19)*

### **LGA view:**

- We look forward to commenting on these proposals when they are put forward and will work with the government to ensure the best result for administering authorities and local taxpayers.

## **Crematoria**

### **The Chancellor announced that:**

- The Government will conduct a review into the size and provision of crematoria facilities to make sure they are fit for purpose and sensitive to the needs of all users and faiths. The Government will also review cremation legislation and coroner services.  
*(Page 82, paragraph 2.51)*

### **LGA view:**

- Councils are committed to ensuring that grieving families and individuals receive a good service from their local crematoria facilities, and are mindful of

the need for services that answer the requirements of all their communities in a sensitive and appropriate manner. The LGA will contribute to the review of cremation facilities and legislation as well as the review of coroner services.

### **Funding for defence and security**

#### **The Chancellor announced that:**

- The Government commits to protect in real terms counter terrorism spending of more than £2 billion across government  
*(Pages 26-27, paragraph 1.81; and page 78, paragraph 2.25)*

#### **LGA view:**

- Local authorities are already implementing the new duty to prevent terrorism that came into effect on 1 July 2015, and the forthcoming Counter Terrorism Strategy expected to set out further roles for local authorities in preventing terrorism. The Government needs to ensure that councils are fully funded to carry out the important roles they have in protecting residents and communities from violent extremism.

### **Tax compliance**

#### **The Chancellor announced that:**

- The Government will invest around £300 million over 5 years from 2016 to tackle non-compliance by small and mid-sized businesses, public bodies and affluent individuals. This measure will result in additional tax receipts of over £2 billion by 2020-21.  
*(Page 95, Paragraph 2.173)*

#### **LGA view:**

- Councils recognise the need to comply with the rules of national taxation and will continue to engage HMRC to ensure that any inadvertent errors in submitting relevant returns are minimised and the correct tax bill is paid.

### **Tackling illicit tobacco and alcohol**

#### **The Chancellor announced that:**

- As part of the refreshed tobacco strategy the Government will expand the number of criminal investigation teams in HMRC working on tobacco fraud by 50 per cent and recruit additional Crown Prosecution Service staff to manage additional prosecutions  
*(Page 91, paragraph 2.141)*
- The Government will set up a new national alcohol control room and introduce a mobile taskforce in order to tackle alcohol fraud  
*(Page 91, paragraph 2.142)*

#### **LGA view:**

- Local trading standards and licensing officers make a vital contribution in

tackling the sale and consumption of illicit tobacco and alcohol. It will be important that the additional resources in this area are used to complement existing local work, and that information and intelligence is shared across all partners to maximise the impact of available resources.

## **Youth employment and apprenticeships**

### **The Chancellor announced that:**

- The Government will introduce a levy on large UK employers to fund new apprenticeships.  
*(Page 60, paragraph 1.270)*
- The Government will introduce a new Youth Obligation for 18 to 21 year olds on Universal Credit. From April 2017 young people will participate in an intensive regime of support from day 1 of their benefit claim, and after 6 months they will be expected to apply for an apprenticeship or traineeship, gain work-based skills, or go on a mandatory work placement.  
*(Page 41, paragraph 1.158)*

### **LGA view:**

- Local government fully supports the Government's ambition to create 3 million new apprenticeships over the parliament and supports measures to boost numbers that ensure they are high quality and available to young people.
- Employer engagement is critical and the levy may encourage more larger employers to offer apprenticeships. The apprenticeship system has been underperforming for some time. With the greatest will the Government cannot engage 2 million employers from Whitehall, our research has demonstrated the need for coordinated approaches that enable partnerships of councils, schools, colleges to work with employers to both create opportunities and give young people the advice and help to take them.
- There is cross party support that reform is needed for young people's benefits and support, the Youth Obligation offers an opportunity to improve outcomes for young people that have been poorly served by an adult benefits system designed to get adults into work as soon as possible.
- It is important that the new Youth Obligation is backed by public service reform that better prepares our young people to be successful in work and learning, for instance its success relies on the creation of high quality apprenticeships for 18 to 21 year olds. We have recommended establishing a new Youth offer, which is led locally by councils, schools, colleges, and jobcentres to coordinate provide advice, skills, training and experience for all 14 to 21 years old in school, training or looking for work. The offer would be branded and delivered independently of the adult welfare system and funded using existing spending on under 21s.

## **Childcare**

### **The Chancellor announced that:**

- From September 2017 the free childcare entitlement will be doubled from 15 hours to 30 hours a week for working parents of 3 and 4 year olds. This will

support those who choose to go out to work. The Government will implement this extension of free hours early in some local areas from September 2016. This free childcare is worth around £5,000 a year per child.  
*(Page 42, paragraph 1.163)*

**LGA view:**

- We welcome the intention of making childcare more affordable. However, the quality of such provision in early years is important matters and by increasing the free offer from 15 hours to 30 hours for 3 and 4 year olds of working parents, rather than all children, the Government must not lose sight of the importance of the quality of that provision. The review of childcare costs is also welcome – it should include not only the rate paid to providers but the funding for councils to deliver free childcare for parents.

**Support for victims of domestic abuse**

**The Chancellor announced that:**

- The Government will set up a £3 million fund to encourage innovative approaches including refuge provision to help those suffering from domestic abuse. Ahead of the Spending Review, the Government will draw together evidence from frontline professionals to review how services for victims of violence against women and girls are funded and delivered and feed into a refreshed Violence Against Women and Girls strategy in the autumn.  
*(Page 82, paragraph 2.50)*

**LGA view:**

- Councils regard domestic abuse as a very serious issue and already work with a range of statutory and voluntary sector partners to support victims and reduce offending by perpetrators. The announcement of additional funding to develop innovative approaches is welcome if this is available to local authorities. The LGA will be looking to contribute to the review of the funding of services tackling violence against women and girls to ensure the experience and expertise councils have developed in this field are reflected in the refreshed Violence Against Women and Girls Strategy.

**Shale gas development**

**The Chancellor announced:**

- The Government will bring forward proposals for a sovereign wealth fund for communities that host shale gas development.  
*(Page 62, paragraph 1.261)*

**LGA view:**

- Any sovereign wealth fund set up should not be treated as an ordinary tax revenue for day-to-day financing of council services.
- Communities that host fracking developments should also receive benefits on a par with those in other countries. This should be set at 10 per cent of gross revenues and managed at the level of the consenting planning authority. Local government has a central role to play in ensuring the governance

arrangements reflect community preferences and offer accountability and should be involved in designing schemes in their areas.

**Further Information:**

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