

Note of last Resources Board meeting

Title:	Resources Board
Date:	Thursday 22 November 2018
Venue:	Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

Attendance

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

Item	Decisions and actions	Action
76	Welcome, Apologies and Declarations of Interest The Chair welcomed members to the meeting. Apologies from members were noted. The Chair paid respects to the late Ian Stewart, and thanked him for his work on the Growth Programme Board. The following declarations of interest were made: <ul style="list-style-type: none">- Cllr Murphy declared their partners involvement with Citizens Advice.- Cllr Rhodes declared one of their tenants receives housing benefit.	
77	Update Papers	
78	Local Government Finance Update Nicola Morton, Head of Local Government Finance, introduced the item, which included the following updates: <ul style="list-style-type: none">- Information on the recent Autumn Budget;- Updates relating to the HRA Cap, the Spending Review, the Fair Funding Review (due to be published on the 6 December), and the Business Rates Consultation Documents (due to be published around the same time);- Nicola stated that Business Rates Models are currently out with councils; and- Nicola also fed back to members the response to the Adult Social Care Green Paper. The Chair thanked Nicola for the update and welcomed members to comment: <ul style="list-style-type: none">- Members highlighted the pressure on councils in relation to the high spending on children's services, including Special Education Needs (SEN) transport. Members made particular reference to Lancashire County Council. Sarah Pickup, Deputy Chief	

Executive, stated the LGA have been taking active lobbying around the £5 million gap on spending on SEN and children with disabilities.

- Members discussed housing finance and the HRA cap, and requested that the LGA keep pushing one for one receipts that are retained in areas. Members agreed that this makes a huge difference to local government finance.
- Members discussed how councils are faced with Universal Credit (UC) and the impact on fairer funding. Members questioned if government had taken this into account.
- Members discussed how damping will take effect in the Fairer Funding Review, and discussed that this may be capped at 2 per cent. Sarah Pickup stated that there has been less detail on how damping will be taken forward, and expressed how crucial how fast or slow this will be implemented. Sarah confirmed that there will be a transition model on how it will affect councils.

Action

- Members noted the update.

a) Workforce Update

The Chair invited Naomi Cooke, Head of Workforce, to introduce the item. Naomi stated that the report highlights the key workforce updates that have taken place since the last Board meeting. Naomi briefly mentioned that yesterday (21 November 2018) negotiations for the teachers' pay for the next financial year (2019/2020) will start shortly.

The Chair invited members top comment:

- Members expressed how communities and local areas are lacking suitable skills, which is soon going to be a real emergency and have an extreme detrimental effect on local economies.

Action

- Members noted the update.

79 Apprenticeships in Local Government Update

The Chair invited Jeff Houston, Head of Pensions, to introduce the item:

- Jeff confirmed that teachers pensions will be going up by 7 per cent.
- Jeff made reference to the Fair Funding Review.
- Jeff discussed the Local Government Pension Scheme – which is set by a local funding evaluation. Jeff stated that a review of this is taking place after March 2019, with new rates being implemented in April 2020.

Cllr Philips, Pensions lead for the Resources Board, then gave fellow members a brief update:

- Cllr Phillips stated that this is very good news for the local government sector, although stated that the sector had hoped for a better outcome for teachers and fire and rescue services.
- Cllr Phillips stated that the 12 month consultation needs to be addressed in the Spending Review.
- Cllr Phillips stated that the apprenticeship figures that are in the paper are broadly in-line with figures the Government published this morning.
- Cllr Phillips thanked officers for their hard work on this.

The Chair invited members to comment:

- Members that that small academies do not pay the pensions levy, and stated that there should be a level playing field with other schools.

Action

- Members noted the update.

80 Consultation on the Business Rates Treatment of Self-Catering Accommodation

The Chair invited Mike Heiser, Senior Adviser, to introduce the item. Mike stated that the report sets out the key points in the Government's consultation concerning business rates treatment of self-catering accommodation and asks members for views on the LGA's draft response. Mike confirmed that this criteria was adopted in Wales in 2010.

Members made the following comments:

- The Chair stated it is distinctly harder to transfer property from council tax on to a business rate model.
- Members broadly agreed with the paper, and thanked officers for the information provided.
- Members discussed the government's plan to take hospitals and ATM's out of Business Rates models, and how this will create a huge funding gap. Sarah Pickup, Deputy Chief Executive, stated that there was an update due for this, and the LGA is seeking clarity for the reasons government has taken to convert the NHS onto a charitable status. Sarah also stated that the LGA is engaged with the Valuation Office Agency over ATM's.
- Members discussed comparisons between council tax and business rates. Mike stated that it is incredibly difficult to complete a table top exercise, and has asked government advisers for view on different impacts.

The Chair thanked members for their comments, and confirmed that group leaders will sign off the consultation response.

Action

- Members agreed to the lines set out in the paper for the consultations response.
- Members noted the update.

81 Fiscal Devolution Update

The Chair invited Aivaras Statkevicius, Senior Adviser, to introduce the item.

Aivaras updated members with a recap of the joint work carried out by the Resources, People and Places and City Regions Board. This included the two different outsourced research on:

- messaging (which included discussing with focus groups the ideas around councils having great fiscal devolution); and
- econometric research – what devolved and newly raised taxes/levies would look like in practice. A key agreement from this focused on a tourism and e-commerce levy.

Aivaras then discussed the three next steps:

- The findings from the messaging research will be linked with the LGA's Spending Review campaign.
- The tourism levy to be taken forwarded by the Culture, Tourism and Sport Board, as this falls directly within their remit. Aivaras stated that this had been a long-term call made by the LGA. The e-commerce levy to be taken forward by the Resources Board.
- Both Leadership and Executive Boards will consider the next steps of this work.

Aivaras made reference to the recent Autumn Budget announcement on a e-commerce levy. Aivaras stated that the Resources Board will be taking this work forward and members will be updated in the future, which was agreed by the People and Places and City Regions Boards.

Following the update, members made the following comments:

- The Chair discussed the exploration of a e-commerce levy, and stated how important it was to state to government that this needs to be a local tax rather than a national tax. The Chair highlighted the differences in this levy and recent government Autumn Budget accouchements. Reasons behind this include the retail sector, and the different tax burdens between physical high street shops compared to online shopping.
- Members stated that the sector needs to work quickly. Members stated that this levy could counter-balance the cost on local government, who are expected to pick-up the burden of failing high streets and town centres. Members agreed that this funding could regenerate town centres, and stated that residents do like to shop online but also desire a nice town centre. Members also made reference to the popularity of shopping online but picking-up in-store. Members also discussed the amount of work that will need to be undertaken to convince government local government are the

best recipients of a e-commerce levy.

- Members also stated that the sector needs to think carefully and agreed that this work will be challenging; 'over shooting' will have an detrimental effect on e-commerce and therefore a long-term, detrimental effect on shops and highstreets.
- Members agreed to the research proposal laid out in paragraph 15 of the report, and made reference to the possibility of local government retaining some or all of VAT.
- Members also agreed that new e-commerce start-ups need to be provided with support by government.
- Members discussed the wider tax system, and how in any devolution deal, a equal distribution mechanism is key. Member also discussed skills, the devolution framework and how he effect of any devolution deals in some areas will impact other areas.

Actions

- Members agreed to the research suggested in paragraph 15.
- Members noted the update.

82 Productive People; Supporting and Developing the Local Government Workforce - Update on Development of the Strategy

The Chair invited Naomi Cooke, Head of Workforce, and Cllr Taylor, Diversity and Equalities Champion for the Resources Board, to introduce the item.

Cllr Taylor discussed a recent update she had with LGA officers. In regards to the strategy, the following steps were discussed:

- Carrying out research ;
- A half-day event to be held at the LGA to gather best practice on diversity in the sector.
- Constant review of campaign activity; and
- The release of some sort of publication, in order to promote best practice in tackling diversity in local government.
- Cllr Taylor also made reference to the Gender Pay-gap.
- The recent senior staff survey; Cllr Taylor stated that ethnic diversity is pitiful within the sector.
- Cllr Taylor also stated that the strategy also aims to engage with trade unions.

Following the update from Cllr Taylor, members made the following comments:

- Members made reference to vacancy rates, and how this is a cost saving exercise in local government.

Actions

- Members noted the update.
- Members agreed for the Chair to sign off and be the face off the publication going forward.

83 EU Funding and Successor Arrangements

The Chair invited Paul Green, Adviser, to introduce the item.

Paul stated that the report provides an update for members on LGA work to ensure councils continue to receive EU funding during the current funding period of 2014-2020, amid Brexit negotiations uncertainties. Paul also stated that successor arrangements are in place and co-designed with local areas once the UK exits the EU. Paul concluded that the UK Shared Prosperity Fund (UKSPF) Consultation is due to be published late December 2018, but this is still unclear, given all of the uncertainties.

- Members agreed that government committing to funding is a critical issue.
- Members discussed the devolution agenda and the strong steer on to meet Industrial Strategy targets, including publishing a Local Industrial Strategy. Members stated that this work all ties in together, and that social mobility is key to ensure the devolution agenda is a success.
- Members discussed the skills shortages, and how the local government sector has been raising this with central government for numerous years. Members stated that sorting this needs to be prioritised and that the UK government should not be blaming the EU.
- The Chair concluded that as much devolution needs to be implemented as possible to allow effective and efficient spending in local areas.

Action

- Members noted the update.

84 Universal Credit (to be sent out as a supplemental agenda item)

The Chair invited Rose Doran, Senior Adviser, to introduce the item.

Rose updated members on the recent developments on Universal Credit (UC), and made particular reference to the correspondence between Mark Lloyd, Chief Executive of the LGA, and Neil Couling, Director General of UC.

Rose stated that the LGA has set out key concerns to the Department of Work and Pensions (DWP), whose response was to talk to the Citizens Advice Bureau (CAB). Engagement with the CAB has been positive, with an oversight strategy being shared between the LGA, CAB and DWP at a national level. Rose confirmed that the timescale from the CAB on the new UC service is now December 2019. Rose concluded that the local government sector has much anxiety, particularly as practical systems are being organised in a very short space of time.

Rose concluded that the on-going conversations are largely operational focused, and that a meeting between Mark Lloyd and Neil Couling is yet to be confirmed.

The Chair thanked Rose for the update and welcomed members to comment:

- Members raised concerns over CAB capacity, and gave good working examples of CAB outsourcing to the Job Centre Plus.
- Members raised serious concerns on the impartiality of the CAB; there seems to be a gagging clause that ensures the CAB cannot criticise to the roll out of UC.
- Members also discussed the managed migration system rollout, and how this will be extremely slow. Rose stated that the managed migration have been tested from January to July with one or two different councils. This will give the LGA an opportunity to influence the managed migration system.
- Members discussed the cumulative costs and impacts of UC, including the rise in evictions and use of temporary accommodation, which puts significant pressure on both councils to aid residents who can't manage their finances. This in-turn increases the use of food banks, for examples.
- Members discussed how confident the LGA are over influencing the decisions to change this. Rose stated that we can't be confident, as the LGA have pressed hard and made little leeway. Rose confirmed to members that we need to keep lobbying.

Action

- Members noted the update.

85 Letter from Neil Couling, Director General, UC to Mark Lloyd, LGA

86 Email correspondence between Mark Lloyd and Neil Couling

87 Letter from the Chair, Rt Hon Frank Field MP

88 Letter from the Chair, Cllr Richard Watts

89 Local Government Mutual Update

The Chair invited James Alexander, Lead Adviser, to introduce the item.

James stated that the relationship between the LGA and LG Mutual has now changed, and with the LGA no-longer being the sole owner. The LG Mutual is now owned by both the LGA and nine founding members (or co-owners).

James made reference to paragraph six – nine (the councils who have dropped out of being a Founding Member), along with authorities that have been accepted. James confirmed that different types of councils are being represented within the pool of Founding Members. This means the mutual will be providing cover to councils from April 2019.

James encouraged members of the Resources Board to look into signing

up their own councils to the mutual on a non-commit all basis, in order to gather data into costs.

James concluded that the Leadership Board now holds responsibility to the Mutual due to change of ownership, and that the Resources Board no longer will receive regular updates.

The Chair invited members to comment:

- Members discussed the LGA's insurance. Sarah Pickup stated that a report to the Leadership Board alongside a quote will be submitted in due course.
- Members requested more information on where the periodic reports for the Mutual are being fed into? James Alexander stated that this is all under consideration, including using the Founding Members to sense check all reports. Sarah Pickup also stated that accountability of the LGA will now fall under the new LGA Unlimited Board, along with the Commercial Advisory Board.

The Chair concluded with praising officers for all their hard work, and encouraged members of the Resources Board to enquire regarding cover for the Mutual.

Action

- Members noted the report.

90 Note of last Resources Board meeting

Members agreed to the notes of the previous Resources Board, which took place on 9 September 2018.

Cllr Fillis asked the last agenda be rectified to reflect his attendance.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Richard Watts	Islington Council
Vice-Chairman		
Deputy-chairman	Cllr Claire Hudson Cllr Gillian Corr	Mendip District Council Stockton-on-Tees Borough Council
Members	Cllr Hilary Carrick Cllr David Harvey Cllr Roger Phillips Cllr Byron Rhodes Cllr Richard Wenham Cllr Peter Kelly Cllr Peter Marland Cllr Sue Murphy CBE Cllr Sharon Taylor OBE Cllr Adam Paynter	Cumbria County Council Westminster City Council Herefordshire Council Leicestershire County Council Central Bedfordshire Council Preston City Council Milton Keynes Council Manchester City Council Stevenage Borough Council Cornwall Council

Apologies

Cllr John Fuller
Cllr Philip Atkins
Cllr David Finch
Cllr Tom Beattie
Cllr Sian Timoney

South Norfolk District Council
Staffordshire County Council
Essex County Council
Corby Borough Council
Luton Borough Council

In Attendance

LGA Officers