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| LGA response to ONS Sub-national PSF (public sector finances) Consultation |
| 22 September 2017 |

The Local Government Association (LGA) welcomes the opportunity to comment on the Office for National Statistics’ consultation on sub-national public sector finance statistics. Rather than responding in detail to the questions in the online survey, this submission sets out the LGA’s overall position in this area.

The LGA is here to support, promote and improve local government. We will fight local government's corner and support councils through challenging times by making the case for greater devolution, helping councils tackle their challenges and assisting them to deliver better value for money services.

**LGA Position**

Our recent report ‘Growing Places: Building local public services for the future’[[1]](#footnote-1) highlights the role of local government as ‘place leaders…the only agency which can ensure everyone, wherever they live, has access to the opportunities they deserve and the public services they need’. In order to perform this role effectively, it is vital that there is good quality data, available to all, showing the overall income and expenditure for the public sector in each local authority area.

Local authorities are far ahead of most parts of the public sector in transparent reporting of income and expenditure. Local authorities in England submit comprehensive information on income and expenditure to the Department for Communities and Local Government (DCLG). In addition, they produce annual accounts, as part of the Whole of Government Accounts (WGA) process and publish details of expenditure over £500.

**Existing Initiatives**

The scoping study outlines the progress that has been made towards gaining an overview of public sector receipts and expenditure at the local level. The local government sector has led the way in these initiatives and this work will undoubtedly continue to develop.

Recognising the importance of a clear evidence base to inform the discussion and debate about devolution, the LGA, together with Core Cities, commissioned New Economy to produce a Microsoft Excel-based tax and expenditure analysis tool. ESPRESSO[[2]](#footnote-2) provides tables and charts that are customisable to individual authority districts, years and groupings of districts. Currently, the tool includes data for 2013/14 and 2014/15 and further data will be added as it becomes available.

**Role for ONS**

Whilst seeking to encourage these sector-led schemes, we nevertheless believe that there is a clear role for ONS in providing a consistent level of information on sub-regional public finances across the whole country. Although we recognise the challenges that currently exist in this area, as set out in the scoping study, we believe most of these obstacles can be overcome in the medium-term. Indeed, if ONS undertake this work, these barriers are likely to be overcome more speedily than would otherwise be the case.

A lead from ONS will ensure consistent data standards are set and adhered to, assuring users of the quality and reliability of the statistics. It will also enable the data to be brought together in one place, driving increased usage of the information.

**Expenditure**

Central government, in particular, needs to make more progress in categorising other spending at the individual local authority level. If possible, categorising at a lower level of granularity, such as Lower Super Output Area, would be preferable as this would enable figures to be aggregated across local authorities and other public bodies that do not always have coterminous boundaries (eg Clinical Commissioning Groups). As a first step, we would advocate the publication of aggregated data on public spending by the various public service organisations operating at the local authority level. This would include, principally, spending by the Department for Education on schools, spending by the various relevant NHS organisations in local areas, and spending on service provision, as well as benefits, by the Department of Work and Pensions.

All of these organisations have an impact on the services local government delivers and in some devolution deals authorities have a role in working with partners to influence spending in these areas. Transparent and consistent data is therefore very important in determine how to spend most effectively.

**Income**

Local authorities provide DCLG, with comprehensive data on council tax and business rates, to which ONS also has access. Data on income from taxes on fixed property, such as business rates and council tax, may be easier to collect than other taxes. However, given the amount of data HM Revenue and Customs possess on individuals and organisations paying tax, it should be possible to make this information available at the local authority level, or a lower level of granularity, both on a residence basis and workplace basis.

**Next Steps**

Robust and comprehensive public sector financial statistics at the local level would lead to a better understanding of the totality of public expenditure. The LGA’s work with New Economy on ESPRESSO has demonstrated the considerable interest from local government in this area. Such information has the potential to drive better co-ordination and efficiency in the delivery of public service and, ultimately, could lead to savings to the public purse. As outlined above, we see real advantages in ONS taking the lead role in producing these statistics, bringing together the data, ensuring its quality and promoting its use.

We would be keen to work with ONS, the local government sector, as well as central government departments and HMRC, to identify what improvements can be made to data collection, in order to develop consistent public sector financial statistics at the local authority level. The LGA would welcome the opportunity engage with ONS and other ongoing discussions in this area; please contact us via [lgfinance@local.gov.uk](mailto:lgfinance@local.gov.uk) if you wish to discuss this, or anything in the response, further. We look forward to the ONS’ response to this consultation.

1. https://www.local.gov.uk/growing-places-building-local-public-services-future [↑](#footnote-ref-1)
2. http://www.neweconomymanchester.com/publications/espresso-tax-and-expenditure-analysis-tool [↑](#footnote-ref-2)