

Note of last Resources Board meeting

Title:	Resources Board
Date:	Tuesday 3 March 2020
Venue:	Bevin Hall, Ground Floor, 18 Smith Square, London, SW1P 3HZ

Attendance

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

Item	Decisions and actions	Action
1	Welcome, Apologies and Declarations of Interest Apologies were received from Cllr Philip Atkins OBE, Cllr Peter Jackson and Cllr Sue Murphy CBE. Cllr Tom Beattie, Cllr Roger Phillips and Cllr Erica Lewis all declared an interest in Item 7 as President, Vice-President and substitute General Assembly member of CEEP UK respectively.	
2	Local Government Finance update The Chair asked Nicola Morton to introduce the update. Nicola informed Members that the Budget was due to take place on 11 March and the indications were that it would have a heavy focus on capital and infrastructure investment. She said that officers would be writing an on-the-day briefing which would be circulated to Board members. Nicola said noted that since the last Board meeting, the LGA had published Fair Funding Review (FFR) exemplifications for individual councils under the proposed younger and older adult social care relative needs formulae. Nicola informed Board Members that this was only one part of the picture and reiterated the LGA's position that no individual council should lose out under the FFR. On business rates, Nicola reported that the Government would be funding the business rate reliefs announced in the recent Queen's Speech, which the LGA had called for. She added that the System Design and Implementation Working Group continued to meet and discuss the alternative model of business rates retention. Nicola referred to the publication of the LGA survey on Business Rates avoidance survey which revealed that around £250 million was lost each year through this route. She added that MHCLG had indicated that they would work with the LGA to try and better understand the causes. Nicola said that the LGA's revised funding gap analysis would be released	

in advance of the Budget.

Nicola reported that the LGA had provided MHCLG with examples of capital schemes that were being reviewed by councils in the light of the increase in the interest rate charged by the Public Works Loans Board.

On audit, Nicola reported that Public Sector Audit and Appointments (PSAA) had consulted on freezing audit fees for 2020/21. She noted there were still concerns about delays to the signing off of local authority audits. Finally, Nicola highlighted the response from the Minister to the Chair's letter on audit delays.

Following Nicola's introduction Members raised the following comments and questions:

- On audit delays, one member stated that her authority's accounts had only just been signed off. Members expressed concern that changes to the accounting procedures were making the process more complex and therefore exacerbating the problem, and asked whether there was any initiative from the Government to try and remedy this? Nicola said that the Redmond Review was ongoing and that the Government may wait until after this has reported to propose changes. She added that the LGA was continuing to raise this at every opportunity.
- It was noted that there are poorer authorities in the South East and concern was expressed about the Government's 'levelling up' if it meant these areas were to lose funding. The Chair reminded the Board of the LGA's policy which is for no authority to lose out.
- It was argued that the rise in the PWLB interest rate would be particularly detrimental to new house building projects and would effectively cancel out the removal of the HRA borrowing cap. Nicola confirmed that the LGA was continuing to push the Government on this including in the LGA's Budget submission and in ministerial letters to the HMT and MHCLG.
- The National Audit Office report on commercial property investments by councils was welcomed, in particular its recognition that the vast majority of councils were investing wisely and proportionately to help address funding shortfalls and to boost their local economies.

Decision

Board members noted the update.

3 Universal Credit and Welfare Reform - verbal update

The Chair asked Rose Doran to introduce the update.

Rose highlighted 3 key developments since the last Resources Board meeting:

- 1) Following the resolutions at the last Board meeting, constructive conversations had taken place with the DWP around Universal

Credit data sharing and they had shown a willingness to support the proposal if the LGA could demonstrate the benefits of it. Rose thanked members for their support on this.

- 2) The LGA had submitted evidence to the House of Lords Select Committee Inquiry on Universal Credit. This submission highlighted the LGA's work and in particular, how Universal Credit had affected housing outcomes.
- 3) The LGA's research on the Local Housing Allowance had been published which highlighted the increase in temporary accommodation costs for councils resulting from the LHA freeze. The research showed that the LHA was now effectively at the 13th percentile. The LGA was continuing to campaign for it to be restored to the 30th percentile or higher.

Following Rose's introduction, members raised the following comments and questions:

- Errors by the DWP over Universal Credit were causing great hardship.
- The current 6 week waiting time to receive the first payment of Universal Credit was considered to be unacceptable. Funding was available from the DWP to cover the gap but this was in the form of a loan which in itself was causing more problems for people.
- Two out of three Universal Credit recipients in Brighton & Hove were in debt and often these were households who had had little or no experience of managing budgets before. Could the LGA take this up with the DWP?
- Rose said that the Reshaping Financial Support work currently being undertaken by the LGA was looking into all these issues and a report would be brought back to the next Resources Board meeting.

Decision

Board members noted the update.

4 European Structural Investment Fund - verbal update

The Chair asked Paul Green to give his update.

Paul said that with the UK still remaining in the ESIF programme until 31 December 2020, one of the key priorities was to maximise the amount of money in contract by that date.

Paul reported that the European Regional Development Fund (ERDF) had £70 million in a reserve fund to aid the transition to a replacement scheme – the UK Shared Prosperity Fund. He said that supporting small business was key.

Paul said that the LGA continued to raise concerns about the increasing amount of money in the European Social Fund (ESF) Reserve Fund which

indicated difficulty in getting it spent. He said that this was in large part down to capacity issues at the DWP and this helped make the case for a devolved replacement fund post-Brexit.

Paul finished by updating members on the situation with EU funding and the transition period. He said the Government had set out science-based schemes such as Horizon Europe and that there would be time limited participation in elements of Erasmus Plus as well as the Northern Ireland Peace Programme.

5 Council tax recovery - presentation from Joe Lane, Citizens Advice

The Chair welcomed Joe Lane, Citizens Advice, to the meeting and asked Rose Doran to give a short introduction.

Rose said that, as part of its Reshaping Financial Support work, the LGA had been in discussion with Citizens Advice about reform of council tax recovery and that they shared many of the same concerns. Citizens Advice had just published a report into the issue and Joe would explain some of its findings.

Joe said that there was a real opportunity now to ask the Government to change the regulations to make council tax recovery both more efficient and more fair. He said that Citizens Advice were trying to get a whole range of voices behind the campaign and he was hoping that the LGA would be one of them. He recognised that local authorities might come at this from a slightly different perspective given the pressures on their budgets but he argued that there was a good business case for reform.

Joe said that nationally, 2.2 million households were currently in council tax arrears and that council tax was the number one debt issue for Citizens Advice last year. He added that, of those in arrears, 90% had at least one other debt.

Joe said that the current regulatory system wasn't working for residents or for councils. To illustrate this he said that for every £1 referred to bailiffs, councils received 27p in return but they had to pay 53p. Joe argued that the regulations rapidly pushed people further into debt and limited the ability of councils to take a more flexible approach.

Joe then went on to talk about the Citizens Advice council tax protocol and said that although it had helped with certain aspects, evaluations showed that such voluntary measures had limits within the current regulatory framework. He said that they were therefore asking for the LGA's support in campaigning for reform in 4 areas:

1. Stop residents being asked to pay their entire annual bill if they miss one payment.
2. Give councils the power to initiate deductions from benefits without getting a liability order.
3. Set out more steps councils must take before using the court process.

4. Remove the threat of imprisonment for council tax arrears.

Following Joe's presentation, members raised the following questions and comments:

- Members were in agreement that the regulations needed reform. However, whilst there was agreement over the first three points, removing the threat of imprisonment was not generally considered to be a good idea, as it would effectively turn non-payment into a civil offence. Members asked how many people were actually jailed for non-payment. It was stated that the figure was around 100 nationally.
- The question of a possible council tax exemption for care leavers and other special groups was raised. There were mixed views about whether this was a good idea. Councils which already operated this offered to share best practice.
- How could members put pressure on their councils to support this work, for example through a model motion? Rose said that the LGA was looking at what councils would actually require in terms of support and resources to introduce the proposed changes.
- Many councils were not now able to offer council tax relief which had a detrimental impact on the level of debt. Was there any empirical evidence of worse council tax debt problems in areas where Universal Credit had been rolled out and where there was no longer any council tax relief scheme? If so, could the LGA campaign on this?
- It was suggested that the scope of the work needed to be broadened out to include best practice in councils, which was considered to be very variable. Good practice should be shared amongst councils.
- The issue of abuse of the single-person discount was raised. It was suggested that there were a significant number of cases where this was happening.
- Members were in agreement that the whole system of council tax was outdated and needed fundamental reform, rather than tinkering around the edges with changes to banding.

The Chair thanked Joe for his presentation and summed up the debate as follows:

- The Board supported the first three of Citizens Advice asks but not the fourth.
- There was support for sharing best practice around both council tax relief and data mining to clamp down on abuse of the single-person discount.
- The Board agreed that the LGA needed to take a fundamental look at how councils were financed as the council tax system was not fit for purpose.

Decision

Resources Board members noted the presentation and agreed to support the first three of Citizens Advice's asks but not the fourth.

6 LGA Business Plan 2019-22

The Chair asked Sarah Pickup to introduce the report.

Sarah explained that the LGA's business planning was a 3-year rolling process and the Plan this year had been amended to take account of the climate emergency motion passed at the 2019 General Assembly. She said that the objectives in the Plan which informed the Resources Board's work were broadly around reform of how local government was financed. She said the plan had been debated in depth at the Executive Advisory Board and approved by the LGA Board.

- Members asked why the Resources Board had not been asked to consider a draft of the Plan before it was agreed? Sarah said that the contents of the Plan were drawn from ongoing work plans, including the one agreed by the Resources Board at the first meeting of the annual cycle in September 2019.
- Members welcomed the emphasis on sustainability and also the mapping of Sustainable Development Goals.
- Members suggested that reform of council tax should be a key feature of the Board's next work plan.

Decision

Members noted the LGA Business Plan 2019-22

7 Workforce update

The Chair reminded members that they were now in confidential session and ensured that there were no press or public present in the room. He then invited Naomi Cooke and Jeff Houston, Head of Pensions, to introduce their update

There followed a confidential discussion on the matters raised in the update.

The Chair then invited Cllr Sharon Taylor to update the Board on her work as Diversity Champion. Sharon made the following points:

- The LGA Equalities Conference was a huge success and was sold out.
- Work was continuing on highlighting hidden disabilities, including video clips on the LGA website.
- Sharon highlighted the good work being done by several councils on the menopause, and a new campaign on trans rights.
- Sharon said that unfortunately a number of cases of racial abuse linked to the coronavirus outbreak had been seen in recent days

which was unacceptable.

- Sharon finished by highlighting a new model parental leave policy for councils developed by the LGA Labour Group. She said that her own council was now using this to good effect.

Decision

The Board noted the update and agreed to renew CEEP UK membership for a further year.

8 Business Rates and Sources of Funding

The Chair invited Sarah Pickup to introduce the report.

Sarah said that the paper was the result of discussions both at Resources Board and the Executive Advisory Board on how councils were funded. A Joint meeting between Resources, City Regions and People & Places Board Lead Members had taken place in February at which it had been agreed that all the LGA's research on financial decentralisation and fiscal devolution should be brought together in this report.

There followed a confidential discussion on the contents of the report.

Decision

Board members noted the report and agreed the next steps set out in paragraph 14.1 and in the Chair's summing up statement.

9 Minutes of the previous meeting held on 19 November 2019

Cllr Lewis stated that her apologies for the meeting had not been recorded and asked that this be rectified.

With this amendment, the minutes of the meeting were agreed.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chair	Cllr Richard Watts	Islington Council
Vice-Chairman	Cllr Tim Oliver	Surrey County Council
Deputy-chair	Cllr Keith House	Eastleigh Borough Council
Deputy-chair	Cllr Jason Zadrozny	Ashfield District Council
Members	Cllr David Finch	Essex County Council
	Cllr Daniel Humphreys	Worthing Borough Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Richard Wenham	Central Bedfordshire Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Tony Newman	Croydon Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr Peter Marland	Milton Keynes Council

	Cllr Erica Lewis Cllr Adam Paynter Cllr Phelim MacCafferty	Lancaster City Council Cornwall Council Brighton & Hove City Council
Apologies	Cllr Philip Atkins OBE Cllr Peter Jackson Cllr Sue Murphy CBE	Staffordshire County Council Northumberland Council Manchester City Council
In Attendance	Joe Lane (for Item 5)	Citizens Advice