

Note of last Resources Board meeting

Title: Resources Board
Date: Monday 13 May 2019
Venue: Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

Attendance

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

Item Decisions and actions

1 Welcome, Apologies and Declarations of Interest

The Chair welcomed members to the meeting. Due to the recent Local Elections, members introduced themselves and the authorities they represented.

The following declarations of interest were made:

- Cllr Murphy declared that their partner is employed by the Citizens Advice Bureau on the Money Advice Service. This was in relation to item seven.
- Cllr Rhodes declared that they are a landlord. This was in relation to item six.

No other declarations were made.

Apologies were noted (which can be found at **Appendix A**).

2 Update Reports

Part A of the Resources Board agenda makes up the update items and reports, which are for members to note.

The Chair requested introductions for **Appendices A & B**, of item two, as well as the verbal updates for Universal Credit and EU Funding be given first, and members ask their questions after introductions to items were made.

Below are both the items introductions and discussions that took place between members and officers.

3 Local Government Finance Update

Nicola Morton, Head of Local Government Finance, introduced item two, **Appendix A**, the Local government Finance Update.

This introduction focused on the 2019 Spring Statement; the Treasury's

Select Committee Inquiry into business rates; the CIPFA Financial Management code; the Fighting Fraud and Corruption Locally Board (supported by the LGA and MHCLG); and an E-Commerce levy (and details around budgeting for this).

Following this update, the Chair thanked Nicola.

Action

Members noted the update.

4 Workforce update

Naomi Cooke, Head of Workforce, introduced the item two, **Appendix B**.

Naomi's update focused on; pay negotiations for teachers, fire service staff and local government services staff; the Workforce team's most recent survey data (including the Gender Pay Gap); Workforce Focus; future migration rules pertaining to Brexit; and Apprenticeship work with government.

Following this update, members made the following points:

- Discussions around the government's response to the apprenticeship levy, and their concerns over those that are either over-spending or underspending. Discussions then took place over flexibility of funding and the differences of opinions held by government, who would rather focus on targets.
- Members questioned the response rates to the surveys undertaken, and if officers deemed this high. Naomi responded that these were higher than previous years, however, the main focus of this was the importance of getting quality evidence. Naomi confirmed that the workforce survey response is up by almost 10 per cent.

Following the discussions, the Chair thanked Naomi for the update and members for their comments.

Action

Members noted the update.

5 EU Funding (verbal update)

The Chair invited Paul Green, Adviser, to give members a verbal update on EU Funding.

Paul's update focused recent developments on EU funding, which included reserve funds and the need for transition to the domestic replacement, the UK Shared Prosperity Fund (UKSPF).

Following the update, members discussed the need to push for the release on the UKSPF consultation, and how now this is a matter of

urgency. Members agreed the need to continue to push government for this.

The Chair then thanked Paul for the update and the continued work.

Action

1. Members noted the update.

6 Universal Credit (verbal update)

Rose Doran, Senior Adviser, then provided members with a verbal update on Universal credit (UC). This update included details around UC transitions, the 1.5 million claims that now fall under UC, as well as details pertaining to the Citizens Advice Bureau, their partnership with the Department for Work and Pensions and the LGA's successful efforts to form a strategic partnership with them.

The Chair thanked Rose for the update.

Action

1. Members noted the update.

7 Other Business - update from Equalities and Diversity Champion

Cllr Taylor, Equalities and Diversity Champion for the Resources Board, updated officers and members with the following information:

- The upcoming LGA Equalities and Diversity Conference on 1 October 2019. Cllr Taylor encouraged all in the room to attend, and stated the programme was currently being finalised.
- Mental Health video launch; the video aims to promote ways to support workforce. Cllr Taylor went on to state that this is being relaunched in Mental Health Awareness Week, with another video made on the gender pay gap.
- Officers are currently developing a wellbeing review tool – which acts as a mini peer review. More information to follow.

Following the update, the Chair thanked Cllr Taylor.

Actions

1. Members noted the update.
2. A future update to be given by the Equalities and Diversity Champion to Board members.

8 National Audit Office, Local Audit in England Code of Audit Practice Consultation response

Bevis Ingram, Senior Adviser, introduced item three.

Bevis' introduction included details of the two-stage review of the code :

1. Current consultation to identify any major issues with the existing code.
2. Further consultation in October 2019 on the draft code.

Bevis stated that broadly speaking, the current code is acceptable for local government. However, there are some concerns about the quality of audit, how the code covers other bodies (such as the NHS and police) as well as other points captured in the draft consultation response.

Following Bevis' update, Cllr Carrick raised a number of suggestions for improving the consultation response, including adding in a further comment about auditing of partnerships and links to international standards.

Members also discussed that auditors are raising significant capacity issues which is affecting the ability to deliver audits on time. This poses significant issues for the local government sector. A specific issue was identified with the firm Ernst and Young and their timetable for the audit of local authorities in the East of England and the East Midlands.

Following the discussion, the Chair thanked Bevis for the presentation and member for their comments.

The following **actions** were agreed:

1. Cllr Carrick and Bevis to meet to discuss strengthening the consultation response.
2. Revised response to be agreed by Resources Board Lead members, following the meeting between officers and Cllr Carrick.
3. Resources Board Chairman to write to PSAA and MHCLG raising concerns about the Ernst and Young issue and the impact on local authorities affected.

9 Exit Payments Cap

Naomi Cooke, Head of Workforce, and Jeff Houston, Head of Pensions, introduced item four.

Naomi's and Jeff's presentation included specific details on the cap; how the cap would be applied in local government; details around relaxing the cap; decision making responsibilities; implications for the Local Government Pensions Scheme (including corrections that are needed to draft regulations); and next steps and timescales. Naomi concluded that:

- Officers expect the LGA's Leadership Board will want to discuss this item, and the discussions from Resources Board members obtained will act as a briefing for this future discussion.
- For members to endorse this approach to the consultation.

The Chair stated that the government is looking to – understandably – stop very high-payments or payoffs to certain individuals, however, they have adopted a one size fits-all approach. Members then discussed the

following:

- Members raised concerns regarding long-serving local government employees that are possibly on a low wage that may hit this cap. Members agreed that this is not fair to these individuals.
- Members agreed that is vital for a robust response.
- Members discussed the three different courts that have a potential to impact the cap.
- Members discussed the discrimination factor of the cap; figures show the chances obtaining employment after redundancy at a certain age goes down.

Action

Members agreed the response consultation.

10 Low Pay Commission consultation on National Living and Minimum Wages

Naomi introduced item five. Naomi stated that the Low Pay Commission is currently consulting on setting the level of the statutory National Minimum Wage and the National Living Wage for April 2020. The consultation also seeks views on the approach to be taken after 2020. This report sets out the LGA's proposed response to the consultation.

Following the update by Naomi, members discussed the following:

- Members discussed question 13, and the figure of 60 to 66 per cent given in the response. Members reminded officers that this would significantly impact councils and prove very expensive for the local government sector.
- Members discussed the wording used and how this should be strengthened.
- Members discussed the low pay impact on differentials, as well as the big costs associated with raising the minimum wage limit. They have to be talked about together. Members stated that they don't object to increasing the minimum wage, but this causes a natural pressure on services such as domestic and residential care homes.
- Members raised the issues of the social work workforce, and the difficulty to recruit and retain this essential workforce. Members further mentioned the impact of Brexit on this.
- Members agreed that higher pay is better, but awarded on a evidential basis.

The Chair concluded the discussion by giving an example of Islington raising the living wage, and how costs came in under budget due to a lack of recruitment and more retention. The Chair then thanked members and officers of their contributions to the discussion.

Actions

1. Members noted the update.
2. Members agreed to the response.

11 Local Housing Allowance briefing to Secretary of State for Work and Pensions

Rose Doran, Senior Adviser, introduced item six, which updated members on the policy briefing that went to the roundtable held with the Secretary of State (SoS) for the DWP. Rose' update included the position of the LGA, which is shared with Crisis, Shelter, London Councils, and other partners. Rose stated that this briefing is not just focused on the Local Housing Allowance, but also on the bigger picture, which includes working with MHCLG and the wider community.

The Chair briefly fed-back to members his observations of the roundtable, which included the SoS Amber Rudd MP being very receptive and communicative. The Chair went on to state that it is vital to restore the private sector LHA rate back to the 30th percentile of market rents. This position is agreed by the LGA, as well as most of the housing associations and charities. However, the issue and ultimate decision sits with the Treasury.

Following this, members discussed ways to raise this issue with government and to gain further traction. Members agreed that this was another issue whereby local government is underfunded but expected to solve the issue. Members went on to mention new statutory local government duties to tackle homelessness and funding domestic abuse refuges. Members agreed that local government can resolve issues, but not through chronic underfunding.

Action

1. Members noted the update.

12 Reshaping financial support programme

Rose Doran, Senior Adviser, introduced item seven, and gave an update on the Reshaping Financial Support programme.

Following this update, members and officers proceeded to have a confidential discussion.

Action

1. Members noted the update.

13 Spending Review update

Sarah Pickup, Deputy Chief Executive, presented item eight to the Board, and updated members on the LGA's work for the upcoming Spending Review.

Following this update, members and officers proceeded to have a confidential discussion.

Action

1. Members noted the update.

14 Fair Funding Review and Business Rates Retention Update

Item nine was introduced by Nicola Morton, Head of Local Government Finance, who updated members on the LGA's work on the Fair Funding Review and Business Rates Retention.

Following this update, members and officers proceeded to have a confidential discussion.

Action

1. Members noted the update.

15 Note of last Resources Board meeting

Members agreed to the note of the last Resources Board that took place on Tuesday 26 February 2019.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Richard Watts	Islington Council
Vice-Chairman	Cllr John Fuller OBE	South Norfolk District Council
Members	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
	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
Cllr Adam Paynter	Cornwall Council	