

Note of last LGA Leadership Board meeting

Title: LGA Leadership Board
Date: Wednesday 18 October 2017
Venue: Rooms A&B, Ground Floor, Layden House, 76-86 Turnmill Street,
London, EC1M 5LG

Attendance

An attendance list is attached as **Appendix A** to this note

Item Decisions and actions

1 Apologies and Declarations of Interest

No declarations of interest were made.

Apologies were received from Cllr Izzi Seccombe OBE.

2 Brexit

Cllr Kevin Bentley, Chairman of the LGA's Brexit Task and Finish Group, introduced the report and updated the Leadership Board on the Group's current work. This included the exploration of potential options for what would happen to local government's role in law making when the UK left the EU.

Currently regional and local government had a direct input into EU laws through the Committee of the Regions, but there was a question as to how our rights and responsibilities would continue once laws had been transferred back to the UK. The LGA would continue to lobby the Government to address the issue.

Regarding structural funding, it was confirmed that discussions were underway on what would happen to this funding when the UK had withdrawn from the EU. The LGA was lobbying to ensure that the funding to councils would stay at least at the same level, but it was currently not clear on what form the funding would take.

Discussions were also taking place on how councils' services would operate at air and sea ports post-Brexit, and a delegation would be visiting London Gateway on 20 November to talk to officials there. Discussions were also ongoing regarding waste collection and disposal which were heavily regulated.

In the discussion which followed Members raised the following points:

- The LGA's work to enshrine the current role of the Committee of the Regions in UK law was supported. It was important for local government to have a say on laws which would impact upon their constituents. As the UK did not have a written constitution there would have to be an ongoing conversation on how best to achieve this. There should also be early thinking on governance of future arrangements. These points would be part of ongoing dialogue with the

Government via the Secretary of State.

- In addition to the customs process at ports of entry to the UK, there were also questions on how the process would be scaled, with a potential requirement for more staff. It would be useful for the LGA to gather examples of council functions at ports in order to scope out the issue and the potential impact.
- There was a question on the extent to which structural funds would be impacted upon by the amount of money negotiated by the Government as part of the settlement with the EU.

Decision

The LGA Leadership Board **noted** and **agreed** the LGA's ongoing work on Brexit.

3 LGA 2018/19 Budget Framework

Jonathan Gratte, Strategic Finance Manager, introduced the report which set out a proposed 2018/19 Budget Framework for the LG Group companies, and set out how budget ownership would be formalised in future. It was highlighted that the proposed Framework used the prior Financial Strategy from January 2017 as the basis for 2018/19 and the new Medium Term Financial Plan.

Regarding formalisation of budget ownership, the Strategic Finance Manager explained the proposal for budget holders to sign and return budget delegation letters to demonstrate that they had been involved in the process, and that they understood and took ownership for the budget allocated to them. An example of the budget delegation letter and a memo setting out the timescale and detailed processes was included in the report.

In response to a Members' question, it was confirmed that the LGA's investment strategy as set out in the report would mean that property capital values would exceed pension liabilities within a few years.

Decision

The LGA Leadership Board **agreed**:

- a) the 2018/19 Budget Framework for the LG Group companies, using the Financial Strategy from January 2017 as the basis; and
- b) the formalisation of budget ownership as set out in the report.

Action

Formalisation of budget process to be taken forward by the Strategic Finance Manager as agreed. (**Jonathan Gratte**)

4 LGA Subscriptions

Claire Holloway, Head of Corporate Services, introduced the report which set out the current position in relation to LGA subscriptions. Potential options for setting subscriptions for 2018/19 were highlighted, and members noted that the LGA had held subscription fees at the same level for a number of years.

In the discussion which followed the following points were raised by Members:

- In response to a question, it was confirmed that collective legal actions on

behalf of local authorities only named LGA member authorities, and therefore non-member authorities would not receive benefits from these. However some areas of LGA work, such as audit fees, was to the benefit of the whole sector.

- It was also confirmed that authorities who left membership of the LGA would keep pension liabilities for a further five years.

Decision

The LGA Leadership Board **agreed** that there should be no change in LGA subscriptions for 2018/19.

Action

Subscription fees for 2018/19 to be communicated to all member authorities. (**Claire Holloway**)

5 Communications Strategy and Plan - 2017/18 - 2019/20

David Holdstock, Director of Communications, introduced the report which presented the refreshed Communications Strategy and Plan for 2017/18 to 2019/20. The report set out the performance against targets for the previous period, as well as priorities and work for the next three years.

Members noted the ways in which communications had been further integrated across the LGA, and the development of the communications support and improvement offer to member councils.

In the discussion which followed, the following points were raised by Members:

- It was confirmed that the directorate had an income target of over £2million, which would be delivered through sponsorship and income from events and conferences, as well as a variety of other communications activity.
- The communications work of the LGA was recognised as a particular strength, particularly regarding the reputational work on behalf of the whole sector.

Decision

The LGA Leadership Board **approved** the communications strategy and plan for 2017/18 to 2019/20.

6 Communications Report (April 2017 to September 2017)

David Holdstock, Director of Communications, introduced the report which updated the Leadership Board on the LGA's communications activity and progress with corporate campaigns for the first six months of 2017/18. It was highlighted that during the period there were two periods of purdah prior to the local elections on 4 May 2017, and the General Election on 8 June 2017, which had placed some restrictions on communications activity during this time.

Decision

The LGA Leadership Board **noted** the communications activity for the period April 2017 to September 2017.

7 The Fair Funding Review and Business Rates Retention

Nicola Morton, Head of Local Government Finance, introduced the report which provided an update on progress with the Government's Fair Funding Review and business rate retention reforms. It also set out a draft LGA work plan on the Fair Funding Review, which included approaches to need.

Members noted that the LGA's Task and Finish Group on Business Rates Retention would be meeting to help develop the LGA's position on the Fair Funding Review and further business rates retention, and the joint LGA / DCLG technical working group (now known as the Fair Funding Review Working Group) had also recently met. It was expected that DCLG would shortly publish the consultation on the Fair Funding Review to date. The Government were also planning to commission research and modelling on the differences in costs of providing children's services.

The LGA work plan on the Fair Funding Review was highlighted, and additional work was proposed for Members' discussion. This would potentially include an LGA model to analyse the implications of approaches to reflecting council tax in the Fair Funding Review, and an LGA model which provided a worked example of how transition between funding shares would work under a number of different scenarios.

Regarding business rate retention, the joint LGA / DCLG officer Steering Group had met recently. The Government had not announced any primary legislation on further business rates retention, and therefore 100 per cent retention would not be possible before 2019/20. DCLG may roll in specific grants before this time.

In the discussion which followed the following points were raised by Members:

- Concern was raised that there was a lack of certainty over what the Government would implement and when. The result of the Fair Funding Review would also not be sustainable with the current levels of local government funding.
- Concern was also raised that the Government would change the business rates system before transitioning further business rates retention to local government. There was also a question over whether appeals would be moved to local government, of which there was currently a large backlog.
- It was currently LGA policy not to take a view on the Fair Funding formula, but it may be possible to shift this if the LGA was able to move to a cross-party agreement. For example there may be some elements of the formula which all political groups and types of authority could agree would be beneficial. It may be possible to come to consensus on some issues through the Leadership Board and the Task and Finish Group.

Decision

The LGA Leadership Board noted the updates in the report, and the LGA's work plan on the Fair Funding Review subject to the comments above and comments from the LGA Executive the following day.

Action

Work plan to be amended following comments from Leadership Board above, and any comments from the LGA Executive. (**Nicola Morton**)

8 DCLG Technical Consultation on the 2018/19 Local Government Finance Settlement

Nicola Morton, Head of Local Government Finance, introduced the report which set out the key points contained in the Government's technical consultation on the 2018/19 local government finance settlement, and included the LGA's draft response for comment.

The consultation covered a number of issues, including council tax referendum principles, and adjusting for the business rates revaluation, but the biggest changes were to the New Homes Bonus (NHB). The initial threshold below which the NHB would not be paid was set at 0.4% for 2017/18, but the baseline for 2018/19 would not be set until the time of the provisional settlement, and therefore the implication was that this would be increased.

The draft consultation response had been developed with input from the LGA's Resources Board, the County Councils Network, the District Councils Network, the Special Interest Group of Municipal Authorities, and from treasurer societies. Following comments from the Leadership Board and the LGA Executive the response would be submitted.

In the discussion Members raised the following comments:

- The LGA has welcomed the principle of four year settlements, but the Government were now consulting on changing the rules on the NHB. There was also currently no clarity on funding levels for 2020/21 and beyond which would impact upon councils' financial planning. Issues such as the current level of inflation and the potential lifting of the public sector pay cap had not been anticipated at the start of the four year settlement period.
- It was suggested that the LGA should more strongly oppose changes to the NHB which would make it dependent on appeals. There would also be pressures on the valuation of properties; councils who had NHB removed following the development of a business plan to build more housing would be placed in a difficult position.
- There were concerns that there was no reference in the consultation to the 168 councils who would be moving to negative revenue support grant (RSG) in 2018/19.
- Regarding Welsh local authorities, it was confirmed that the consultation related only to English local government, but the LGA was liaising with the Welsh LGA on the Welsh settlement.

Decision

The LGA Leadership Board:

- a) **Noted** the Government's consultation document; and
- b) **Agreed** the LGA's draft response, subject to the comments above and the views of the LGA Executive on 19 October 2017.

Action

Consultation response to be amended subject to the comments of Leadership Board and the LGA Executive prior to submission. (**Nicola Morton**)

9 Chief Executive's Report - October 2017

Mark Lloyd, Chief Executive, introduced the report which set out the LGA's main achievements against the business plan priorities since the last meeting in September. In doing so, he drew attention to the LGA's lobbying on the Local Government Finance Settlement; the Number 10 Housing Summit held on 17 October 2017; the NCAS conference, which had taken place in Bournemouth the previous week; and continuing discussions on delayed transfers of care (DTC).

In the following discussion, comments included:

- The Chairman reported that the Number 10 Housing Summit had been a successful meeting and positive for local government. Points raised by the LGA on planning fees and their use, and house building generally, had been well received by all attendees. The LGA's demand for Councils to be able to borrow more money to build homes and retention of receipts from 'Right to Buy' were also made.
- Regarding the Chancellor's Autumn Budget, plans were discussed for the LGA's usual on the day briefing, plus other media activity.
- The Leadership Board thanked all staff who had been involved in the organisation of the NCAS conference, which had been a very successful event. It was suggested that more opposition councillors be encouraged to attend in future.

Decision

The LGA Leadership Board **noted** the Chief Executive's report for October 2017.

10 LGA Forward Plan

Decision

The LGA Leadership Board **agreed** the forward plan.

11 Note of the last Leadership Board

Decision

The LGA Leadership Board **agreed** the minutes of the previous meeting on 13 September 2017.

12 Note of the last Commercial Advisory Board

Decision

The LGA Leadership Board **noted** the minutes of the previous Commercial Advisory Board held on 11 September 2017.

13 Layden House Refurbishment - Appointment of Main Contractor

Claire Holloway, Head of Corporate Services, introduced the report which updated the Leadership Board on the tender evaluation process for a main contractor for the refurbishment of Layden House.

Local Government Management Board had reviewed the full tender evaluation report at their meeting on Monday 16 October, and had subsequently made recommendations to the Leadership Board to endorse the appointment of a main contractor, and to confirm funding for the refurbishment project.

There followed a confidential discussion.

Decision

The LGA Leadership Board:

- a) **Endorsed** LGMB's recommendation for a main contractor for the refurbishment of Layden House; and
- b) **Confirmed** funding for the refurbishment project as set out in the report.

Action

Decision to be communicated to the City of London procurement team who would draw up contracts. (**Claire Holloway**).

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Lord Porter of Spalding CBE	South Holland District Council
Senior Vice-Chair	Cllr Nick Forbes	Newcastle upon Tyne City Council
Vice-Chairmen	Cllr David Simmonds CBE	Hillingdon London Borough Council
	Cllr Howard Sykes MBE	Oldham Metropolitan Borough Council
	Cllr Marianne Overton MBE	Lincolnshire County Council
Deputy-Chairmen	Cllr Sue Murphy CBE	Manchester City Council
	Cllr Peter Box CBE	Wakefield Metropolitan District Council
	Cllr Michael Payne	Gedling Borough Council
	Cllr Lib Peck	Lambeth London Borough Council
	Cllr Ruth Dombey OBE	Sutton London Borough Council
	Cllr Peter Reeve MBE	Huntingdonshire District Council
	Cllr Sean Anstee	Trafford Metropolitan Borough Council
	Cllr Paul Carter CBE	Kent County Council
	Cllr Peter Fleming OBE	Sevenoaks District Council
In attendance	Cllr Kevin Bentley	Colchester Borough Council
Apologies	Cllr Izzi Seccombe OBE	Warwickshire County Council