

Note of last Board of Directors of the Local Government Association (The Leadership Board) meeting Company Number 11177145

Title:	Board of Directors of the Local Government Association (The Leadership Board)
Date:	Wednesday 3 April 2019
Venue:	Smith Square 1&2, 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	Chairman, Notice and Quorum The Board confirmed Lord Porter of Spalding CBE as Chairman for the meeting, that the meeting was quorate and that adequate notice of the meeting had been given. Apologies for absence were received from Cllr Ruth Dombey OBE.	
2	Declarations of Interest Each Director present confirmed that they have no further direct or indirect interest in the transactions and arrangements to be considered at the meeting, or which the Company has entered into, which they are required to declare by Section 177 or Section 182 of the Companies Act 2006 as amended, or by the Articles of Association.	
3	Duties of Directors Each Director noted that under section 172 of the Companies Act 2006, they must act in a way they consider, in good faith, would be most likely to promote the success of the Company, for the benefit of its members as a whole and in doing so have regard (amongst other matters) to certain factors set out in that section; and under that section they must exercise independent judgement.	
4	Updated Terms of Reference Claire Holloway, Head of Corporate Services, introduced the report which set out updated Terms of Reference for the Leadership Board, which had been redrafted in line with LGA Unlimited's Articles of Association and Governance Framework.	

Decision

The LGA Leadership Board **agreed** the Terms of Reference.

Action

Updated Leadership Board Terms of Reference to be published on the LGA website (**Paul Goodchild**).

5 Brexit - Verbal Update

Ian Hughes, Head of Policy, provided an update to the Leadership Board on the work which the LGA had been undertaking to support councils on work related to Britain's exit from the EU. He highlighted that the MHCLG Select Committee had published a report on council preparedness for Brexit which set out that councils were as ready as they could be.

Members noted that the LGA was continuing to lobby for councils to be compensated for any contingency planning around potential EU Parliamentary Elections.

Decision

The LGA Leadership Board **noted** the update.

6 Admittance into Membership of New Member

The LGA Leadership Board **resolved** to admit into Membership the following New Member with effect from 4 April 2019: West Somerset and Taunton Deane District Council.

7 LGA Proportionality for 2019-20

Claire Holloway, Head of Corporate Services, introduced the report which set out the proposed timetable for confirmation of changes to LGA proportionality, and agreeing the allocation of seats and distribution of Chairs and Vice-Chairs, following the 2019 local government elections on 2 May 2019.

Decision

The LGA Leadership Board **agreed** the proposed process and timetable.

8 LGA General Assembly 2 July 2019: Outline Programme

Claire Holloway, Head of Corporate Services, introduced the report which set out the outline programme for the LGA General Assembly which would take place on 2 July 2019 at the Bournemouth International Centre.

Decision

The LGA Leadership Board **agreed** the proposed agenda for the 2019 General Assembly.

9 The 2019 Spring Statement

Nicola Morton, Head of Local Government Finance, introduced the report which provided a summary of the 2019 Spring Statement announced by the Chancellor on 13 March 2019, including key announcements and the LGA response. The Statement had confirmed that, subject to a Brexit deal being agreed by Parliament, there would be a three year Spending Review starting the summer and reporting at the Autumn Budget.

Regarding Spring Statement announcements on planning reform, Members agreed that the LGA should continue to make the case that councils' work on planning was not a barrier to building more affordable homes.

Decision

The LGA Leadership Board **noted** the report.

10 Pay Policy Statement

Claire Holloway, Head of Corporate Services, introduced the report which presented the LGA's Pay Policy Statement for annual review by the Leadership Board. The Policy had been included updated pension contribution rates in line with 2019 figures.

In the discussion on the report Members raised the following points:

- Regarding gender pay issues it was confirmed that the LGA had voluntarily published a report on the gender pay gap at the organisation. Members requested that this be considered at the next Leadership Board meeting.
- In response to a question on the details of maternity and paternity pay, it was highlighted that the Pay Policy Statement presented high level information, and more detailed HR policies, including those around maternity and paternity pay, supported it.

Decision

The LGA Leadership Board:

1. **Approved** the LGA Pay Policy Statement and **noted** the inclusion of the updated pension contribution rates; and
2. **Noted** that the next annual review was scheduled for April 2020.

Action

Updated Pay Policy Statement to be published, and report on the Gender Pay Gap to be considered at the next meeting (**Claire Holloway**).

11 Freedom of Information Act

Claire Holloway, Head of Corporate Services, introduced the report which set out the LGA's responsibilities under the Freedom of Information Act (FOIA) subsequent to the transition to an unlimited company. The LGA had previously operated in the spirit of the FOIA, but the report set out the implications of the change and the steps taken by the LGA to ensure full preparedness.

It was suggested that the Leadership Board consider an annual report into the number of Freedom of Information requests received. A question regarding the responsibilities of Directors of the company as data controllers under GDPR legislation would be clarified following the meeting.

Decisions

The LGA Leadership Board:

1. **Noted** its legal obligation, as the Board of Directors of the LGA, to ensure that the LGA complied fully with the Freedom of Information Act (FOIA); and
2. **Noted** the practical arrangements in place to ensure that the LGA met its legal obligations.

Actions

Annual report on Freedom of Information to be considered by the Leadership Board, and clarification of Directors' responsibilities as data controllers under GDPR legislation to be provided (**Claire Holloway**).

12 Chief Executive's Report - April 2019

Mark Lloyd, Chief Executive, introduced the report which set out the LGA's main achievements against the Business Plan since the previous meeting in March 2019.

In particular he highlighted: the Government's recent publication of a third report on the Troubled Families Programme which showed improving outcomes for families across a number of measures; an LGA survey which showed that 83 per cent of councils had seen a rise in homelessness following the introduction of the Homelessness Reduction Act, and that 94 per cent of stock-owning councils will use new powers to accelerate housebuilding; a forthcoming LGA conference on DEFRA consultation proposals on waste and recycling; and LGA responses to Government funding commitments around high streets and potholes. He also noted that the Chairman had represented local government at the Public Accounts Committee evidence session on funding for local government, and that the LGA were continuing to brief parliamentarians on the LGA Adult Social Care Green Paper.

In the discussion which followed Members raised concern that the National Citizens Service (NCS) was to receive £10 million from the Government for a branding refresh. It was argued that this money could be better used by councils who had seen greatly reduced budgets for youth services since 2010/11.

Decision

The LGA Leadership Board **noted** the Chief Executive's report for April 2019.

13 LGA Forward Plan

The Chairman introduced the Forward Plan, which set out the agendas for the LGA Leadership Board, LGA Executive, and Councillors' Forum for the

next three months.

Decision

The LGA Leadership Board **agreed** the Forward Plan.

14 Minutes of the Previous Leadership Board Meeting held on 6 March 2019

Decision

The LGA Leadership Board **agreed** the minutes of the previous meeting held on 6 March 2019.

15 Minutes of the Previous LGA Unlimited Board of Directors Meeting held on 6 March 2019

Decision

The LGA Leadership Board **agreed** the minutes of the previous meeting held on 6 March 2019.

16 Minutes of the Previous Commercial Advisory Board

Decision

The LGA Leadership Board **noted** the minutes of the Commercial Advisory Board held on 25 February 2019.

17 Business Rates Retention and Fair Funding Review

Nicola Morton, Head of Local Government Finance, introduced the report which provided a summary of progress on the Fair Funding Review and Business Rates Retention work programmes.

Members noted that the Business Rates Retention and Fair Funding Review Task and Finish Group had considered papers which gave an indication of the impact of the Government's proposed formulas for adult social care and public health. The Task and Finish Group felt unable to comment on the methodology and approach, but did express concern on how the volatility caused by the changes could impact on local authorities. It was also noted that subsequently the Department for Health and Social Care decided to undertake work to test whether the proposed formula (first consulted on in 2015) was still fit for purpose. The Resources Board would consider the adult social care formula in particular at their meeting in May 2019.

Sarah Pickup, Deputy Chief Executive, provided an update on the impact of the public health grant on Business Rates Retention. The current Government policy position was that the ringfence on public health spending would be lifted and resources would be rolled into retained business rates as part of the move to further Business Rates Retention from April 2020. However discussions on this were continuing, and the decision could be reversed, or go even further and see some (or all) public health service commissioning responsibilities returned to the NHS.

In the discussion which followed Members raised the following points:

- The principle of public health remaining with local government was vitally important, and local government had done more with public health grant than the NHS had done previously. Local government was committed to demonstrating value and results as part of their public health responsibilities.
- The LGA's current position was that the ringfence should be lifted. However, members considered that it was more important to retain public health responsibilities and associated budgets and that they would not rule out some sort of spending floor linked to funding allocations if this were the only way to achieve the retention of public health responsibilities and achieve the roll in to retained business rates. This should not, however, be the starting position and other ways to provide assurance should also be explored.
- The public health outcomes framework should be redesigned.
- Data used in by the Government in its review of relative needs and resources (commonly called the 'Fair Funding Review') should be robust and recent. For example benefits data in the adult social care relative needs formula analysis was six years out of date.

Decision

The LGA Leadership Board:

1. **Noted** the report; and
2. **Agreed** that Public Health Grant funding should remain with local government, transferred into Further Business Rates Retention, and Members did not rule out a continuation of ring-fence or floor level of spend if necessary.

18 2019 Spending Review and Draft LGA submission to the MHCLG Select Committee Inquiry into Local Government Finance and the 2019 Spending Review

Sarah Pickup, Deputy Chief Executive, introduced the report which provided an update on the LGA's planned activity ahead of the 2019 Spending Review, and the impact of the Chancellor's announcements on the work programme. The LGA's draft submission to the HCLG Select Committee inquiry on local government finance and the Spending Review was also presented for comment and agreement.

Members noted that there was likely to be a three year Spending Review if a Brexit deal was agreed by Parliament. The LGA planned to release a publication at the Annual Conference in July 2019, which would start setting out the LGA's position ahead of a formal submission later in the year.

In the discussion which followed it was suggested that more examples about the good work undertaken by councils could be included in the Select Committee submission. Members agreed that the LGA should call for consideration of rolling multi-year settlements and that, with the implementation of further business rates retention, consideration should be given to all government funding that flows to councils being shown as a single assessment in the form of a memorandum item in the Chancellor's budget.

Decision

The LGA Leadership Board:

1. **Noted** the report and the proposed approach to the Spending Review publications at the LGA Annual Conference; and
2. **Approved** the LGA submission to the HCLG Select Committee inquiry on local government finance and the Spending Review, subject to their comments above.

Action

LGA submission to the HCLG Select Committee to be amended and finalised as agreed (**Sarah Pickup**).

19 Managing the LGA's Properties

Claire Holloway, Head of Corporate Services, introduced the report and explained that work was currently underway to transfer the business, assets and liabilities of LGA (Properties) Ltd to the LGA. Later in the year the Leadership Board would be invited to pass a similar resolution in respect of LGMB.

Oversight of the management and maintenance of 18 Smith Square and Layden House (now being marketed as 'The Stills') was currently the responsibility of the LGA (Properties) Ltd and LGMB Company Boards, but once the properties transferred to the LGA the responsibility would pass to the Leadership Board as the LGA Board of Directors. The Leadership Board were asked to consider whether to delegate responsibility for the oversight of the properties to the Commercial Advisory Board, with regular reporting back to the Leadership Board.

Decision

The LGA Leadership Board **agreed**, on completion of the transfer of the business, assets and liabilities of LGA (Properties) Ltd and LGMB to the LGA, to delegate responsibility for the oversight of 18 Smith Square and Layden House (now The Stills) to the Commercial Advisory Board.

Action

A short report and revised Terms of Reference to be presented to the next meeting of the Commercial Advisory Board on 20 May 2019 (**Claire Holloway**).

20 Reregistration and Transfer of Business of LGA (Properties) Ltd

20.1 Purpose

The Chairman explained that the purpose of the item was to consider and, if deemed fit, approve the subscription of a share in LGAP following its re-registration as an unlimited company with share capital, and the transfer of its business together with its assets and liabilities to the new incorporated Local Government Association (the Company).

This is the next stage in the restructure of the Company and its supporting

companies, in accordance with the resolution passed by the General Assembly on 4 July 2017, in the interests of its membership.

20.2 Subscription and Resignation

The Chairman reported that:

- Following re-registration, the Local Government Association (Properties) Unlimited (LGAPU) intends to issue an ordinary share in LGAPU, having a nominal value of £1.00 (the Share) to the Company.
- The Company intends to submit an application to subscribe for one share (the Subscription) at a price of £1.00 per share in the capital of LGAPU. The Directors of LGAPU have authority pursuant to section 550 of the Companies Act 2006 and the Articles to issue and allot the share.
- Upon the share being issued to the Company, old LGA will cease to be a member of LGAPU. A notice of resignation has been submitted to LGAP to that effect. The notice of registration will become effective with effect from the date and time at which the Company is admitted as a shareholder of LGAPU, following its re-registration as an unlimited company with a share capital.

20.3 Hive up and Dissolution

The Chairman further reported that:

- As the next stage in the wider restructuring of the LGA, it is proposed that the entire business of LGAPU, together with its assets and liabilities, is transferred to the Company. The consideration for the transfer is the assumption by the Company of all of the LGAPU's past, present and future liabilities. A draft form of agreement documenting the terms of the transfer is appended to this report.
- Following the Hive Up there will be no further use for LGAPU and it is proposed to proceed, as soon as permitted, to the Dissolution.
- Pursuant to section 1004 of the Companies Act 2006 an application must not be made if at any time in the previous three months LGAPU has:
 - changed its name;
 - traded or otherwise carried on business. This does not apply by virtue only of the fact that the Company has made a payment in respect of a liability incurred in the course of trading or otherwise carrying on business;
 - disposed for value of property or rights that, immediately before ceasing to trade or carry on business, it held for the purpose of trading or otherwise carrying on business; or
 - engaged in any other activity, except one which is necessary or expedient for the purpose of:
 - making the application or deciding whether to do so;

- concluding the affairs of the Company (for example, registering a transfer of the company's shares or receiving a payment of a debt); or
 - complied with any statutory requirement.
- The earliest point when the Dissolution could occur would be three months after completion of all actions pursuant to the Hive Up.

20.4 Resolutions

Having carefully considered their obligations pursuant to section 172 CA 2006, the Board passed the following resolutions - that:

- An application for the subscription for one fully paid up share of £1.00 in the capital of Local Government Association Properties Unlimited (LGAPU) be made;
- The transfer of LGAPU's business together its assets and liabilities to the Company (the Hive Up) be and is approved;

Any Director and the company secretary be and is/are authorised to do all such acts and things and agree and execute on behalf of the Company all such other documents to which the Company is a party and all other documents as may be required and generally to sign all such certificates and notices and other documents as may be required, subject in each case to such amendments as those executing the same on behalf of the Company think fit in connection with the subject matter of these minutes.

21 Layden House Refurbishment

Claire Holloway, Head of Corporate Services, introduced the report which provided an update on the refurbishment of Layden House which was due to be completed in November 2019. Work was on track and current rental projections were slightly higher than the previous valuation. Marketing of the building had started and Members welcomed the news that there had been a great deal of interest so far.

Decision

The LGA Leadership Board **noted** the latest position on the refurbishment and marketing of Layden House, including the projected completion date and the latest summary cost plan.

22 Close of Meeting

The Chairman closed the meeting.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Lord Porter of Spalding CBE	South Holland District Council
Senior Vice-Chairman	Cllr Nick Forbes CBE	Newcastle upon Tyne City Council
Vice-Chairmen	Cllr James Jamieson Cllr Howard Sykes MBE Cllr Marianne Overton MBE	Central Bedfordshire Council Oldham Metropolitan Borough Council Lincolnshire County Council
Deputy Chairmen	Cllr Izzi Seccombe OBE Cllr Paul Carter CBE Cllr David Simmonds CBE Cllr Robert Alden Cllr Michael Payne Cllr Anne Western CBE Cllr Peter Box CBE Cllr Clive Woodbridge	Warwickshire County Council Kent County Council Hillingdon London Borough Council Birmingham City Council Gedling Borough Council Derbyshire County Council Wakefield Metropolitan District Council Epsom and Ewell Borough Council
Apologies	Cllr Ruth Dombey OBE	Sutton London Borough Council
LGA Officers	Mark Lloyd Sarah Pickup Claire Holloway Ian Hughes Nicola Morton David Holdstock Jonathan Gratte Paul Goodchild	Chief Executive, LGA Deputy Chief Executive, LGA Company Secretary and Head of Corporate Services, LGA Head of Policy, LGA Head of Local Government Finance, LGA Head of Communications, LGA Strategic Finance Manager, LGA Member Services Manager, LGA