



**Government**  
Association

# Resources Board

Agenda

Thursday, 22 November 2018  
12.00 pm

Westminster Room, 8th Floor, 18 Smith  
Square, London, SW1P 3HZ

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Resources Board  
22 November 2018

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There will be a meeting of the Resources Board at **12.00 pm on Thursday, 22 November 2018**  
Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ.

A sandwich lunch will be available at 11.45 am.

**Attendance Sheet:**

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

**Political Group meetings:**

The group meetings will take place in advance of the meeting. Please contact your political group as outlined below for further details.

**Apologies:**

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

<b>Conservative:</b>	Group Office: 020 7664 3223	email: <a href="mailto:lgaconservatives@local.gov.uk">lgaconservatives@local.gov.uk</a>
<b>Labour:</b>	Group Office: 020 7664 3263	email: <a href="mailto:Lewis.addlington-lee@local.gov.uk">Lewis.addlington-lee@local.gov.uk</a>
<b>Liberal Democrat:</b>	Group Office: 020 7664 3235	email: <a href="mailto:libdem@local.gov.uk">libdem@local.gov.uk</a>
<b>Independent:</b>	Group Office: 020 7664 3224	email: <a href="mailto:independent.grouplga@local.gov.uk">independent.grouplga@local.gov.uk</a>

**Location:**

A map showing the location of 18 Smith Square is printed on the back cover.

**LGA Contact:**

Benn Cain  
[benn.cain@local.gov.uk](mailto:benn.cain@local.gov.uk) / 020 7072 7420 / 07554 334 900

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As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £7.83 per hour is available to cover the cost of dependants (i.e. children, elderly people or people with disabilities) incurred as a result of attending this meeting.

## Resources Board – Membership 2018/2019

Councillor	Authority
<b>Conservative ( 8)</b>	
Cllr John Fuller (Vice Chairman)	South Norfolk District Council
Cllr Philip Atkins OBE	Staffordshire County Council
Cllr Hilary Carrick	Cumbria County Council
Cllr David Finch	Essex County Council
Cllr David Harvey	Westminster City Council
Cllr Roger Phillips	Herefordshire Council
Cllr Byron Rhodes	Leicestershire County Council
Cllr Richard Wenham	Central Bedfordshire Council
<b>Substitutes</b>	
Cllr Andrew Joy	Hampshire County Council
Cllr Andrew Leadbetter	Exeter City Council
Cllr Ian McCord	South Northamptonshire District Council
<b>Labour ( 7)</b>	
Cllr Richard Watts (Chair)	Islington Council
Cllr Tom Beattie	Corby Borough Council
Cllr Peter Kelly	Preston City Council
Cllr Peter Marland	Milton Keynes Council
Cllr Sue Murphy CBE	Manchester City Council
Cllr Sharon Taylor OBE	Stevenage Borough Council
Cllr Sian Timoney	Luton Borough Council
<b>Substitutes</b>	
Cllr John Fillis	Lancashire County Council
Cllr John Merry CBE	Salford City Council
Cllr Amanda Serjeant	Chesterfield Borough Council
<b>Liberal Democrat ( 2)</b>	
Cllr Claire Hudson (Deputy Chair)	Mendip District Council
Cllr Adam Paynter	Cornwall Council
<b>Substitutes</b>	
Cllr Simon Shaw	Sefton Metropolitan Borough Council
<b>Independent ( 1)</b>	
Cllr Gillian Corr (Deputy Chair)	Stockton-on-Tees Borough Council
<b>Substitutes</b>	
Cllr Geoff Knight	Lancaster City Council

## Resources Board - Attendance 2018-2019

	14/09/18
<b>Councillors</b>	
<b>Conservative Group</b>	
John Fuller	Yes
Philip Atkins OBE	Yes
Hilary Carrick	Yes
David Finch	Yes
David Harvey	Yes
Roger Phillips	Yes
Byron Rhodes	Yes
Richard Wenham	Yes
<b>Labour Group</b>	
Richard Watts	Yes
Tom Beattie	Yes
Peter Kelly	Yes
Peter Marland	Yes
Sue Murphy CBE	No
Sharon Taylor OBE	Yes
Sian Timoney	Yes
<b>Lib Dem Group</b>	
Claire Hudson	Yes
Adam Paynter	No
<b>Independent</b>	
Gillian Corr	No
<b>Substitutes/Observers</b>	
Amanda Serjeant	Yes

## Agenda

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### Resources Board

Thursday 22 November 2018

12.00 pm

Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

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**Date of Next Meeting:** Tuesday, 26 February 2019, 1.00 pm, Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ





## Update Reports

### Purpose of report

For information.

### Summary

Section one of the Resources Board agenda makes up the update reports, for members to note.

#### Recommendation

Members of the Resources Board are asked to note the following update papers:

1. Local Government Finance Update (found at **Appendix A**);
2. Workforce Update (found at **Appendix B**); and
3. Apprenticeships in Local Government Update (**Appendix C**).

#### Action

Officers to take forward any work in-line with member's comments and recommendations.

Paper	Contact Officer	Position	Phone No.	Email
Local Government Finance Update ( <b><u>Appendix A</u></b> )	Nicola Morton	Head of Local Government Finance	020 7664 3197	<a href="mailto:Nicola.morton@local.gov.uk">Nicola.morton@local.gov.uk</a>
Workforce Update ( <b><u>Appendix B</u></b> )	Naomi Cooke	Head of Workforce	020 7664 3299	<a href="mailto:Naomi.cooke@local.gov.uk">Naomi.cooke@local.gov.uk</a>
Apprenticeships in Local Government Update ( <b><u>Appendix C</u></b> )	Naomi Cooke	Head of Workforce	020 7664 3299	<a href="mailto:Naomi.cooke@local.gov.uk">Naomi.cooke@local.gov.uk</a>





## **Appendix A – Local Government Finance Update**

### **Purpose**

For comment.

### **Summary**

This report updates members on the Chancellor's Autumn Budget, progress of the Fair Funding Review and further Business Rates Retention, as well as other local government finance items not covered elsewhere on the agenda of the Resources Board.

### **Recommendation**

That members of Resources Board note this update.

### **Action**

Officers to proceed with delivery of the LGA work programme on matters set out in the paper as recommended by the Board.

**Contact officer:** Nicola Morton  
**Position:** Head of Local Government Finance  
**Phone no:** 020 7664 3197  
**Email:** [Nicola.morton@local.gov.uk](mailto:Nicola.morton@local.gov.uk)

## **Appendix A – Local Government Finance Update**

### **Introduction**

1. This report updates members on the Chancellor's Autumn Budget, progress of the Fair Funding Review and further Business Rates Retention, as well as other local government finance items not covered elsewhere on the agenda of the Resources Board.
2. Policy on further Business Rates Retention and the Fair Funding Review is being developed through the Task and Finish Group on Business Rates Retention and the Fair Funding Review, Leadership Board and Executive.

### **The Chancellor's 2018 Budget Autumn**

3. On Monday 29 October, the Chancellor delivered his 2018 Budget. The LGA issued an [on-the-day reaction](#), and produced a [summary of the key announcements](#) for local government. The following day the LGA published a more comprehensive [briefing, including the LGA's view of the main announcements](#).
4. The key announcements were:
  - 4.1. Confirmation that the HRA borrowing cap would be lifted as of 30 October 2018.
  - 4.2. Additional £650 million funding for adult and children's social care in 2019/20 (with more detail to follow at the local government finance settlement).
  - 4.3. Additional £55 million of Disabled Facilities' Grant funding in 2018/19.
  - 4.4. Additional £420 million of funding for local road maintenance in 2018/19.
  - 4.5. £675 million bid-based co-funding for improvement of high streets.
  - 4.6. Cutting business rates bills by one-third for retail properties with a rateable value below £51,000, for 2019/20 and 2020/21.
  - 4.7. A new levy on large, multinational digital businesses – this is covered in more detail in the fiscal devolution paper, also on today's agenda.
5. The Budget included a draft high-level plan for UK public spending from 2020/21 to 2023/24 which could form the basis of the 2019 Spending Review.
6. From 2019/20 to 2023/24, Resource Department Expenditure Limits (Resource DEL – this is the day-to-day government departmental spending, which includes revenue grants to local government) will grow at an average of 1.2 per cent, per year in real terms.
7. However, this includes the decision to increase NHS funding which has an impact on the settlements for other departments. Taking into account past decisions to protect particular departmental budgets, such as education, defence and international aid, there

is a clear need for local government to put forward a strong case ahead of the Spending Review.

8. It is also worth noting that, due to the business rates retention reforms, a significant majority of local authority income – everything funded through locally retained taxation - sits outside the Government's definition of Resource DEL. This represents an opportunity for local government to state a stronger case against further funding reductions, and also a challenge to make sure that the Government's business rates retention plans are delivered in full.
9. The timing of the Spending Review remains uncertain. However, in his evidence to the Treasury Select Committee the Chancellor said he hopes to announce the outcome at the 2019 autumn Budget.

### **Fair Funding Review**

#### Delivery of the LGA Fair Funding Review work programme

10. In November 2017 the LGA's Executive and Leadership Board agreed a LGA work programme on the Fair Funding Review. A high level update on this work programme is attached as **Annex A** and the following paragraphs provide more detail.
11. Work on [evaluation criteria](#), the [divergence of relative needs over time](#) and [relative needs and resources assessment models](#) is now complete.

#### *Transition options review*

12. As agreed at previous meetings of the LGA's Leadership Board and Executive, the LGA has commissioned a review of transition methods previously used in the distribution of funding from central government, and a model to assess the impact of different methods of moving from the current pattern of funding to the one following the Fair Funding Review and introduction of 75 per cent retention.
13. At the time of writing, the underlying Excel model was being developed for clearance with the LGA Chairman and Group Leaders. The Task and Finish Group will consider the commissioned report, which uses the Excel model for analysis, at its next meeting in December.

#### Fair Funding Review technical working group update

14. The 21 September meeting of the needs and redistribution technical working group focussed on four main topics:
  - 14.1. A paper from the County Councils Network and the Rural Services Network on the additional service costs associated with rurality;
  - 14.2. A paper from SIGOMA and the Core Cities on population concentration and the impact on costs;

- 14.3. A paper from the North East Combined Authority on the costs of concessionary travel and the potential for a specific formula for this area within the relative needs assessment;
- 14.4. A paper from MHCLG on the potential to use population projections in the relative needs formulas wherever possible, to make the assessment more future-proof. This is in line with the LGAs policy on population data to be used in the formulae.
15. This was the last meeting of the Group in 2018, with MHCLG officials now focussing on publishing the consultation and then delivering the local government finance settlement. When the technical working group reconvenes in 2019, items for consideration are likely to include:
  - 15.1. A review of the responses to the consultation, including considerations behind the choice of notional council tax level in the resources adjustment; and
  - 15.2. A more detailed consideration of various options on transition mechanisms.

#### The Government's next steps for the Fair Funding Review

16. The Government's work is building towards a wider consultation on the Fair Funding Review. Government officials have elaborated on the issues the consultation might explore as part of papers to the July 2018 officer-led Steering Group.
17. The following is subject to Ministerial decision on the scope of the consultation, including the extent to which the Government would identify preferred options at this stage.
18. On the relative needs assessment, the consultation might cover:
  - 18.1. The structure of the assessment, including options for tier-specific foundation formulas and formulas to assess specific services. The Government might express a preferred option on this.
  - 18.2. The leading cost drivers for inclusion in the above, and a description of proposed analytical techniques to weight them against one another;
  - 18.3. Commentary on the area cost adjustment.
19. On the relative resources assessment, the consultation might cover high level approaches to:
  - 19.1. Measuring the council tax base, in particular treatment of mandatory and discretionary council tax discounts. This includes local council tax support schemes;
  - 19.2. The choice of notional or actual council tax levels to be used when calculating the adjustment;
  - 19.3. Treatment of other income, such as sales, fees and charges.

20. On transition, the consultation might cover:
- 20.1. High level principles that could underpin the choices of transition mechanism, such as stability, speed, transparency and time limits;
  - 20.2. The definition and measurement of 'baseline' and 'target' between which the transition mechanism would be applied to.
21. This is in line with the LGA's work programme on the Fair Funding Review, with the core LGA work programme and meetings of the Business Rates Retention and Fair Funding Review Task and Finish Group all helping explore policy options ahead of the publication of the consultation document.
22. Once the consultation is published, officers are planning to coordinate another set of MHCLG/LGA regional consultation events. Due to the timing of the consultation and the local government finance settlement, it might be the case that there are fewer but larger events organised than the previous model of six smaller events.

### **Business Rates Retention**

#### Business Rates Retention model

23. In April Leadership Board agreed to the LGA commissioning a business rates retention model to enable the effect of possible systems design changes to be estimated. Following a tendering exercise LGFutures were commissioned to produce the model. Following demonstrations to the Business Rates Retention Task and Finish Group on 12 September, the Chairman and Group Leaders signed off the model which is now on the [LGA website](#). A bulletin was sent out to Chief Finance Officers alerting them to this and an item was included in the weekly bulletins which go to Chief Executives and Leaders.

#### 2019/20 pilots

24. The prospectus inviting areas to bid to become a 75 per cent further business rates retention pilot closed on 25 September 2018. The five 2017/18 devolution pilots will continue at 100 per cent in 2019/20 and there will be separate discussions covering London. Non-London 2018/19 pilots had to reapply if they wish to be a pilot in 2019/20. Unlike in 2017/18 and 2018/19 there will not be a no-detriment clause. An announcement is expected at the time of the Local Government Finance Settlement on 6 December. Any updates will be given to your meeting.

#### Other business rates retention updates

25. A consultation paper on business rates retention is expected to be published at around the time of the local government finance settlement on 6 December. Officers expect the following to be covered:
- 25.1. Different options for resets, including consideration of how to balance desirable criteria such as simplicity, rewarding growth and allowing for needs. Options are expected to include partial and phased resets;

- 25.2. The future of the safety net as a 'backstop' for authorities which have lost income although the precise level is expected to be determined at a later date. Currently the safety net is 92.5 per cent of the baseline funding level for the 50 system, and 97 per cent for the 100 per cent pilots;
  - 25.3. Options for reforming the levy so that it covers what MHCLG consider to be 'excessive growth' within the system only;
  - 25.4. Discussion of tier splits, although it is likely to be a decision made later in the process
  - 25.5. How to incentivise pooling, with a more targeted levy.
  - 25.6. Criteria for property to go on the central or local lists. There is likely to be a consultation on the central and local lists, with respondents being given a chance to identify hereditaments which they think should change lists under the proposed criteria.
26. It is also expected that an alternative further business rates retention system will be included in the consultation document. Briefly:
- 26.1. there would be separate calculations of (i) the amount of business rates that authorities would need to retain in order to match the assessment of their relative needs and (ii) the amount of business rates they would retain as a result of growth or any decline in the system.
  - 26.2. These would feed into a single tariff/top-up which, when added or subtracted from an authority's share of non-domestic rating income in that year, would mean that their retained business rates were equal to their assessment of need plus any growth or decline.
  - 26.3. The Government believe this would enable the impact of appeals and provisions to be stripped out ensuring that the benefits of growth are not reduced by larger than anticipated appeals or misjudgements about the level of provisions. This would be an alternative to the previous proposal for 'nationalising' appeal risk which MHCLG do not believe it is possible to achieve without great complexity.
27. The proposal has been discussed by two joint meetings of the Systems Design Working Group and Implementation Working Group and also by the Business Rates Steering Group. It has also been discussed by the LGA's Task and Finish Group on Business Rates Retention and the Fair Funding Review. Their reaction was that alternative approach is worthy of further investigation. This includes:
- 27.1. How it can be explained more simply;
  - 27.2. Ensuring that how the system is operated is transparent including how it compensates for appeals, and the level of business rates and growth kept locally and nationally;
  - 27.3. Modelling to demonstrate it can achieve the above without unintended consequences.



**Other matters**

28. On 14 November at the National Children's and Adult Services Conference, the LGA published [its reaction to the responses received to the LGA's Green Paper on the future of adult social care and wellbeing](#).
29. The key recommendations related to financial issues include:
- 29.1. The Government should fund in full the £3.56 billion funding gap facing adult social care by 2024/25 to allow current services to continue.
  - 29.2. The Government must work with local authorities to agree a clear figure for the cost of unmet and under-met adult social care need in time to feed into 2019 Spending Review discussions.
  - 29.3. The Government should prioritise investment in prevention, community and primary health services within the £20.5 billion additional expenditure for the NHS.
  - 29.4. Where additional funding is invested in adult social care, this should be made available with as few conditions as possible so local areas have discretion to prioritise the most pressing local issues.
  - 29.5. The £600 million cut to the public health grant since 2015 should be reversed.
  - 29.6. In consulting on the shape of, and sustainable funding for, social care through its green paper, the Government should make the case for increases in Income Tax and/or National Insurance and/or a social care premium.
30. In October MHCLG published the [report](#) of the independent review of the governance and processes which underpin the oversight of the business rates system carried out by Andrew Hudson. The review was published following the error in calculating the S31 grant for pilot authorities earlier this year. The review included recommendations that the final local government finance settlement should be published no later than 31 January and that the provisional settlement should be published by about 5 December. MHCLG has announced that the provisional settlement for 2019/20 will be published on 6 December 2018.
31. The Government has published its [response](#) to the consultation on mitigating the impact of fair value movements in pooled investment funds and draft regulations; the last meeting of Resources Board approved the LGA's submission to the consultation. There were an exceptionally high number of responses to the consultation, showing that this is an issue for the sector. The Government has announced that it will implement the statutory override for at least five years and will then review further, which is a good outcome for the sector.
32. Following the implementation in April of the new prudential framework for capital finance and MHCLG's updated statutory guidance for local authority investments, Cipfa has published [a statement](#) on borrowing in advance of need and investments in commercial properties. In this statement Cipfa has signalled their intent to issue further guidance to

clarify whether certain investment approaches identified are consistent with the requirements of fiscal sustainability, prudence and affordability.

33. Following the success of this year's conference in January, the date for the next LGA annual Local Government Finance Conference has been confirmed. It will be held on Tuesday 9 January 2019 at 18 Smith Square. The focus of the conference will be the 2019 Spending Review, the Fair Funding Review and further Business Rates Retention.

#### **Implications for Wales**

34. There are no direct implications for Wales arising from business rates retention, the Fair Funding Review, the Cipfa statement on investments and the IFRS statutory override as these are for England only. We will liaise with the Welsh LGA over the 2019 Spending Review. The distribution of funding to Welsh local authorities is a devolved matter in Wales.

#### **Financial implications**

35. Members of Leadership Board have previously approved spending of LGA reserves on the LGA work programme on the Fair Funding Review and commissioning of a Business Rates Retention model.
36. Other work outlined in the paper above is part of the LGA's core programme of work and as such has been budgeted for in the 2018/19 budget.

## Annex A – High-level Progress Update on the LGA Fair Funding Review and Business Rates Retention Work Programme

Project	Purpose and description	Quick update
<b>Criteria for assessing proposed distribution models and methodologies</b>	To give the LGA a structured and consistent way to assess new distribution models.	<a href="#">Complete</a>
<b>Formula grant: update the data</b>	<p>Update the data in the current distribution model (where updated data is available) to see the impact of this on individual allocations separate to any methodology changes. In effect this would provide an updated baseline to inform a discussion on how long the formulae remain 'future proof' without any review of weightings.</p> <p>To help the LGA and member authorities form policy on the data used in the formulae and the frequency of distribution resets, or other ways to 'future proof' the mechanism.</p>	<a href="#">Complete</a>
<b>Distribution model: develop a distribution model</b>	A model to allow local authorities to see the impact of different key cost drivers and differential weightings. To help the LGA and member councils evaluate the impact of various Government and stakeholder proposals on their council and to allow them to put forward their own proposals	<a href="#">Complete</a>
<b>Council tax equalisation: develop a model</b>	<p>A model to identify the impact of adjustments for council tax and council tax support on individual authorities.</p> <p>To inform LGA policy and to help individual member councils evaluate Government proposals.</p>	<a href="#">Complete</a>
<b>Damping /transition mechanisms</b>	An analysis of historic damping / transition mechanisms and a model to inform discussions on the guiding principles of transition. To inform LGA and member authorities' policy.	Suppliers appointed; work expected to be delivered in 2018.



Project	Purpose and description	Quick update
<p><b>Business Rates Retention model</b></p>	<p>A model to enable LGA and local authorities to assess the impact of system design choices in areas including:</p> <ul style="list-style-type: none"> <li>• The setting of business rates baselines;</li> <li>• The extent and frequency of business rates resets;</li> <li>• Dealing with losses due to appeals;</li> <li>• The level of the safety net and how it is funded; and</li> <li>• The split of business rates income in two-tier areas.</li> </ul>	<p><a href="#">Complete</a></p>

## **Appendix B – Workforce Update**

### **Purpose**

For information.

### **Summary**

This report sets out the key workforce policy developments that have taken place since the last Board meeting.

### **Recommendation**

That members of the Resources Board note the report.

### **Action**

As directed by members.

<b>Contact officer:</b>	Naomi Cooke
<b>Position:</b>	Head of Workforce
<b>Phone no:</b>	0207 664 3299
<b>Email:</b>	naomi.cooke@local.gov.uk

## **Appendix B – Workforce Update**

### **Pay negotiations**

#### **Local Government Services**

1. The new Local Government Services pay spine that was part of the two-year pay agreement reached earlier this year will be introduced in April 2019. The workforce team has continued to work with regional employers and other regionalised networks to support councils in taking forward the practical implications of the potential changes to pay structures.

#### **Youth & Community/Soulbury**

2. Two year agreements have reached covering Youth & Community and Soulbury negotiating groups. The agreements will apply 2% increases for both groups in each of September 2018 and September 2019. The agreement for youth workers includes an element of bottom loaded that reflects increases for lower paid Green Book employees.

#### **Firefighters**

3. For firefighters two per cent has been agreed as an interim increase from July 2018 while negotiations continue on broadening the role of firefighters. Any agreement will be dependent on new funding from the UK government and the devolved administrations.

#### **Teachers**

4. The Department of Education (DfE) confirmed arrangements to fund teachers' pay increases (3.5 – to 1.5 per cent) above the one per cent anticipated increase and in-line with the statutory pay and conditions [document](#).
5. This decision excludes teachers' who are employed centrally by local authorities (3800 full time equivalent) the majority of which provide music services. The LGA has lobbied hard for the estimated £5.5 million funding gap to be covered by the pay grant. The Secretary of State has responded explaining that the complex nature of the funding streams makes it difficult to include in any formula and so is expecting local authorities to manage these costs.
6. The funding totalling £508 million covers a 19 month period up until March 2020. Future funding of these ongoing costs will be subject to next year's spending review.
7. Local authorities are expected to be in a position to distribute the DfE grant to maintained schools in this Autumn term as [published in the pay grant allocations](#).

#### **Foundation Living Wage**

8. The Living Wage Foundation (LWF) has just announced the increase in the 'voluntary' living wage from next April. It will increase from £8.75 to £9 an hour, an increase of 2.9

per cent. This means that it will exactly match the lowest rate within the NJC agreement when the new pay spine is introduced on 1 April. While this is positive, it does not change the long established national employers' position that the adoption of the LWF rate is a matter of local choice.

### **Greenwich settlement of term-time only employees' annual leave claim**

9. The Royal Borough of Greenwich has approved a proposal to settle claims brought by its term-time only employees, and backed by Unison and GMB, concerning the calculation of their pro-rata annual leave entitlement.
10. The council had calculated the annual leave for term-time only employees by using their working weeks (i.e. 39) as a proportion of a full-time employees total working weeks plus annual leave (i.e. 52.179). This resulted in a figure of 23.17 days. However, the term-time only employees argued that the calculation should be based on a full-time employee's working weeks only (e.g. 44.4), which results in a higher annual leave entitlement of 27.2 days.
11. The council proposes to accept the unions' settlement offer, rather than let the matter be determined by an employment tribunal, as it believes losing the case could result in a far greater liability, plus costs.
12. The settlement is expected to cost the council £3.7 million. This represents the cost of the shortfall in annual leave going back five years and three months. The revised method of calculation will be used with effect from 1 April 2018 onwards.
13. Press reports indicate that Unison is pursuing one other case against a council and investigating whether action can be taken in two others.
14. Guidance on the employment terms and conditions of term-time only employees, including in relation to the calculation of annual leave, developed by an NJC working party, is in the process of being finalised by both sides.

### **Pensions**

15. Discussions continue with Government and employee representatives via the public sector scheme advisory boards of the Teachers, Firefighters and Local Government pension schemes in respect of the funding implications of the potential employer contribution and member benefit increases from 2019. A verbal update on those discussions will be provided to the meeting.

### **Workforce Strategy Team**

#### **Direct Support to Councils**

16. During the course of this financial year we have provided direct support to approximately sixty five local authorities. This casework varies from the provision of pay and grading advice to organisational design and employee engagement. Importantly; it often requires

the team to help elected members resolve the most complex senior manager employee relations casework.

### **Modern Digital Workplaces**

17. We have produced the first two videos in a series of case studies looking at how adopting new technologies is changing the nature of work and employment in local authorities. We are also working with MHCLG to explore ways of supporting digital leadership capability for senior officers as part of the Local Digital Declaration launched at this year's LGA conference.

### **Good Practice**

18. The workforce team has provided support to both of the new unitary councils in Dorset. This support has been at an officer and elected member level. Early meetings of both shadow authorities were attended by Cllr Roger Philips and Baroness Scott, who were able to provide a member perspective on reorganisation based on their experiences at Herefordshire and Wiltshire respectively. At an officer level we provided advice on the timetable for recruiting a new top management team; advised on the design of senior management roles and competencies; and, finally on the appropriate salary for the chief executive and directors at both Councils. This enabled both local authorities to go to the external market and recruit high quality candidates through a process of open competition

### **Social Work Health Check**

19. The social work health check tool is a key element of the Standards for Employers of social workers and it should be completed annually to enable employers to assess whether the practice conditions and working environment of the social work workforce are safe, effective, caring, responsive and well-led. The new online version of the Health Check will be going out to Adult Services this month and to Children Services in December and results will be analysed by the LGA Research Team and Workforce.

### **Census of Chief Executives and Chief Officers**

20. We have just completed fieldwork the census of chief executives and chief officers. Based on a healthy return of 43 per cent, the headline findings are below.
21. The cadre of senior officers is largely white and in their 50s. The gender split is much more even than the wider workforce which is roughly three-quarters female. The majority work full-time and are members of the pension scheme.
22. A full report will be prepared in due course.



**Ethnic Origin**

<b>White</b>	82.4%
<b>Asian</b>	2.5%
<b>Black</b>	2.3%
<b>Mixed</b>	1.0%
<b>Not available</b>	11.8%
<b>Base</b>	2977

**Age**

<b>Mean</b>	50.6
<b>Median</b>	51.6
<b>Minimum</b>	27
<b>Maximum</b>	71
<b>Base</b>	2908

**Gender**

<b>Male</b>	52.7%
<b>Female</b>	46.8%
<b>No information</b>	0.2%
<b>Prefers not to say</b>	0.3%
<b>Base</b>	3125

**Membership of LGPS**

<b>In full scheme</b>	92.8%
<b>In 50/50 scheme</b>	2.0%
<b>Not in scheme</b>	5.3%
<b>Base</b>	3180

**Full time/part time**

<b>Full time</b>	94.1%
<b>Part time</b>	5.9%



## **Appendix C – Apprenticeships in Local Government Update**

### **Purpose of report**

For discussion.

### **Summary**

The Apprenticeship Levy and Public Sector Apprenticeship Target were introduced eighteen months ago as part of the government's efforts to deliver 3 million apprenticeship starts by 2020. The introduction of these policies has proved challenging for the sector, with local government collectively meeting just over a third of its contribution to the target and spending around 10 per cent of its Levy funds so far. There are ongoing reputational risks for the sector by not meeting the target and financial risks in not spending all of our Levy funds (unspent funds expire after 24 months and are returned to government). The LGA is providing a series of support programmes to help the sector improve its performance and is also lobbying government for changes to how the Levy and Target work to make it easier for employers – local authorities included – to use the Levy to provide more apprenticeship opportunities for our local residents.

### **Recommendation**

For members of the Resources Board to note the report.

### **Action**

Officers to take forward work in-line with member's steers and comments.

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## **Appendix C – Apprenticeships in Local Government Update**

### **Background**

1. As part of the government's efforts to meet their pledge of delivering 3 million apprenticeship starts by 2020, they introduced the following new policies:
  - 1.1 **The Apprenticeship Levy** – a charge of 0.5 per cent of the pay bill for any employer with a pay bill of £3 million or more, including public sector bodies. Employers pay the Levy on a month-by-month basis, with funds appearing in their Levy account one month in arrears. Payments for apprenticeship starts take the oldest funds left in the account. Funds expire after 24 months if they remain unspent (also on a month-by-month basis, with the oldest funds expiring first) and are returned to government to be spent on other priorities within the apprenticeship system.
  - 1.2 **Public Sector Apprenticeships Target** – each public sector body with a headcount of 250 or more employees is expected to meet a target for apprenticeship starts of 2.3 per cent of their headcount each year from 2017/18-2020/21 inclusive, though their performance can be averaged out the four year period. The reporting process for the first year of the Public Sector Target ended on 30 September and data will be published on 22 November 2018.
  - 1.3 **Apprenticeship Standards** – replacing the old Apprenticeship Frameworks and designed to be employer-led and more rigorous. All existing Frameworks are expected to have been replaced by standards before they are turned off in September 2020;

### **Scale of the Challenge**

2. The Apprenticeship Levy is estimated to cost local government and their maintained schools up to £600m per year. Councils will pay around £207m per year into the Levy but would need to spend up to £400m in additional costs (procurement, admin, salary etc) to unlock all of this funding.
3. Local government's share of the Public Sector Target equates to 31,500 apprenticeship starts each year in English LAs – equivalent to hiring the entire fire service each year for four years.
4. Council targets include around 12,000 starts from maintained schools as we are considered to be the employer.

### **Performance so Far**

5. From April to September 2018 all local authorities submitted their Public Sector Target reports for 17/18. The government will publish the data – including for local authorities subject to the target – on 22 November 2018. The LGA has been conducting surveys of

the sector in the meantime. Our most recent survey (Summer 2018) of the 151 upper or single tier councils (which account for more than 85 per cent of the sector's Levy spend and 90 per cent of its Public Sector Target) received 105 responses. It showed that:

- 5.1 There are at least 8,500 confirmed starts in 2017/18 and we project this will rise to 11,000 once all the data is in.
- 5.2 This is up from 6,000 starts in 2016/17 and would represent an almost doubling of our performance if our projection holds true.
- 5.3 But this means we are on course to meet less than half (around 36%) of local government's share of the Public Sector Target in the first year with no solid indications yet this will increase significantly in year two.
- 5.4 The LGA is aware of only six upper or single tier authorities that claim to have met their share of the Public Sector Target in year one: Brent, Medway, Portsmouth, Redcar & Cleveland, Rochdale and Walsall. We believe a further 12 District Councils have also met their share of the target. We expect this number to rise by the time the government publishes their data, but do not expect the number meeting their share of the target to rise above 30.
- 5.5 The majority of councils have not met their share of the Public Sector Target in for 2017/18, and – due to the target not being needs-based or reflecting the capacity of a council to deliver – many have fallen well short.
- 5.6 There is currently an imbalance between the number of starts delivered by local authorities and those delivered by maintained schools. Local Authorities are taking on four apprentices for every one apprentice taken on by maintained schools. Although there are no published figures as yet, we understand from discussions with government that Academies are doing better than maintained schools when it comes to starts, though not dramatically so. As Academies tend to be larger than maintained schools (which include a lot of small primaries) there has been greater scope to spend Levy funds on support roles. It should also be noted that the Public Sector Target did not apply to Academies in the first year due to a legislative error.
- 5.7 We don't have as consistent a picture of Levy spend, but councils (inclusive of maintained schools) have spent in the region of 5 per cent – 20 per cent of their Levy funds so far, with a median figure of 10 per cent. This increases the likelihood that funds will be lost when their expiry date comes up in 19/20.

### **Problems and barriers**

6. A number of problems and barriers have persisted in making it more difficult to access and/or utilise apprenticeship funding, including:
  - 6.1 Many **apprenticeship standards** were not developed when the Levy began. Although some of these have come on line during the first 18 months, some key standards for local government, such as social worker and the planning degree-level apprenticeship, are still not ready for delivery, and many schools standards have only recently come online. The IfA (Institute for Apprenticeships) has also turned down

proposals for a Higher-Level Teaching Assistant apprenticeship and an undergraduate pathway into teaching, despite demand from the schools sector.

- 6.2 Delivering apprenticeships is new territory for **schools** and they have taken time to show interest. A lack of approved schools standards slowed take up, though there are signs of a modest increase after teaching assistant and school business manager standards were approved. Many maintained schools don't have the resources, however, to take on an apprentice and are often sceptical about the benefits.
- 6.3 **Lack of resources** in the sector following eight years of reduced funding mean that many councils don't have the ability to properly resource their apprenticeship programmes – expected to cost in the region of £400m per year, once salaries, administration and procurement costs are taken into account.
- 6.4 The **Public Sector Target** does not reflect capacity in the sector to deliver, nor does it reflect need and demand.
- 6.5 **Procurement** processes are time consuming and produce significant delays for councils in securing apprenticeship starts.
- 6.6 The new **20 per cent Off the Job Training** requirement in apprenticeship standards is proving off putting for some middle managers who are fearful of losing staff for the equivalent of a day a week and/or don't have the resources for back-fill.
- 6.7 Issues with **providers**, including inappropriate approaches to schools and a lack of providers in place to deliver new standards.
- 6.8 **Social Care** is one area that could benefit from the opportunities offered by apprenticeships due to a number of skills gaps in the sector, particularly at intermediate and middle management levels. However, progress has been slow to date due to lack of resources to carry out necessary workforce planning and develop career pathways, in addition to the delays in the development of key standards (e.g. social worker). The LGA is currently working with the 12 LAs in the North East to map out a career pathway for social care, while individual councils are exploring opportunities to use their 10% Levy transfer to fund apprenticeships in their local care homes (e.g. both LB Bexley and Norfolk County Council have used the Levy transfer system to fund social care apprenticeships in this way).

### **Ongoing Risks**

7. There are a number of risks to both local government and the maintained schools sector as a result of the government's apprenticeships policy. These include:

#### Reputational

8. The sector on course to hit around 36 per cent of its target. There remains a real risk that while some LAs and schools will have the capacity to do more in future years, others may have already plateaued.

9. Using headcount rather than FTE provides a distorted picture of the capacity of local government and maintained schools to achieve the target (the target would have been 23,000 in 17/18 if based on FTE rather than 31,500).
10. The target is not based on the needs of the sector so even if a sustainable model of apprenticeship recruitment is achieved, it will likely be well short of the government's target.
11. Given the low-level of activity so far in maintained schools, other parts of the public sector may perform better in comparison (both the MOD, which has a long running apprenticeship scheme, and DfE have met their own 2.3 per cent targets for example).

#### Financial

12. Poor performance on starts means apprenticeship Levy funds are going unspent. Employers have 24 months to spend their Levy funds before the money reverts to government, with the oldest funds expiring first.
13. Councils (inclusive of schools) spent around 10 per cent of their Levy in year one.
14. If they continue at this pace the LGA's initial estimates suggest funds will expire in most councils from June 2019.
15. Our initial estimates also suggest that unless the percentage of Levy funds spent increases, as much as £10 million - £12 million could be lost per month from the sector from June 2019, with as much as £4 million of that from maintained schools.
16. Even if performance improves significantly and we increase spending across the sector to 70 per cent of our Levy funds by 2020/21, we would still lose around £5 million per month.

#### **Recent Policy Changes**

17. In April 2018 the government introduced Levy transfers, allowing Levy-paying employers to transfer up to 10 per cent of the funds in their Levy accounts to another employer. Levy payers were initially only allowed to transfer to one other employer.
18. In July 2018, following lobbying from the LGA and others, the government announced the restrictions on transfers would be lifted and Levy-paying employers would be allowed to transfer to as many other employers as they want to, so long as they stay within the 10 per cent cap.
19. In October 2018, the Chancellor announced that the cap on how much a Levy-paying employer could transfer would increase to 25 per cent from April 2019; that he would provide an additional £5 million for the Institute for Apprenticeships to increase the numbers of apprenticeship standards and speed up the approval process; and a review of the Apprenticeship Levy and how it would operate from 2020 onwards, which will include Ministers meeting with a range of employers and providers to consider how they are responding to the Levy.

20. Budget 2018 confirmed these policies, while also announcing that the co-investment rate for apprenticeship training (currently paid by any non-Levy paying employer wanting to access apprenticeship funding, or a Levy-paying employer that has spent all of their Levy pot and wants to do more) would be reduced to 5 per cent. Previously co-investment required a 10 per cent contribution from the employer with 90 per cent of the funding provided by the government.
21. The LGA has welcomed these policy changes and believe that these are all positive signs that the government is listening to council concerns around the need for flexibilities to ensure the Levy is genuinely effective. However, it is critical that separate announcements result in the overall apprenticeship reforms being coherent and making sense on the ground.

### **How are the LGA Supporting Councils?**

22. The LGA Apprenticeships team is managing a sector support offer for local authorities on apprenticeships, which has three main strands.

#### Main Support Offer (whole sector)

23. The LGA's main support offer is designed to provide advice and guidance, share best practice and develop toolkits for the sector via our online Knowledge Hub portal.
24. This support offer includes fortnightly webinars, the development of guidance notes on key topics (such as procurement, public sector reporting, 10% Levy transfer), supporting an event for local authority apprenticeship leads in each English region, developing the Maturity Model (a self-assessment tool for the sector to benchmark performance on and develop their apprenticeship programmes), and toolkits for the sector sharing best practice, templates and practical advice.

#### Bespoke Support Offer

25. Our bespoke support offer was launched in May 2018 and offered two days of free on-the-ground consultancy support for up to 25 large local authorities. Priority was given to those authorities that assessed themselves as 'Developing' – the second lowest rating – against any strand of the Maturity Model. After securing some additional funding, we were able to extend our support to cover all 34 local authorities that applied (See **Annex A** for a complete list of councils participating).
26. The support we are providing is covering a range of areas from targeted support on workforce development, processes and governance, to workshops to help secure senior leadership buy-in, help with communications and developing an apprenticeship offer for schools. Work with all of the participating authorities is expected to be completed by mid-January 2019.

#### Apprenticeship Accelerator Programme (AAP)

27. The Apprenticeships Accelerator Programme is an additional support offer we are delivering after securing funding from the ESFA. It is fully-funded by a government grant and is designed to help councils increase starts by taking a strategic approach to



apprenticeship planning. Five days support is offered per council, and the focus is primarily on skills mapping, workforce development, embedding apprenticeships into recruitment processes and securing senior-level buy-in. Councils are required to develop or update their multi-year apprenticeships plan as part of the support offer.

28. The support programme will be delivered in two parts. Phase One is a pilot phase where we will work with up to 25 larger councils between October and February. Recruitment of councils for this phase is underway with 17 confirmed so far (see **Annex B** for the full list). Phase One will complete in late February, followed by a full evaluation of the support offer. We then plan to launch Phase Two, supporting up to 40 LAs, in April 2019.

### **Next Steps**

29. We are calling for a number of further changes to the way the apprenticeship system works, including:
- 29.1 Using the upcoming Levy review to enable local areas to pool Levy contributions across local economies, so that employers can plan provision together more strategically for the good of the local area and residents.
  - 29.2 An extension on the two year limit (from April 2017) to spend the Levy against key standards for local authority workforces, some of which have only just been approved or are still in development.
  - 29.3 The power for local areas to use the Levy more flexibly to recognise the full costs of apprenticeship programmes and administration including on pre-apprenticeship training, so long as there is a final apprenticeship outcome.
  - 29.4 Making transparent how much Levy underspend there is and that local areas retain the Levy underspend rather than handing it over to Whitehall.
  - 29.5 Longer term, we are still calling for:
    - 29.5.1 schools to be removed from the Public Sector Target; for
    - 29.5.2 the basis of calculating the Public Sector Target to be changed from headcount to FTE;
    - 29.5.3 and for the Apprenticeship Levy to be flexed to allow for apprentice salaries to be paid out of Levy contributions.
30. Unfortunately there has so far been no appetite from the government to make any of these changes, despite other parts of the public and business sectors echoing the LGA's issues, government's position is that they believe would fundamentally alter the system they have developed.

**Annex A: Participating Councils in the LGA's Bespoke Support Programme**

- Birmingham
- Camden
- Dorset
- Dudley
- Gloucestershire
- Hackney
- Halton
- Hampshire
- Havering
- Kingston
- Lambeth
- Lancashire
- Liverpool City Region (Joint bid from all 6 LAs)
- Luton
- Newham
- Norfolk
- North Somerset
- North Yorkshire
- Oxfordshire
- Plymouth
- Rotherham
- Stockport
- Surrey
- Sutton
- Tameside
- Waltham Forest
- West Sussex
- Wigan
- Wolverhampton
- York

**Annex B: Participating Councils in the LGA's Apprenticeship Accelerator Programme**

This list is correct as of 5 November 2018:

- Birmingham
- Bolton
- Calderdale
- Derby
- Derbyshire
- Dudley
- East Sussex
- Gloucestershire
- Hertfordshire
- Lewisham
- Lincolnshire
- Liverpool City Region (Joint bid from all 6 LAs)
- Norfolk
- Oxfordshire
- Plymouth
- Rotherham
- Staffordshire
- Surrey





**Resources Board**

22 November 2018

## **Consultation on the Business Rates Treatment of Self-Catering Accommodation**

### **Purpose**

For discussion and direction

### **Summary**

This 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.

### **Recommendation**

That members advise on the lines to take in response to the questions in the consultation as set out in **Appendix A**.

### **Action**

Officers to draft a submission to be cleared by Lead Members of the Board, the Chairman and Group Leaders.

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## **Consultation on the Business rates treatment of self-catering accommodation**

### **Introduction**

1. This report summarises a [consultation](#) on the business rates treatment of self-catering accommodation published by MHCLG on 7 November. The closing date for the consultation is 16 January 2019.

### **Background**

2. Owners of second homes are generally liable for council tax, including situations where there may be some short-term letting. However when a property is used mainly for self-catering accommodation purposes ('holiday lets') it may be valued for business rates instead, as long as it is available for letting commercially for short periods totalling at least 140 days per year. If the property has a rateable value of under £12,000, it will qualify for 100 per cent small business rates relief (SBRR). For properties with a rateable value of £12,001 to £15,000, the rate of relief decreases gradually from 100 per cent to 0 per cent. Local authorities are compensated for business rates reliefs through a Section 31 grant.
3. The Government estimates that in April 2018 there were around 47,000 holiday lets in England liable for business rates; of which 96 per cent had a rateable value of £12,000 or less. The Government does not collect data on the number of holiday lets in receipt of SBRR.
4. The document states that the Government is concerned that some properties are not genuine businesses but owners may reduce their tax liability by declaring that a property is available to let but making little or no realistic effort to let it. This could include through restricting the period for which bookings can be accepted, asking for unrealistic rents or failing to market the property.
5. The Government acknowledges that the precise impact of the switch from council tax to business rates will vary between local authorities, but consider this could have a material impact on local authorities' income, and will have an impact on the Exchequer where SBRR is paid.

### **Proposals for Consultation**

6. The Government is consulting on strengthening the criteria for a holiday let to be liable for business rates. It is proposing to add the criteria adopted in Wales in 2010. For a property to qualify it will have to fulfil three criteria:
  - 6.1. In the year under consideration, the property **will be available** for letting commercially as self-catering accommodation for short periods totalling at least 140 days; (this is the current sole criterion)
  - 6.2. During the previous year, the property **was available** for letting commercially as self-catering accommodation for short periods totalling at least 140 days;

- 6.3. During the previous year, the property **was actually commercially let** for short periods totalling at least 70 days.
7. The two new proposed criteria, as well as mirroring provisions adopted in Wales in 2010, would also reflect the approach to defining holiday accommodation for corporation tax, capital gains and income tax purposes. The Government's intention would be that such criteria would take effect 12 months after the passing of the relevant amendment to legislation in order to give sufficient notice to ratepayers that will need to take into account availability and letting patterns in the previous 12 months.
  8. A new or existing property that become available as a holiday let and a property previously available as a holiday let that changes ownership, would be liable for council tax until it could satisfy all of these criteria, at which point it would become liable for business rates. However, if and when the criteria are satisfied, it would be possible to backdate the business rate bill and have council tax reimbursed in respect of the previous year.
  9. The document considers some definitions. 'Commercially' is defined as 'with a view to making a profit', that is under normal circumstances, this would mean that the property is let at market rates and actively advertised in the usual places, such as tourism and hospitality company websites. Consequently, lettings to friends or relatives at zero or nominal rents are unlikely to be covered. A 'short period' is normally understood to mean periods of a month or less, so a property that is let on a long-term basis would be liable for council tax, rather than business rates. This is because it would become a domestic property as it is someone's sole or main residence.
  10. Some properties may also be subject to planning restrictions for use as self-catering businesses; however the document goes on to say that planning and local taxation regimes operate independently of each other; a property can be classed as a self-catering property for planning purposes while being subject to council tax.
  11. The document points out that councils have discretion to give discounts to second homes and homes that are vacant, substantially unfurnished and which require or are undergoing major repair work or structural alteration. It also notes that additional flexibility may be required in the case of business owners with multiple holiday lets at the same location or within very close proximity. To assist these business owners in meeting the criteria, one option would be to allow such owners to use the average number of letting days across their properties when establishing whether the 70-day criterion is met.

### **Questions**

12. There are seven questions in the consultation, as detailed in Annex A. Members are invited to consider them and suggest a response.

### **Considerations**

13. Members may like to bear in mind the following considerations in advising on any LGA response:

- 13.1. The proposals are designed to close a loophole where some owners of self-catering accommodation state that it is available for letting but make little or no attempt to let it, thus avoiding paying both council tax and business rates. This has been raised as an example of avoidance in both parliament and in the press.
- 13.2. Local authorities are compensated for any loss in income due to business rates reliefs including small business rates relief.
- 13.3. Councils stand to gain from any additional council tax income, and New Homes Bonus, from properties which do not meet the strengthened criteria. The precise situation for any authority would depend on the rateable values of the properties and the council tax (and potential New Homes Bonus) which can be raised for any properties which no longer qualify for small business rates relief and instead pay council tax as a result of this change.
- 13.4. As for any legislative or regulatory change, this would be subject to a new burdens assessment.

#### **Implications for Wales**

14. There are no direct implications for Wales arising from this report. As the report notes, should the Government go ahead with its proposal, the situation in England would come into line with that in Wales.

#### **Financial implications**

15. The work outlined in the paper above is part of the LGA's core programme of work and as such has been budgeted for in 2017/18 and 2018/19 budgets.



## **Appendix A – Response to Questions in the Consultation**

**Consultation questions:**

**Question 1 – Do you have any views on the current criteria?**

(para 6.1)

**Question 2 – Do you have any views on the possible criteria set out above?**

(para 6.2 and 6.3)

**Question 3 – Do you have any views on how the criteria set out above could be evidenced?**

**Question 4 – Do you have any alternative suggestions that would similarly strengthen the criteria?**

**Question 5 – Do you have any views on the option of backdating business rate bills and reimbursing council tax payments?**

**Question 6 - Are there any issues regarding the administration and enforcement of the approach outlined in paragraphs 6 - 11?**

**Question 7- Do you have any other comments on the options set out above to strengthen the criteria for holiday lets to become liable for business rates rather than council tax?**





**Resources Board**

22 November 2018

**Fiscal Devolution Update**

**Purpose**

For discussion and direction.

**Summary**

This paper outlines proposed next steps to support the future development of policy related to fiscal devolution and seeks member input on the subject of an e-commerce levy.

**Recommendation**

Members of the Resources Board are asked to consider the proposed work plan set out below and comment as appropriate, with particular reference to further work on an e-commerce levy (paragraphs 11-18).

**Action**

Officers to incorporate Members' comments into the development of future work related to fiscal devolution, as described.

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## **Fiscal Devolution Update**

### **Overview**

1. The City Regions Board commissioned two pieces of research in the 2017/18 board cycle to support internal policy development and discussion related to fiscal devolution:
  - 1.1. **Fiscal devolution modelling** – the Board commissioned econometric modelling to provide members with an overview of what certain types of fiscal devolution might look like in practice.
  - 1.2. **Fiscal devolution messaging** – the Board also commissioned research to better understand public perceptions of fiscal devolution specifically and devolution generally. This research adds to the regular pieces of analysis that the LGA commissions, including polling of both residents and parliamentarians to gauge support for key policy proposals including those relating to devolution.
2. The People and Places Board and the Resources Board were kept informed of progress throughout the course of the year and all three boards have now discussed the findings of both pieces of research.
3. Following these discussions, the Chairs of the City Regions, Resources and the People and Places Boards have considered and agreed a work plan in three areas: acting on the findings of the devolution messaging report; progressing work on a tourism levy; and, exploring an e-commerce levy.

### **Acting on the Findings of the Devolution Messaging Report**

4. The findings of the devolution messaging report clearly resonated with members of all three boards. It has therefore been agreed that officers will work with Board Chairs to draft a paper that raises this subject as an issue for formal consideration by the LGA's Leadership Board.
5. This work will build on short term supportive messaging within the Spending Review campaign plan and additionally take account of any lessons or evidence from the City Regions Board's ongoing Urban Leadership work and the People and Places Board's Post-Brexit England Commission.
6. Over the coming months, one of the strands of the Spending Review campaign will be to focus on explaining to the public the breadth of council services. Subsequently we will develop a plan of campaign activity over the next six to eighteen months that seeks to further highlight to the general public the expertise that exists within local government.
7. In the longer term it has also been agreed that the LGA will give consideration to broader questions relating to the public perception of local government's culture and character, and the complexities of accommodating differential public service responsibilities across localities and institutions within a coherent national brand.



**Resources Board**

22 November 2018

**Progressing Work on the Tourism Levy**

8. There was strong interest from all three Boards in understanding in more detail how a tourism levy might work in practice. The Culture, Tourism and Sport Board has also explored this issue.
9. As the call for freedom to introduce a local tourism levy is already an established LGA lobbying position, it was proposed that any future work focuses on 'road-testing' the levy's theoretical and technical arguments within the wider context of councils' role in regulating and supporting the tourism industry. This work will also provide an opportunity to consider the extent to which Business Improvement Districts provide an effective vehicle to introducing a tourism levy within an area.
10. It was therefore agreed by the Board Chairs that the Culture, Tourism and Sport Board would be commissioned to take forward this work with the three other boards kept updated on progress.

**Exploring an e-Commerce Levy**

11. It has been recognised by members of Resources Board, the LGA's membership more widely, as well as various commentators that the current business rates mechanism does not provide for a fair burden of taxation for different types of business activity, in particular in terms of businesses with physical high street premises and businesses operating through a predominantly digital footprint.
12. As a result, both the City Regions Board and the Resources Board expressed interest in exploring the design and potential benefits of an e-commerce levy as a way to balance against business rates chargeable on traditional, physical premises.
13. In addition, the Environment, Economy, Housing and Transport Board has policy responsibility for town high streets, resulting in a particular interest in this issue.
14. Subject to consideration regarding resource availability, the Board Chairs suggested that the Resources Board should take this work forward with other relevant Boards (City Regions, People and Places and Environment, Economy, Housing and Transport) kept updated on progress.
15. This programme of work is likely to involve a significant amount of technical detail and analysis. **It is therefore proposed that, as a first step, a research specification is drafted for consideration by Lead Members of all four Boards**, with a view to commissioning external research in support of future lobbying activity. The timing of this work will need to be considered alongside existing commitments.

**Budget announcements**

16. On 29 November, the Chancellor announced that from April 2020, the Government will introduce a new 2 per cent tax on the revenues of certain digital businesses to ensure that the amount of tax paid in the UK is reflective of the value they derive from their UK users.

17. The LGA has called for measures to be taken on retailers who may not pay business rates on retail premises and we welcomed this as a first step. However, we believe a portion of the money raised from this measure should be used to fund local services and, in turn, are of the view that more needs to be done to develop the detail of how such a levy might benefit public services and local retail economies in practice.
18. However, this tax is aimed at a very narrow set of multinational digital businesses with a minimum UK-linked turnover of £500 million, and is set to bring the Exchequer approximately £400 million per year. While a welcome first step in rebalancing the tax burden, this stops short of the sort of e-commerce levy that the Boards have expressed an interest in.

### **Next Steps**

19. Members of the Resources Board are asked to consider the proposed work plan set out below and comment as appropriate, with particular reference to further work on an e-commerce levy (paragraphs 11-18).
20. Officers will incorporate Members' comments into the development of future work related to fiscal devolution, as described.

### **Implications for Wales**

21. There are no direct implications for Wales arising from this report. The Welsh LGA would lobby the Welsh Government regarding associated matters.

### **Financial implications**

22. Where possible this work will be covered by the 2018/19 budget but the use of LGA reserves, subject to agreement by the LGA Leadership Board and Executive, might be required depending on the extent of the work programme regarding the e-commerce levy and the timing of this work.



**Resources Board**

22 November 2018

## **Productive People – Supporting and Developing the Local Government Workforce; Update on Development of the Strategy**

### **Purpose**

For information and final approval.

### **Summary**

This report notes that the LGA's national workforce strategy Productive People has been signed-off by senior officers and prepared for publication. Members are asked note the content of the strategy (which is attached as an annex) and to give final approval for publication.

### **Recommendation**

That the LGA Resources Board note the report and endorse publication of the strategy.

### **Action**

As directed by members.

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## **Productive People – Supporting and Developing the Local Government Workforce; Update on Development of the Strategy**

### **Background**

1. Early in 2018, the LGA committed to identifying the key national pay and workforce strategic priorities for local government, having last produced a strategy some eight years ago. In order to develop the new priorities we undertook an extensive on-line consultation exercise under the banner *Great People for Growing Places*. We also reviewed our available workforce data and had extensive conversations with Government, professional organisations and senior officers. The key principles in *Great People for Growing Places* were discussed and approved by Board members at the time
2. We have now prepared a document on the strategic priorities for the local government workforce entitled *Productive People - Supporting and Developing the Local Government Workforce* (**Appendix A**).
3. The document includes an agreed national vision for the workforce over the next ten years, a series of five key routes for delivery of that vision, a set of immediate priorities for action and a summary of help and support that the LGA is either already providing or is committed to.

### **The Overall Vision**

4. The national vision aims for a workforce that is:
  - 4.1 **productive** – affordable, effective, efficient, motivated, flexible and able to thrive in the digital world;
  - 4.2 **joined-up and collaborative** – working in adaptable structures and teams that are properly integrated across all the different organisations providing services on a partnership basis;
  - 4.3 **involved in co-designing and co-creating user-focused services** – so that the ideas and experience of the people most involved in services day to day can be fully utilised in ensuring that their work is focused on what users really need within budget constraints;
  - 4.4 **truly valued and respected** – supported throughout the stages of life and career and able to enjoy good quality benefits as well as fair pay; and
  - 4.5 **diverse** – reflecting the communities it serves and making use of all the talent in those communities.

### **Priorities for future work**



5. As well as the overall vision the strategy includes five key routes for delivery of shared aims:
  - 5.1 **great leadership** that is visionary, ambitious and effective and the development of leadership skills at all levels;
  - 5.2 **organisational change and development** that is focused on people, their wellbeing and resilience;
  - 5.3 **skills development** that is truly innovative and focused on combining organisational and individual needs;
  - 5.4 **improved recruitment and retention** outcomes based on proper planning and use of best practice techniques; and
  - 5.5 **pay and reward** systems that attracts and retains talent, motivating and helping people throughout their careers
6. Much of the document involves a detailed outline of the priorities for immediate action that were identified under each of the five delivery routes as a result of our consultation and research. The LGA's current and developing support offer is also outlined.

### **Immediate Actions**

7. Each one of these priorities is a challenge, though they are familiar and considerable efforts have been put into them already. The sector needs to take stock of what to do next and we will continue to report on the issues. The immediate step for us will be to publish a report setting out the strategic vision and priorities, with recommendations for councils and action commitments for the LGA. We will follow this with updates on our work programme in the coming months.

### **Implications for Wales**

8. Steps are being taken to ensure that Welsh authorities are able to benefit from our strategic work priorities through discussions with the WLGA.

### **Financial Implications**

9. The outlined activities are within the work programme and therefore have been budgeted for.

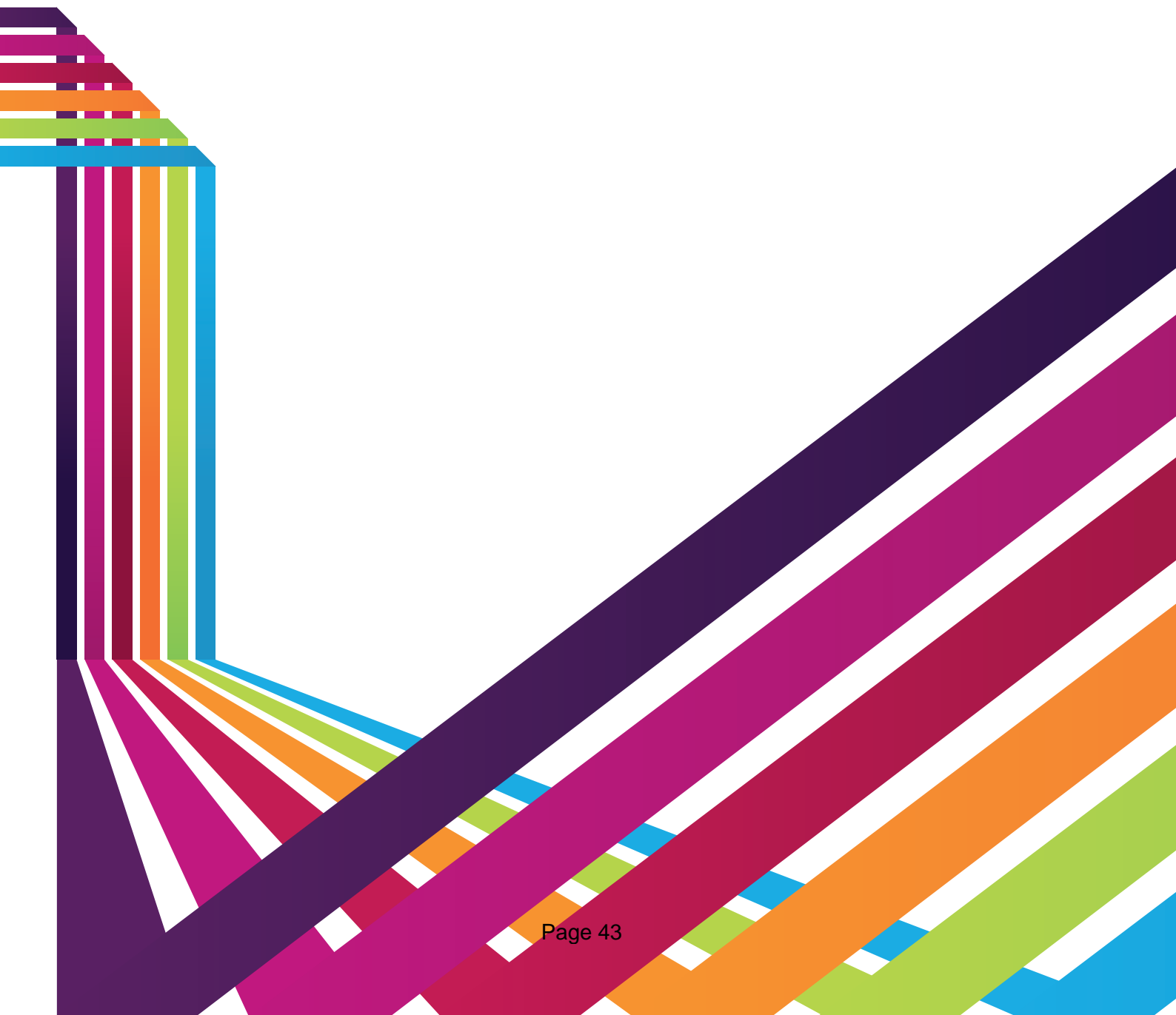
### **Next Steps**

10. Members are asked to note the report and endorse publication. Officers will continue to update the Board and discuss priorities over the coming meeting cycle.



# PRODUCTIVE PEOPLE

SUPPORTING AND DEVELOPING THE  
LOCAL GOVERNMENT WORKFORCE





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# INTRODUCTION

Early in 2018, the Local Government Association (LGA) committed to a refreshed approach for the national strategic pay and workforce priorities for local government, having last produced a strategy some eight years ago. In order to develop the new priorities we undertook an extensive online consultation under the banner ‘Great People for Growing Places’.<sup>1</sup> We reviewed our available workforce data and talked to government, professional organisations and senior officers. The consultation is covered in more detail from page x.

Our new shared vision for the workforce local government needs to develop over the next decade is now available. Every council has its own unique challenges and priorities, but an agreed national vision helps us to carry out our work on behalf of the sector and helps us all refine our strategic thinking.

To ensure the strategy’s continued relevancy we’ve taken into account the most pressing issues for councils today; financial pressure, demographic change, technological change, increased demand, changing expectations and Brexit. However, most people recognise that the real measure of success is being able to recruit and retain a workforce with the right skills, that is productive and motivated, and this is best achieved if people enjoy their work, are well trained and supported, understand what is expected of them and what they can expect from their work.

As we increasingly work in partnership we are determined that our new priorities are fit for purpose, making links with the health and social care workforce plans being developed by the NHS and Department of Health and Social Care (DHSC). We will engage with issues raised in response to the LGA’s own Adult Social Care Green Paper: ‘The lives we want to lead’<sup>2</sup>. And as our people are intrinsically part of our communities we will connect to the vision for local skills and economic growth through our Work Local campaign<sup>3</sup>.

This report does not discuss the issue of workforce planning. It is vital of course that councils work together and with partners to understand the demand for services and consequent future workforce numbers and skills supply needs that they have. The strategic priorities discussed here, however, are about how local government can get the best from its most important asset: its people.

## THE NATIONAL VISION FOR THE WORKFORCE AND KEY DELIVERY ROUTES

In setting out the national vision, we recognise that every council and combined authority values what makes their place different; their special circumstances and their unique approaches. These qualities are reflected in their workforce and the challenges they face.

1 <https://www.local.gov.uk/our-support/workforce-and-hr-support/great-people-growing-places-working-together-future-local>

2 <https://www.local.gov.uk/lives-we-want-lead-lga-green-paper-adult-social-care>

3 <https://www.local.gov.uk/topics/employment-and-skills/work-local>

However, whatever the local circumstances, we believe that every organisation is striving for a workforce that is:

**PRODUCTIVE** – AFFORDABLE, EFFECTIVE, EFFICIENT, MOTIVATED, FLEXIBLE AND ABLE TO THRIVE IN A DEVELOPING DIGITAL WORLD

**JOINED-UP AND COLLABORATIVE** – WORKING IN ADAPTABLE STRUCTURES AND TEAMS THAT ARE PROPERLY INTEGRATED ACROSS ALL THE DIFFERENT ORGANISATIONS PROVIDING SERVICES ON A PARTNERSHIP BASIS

**INVOLVED IN CO-DESIGNING AND CO-CREATING USER-FOCUSED SERVICES** – SO THAT THE IDEAS AND EXPERIENCE OF THE PEOPLE MOST INVOLVED IN SERVICES DAY TO DAY CAN BE FULLY UTILISED IN ENSURING THAT THEIR WORK IS FOCUSED ON WHAT USERS REALLY NEED WITHIN BUDGET CONSTRAINTS

**TRULY VALUED AND RESPECTED** – SUPPORTED THROUGHOUT THE STAGES OF LIFE AND CAREER AND ABLE TO ENJOY GOOD QUALITY BENEFITS AS WELL AS FAIR PAY

**DIVERSE** – REFLECTING THE COMMUNITIES IT SERVES AND MAKING USE OF ALL THE TALENT IN THOSE COMMUNITIES.

To help achieve and sustain this shared vision we recommend that all councils and their partners take steps to ensure that it is incorporated into their own local vision and an action plan developed over the next year.

We will commit to a programme of support, together with the Ministry of Housing, Communities and Local Government (MHCLG), that underpins our improvement work.

Although the vision is a list of positive attributes, it will be challenging to find ways to resource and guarantee the real, sustainable achievement of these aims. For example, having both affordability and fair pay involves trade-offs between competing priorities. True involvement in co-design and the creation of services, involving users, deliverers and managers, is demanding and needs to be properly organised.

To achieve the national shared vision, we believe that local government needs to focus on five key delivery routes designed to bring out the positive workforce attributes we have identified:

**GREAT LEADERSHIP** THAT IS VISIONARY, AMBITIOUS AND EFFECTIVE: BUILDING FOR THE FUTURE THROUGH THE DEVELOPMENT OF LEADERSHIP SKILLS AT ALL LEVELS

**ORGANISATIONAL CHANGE AND DEVELOPMENT** THAT IS FOCUSED ON PEOPLE, THEIR WELLBEING AND RESILIENCE

**SKILLS DEVELOPMENT** THAT IS TRULY INNOVATIVE AND FOCUSED ON COMBINING ORGANISATIONAL AND INDIVIDUAL NEEDS

**IMPROVED RECRUITMENT AND RETENTION** OUTCOMES BASED ON PROPER PLANNING AND USE OF BEST PRACTICE TECHNIQUES

**PAY AND REWARD** SYSTEMS THAT ATTRACT AND RETAIN TALENT, MOTIVATING AND HELPING PEOPLE THROUGHOUT THEIR CAREERS TO DELIVER WORLD CLASS PUBLIC SERVICES.

We recognise that a ‘one-size-fits-all’ approach to a workforce strategy won’t work but what we can do at a national level is help to refine strategic thinking and work with others to ensure that ideas, approaches and tools are shared, helping to enhance approaches to workforce development.

# CONTEXT

The vision and delivery routes for the local government workforce are based on an assessment of the challenges facing councils as well as available data on the current state of the workforce and responses to our consultation.

With the combined challenges of Brexit and the drive to improve productivity at minimal cost, there is a continued need to reshape and remodel our public services. From Cornwall to Carlisle, local government staff are working with their local communities to deliver the services that matter to them. The sector is already thinking differently about the provision of public services and the need to address the critical challenges, to ensure public services are fit to secure the best possible future for the people of this country.

Local government needs a sufficient, suitably skilled, well-motivated and engaged workforce to continue its work through challenging times. The challenge is considerable with a workforce some 1.5 million strong, with 800 distinct occupations and a pay bill of around £22 billion a year.

## THE IMPACT OF ECONOMIC AND SOCIAL CHANGE INCLUDING BREXIT

The Brexit agenda serves in some ways to highlight longer term issues in our economy and society around skills and productivity. The workforce must be robust and resilient enough to deal with this new climate. Organisations have already been making profound cultural changes but even deeper change is needed to ensure that the workforce is ready to meet the future.

It is clear that Brexit will bring specific risks as well as opportunities to different localities and there must be continued work to understand

the detail and impact of this. In terms of the local government workforce, one key concern emerging is the recruitment of key specialist staff such as social workers, where there are already recruitment issues irrespective of Brexit.

Over the next 7 years local government faces a funding gap of £7.4 billion. Changes to the financing structure of local government and further uncertainty over social care funding, as well as the impact – both the risks and opportunities – of Brexit on the labour market, combine to make strategic planning and managing risks crucial. There is also a sustained drive to bring in service integration and partnership working under various umbrella policies; plus the implications of devolution. With all this pressure, it is clear that public services will continue to transform.

The world of work is changing as well. Just a few of the things we are already seeing are:

- demographic change, such as shifts in age and ethnicity profiles
- increases to the state pension age
- evolving consumer needs, including on-demand services and gig economy models
- a workforce that will contain multiple generations from Generation Z to those in their 60s, with different needs and expectations
- changing technologies, digital services and automation/robotics.

From these shifts, we can anticipate:

- changing work environments
- changing jobs
- changes to job opportunities due to a greater use of technology



- cross-disciplinary skills changing professional lives
- growing desire for a better work/life balance
- income uncertainty
- a more commercial, income generating approach taken by councils.

## IMPROVING PRODUCTIVITY

Although there have been significant efficiency gains over the last decade and more, there is an urgent need to improve business efficiency and therefore productivity even further. Productivity has emerged as a key issue from our discussions with local leaders. There are of course many approaches to improving productivity, including technology and restructuring basic tasks to add greater value. Undoubtedly, reducing employment costs will always be a factor. However, it will be important to focus on making sure people feel more engaged by addressing issues of wellbeing and personal development, as well as making the right investments in technology and processes.

Generally, innovations will only succeed if people are equipped to make use of them. Improved internal communications, effective sickness absence management and promotion of a proper work/life balance are the next most important contributors to productivity beyond development of leadership and management. Training and development of non-managers, proper team-based working and improved recruitment and retention are also regarded as effective in boosting performance and productivity. Good relationships with trade unions and robust inclusion and equality policies are also important in building the positive workplace environment that maximises effective delivery.

## WORKFORCE DATA

We made reference to the information gathered by the LGA's annual workforce survey over the last ten years or so in the 'Great People for Growing Places' consultation document. This survey will continue to be a key part of our advice and support offer and will inform national policy discussions. We recommend that the survey is used for benchmarking purposes to inform local discussions as well.

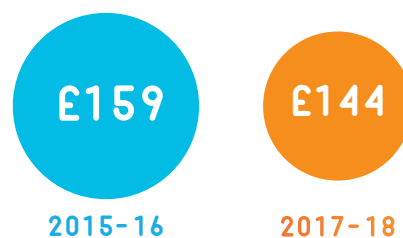
The latest survey covers the year 2016/17 and continues to show that, even allowing for sample differences, the key indicators remain fairly consistent with the picture over the last ten years or so. This suggests that the challenges we have identified remain.

Average **spending on training and development** for employees in respondent councils is lower than for last year's survey although the sample may affect this; what is clear is that no significant increase in expenditure has been contemplated recently, although around half of councils do intend to maintain current levels of spending.

The median gross training expenditure per full time equivalent employee was £144 and just over half (51 per cent) planned to maintain current levels of spending during 2017/18.

In 2015/16, median expenditure was £159.

### MEDIAN GROSS TRAINING EXPENDITURE PER FULL TIME EQUIVALENT EMPLOYEE



Average **vacancy rates** appear to have risen in the last year but there is **little change in turnover**. It is possible that vacancy rates reflect the availability of jobs in other sectors, especially as the survey shows that recruitment and retention difficulties remain high. Market supplements and targeted recruitment campaigns are the most common responses to difficulties. Turnover was lower in 2009/10.

- In 2016/17 there was a median average labour turnover rate of 13.4 per cent and a median average vacancy rate of 8.9 per cent.
- In 2015/16 there was a median average labour turnover rate of 13.2 per cent and a median average vacancy rate of 5.4 per cent.
- Comparable figures are available for 2009/10 which show a turnover rate of 10 percent and a vacancy rate of 8 per cent.
- Three quarters of councils (74 per cent) said their council was experiencing recruitment and retention difficulties in 2016/17. In 2015/16, the figure was 71 per cent. In 2009/10, the overall figure was lower at 52 per cent.

The survey looks regularly at **diversity in leadership** by examining the characteristics of top earners. There has been an apparent increase in the percentage of women in the top five percent of earners – mainly in single and upper tier councils. There is no appreciable change in percentage of people who are black, Asian or from other minority groups and people with disabilities in these top posts.



There has been a marginal reduction in the percentage of **potential working days lost to sickness absence** since 2015/16, although the more straightforward measure of average days lost per FTE employee has remained about the same. Figures for 2011/12 were about the same as the most recent ones.

- On average, 4.3 per cent of days were lost due to sickness and 8.7 days per FTE employee. In 2015/16, 4.9 per cent of days were lost due to sickness and 8.8 days per FTE employee.
- The earliest available comparable figures are for 2011/12 when on average 4.2 per cent of days were lost, 8.4 days per FTE employee.
- The most common cause of sickness absence in 2016/17 was 'stress, depression, anxiety, mental health and fatigue' (28.9 per cent of days lost).

In 2016/17 on average 48.8 per cent of the top five per cent of earners were women, 3.7 per cent were black, Asian or from other minority ethnic (BAME) groups and 2.5 per cent had a disability.

In 2015/16 on average 45.4 per cent of the top five per cent of earners were women, 4.2 per cent were from BAME groups and 3.1 per cent had a disability.

In 2009/10 an average of 40 per cent of the top five per cent of earners in councils were women, an average of 2 per cent came from BAME groups and an average of 3 per cent had a disability.

# PRIORITIES FOR ACTION

Our consultation exercise, conversations and review of workforce data have produced a set of immediate priorities for action which we believe will help local government continue its work on each of the five delivery routes and thereby make progress towards achieving the national vision.

## DELIVERY ROUTE 1

**Great leadership** that is visionary, ambitious and effective; building for the future through the development of leadership skills at all levels.

We have found that:

- an ageing workforce, the rise of digital economies and technological advances, together with continued funding pressures on public services, pose a new set of challenges for 21st century leaders and managers
- as part of their approach to developing skills and capacity across the whole workforce, employers need to ensure that staff at all levels can develop and demonstrate the necessary qualities of leadership.

### KEY PRIORITIES:

- managing and developing internal talent, especially those with leadership potential at all levels, requires a renewed focus
- political and managerial leadership development remains a key focus and must involve partner organisations, with particular emphasis on change and performance management and political relationships.

## DELIVERY ROUTE 2

**Organisational change and development** that is focused on people, their wellbeing and resilience.

We have found that:

- councils' understanding of their role has evolved; they are now collaborators and place leaders, rather than simply providing services to communities in a two-way transaction
- organisational development (OD) principles are critical to helping councils go through those changes and ensure that they are rolled out in a way that helps the workforce to deliver optimal results, for example through the development of self-managed teams
- but OD capacity is lacking in many councils
- using OD to address wellbeing and mental health issues can reduce prolonged absences.

### KEY PRIORITIES:

- the sector needs to ensure that its workforce development goals are shared and pursued with partners
- there is a need to find ways to help councils develop and access OD capacity
- the basic working culture across local government and its partners still needs considerable change and improvement with a focus on new ways of working, especially in the new digital world
- further research and sharing of information on best and new practice is very important and the LGA needs to lead this on behalf of the sector.

## DELIVERY ROUTE 3

**Skills development** that is truly innovative and focused on combining organisational and individual needs.

We have found that:

- budget reductions have forced many councils to focus skills spending on statutory training at the expense of continuing professional development, but they have focused on areas where there are skills shortages, or when new technology or a new business need is identified
- the key skills gap are commercial skills (how staff can be more innovative, efficient and commercially focused in their job/service) and digital skills (use of digital solutions/services/technologies), along with managers ability to manage change and performance
- occupational skill shortages continue to be seen in the professional areas of local government such as education, children's and adult social work and the regulatory services such as town planning, as well as corporate areas such IT and finance
- by working across organisational boundaries with health and social care partners, skills development can be rationalised and afforded through the apprenticeship levy system
- the use of formal off-the-job training programmes continues to decline; this may be inevitable but well-structured programmes are engaging for individuals and can provide kudos.

### KEY PRIORITIES:

- cross-sector work to address organisational skills shortages
- making optimum use of apprenticeships at every level and the development of new pathways
- resources for skills development are strictly limited and so continued innovation in skills programmes is needed, with a particular emphasis on digital and commercial skills.

## DELIVERY ROUTE 4

**Improved recruitment and retention** outcomes based on proper planning and use of best practice techniques.

We have found that:

- the recruitment and retention difficulties for a variety of professional and specialist roles, including social work, planning and building control, are a core challenge
- there has been some emphasis on recruitment, specifically in recent national programmes and campaigns, especially those led by government, with a desire to increase supply, however, the quality of service delivery can suffer if experienced staff leave – a phenomenon that is especially acute in social work
- councils will need to examine incentives and career opportunities, as well as flexible working and the quality of job design to support and nurture employees
- the development of the so-called 'gig economy' is an important factor in general recruitment –many people value the ability to work flexibly

but at the same time councils need to be able to retain people with scarce skills

- the key is to involve people closely in identifying their needs, find realistic ways to address them and create a frame of learning opportunities for employees to develop and follow their passion
- tackling these problems will require a coordinated evaluation of supply issues in education and training, recruitment policies, job design, career structures, rewards and quality of management and leadership.

#### KEY PRIORITIES:

- working to develop solutions to endemic recruitment and retention problems in key specialisms and continuing to debate what is needed to solve these in the long term
- working to increase the diversity of the workforce, encouraging people from black, Asian and ethnic minority backgrounds and people with disabilities in particular; it is important councils have adequate community representation and reduce their skills opportunity costs
- identifying and addressing the issues that lead to retention problems
- matching flexible working offers to the requirements of the people we want to recruit.

## DELIVERY ROUTE 5

**Pay and reward** systems that attract and retain talent, motivating and helping people throughout their careers to deliver world class public services.

We have found that:

- existing employment benefits, including leave, training and career development are not having a significant impact on motivation and need to be examined as part of a critical appraisal of the overall reward package
- employees want to be provided with good help and support throughout their working lives; councils should look at their whole rewards and benefits package, from the major items like the pension entitlement to smaller offers such as retail vouchers as part of an effort to reward people in a targeted way to help them feel more valued
- the challenge of how to manage pay systems effectively to balance affordability, reward for effort and personal income growth is a continuing one; seven out of ten councils use annual increments, suggesting that most do not think the potential extra costs and equal pay risks of more complex systems are outweighed by gains, or that they do not have the capacity to introduce them
- careful thought is needed across the sector about how to plan for future pay changes; if shortages continue to develop in specialist roles such as planning and building control, reward packages may be needed that focus on these professional roles, as well as the lowest paid
- there is a need for career structures and development opportunities which give proper incentives for people with in-demand skills to come into, and remain in, the workforce.

## KEY PRIORITIES:

- further reform of pay structures and systems is needed to make them both fair to individuals (including dealing with the gender pay gap) and relevant to organisational needs
- individuals also need much clearer career structures which demonstrate opportunities and support workforce planning.

Each one of these priorities will require time and resources, though they are familiar and considerable efforts have been put into them already. We recommend that councils review their local approaches to these priorities and set out any necessary plans. To help with this and begin providing support and resources, we have developed a roadmap for delivery.



# A ROADMAP FOR DELIVERY

## LEADERSHIP

Councils should:

- introduce cross-organisation processes for identifying staff with potential at all levels and provide them with development opportunities
- develop leadership exchange programmes with partner organisations
- take steps to develop common sets of values and behaviours expected of leaders across partnerships
- ensure all senior leaders undergo regular 360 degree appraisal and take part in development programmes.

We have:

- a range of leadership and officer development programmes, including collaboration with SOLACE on the Total Leadership programme.

## ORGANISATIONAL CHANGE AND DEVELOPMENT

Councils should:

- start or further develop local workforce development groups with key partners; there are already some mechanisms in health and care but it makes sense for councils to lead overarching groups looking at engagement across all delivery partnerships, for example housing and joint approaches with fire and rescue authorities
- identify an appropriate group to take responsibility for adopting and adapting the national vision for local use; identify the actions needed under the delivery routes of OD, leadership, etc engage internal and external

stakeholders, including trade unions, from the outset to develop a clear narrative about their pathway to change

- create groups of internal facilitators who can work closely with staff, address their anxieties and encourage their ideas develop or buy-in the right people to communicate clearly with staff and carry out proper scenario planning
- do their best to take part in recommended surveys and data gathering exercises so that local government can be assured of good quality benchmarking.

We have:

- engaged with the DHSC and NHS England in the development of a workforce vision for the NHS and partner organisations
- worked with the Cabinet Office directly, and through the Public Services Forum, a group chaired by the Minister for Implementation, which brings together public service employers and unions to discuss workforce development
- engaged with the Government Equalities Office, Department for Education and trade unions
- supported the sector by providing recruitment, apprenticeships and industrial relations solutions developed a roadmap for change and case studies to support councils ([www.local.gov.uk/our-support/workforce-and-hr-support/employment-relations/roadmap-change](http://www.local.gov.uk/our-support/workforce-and-hr-support/employment-relations/roadmap-change))
- continued to develop resources to help with working in a digital council ([www.local.gov.uk/working-digital-council](http://www.local.gov.uk/working-digital-council))
- continued to work with the Timewise Council model programme ([www.local.gov.uk/timewise-councils-initiative](http://www.local.gov.uk/timewise-councils-initiative)) which helps councils make best use of modern technology to give people

more control over how, when and where they work, and reducing council office estate, as well as creating a more agile and adaptable workforce

- developed online resources to help councils ensure workforce resilience ([www.local.gov.uk/wellbeing-and-resilience-work](http://www.local.gov.uk/wellbeing-and-resilience-work)) which is one of the key factors in helping employees to thrive as councils change the way they work; LGA members can take up a Resilience at Work introductory e-learning module free of charge
- developed a re-organisational design tool which establishes the number of layers of management that an organisation needs ([www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce/decision-making-accountability-dma](http://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce/decision-making-accountability-dma))
- carried out a new census of senior officer groups
- continued to work with the Epaycheck pay database.

We will:

- develop specialised training about compassion fatigue, vicarious stress and trauma for people in the caring professions and for those who are exposed to the distress of others; suitable for those working in social services and social care roles, as well as ancillary functions which may involve exposure to distressing material or scenes
- work with the Department of Work and Pensions (DWP) to deliver Disability Confident Leader support to councils to enable more people with a disability to access work in a digital world

- further develop our annual workforce survey to cover key HR policy developments, as well as accessible benchmark data on key indicators such as sickness absence
- revise the Health-check for Employers of Social Workers as well as the Standards for Employers of Social Workers so that they help inform needs and priorities during changing times
- continue to share best practice examples and case studies on wellbeing and inclusion ([www.local.gov.uk/wellbeing-and-inclusion](http://www.local.gov.uk/wellbeing-and-inclusion)).

## SKILLS DEVELOPMENT

Councils should:

- if they have not already done so, carry out a skills mapping exercise using our skills mapping tool, to match their job roles to the appropriate apprenticeship standards, identifying opportunities for apprenticeships, including for existing staff
- consider developing a multi-year apprenticeships plan that considers the public sector target, available levy contributions, expected spend and potential upskilling or recruitment opportunities
- where possible, put in place a process to ensure that apprenticeships are considered for all new vacancies
- seek to run combined formal training programmes with partner organisations where they are needed
- properly evaluate off-the-job programmes, not just at the end of the event, but through engagement with participants at a later stage.



We have:

- developed an apprenticeships support package for local government, including guidance and toolkits
- achieved support from the Education and Skills Funding Agency to run a pilot programme – the Apprenticeships Accelerator Programme (AAP) – which will provide workforce development support to 25 councils; following a satisfactory evaluation of this pilot, a second phase will be open for up to 40 councils from spring 2019
- produced a film looking at some of the key workforce issues to consider when undergoing digital transformation; contributors include our own experts, the Work Foundation, the British Chamber of Commerce, together with and the experience of councils. ([www.local.gov.uk/our-support/workforce-and-hr-support/workforce-videos/working-digital-council-video](http://www.local.gov.uk/our-support/workforce-and-hr-support/workforce-videos/working-digital-council-video))

We will:

- follow up our film with a series of focused/ extended interviews – the first an extended case study, followed by one on skills, and finally the issues around digital services and productivity.

## RECRUITMENT AND RETENTION

Councils should:

- design jobs with recruitment and retention in mind
- continue to review their recruitment policies and systems against wider practice
- ensure they have a greater understanding of retention issues for example through the use of proper exit interviews

- ensure that flexible working offers are widely available and well understood.

We have:

- developed an independent health and wellbeing review toolkit looking at occupational health, sickness management and wellbeing policies which can help improve employee resilience and so aid retention
- achieved support from the Government Equalities Office to run five ‘return to work’ programmes for the following hard to recruit professions:
  - two to five years career break, cohort 2
  - five to 10 years career break, cohort 1
  - return to local government, ICT
  - return to local government, legal
  - return to local government, planners
- worked with DWP and DHSC to deliver a health, wellbeing and disability summit sharing best practice about healthy and inclusive workplaces where disabled people and people with health conditions can thrive; we are continuing this work with the DWP and DHSC to spread good practice, eg by supporting employer networks and highlighting/ signposting information and resources
- worked with DWP to gain its Disability Confident Leader status; we can now support councils in achieving their leader status and in turn support other employers to change the way that they recruit and retain employees with a disability.

We will:

- appoint a senior councillor as a national equality and diversity champion to help drive action in this area
- aim to gather data nationally so councils understand what the diversity picture is like and where they are in relation to it
- ensure that all our surveys include good quality monitoring of the diversity of each segment of the workforce covered, starting with our chief executives and chief officers' census
- aim to support action on the issues through other projects such as the National Graduate Development Programme (ngdp), apprenticeships and leadership development.

## PAY AND REWARDS

Councils should:

- take the opportunity to review their approach to career development in the light of any changes to grading structures they may need to make due to the introduction of the new pay spine for the main local government workforce in 2019, which may require some examination of grade lengths and boundaries
- explore the use of simple systems for managing progression based on good quality performance management ([www.local.gov.uk/sites/default/files/documents/research-report-pay-progr-827.pdf](http://www.local.gov.uk/sites/default/files/documents/research-report-pay-progr-827.pdf))
- focus greater efforts on developing common career structures across shared services and across the public sector, in particular with the NHS and education providers given that the lack of career opportunities within an individual council can be a problem for people

- adopt relevant aspects of the 21st Century Public Servant concept when developing new roles and the careers that go with them, in particular the view that the new public servant must be
- a 'municipal entrepreneur', undertaking a wide range of roles
- capable of engaging with people in a way that expresses their shared humanity and pooled expertise
- recruited and rewarded for generic skills as well as technical expertise
- able to build a career which is fluid across sector and services
- able to combine an ethos of publicness with an understanding of commerciality
- involved in rethinking public services to enable them to survive an era of 'perma-austerity'.

We have:

- continued to develop our advice and information on pay system development for member councils ([www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce](http://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce)); the team is always happy to visit and discuss issues in more detail
- a variety of resources available on the 21st Century Public Servant ([www.local.gov.uk/21st-century-public-servant](http://www.local.gov.uk/21st-century-public-servant)).

We will:

- work with the Government Equalities Office on a sector-specific webinar and will develop podcasts and events including a roundtable on the gender pay gap
- develop our thinking on the ethnicity pay gap which is also being highlighted by national government
- establish a national employers group to examine the use of career grades.

# CONCLUSION

We believe that the national vision for the local government workforce presented here is widely shared and can be realistically achieved in the next ten years. By focussing on the delivery routes that we have highlighted, beginning with the immediate priorities you have told us are important, we can work together to realise this ambition.

Councils should take steps to incorporate the national vision suitably in their local vision with partners and should identify what their immediate local priorities are under the five key delivery routes.

We will continue to expand our support offer over the coming months and years, applying pressure to get extra resources at a national level to help develop the local workforce. We will also continue to monitor achievement and practice for each of the delivery routes.

With only limited resources there will be challenges to overcome, but if we really want to transform communities and make a genuine difference to people's lives, we must ensure the long term sustainability of our current workforce and be able to attract the workforce of the future.

# ANNEX

## LGA CONSULTATION EXERCISE 2018

As well as having a number of structured conversations with senior officers in a variety of forums, we conducted an online consultation exercise which ran from February to July 2018. Respondents were invited to look at the issues and proposals set out in Great People for Growing Places and then to answer a series of questions about the general vision for the workforce, the five routes for delivery and the priorities we suggested for each one.

### RESPONSES

We received responses from 68 councils and individuals/other organisations.

Type of respondent	Number of responses
Shire county	11
Shire district	15
Metropolitan district	8
London borough	3
Unitary	18
Welsh unitary	1
Other	12

We believe that the spread of respondent councils makes the sample representative. We have not used the 'other' responses, which are mostly from individuals, in the detailed analysis of work priorities because ours is a membership organisation for councils, however we have referred to them in the analysis of the more general questions, such as about the overall vision. We have also taken account of additional written comments from 'others' because they are useful and we are grateful for them.

We've included a selection of comments from respondents throughout this analysis.

### SUPPORT FOR THE OVERALL VISION

We asked councils and other interested parties to tell us whether or not they broadly supported the vision we set out.

**95%** OF RESPONDENT COUNCILS OFFERED THEIR SUPPORT. AS DID 83 PER CENT OF OTHER RESPONDENTS.

We feel that this is sufficiently emphatic to declare that we will use the basic vision to inform our work at a national level and the general sense of direction we will promote for the local government workforce. We don't want to waste the observations that some people have offered however, so we have made some adjustments in the final version.

One of the main areas of debate amongst those who offered comments was about the scope of the vision. We stated that as an organisation our main remit covers the directly employed workforce but quite rightly, people made points about the changing nature of service delivery across communities and partnerships. We believe that the vision can be discussed, adapted and used as a core framework across partner organisations but we have adjusted some wording to strengthen this point by referencing collaboration and partnership.

An interesting point was made about the need to be productive whilst also doing the right things. We believe that the combination of factors in the vision should lead to efforts being focused correctly on the priorities set by communities but we have made changes to reflect this by adding

wording about effectiveness and some further detail on the design of services.

Some respondents highlighted the importance of the digital future and we have reflected this with some more emphatic wording.

A question was also raised about the timescale of five to ten years that we suggested for achievement of the vision. It was argued that there should be a more refined timetable with regular evaluation. We will of course outline timetables for our work in our business plan but it will be for individual councils to agree plans and timescales with their partners. We will evaluate achievement through our regular surveys.

" INCREASED PROMINENCE FOR THE IMPORTANCE OF COLLABORATION/ PARTNERSHIP WORKING WOULD BE BENEFICIAL – FOR EXAMPLE... WITH NHS."  
**SHIRE COUNTY**

" I WOULD LIKE TO SEE REFERENCE TO OUR CUSTOMERS WITHIN THIS VISION, EG [SO THAT] WE CAN DELIVER BETTER SERVICES, SERVE OUR COMMUNITIES BETTER, ETC."  
**DISTRICT**

" WE AGREE WITH THE STATEMENT BUT THINK THAT THERE NEEDS TO BE AN ACKNOWLEDGEMENT OF THE REDUCING BUDGET POSITION AND THE NEED TO BE CREATIVE WITH SOLUTIONS."  
**DISTRICT**

" I THINK I MIGHT HAVE EXPECTED TO SEE SOMETHING IN HERE ABOUT STRUCTURES. IT IS NOT ABOUT TRADITIONAL HIERARCHICAL STRUCTURE (QUITE THE OPPOSITE) BUT THERE IS STILL A NEED TO CREATE ORGANISATIONAL STRUCTURES WHICH PROMOTE FLEXIBILITY AND DEPLOYMENT OF RESOURCES TO PRIORITIES AND HELP TO PREVENT SILO WORKING."  
**METROPOLITAN DISTRICT**

## PRIORITIES FOR FUTURE WORK

In Great People for Growing Places, we discussed the five delivery routes which we believe organisations need to concentrate on to help people achieve their potential. We then asked respondents to tell us if they support the routes in broad terms

Finally we set out a number of suggestions for national priority actions under each delivery route and asked respondents to identify which would be priorities for them.

We believe that the responses are clear and we will use them to develop our national work programme and in our activity with central government and partner organisations. Here we look briefly at the responses under each of the five delivery routes.

## ORGANISATIONAL CHANGE AND DEVELOPMENT

**96%** OF RESPONDENT COUNCILS OFFERED THEIR SUPPORT FOR ORGANISATIONAL CHANGE AND DEVELOPMENT AS A KEY DELIVERY ROUTE, AS DID 92 PER CENT OF OTHER RESPONDENTS.

We then set out a series of suggested priorities for our national work and actions around organisational change and development. The three priorities seen as most important are:

- support councils to explore new ways of working that continue to modernise the working culture of local government

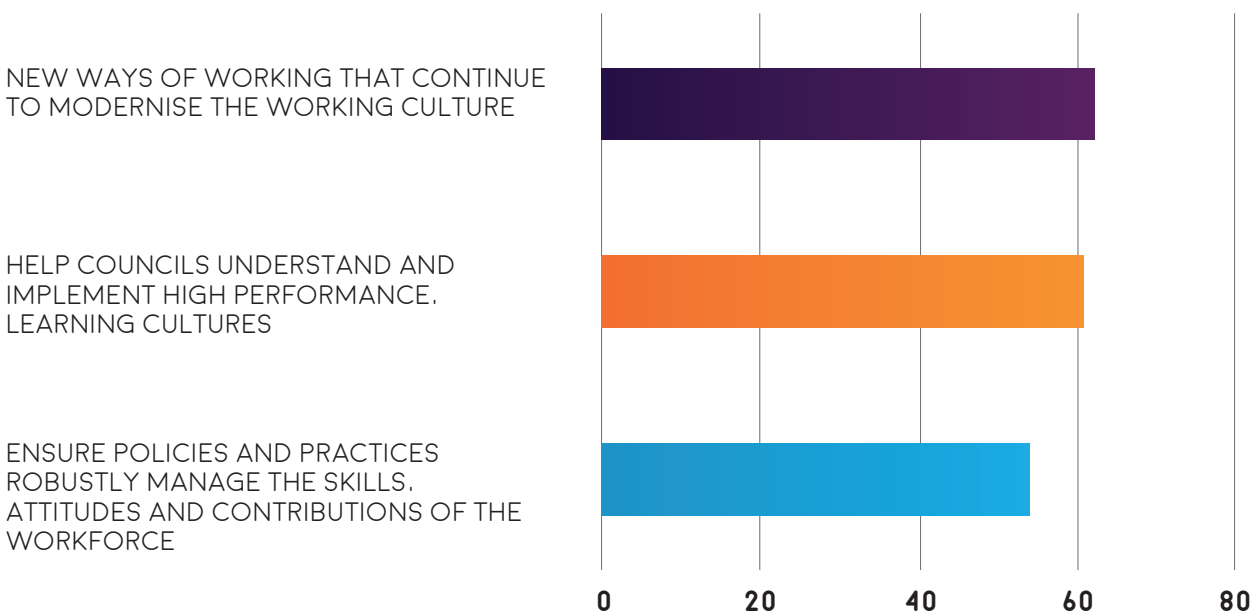
- help council leaders and HR professionals understand and implement good practice from all sectors to develop high performance, learning cultures, in their organisations
- provide a range of tools to support councils in ensuring their workforce policies and processes and employment practices robustly manage the skills, attitudes and contributions of their workforce.

Respondents ranked the top three suggestions as shown on the chart.

A top two seems to have emerged here, both related to workplace culture and we will pay particular attention to these over the coming period.

Respondents reflect a view that the general working culture of local government still demands change. Each organisation will have its own sense of what that culture is and what it should be.

### ORGANISATIONAL DEVELOPMENT PRIORITIES (% OF LA RESPONDENTS)



We know from many conversations though that people tend to want a blame-free culture that is more entrepreneurial in the sense of encouraging innovation and experiment with rewards for success rather than a fear of failure. Team-based working is a must as well as greater individual flexibility. This much may be uncontested but how to get there requires thought and planning. We will find ways to respond to the need for better information sharing on good practice in culture change.

There is also some interest in help with reviewing HR policies and practices. We have some established work in this area which we will maintain and keep under review.

" ENABLE PEOPLE TO GIVE THEIR BEST THROUGH INTEGRATED IT SYSTEMS, PLEASANT AND FLEXIBLE WORKING ENVIRONMENTS. PEOPLE SEE WORK AS AN ACTIVITY, NOT A PLACE."

**UNITARY**

" DEVELOP SHARED UNDERSTANDING OF CULTURES AND BENEFITS ACROSS DIFFERENT PUBLIC SECTOR EMPLOYERS."

**DISTRICT**

## LEADERSHIP

**93%** OF RESPONDENT COUNCILS OFFERED THEIR SUPPORT FOR LEADERSHIP AS A KEY DELIVERY THEME, AS DID 92 PER CENT OF OTHER RESPONDENTS.

We then set out a series of suggested priorities for our national work and actions around leadership. The three priorities seen as most important are:

- continue to offer a cohesive and joined-up solution on leadership and managerial development so that councils are best placed to choose effective development solutions

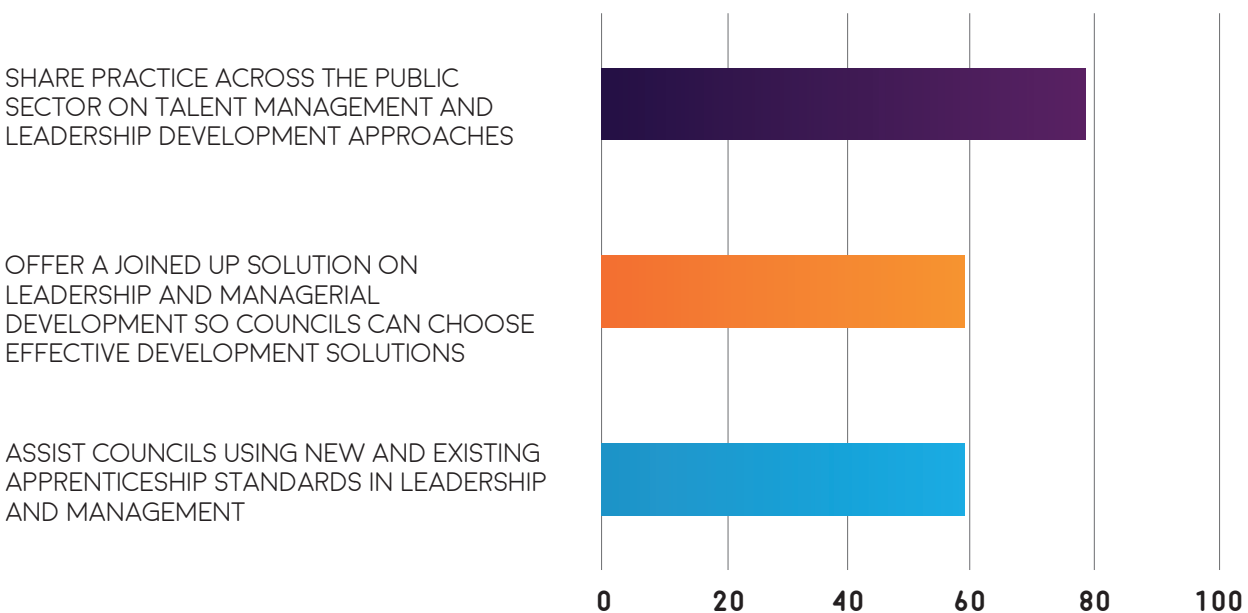
- work with others to share practice across the public sector on talent management and leadership development approaches
- assist councils using new and existing apprenticeship standards in leadership and management to maximise the return on investment of the levy.

Respondents ranked the suggestions as shown on the chart.

A clear message has emerged about the importance of sharing good practice on talent management and leadership development. We will work with others to find the most effective way to do this and will say more in due course.

It is noteworthy that there was some interest in the issue of ensuring that leadership and managerial development are more cohesive, rather than

### LEADERSHIP PRIORITIES (% OF LA RESPONDENTS)





hardwiring a divide around the development of political leaders and senior officers. Again we will reflect on this.

The importance of effective apprenticeship delivery is stressed in national policy as well as local priorities and we have a funded support programme.

" GROWING OUR OWN AND OFFERING PROGRESSION OPPORTUNITIES INTO LEADERSHIP ROLES IS A KEY ENGAGEMENT TOOL AND A WAY OF RETAINING TALENT. LOCAL AUTHORITIES HOWEVER HAVE A SIGNIFICANTLY AGEING WORKFORCE AND SUCCESSION PLANNING, PARTICULARLY IN RESPONSE TO DIVERSIFYING THE POOL OF LEADERSHIP, NEEDS TO INCORPORATE CONSIDERATION OF ATTRACTING YOUNG, FRESH PERSPECTIVES."

**METROPOLITAN DISTRICT**

" LEADERSHIP IN LOCAL GOVERNMENT IS SOMETIMES ABOUT WAITING FOR SOMEONE TO RETIRE OR LEAVE. WITH AUSTERITY THERE IS LESS MOVEMENT AT MIDDLE MANAGEMENT TIERS AND THEREFORE TALENT WALKS BECAUSE THERE IS NO PROGRESSION. HELPING COUNCILS TO IDENTIFY THEIR TALENT POOL AND NURTURE IT BY CREATING NO TRADITIONAL STEP UP ROLES AND CROSS SECTOR WORKING TO BROADEN EXPERIENCE BREAKING BARRIERS TO MOVING IN AND OUT OF LOCAL GOVERNMENT FROM HEALTH, FOR EXAMPLE."

**METROPOLITAN DISTRICT**

## SKILLS DEVELOPMENT

**95%** OF RESPONDENT COUNCILS OFFERED THEIR SUPPORT FOR SKILLS DEVELOPMENT AS A KEY DELIVERY ROUTE. AS DID 92 PER CENT OF OTHER RESPONDENTS.

We then set out a series of suggested priorities for our national work and actions around skills development. The three priorities seen as most important are:

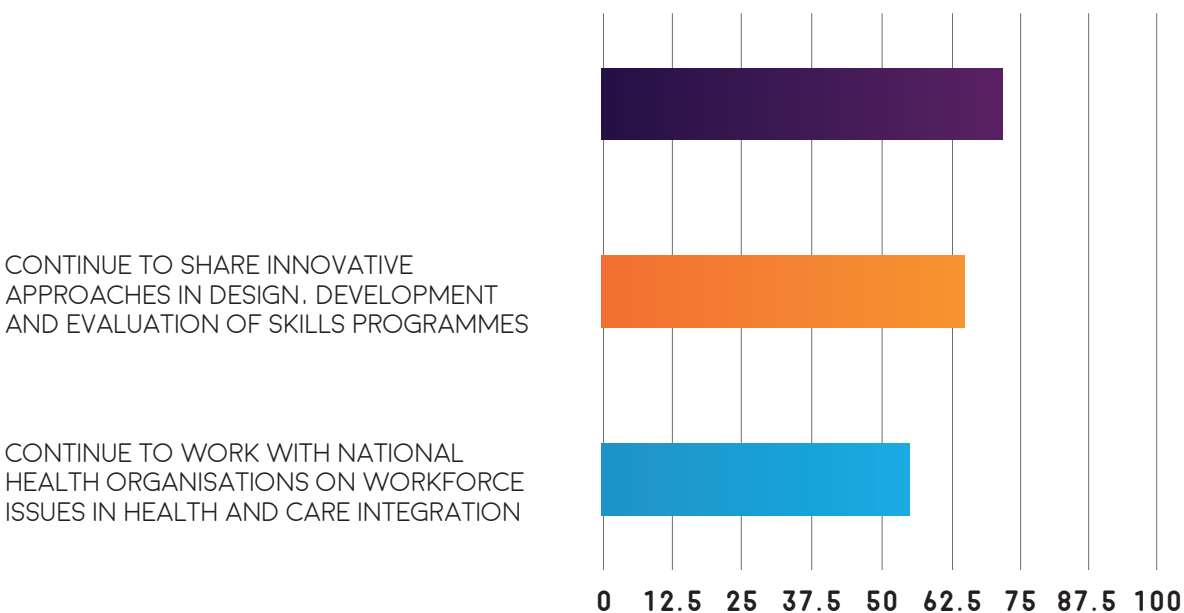
- continue to share innovative approaches in design, development and evaluation of skills programmes

- continue to work with national health organisations on workforce issues in health and care integration
- support regional and national approaches to skills development practice particular in developing apprenticeship pathways and graduate apprenticeship schemes, including converting our National Graduate Development Programme (ngdp) to an apprenticeship programme.

Respondents ranked the suggestions as shown on the chart.

Growing and enhancing apprenticeship routes emerged as the most important idea for respondents. As mentioned, we have a funded support programme and we will continue our work.

**SKILLS DEVELOPMENT PRIORITIES (% OF LA RESPONDENTS)**



Given the challenge to find funding for formal skills programmes it is unsurprising that respondents highlighted the importance of innovative practice. We will look at ways to share this more effectively.

We try to work as closely as possible with NHS organisations on the workforce implications of health and care integration in the context of overall discussions about funding and the need to focus on wellbeing.

" WORK WITH EDUCATORS TO ENSURE A PIPELINE OF SKILLS FOR THE FUTURE. DEVELOP THE CURRICULUM FOR APPRENTICESHIP COURSES, ETC. , BUILD FOR FUTURE GENERATIONS AS THEY NEED TO BE LEAD TO THE TYPES OF JOBS WE HAVE AND NEED SKILLS FOR. NHS DO THIS WORK WITH SCHOOLS AND UNIVERSITIES FOR DOCTORS, ETC. IT IS ABOUT INFLUENCING THE 14- 19 AGENDA."

**METROPOLITAN DISTRICT**

" ALL OF THESE ARE PRIORITIES AND IT IS DIFFICULT TO REDUCE THIS TO THREE. OUR VIEW IS THAT WITHIN THE NEED TO CONTINUE TO SHARE INNOVATIVE APPROACHES IN DESIGN, DEVELOPMENT AND EVALUATION OF SKILLS PROGRAMMES WE WOULD LIKE TO SEE TOOLS DEVELOPED THAT WILL HELP THE ORGANISATION AND INDIVIDUAL MANAGERS TO MEASURE THE EFFECTIVENESS OF DEVELOPMENT OPPORTUNITIES AND HOW IT IMPACTS OVERALL ON THE EMPLOYEE' S PERFORMANCE. WORK SHADOWING WITHIN ORGANISATIONS AND IN DIFFERENT PARTNER ORGANISATIONS INCLUDING SENIOR MANAGEMENT TEAMS [IS USEFUL]."

**DISTRICT**

## RECRUITMENT AND RETENTION

**93%** OF RESPONDENT COUNCILS OFFERED THEIR SUPPORT FOR RECRUITMENT AND RETENTION AS A KEY DELIVERY ROUTE, AS DID 75 PER CENT OF OTHER RESPONDENTS.

We then set out a series of suggested priorities for our national work and actions around recruitment and retention. The two priorities seen as most important are:

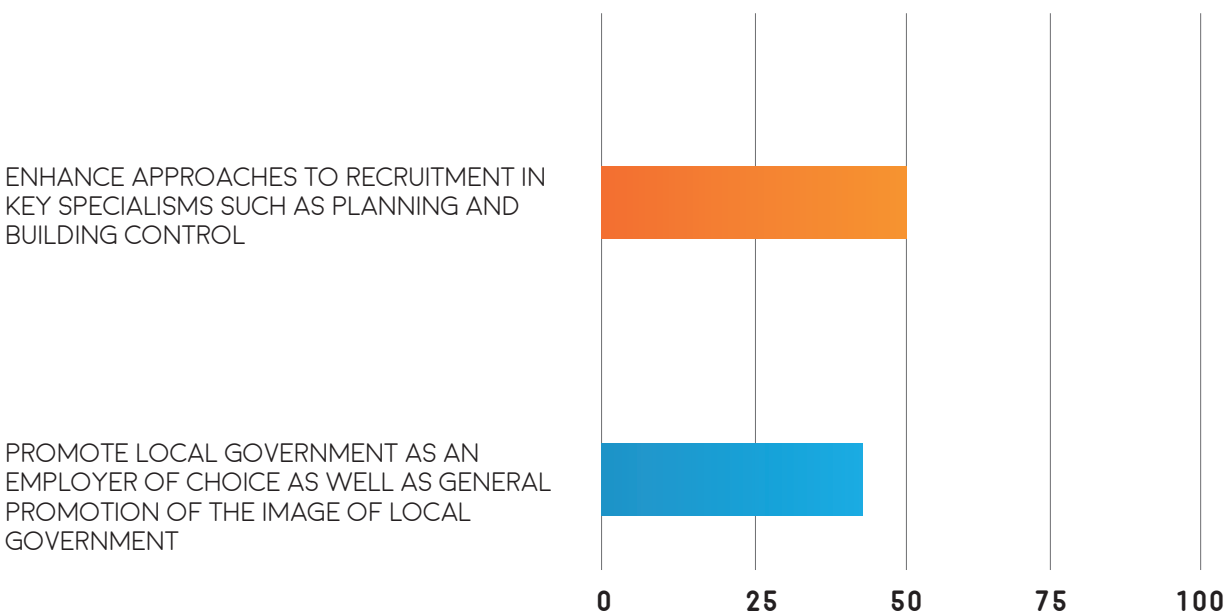
- enhance approaches to recruitment in key specialisms such as planning and building control

- work with others in promoting local government as an employer of choice as well as general promotion of the image of local government.

Respondents ranked the suggestions as shown on the chart.

Although support for the importance of recruitment and retention as a key delivery route was strong, the scoring for suggested priorities was not as high as in other routes. We will reflect on what else we might need to do and will have further discussions within the sector about this. We will carry out some further research and information sharing on recruitment and retention in key specialisms. We will also look at what more can be done to enhance the image of local government and revisit the discussions around the employer of choice concept.

**RECRUITMENT AND RETENTION PRIORITIES (% OF LA RESPONDENTS)**



" THERE ARE SOME CRITICAL POINTS HIGHLIGHTED WITHIN THE SECTION, NOT LEAST THE FLEXIBILITY OF JOB ROLE OPPORTUNITY AND CONSIDERATION OF WORKFORCE WELLBEING AND RESILIENCE. STRANGELY, THIS IS AN AREA WHERE APPRENTICESHIPS SEEM TO BE FOCUSED ON THE LEAST. VOCATIONAL CAREER DEVELOPMENT OPPORTUNITIES, PARTICULARLY THOSE AIMED AT ACHIEVING PROFESSIONAL STATUS, ARE INVALUABLE HERE. RELIANCE ON THE POOL OF PROFESSIONALS FRESH FROM UNIVERSITY IS NOT SUSTAINABLE. PROVIDING OPPORTUNITY FOR STABLE PAID EMPLOYMENT WITH PROGRESSION TOWARDS A PROFESSIONAL QUALIFICATION WILL ENABLE LOCAL AUTHORITIES TO ATTRACT THOSE PEOPLE WHO WOULD NOT PERHAPS ACCESS UNIVERSITY FOR ECONOMIC REASONS BUT WHO HAVE THE VALUES AND ATTRIBUTES TO DEVELOP INTO COMPETENT PROFESSIONALS."

**METROPOLITAN DISTRICT**

" IN RELATION TO KEY SPECIALISMS (INCLUDING) ENGINEERING, HIGHWAYS AND CAPITAL DEVELOPMENT PROJECTS AS WELL AS PLANNING AND BUILDING CONTROL (GOOD IDEAS INCLUDE): SHARING GOOD PRACTICE ON RECRUITMENT PRACTICES AND ANY BARRIERS OR ISSUES THAT THIS MAY PRESENT TO RECRUITING THE BEST PEOPLE, INCLUDING HOW TO ATTRACT YOUNG ENTRANTS (GRADUATES AND NON-GRADUATE), SHARING BEST PRACTICE ON RETENTION OF YOUNGER EMPLOYEES."

**SHIRE COUNTY**

## PAY AND REWARDS

**96% OF RESPONDENT COUNCILS OFFERED THEIR SUPPORT FOR PAY AND REWARDS AS A DELIVERY ROUTE. AS DID 75 PER CENT OF OTHER RESPONDENTS.**

We then set out a series of suggested priorities for our national work and actions around pay and rewards. The three priorities seen as most important are:

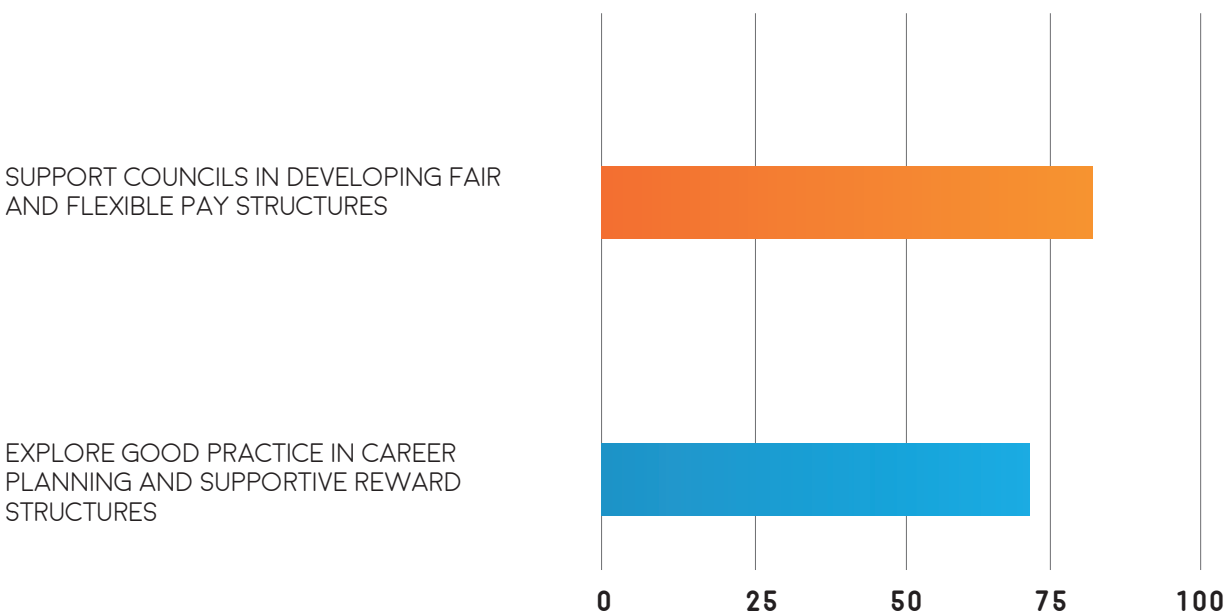
- explore and encourage good practice in supporting staff through better career planning and supportive reward structures

- support councils in developing fair and flexible pay structures.

Respondents ranked the suggestions as shown on the chart.

Respondents were clear about the importance of developing fair and flexible pay structures that reward individuals and serve organisational needs. We will look to enhance what we have to say and offer around these issues. There was also support for further work on career planning and rewards that promote wellbeing. Pay structures and career structures are intimately linked of course and when they work well, they serve to improve retention in particular.

**PAY AND REWARDS PRIORITIES (% OF LA RESPONDENTS)**



" I WOULD LIKE TO SEE MORE FOCUS ON DEVELOPING REWARD APPROACHES FOR THE DIFFICULT TO RECRUIT PROFESSIONAL ROLES, SUCH AS PLANNING AND FINANCE. I WOULD ALSO LIKE TO SEE HOW WE RECRUIT AND RETAIN PEOPLE WITH THE RIGHT COMMERCIAL SKILLS WITHIN THE NATIONAL PAY STRUCTURE."

**DISTRICT**

" AS A COUNCIL WHO USES NATIONAL PAY SCALES WE NEED TO SEE MORE PARITY ACROSS PAY SCALES BOTH WITHIN THE LOCAL AUTHORITY AREA AND SPREADING WIDER INTO OUR PUBLIC SECTOR PARTNERS. WE SHOULDN'T BE COMPETING WITH EACH OTHER AS WE ARE CURRENTLY."

**DISTRICT**

" IN MY ORGANISATION I SEE THIS AS THE BIGGEST CHALLENGE FOR US AS TO MAKE ANY CHANGE (WHICH WE HAVE TO DO) IS RISKY, COSTLY AND TIME CONSUMING. BUT IF WE DON'T CHANGE WE WILL NEVER HAVE THE FLEXIBILITY IN OUR PAY AND REWARD STRUCTURES THAT WE NEED."

**METROPOLITAN DISTRICT**

## IMMEDIATE ACTIONS

We asked respondents to set out the two or three things that the sector, with LGA support, should begin to focus on immediately. Two things really stood out:

- enhanced leadership develop programmes at all levels and also across sectors with partners, with a particular focus on change management and performance management
- further development of total reward packages with a focus on flexible packages and competitiveness with other sectors.

Other issues mentioned by more than one respondent included:

- the need to develop skills in a digital world context
- focusing on OD principles to help change senior officer structures
- improving officers' abilities to deal with the political interface with members
- further highlighting of the importance of apprenticeships.

" ORGANISATIONAL DEVELOPMENT – COUNCILS SHOULD REVIEW THEIR INTERNAL STRUCTURES WITH A VIEW TO MAKE THEM LEANER AND PRODUCTIVITY FOCUSED. MORE COLLABORATIVE WORKING WITHIN THE DIFFERENT DEPARTMENTS (IS) REQUIRED. FOCUS SHOULD BE ON DEVELOPING BOTTOM-UP LEADERSHIP. EMPLOYEES NEED TO BE EMPOWERED TO MAKE DECISIONS AND ALL SHOULD BE HELD ACCOUNTABLE FOR THEIR ACTIONS.

UPSKILLING THE WORKFORCE – BUDGETS MAY BE AN ISSUE, BUT COUNCILS NEED TO DEVELOP INNOVATIVE WAYS TO OFFER SMARTER AND APPROPRIATE LEARNING AND DEVELOPMENT OPPORTUNITIES TO ALL EMPLOYEES AT ALL LEVELS NOT JUST SOME TARGETED GROUPS. THIS WILL HELP EMPLOYEES WITH CAREER PROGRESSION, JOB SATISFACTION AND COUNCILS IN RETAINING GOOD STAFF"

**COUNTY COUNCIL**

" I WOULD SUGGEST THE NEED FOR A GREATER FOCUS ON ' ALL THINGS DIGITAL' . THIS IS FUNDAMENTAL FOR ALL COUNCILS, FROM MODERNISING COUNCILS AS A WHOLE, DELIVERING FURTHER EFFICIENCIES, [TO] UP-SKILLING STAFF TO MAXIMISE BENEFITS AND ENSURE NEW DELIVERY MODELS, ATTRACT TALENT, ETC. IN ESSENCE TO DELIVER ALL THE PRIORITIES YOU HAVE SET OUT, DIGITAL WILL PLAY A MAJOR PART."

**METROPOLITAN DISTRICT**



" I THINK ONE OF THE IMMEDIATE ISSUES IS IN ENGAGING THE WHOLE WORKFORCE IN RECOGNISING AND ADDRESSING THE VOLATILE ENVIRONMENT WE NOW WORK IN AND TO EMBRACE NEW WAYS OF WORKING AND DEVELOPING RESILIENCE. COLLABORATION AND CO-CREATION OF SOLUTIONS IS KEY TO ENSURING THAT CHANGE IS MANAGEABLE AND CAN DELIVER THE EXPECTED OUTCOMES. BUT WE ALSO HAVE TO BE REALISTIC ABOUT WHAT WE CAN ACHIEVE WITH THE RESOURCES WE HAVE."

**SHIRE DISTRICT**

" THE WORKFORCE FEELS BASHED AND BRUISED RELENTLESSLY AS THEY ARE THE EASY TARGETS FOR OTHERS TO VENT THEIR FRUSTRATIONS AT. THIS MAKES IT DIFFICULT TO DEVELOP THE WORKFORCE AS THE OPPORTUNITIES FOR THE BEST PERFORMERS ARE ENORMOUS OUTSIDE OF THE SECTOR AND BECOME EVEN MORE ATTRACTIVE. MANY OF THOSE THAT STAY DEVELOP DEFENCE MECHANISMS TO STAY RATHER THAN OPPORTUNITIES TO WORK BETTER FOR FEAR OF BEING TARGETED. FAILING COUNCILS MAKE BIG NEWS. THE SECTOR HAS TO ACCEPT THE CLIMATE WE WORK IN BUT FOCUS ON ATTRACTING HIGH PERFORMERS, RETAINING THEM SO THEY ATTRACT OTHERS."

**UNITARY**

We have taken account of these observations in the immediate priorities for action that we have identified.



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please contact us on 020 7664 3000.  
We consider requests on an individual basis.

## EU Funding and Successor Arrangements

### Purpose of report

For discussion.

### Summary

This report provides an update of LGA work to ensure councils continue to receive EU funding during the current funding period (2014-2020) amid Brexit negotiation uncertainties, and that successor funding arrangements are in place and co-designed with local areas once the UK exits the EU.

### Recommendations

1. Members of the Resources Board are asked to note recent LGA activity on European Structural and Investment Funds; and
2. Provide a steer on LGA preparations for the UK Shared Prosperity Fund (UKSPF) consultation.

### Action

Officers to incorporate any further Members' steers in the preparation of the consultation response.

**Contact officer:** Paul Green  
**Position:** Policy Adviser  
**Phone no:** 0207 664 3139  
**Email:** paul.green@local.gov.uk

## **EU Funding and Successor Arrangements**

### **Background**

1. This report provides an update on LGA work to ensure councils continue to receive EU funding during the current funding period (2014-2020), and that successor funding arrangements are in place and localised once the UK exits the European Structural and Investment Fund Programme.

### **Current EU funding – Growth Programme Board**

2. The LGA [issued a press release](#) regarding the difficulty local areas have in accessing European Social Funding (ESF) because of capacity issues of the Managing Authority, the Department of Work and Pensions (DWP), being unable to process claims efficiently. This has meant that local areas have not been able to invest the funds into much needed employment and skills schemes. This incorporated the concerns and issues members raised at the last Board meeting. The Financial Times and the BBC covered the story. We have received positive feedback from the sector about the importance of the LGA highlighting this issue nationally.
3. DWP has committed to prioritising clearance in order to reach their 2018 targets. This means that all non-urgent work has been deprioritised, further demonstration that the capacity issues have not been resolved. DWP also continues to provide performance data in a manner that does not provide clarity on what is actually contracted and being delivered.
4. At the next Growth Programme Board on 18 December 2018, LGA members will continue to raise these concerns again and ensure that EU funding is being spent.
5. **Members are asked to comment on any further actions the LGA should take if there has been no further improvement from DWP.**

### **UK Shared Prosperity Fund – Successor to ESIF**

6. There has been no further announcements or detail released on UKSPF since the update provided to members at the last Board meeting. The LGA continues to prepare for the consultation which is likely to be published by the end of 2018.
7. The objective at the moment is to further develop our position on UKSPF to ensure that the LGA fully represents the sector when the consultation is published. To further develop the LGA's [Beyond Brexit](#) lines on UKSPF, the following will need to be explored:
  - 7.1. establish the role UKSPF will play in the wider economic development landscape post 2020, which will see the end of the Local Growth Fund and other economic development and inclusive growth funds; and
  - 7.2. democratic accountability, governance, assurance and capacity to deliver UKSPF.

8. The LGA will look do this through the following ways:
  - 8.1. officers will engage further with members on these issues through the People and Places Board, City Regions Board, Resources Board and the Brexit Taskforce;
  - 8.2. LGA officers have planned meetings with our member authorities to understand the key priorities for our sector for a future UKSPF. These include: a workshop at the LGA Skills conference to focus on UKSPF (27 November); discussion at the next LGA convened Combined Authority skills and employment working group (21 November); plus a roundtable of Directors who lead on economic development and inclusive growth in early December. In addition to this, Regional Brexit Sounding Boards are being utilised to gather further information from councils and combined authorities in these areas;
  - 8.3. LGA officers are also building on and updating our own research, including updating our ['fragmented funding' research](#) so that we have a clearer picture of the funding outlook post 2020. In addition, we are also be exploring how our Work Local proposals (local labour market agreements) can be used as a framework for the development of UKSPF and related Local Industrial Strategy work.
9. **Members are asked to note the update on the design of the UK Shared Prosperity Fund and comment on the next steps proposed in paragraphs seven and eight.**
10. Implications for Wales: Through the Brexit Taskforce, the LGA has a defined work programme with the three associations (Welsh Local Government Association, Convention of Scottish Local Authorities and Northern Ireland Local Government Association). This includes a focus on EU funding and its successor arrangements.

### **Financial Implications**

11. This is core work for the LGA and is budgeted for within the 2018-19 LGA budget.



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# LGA location map

**Local Government Association**  
 18 Smith Square  
 London SW1P 3HZ

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 Fax: 020 7664 3030  
 Email: [info@local.gov.uk](mailto:info@local.gov.uk)  
 Website: [www.local.gov.uk](http://www.local.gov.uk)

## Public transport

18 Smith Square is well served by public transport. The nearest mainline stations are: Victoria and Waterloo: the local underground stations are **St James's Park** (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

## Bus routes – Horseferry Road

- 507** Waterloo - Victoria
- C10** Canada Water - Pimlico - Victoria
- 88** Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

## Bus routes – Millbank

- 87** Wandsworth - Aldwych
- 3** Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at [www.tfl.gov.uk](http://www.tfl.gov.uk)

## Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at 18 Smith Square. Please telephone the LGA on 020 7664 3131.

## Central London Congestion Charging Zone

18 Smith Square is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at [www.cclondon.com](http://www.cclondon.com)

## Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park  
 Horseferry Road/Arneway Street. Visit the website at [www.westminster.gov.uk/parking](http://www.westminster.gov.uk/parking)

