

## Note of last Resources Board meeting

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**Title:** Resources Board  
**Date:** Tuesday 26 February 2019  
**Venue:** Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

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### Attendance

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

| Item      | Decisions and actions   | Action |
|-----------|---|--------|
| <b>91</b> | <b>Welcome, Apologies and Declarations of Interest</b> <ul style="list-style-type: none"><li>• The Chair welcomed members to the meeting.</li><li>• Apologies and substitutes were noted.</li><li>• No declarations of interest were made.</li></ul>  |        |
| <b>92</b> | <b>Update Items</b> <p>The Chair brought members attention on to item two, which makes up update items.</p>   |        |
| <b>93</b> | <b>Local Government Finance Update</b> <p>Mike Heiser, Senior Adviser, introduced <b><u>Appendix A</u></b> of item two and updated members on the following headlines found in the report:</p> <ul style="list-style-type: none"><li>- The Local Government Finance Settlement 2019/20;</li><li>- the Fair Funding Review (FFR);</li><li>- an update on the LGA's work on Business Rates Retention;</li><li>- the Spring Statement and 2019 Spending Review (SR);</li><li>- the Treasury's Select Committee inquiry into the impact of Business Rates on business;</li><li>- Business rates treatment of self-catering accommodation;</li><li>- The Public Accounts Committee report on Local Government Spending;</li><li>- The Valuation Office Agency Gateway to enable sharing of data with local authorities;</li><li>- Audit Fees consultation; and</li><li>- The review of enforcement agent reforms: call for evidence.</li></ul> <p>Following this update, Sarah Pickup, Deputy Chief Executive, provided members with a update on the LGA's work regarding the SR. This included details regarding the two round-tables held by the Ministry of Housing, Communities and Local Government (MHCLG) on special education needs in schools and homelessness , also attended by the Department for Work and Pensions (DWP).</p> |        |

Following this update, members discussed the following:

Members discussed the analysis on schools expenditure and how this fed into the LGA's work into the Spending Review. Members also brought up the role of early intervention and the differences amongst local authorities. The Chair also mentioned work carried out by Newton Europe, commissioned by the LGA when he was Chair of the Children and Young Peoples Board, which looked into the variants of school expenditure, that were not in control of, but still fell to local government. Sarah Pickup stated this work would be picked up in the SR work currently being carried out by the LGA and stated that the Board would receive a future update on this.

Members also discussed the FFR and the adult social care (ASC) and children's social care formula. The discussion turned to key variable factors such as deprivation, and issues that are based on the number of people that are looked after. (..) Sarah updated members that the Further Business Rates Retention and FFR Task and Finish Group will be looking at the ASC formula and disability factors. The Chair requested an update on the group's work at the next Board meeting.

Members went on to discuss the pilots that were chosen to pilot 75 per cent Business Rates retention in 2019/20. It was agreed to discuss further developments at a future Board meeting update.

### **Actions**

- **Members noted the update.**
- **Future SR item at the next Board meeting.**
- **Future update on the Further Business Rates Retention and FFR Task and Finish Group's work.**

#### a) Workforce Update

Naomi Cooke, Head of Workforce, and Jeff Houston, Head of Pensions, then introduced **Appendix B** for item two.

Naomi provided an update on apprenticeships, Brexit and settled status, and the limited updates on pay negotiations, bringing members' attention to the relevant paragraphs in the report.

Jeff Houston provided an update on the pensions scheme valuation and cost cap. Jeff brought attention to paragraph 18 of item two, **Appendix B**, and provided the latest verbal update for members.

Following the two updates, members discussed the following:

Cllr Phillips, Member Lead for Pensions, discussed the agreement reached with the Local Government Pension Scheme (LGPS), as well as the NHS's long term plan, which has little emphasis on integrated workforce at this stage. Members agreed that all government departments need to start discussions over

the future aging population issue in relation to pensions.

Members discussed paragraph 22 in the report, and questioned if there was any progress or need for a change in the apprenticeships policy at this stage? Naomi Cooke responded that representations were consistently being made to DfE and Cabinet Office but the government's direction of travel at this time was moving in the opposite direction.

#### **Action**

- **Members noted the update.**

#### b) Universal Credit (verbal update)

Mike Heiser then introduced **Appendix C** for item 2.

Mike's update focused on HMT's Breathing Space Consultation submission (which provides 60 days breathing space for people with problem debt) that has now been signed off and submitted. This submission was welcomed. Mike also brought to members' attention the LGA's Reshaping Financial Support report which has now been published. Mike concluded that officers were currently in talks with Citizens Advice (CA) and DWP over CA's adoption of the Universal Support system, which supports Universal Credit claimants at the outset of their claim. These talks are focusing on how ready CA are for this, and how the new service is being delivered. Mike confirmed this work is being fed into the SR.

Following the update, members commented on the following:

Members commented that the new UC system doesn't take into consideration that some years have 53 weeks in them, which provides significant issues relating to housing Benefits. Members also discussed the issues of pay-outs around the Christmas period.

#### **Action**

- **Members noted the update.**

#### **94 EU Funding: European Regional Development Fund plans under a deal and no deal scenarios - presentation (MHCLG in attendance)**

The Chair then confirmed that the meeting had proceeded into the confidential part and for members not to report on any details from the item. The Chair informed members that the item would focus was the latest preparations for European Regional Development Fund (ERDF) for deal and no deal scenarios, as well as the additional funding that is available through the reserve fund. The item does not include UK Shared Prosperity Fund and the European Social Fund.

The Chair then invited Julia Sweeny, Director of European Programmes and Local Growth.

Julia began by updating members on the series of conversations she and her team had been having around the country with stakeholders, including those who are delivering programme funds. She provided an outline of what ERDF is and that it focused on growth, research and innovation, support of small business, flood and remediation work, as well as environmental projects.

Following the presentation the Chair invited members to comment:

Members discussed the current issues around the management of ESIF. Members made clear that Councils are place leaders and know their areas best. Therefore, councils should play a key role in allocation and decision-making for UKSPF. Members also brought up the problems around how existing ESIF is allocated and what needs to change to make sure it meets the needs of local communities.

Members questioned how much in total the fund was. Julia confirmed that this is £3.3 billion.

Zainab Agha, Deputy Director of Policy and Partnerships (ERDF), then presented the two different scenarios in a deal and no deal scenario:

- Zainab stated that in a deal scenario, the UK will continue to take part in the ESIF programme until this finishes at the end of 2020, with three years further to deliver projects and programmes. The current framework will continue to apply.
- Zainab stated that in a “no deal” scenario, the Government will provide a domestic replacement for the 2014-20 ESIF Programme, as confirmed in July 2018 by HM Treasury. Zainab highlighted the challenges faced over how we implement funding in this situation, and that her department was currently working with stakeholders to design and implement the proposal.

Julia concluded that there are many scenarios in play, and that her department needs to try and plan for all.

Following this, members discussed the following:

Members agreed that prioritisation given to projects that the economy is needs is key, and that a simplified application process was vital.

Members discussed the use of funding of LEP's. Members made particular reference to 'swapping' their funding with other LEP's area - for example, swapping their funding for research and innovation, for another areas environmental funds. Zainab responded that in a no deal scenario, there is potential for flexibility around this, but in a deal situation, the current framework will operate. However, MHCLG colleagues are keen to make best use of funds and will aim to provide the flexibility to deliver a localised fund as far as possible. Members agreed that it was vital for local areas being in control of money and grants being spent, and that councils should be at a key decision maker in the use of the fund.

Members discussed no deal and their concerns. They stated that continuity is key – particularly if there is an economic shock, as local government are place leaders and run many of the services needed to reduce the impact of shocks and manage long term investments. The Chair – agreed with this point, and stated that any no deal funding needs to be distributed locally to minimise any shock and ensuring that there is the most effective local response, including managing training and skills provision. Furthermore, local government know the local area and businesses best, and need this continuity and focus for local areas to minimise the already inequality in the country. Zainab also added that whilst a no deal scenario is not positive or the preferred outcome, but there will be greater scope to shape the transition to UKSPF than under the ESIF Programme.

Zainab stated that whilst a no-deal scenario is not the preferred outcome, bidding would not be as restrictive as MHCLG realise the need for local growth and joint-up policy initiatives to fund local projects.

Members discussed Local Industrial Strategies (LIS) and the timeframes in developing these, along with how these fed into this work. Julia stated that these are currently being developed and feedback from this process is currently being analysed. Julia went on to stated that LIS outcomes are very infrastructure focused, which in-turn create real opportunities for stakeholders and partners to set out what it is needed locally, and to align these funds accordingly.

Member made reference to the skills shortages the country is facing, and how upskilling needs to be focused and prioritised in either a deal or no deal scenario, particularly in non-metropolitan areas. Members made clear that ERDF and the European Social Fund should be aligned as much as possible to ensure that there is an effective place based response to challenges and opportunities that may exist.

Zainab responded to members questions that current the ESIF programme needs to be allocated and contracted by the end of 2020, but there is an additional three years which the programmes can be completed.

Members made clear that mechanisms, such as the use of the Social Value Act, to encourage the use of local labour, should be fully utilised, which Zainab stated that she will take this message away.

Following the discussion the Chair thanked Julia and Zainab for the presentation and members for their comments.

### **Action**

- **Members noted the update.**

## **95 Note of last Resources Board meeting**

Members agreed to the notes of the previous Resources Board, that took place on Thursday 22 November 2018.

## Appendix A -Attendance

| Position/Role          | Councillor                | Authority                        |
|------------------------|---------------------------|----------------------------------|
| Chairman               | Cllr Richard Watts        | Islington Council                |
| Vice-Chairman          | Cllr John Fuller          | South Norfolk District Council   |
| Deputy-chairman        | Cllr Claire Hudson        | Mendip District Council          |
|                        | Cllr Gillian Corr         | Stockton-on-Tees Borough Council |
| Members                | Cllr Philip Atkins        | 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     |
|                        | 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            |
| Apologies              | Cllr Adam Paynter         | Cornwall Council                 |
| In Attendance          |                           |                                  |
| LGA Officers           |                           |                                  |