

Note of last Resources Board meeting

Title:	Resources Board
Date:	Friday 22 September 2017
Venue:	5th Floor Conference Suite, 5th Floor (South side), Layden House, 76-86 Turnmill Street,. London, EC1M 5LG

Attendance

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

Item	Decisions and actions
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1 Apologies and Declarations of Interest

The Board noted the apologies listed at **Appendix A**.

Cllr Clarence Barrett declared an interest in Item 11 as a member of the LGA's Commerical Advisory Board.

2 Membership and Terms of Reference for 2017/18

Decision

The Resources Board:

- a) **Noted** the membership of the Board for 2017/18; and
- b) **Agreed** the Board's Terms of Reference for 2017/18.

3 Resources Board Priorities and Work Programme 2017/18

The Board considered and discussed their priorities and work programme for 2017/18. In the discussion which followed the following points were raised:

- Regarding pensions, it was highlighted that best practice should be shared across the whole sector.
- It was confirmed that the NJC for local authority pay negotiations did not report to the Resources Board, but would always be a significant item of interest to Members. An update would be provided at each meeting to ensure Members were aware of the issues.
- Particular areas of focus for local government finance included adult social care funding, the role of councils in the apprenticeship levy, budgets for schools and education, and the New Homes Bonus.
- It was crucial that welfare reform remained a priority for the Board,

so the impact of changes and the roll out of Universal Credit were assessed.

- Members agreed that the future of funding currently sourced from the EU was also of particular importance over the forthcoming year, and it was vital that successor arrangements were explored with the Government., including the devolution of funding from the Government to various tiers of local government.

Decision

The Resources Board **agreed** its priorities and work programme for the 2017/18 meeting cycle.

4 DCLG Technical Consultation on the 2018/19 Local Government Finance Settlement

Nicola Morton, Head of Local Government Finance, introduced the report, which set out the key points of the Government's technical consultation on the 2018/19 local government finance settlement for Members' comment.

It was noted that the consultation had been published the previous week, and confirmed the intention to continue with the four-year funding deal announced in December 2015. On the New Homes Bonus (NHB), the Government had proposed not to pay the NHB on properties which had been granted permission on appeal. A calculation would be made which took into account the number of homes which had gone through on appeal and this would potentially be used to decrease the NHB allocation. On this, and other matters included in the consultation such as councils tax precepts for Mayoral Combined Authorities and business rates revaluation, officers would include the LGA's existing lines, but any additional comments could be included in the response before the submission deadline of 26 October 2017.

In the discussion which followed the following comments were made by Members:

- The NHB was very important to councils as part of the wider housing finance discussion, and lifting the borrowing cap would also help local authorities to build more homes. The policy objective of the NHB was to incentivise growth, and therefore changes should not be counterproductive to this to make sure there were no unintended consequences.
- The LGA should be clear in the response that if RSG is taken away there should be a move towards greater business rate retention to meet the funding gap.
- Regarding Mayoral Combined Authorities, it was confirmed that it would be for individual Mayors to decide what any council tax precept they raised would be spent on when this power was introduced from 2018/19. This would also depend on what functions they had.
- Concern was raised that authorities who borrowed capital to build schools would then lose this money if the schools transferred to academies. The local authority would only have responsibility for SEN, home to school transport, and failing schools.

Decision

The Resources Board **noted** the consultation document and **agreed** that their comments would inform the LGA's response, which would be signed off by Lead Members of the Board.

Action

Draft consultation response to be cleared by Lead Members of the Board.

5 Response to Consultations on Cipfa Prudential Code for Capital Finance in Local Authorities and Cipfa Treasury Management Code of Practice

Bevis Ingram, Senior Adviser (Finance), introduced the report, which presented draft responses to consultations on the Cipfa Prudential Code for Capital Finance in Local Authorities and the Cipfa Treasury Management Code of Practice.

The proposed revisions were more extensive than anticipated, but were aimed at improving governance around capital expenditure and investment decisions by local authorities while not restricting freedoms provided good governance was followed. It was highlighted that one change of interest was that local authorities would be required to produce an annual capital report for members to agree. Draft responses to the consultations were included for members' comment and agreement.

Decision

The Resourced Board **approved** the LGA's response to the consultations on the Cipfa Prudential Code for Capital Finance in Local Authorities and the Cipfa Treasury Management Code of Practice for submission.

6 Local Government Finance Update

Nicola Morton, Head of Local Government Finance, introduced the report which provided an update on the LGA's work on local government finance policy matters including the Autumn Budget submission and further business rates retention.

In particular, Members noted that the Autumn Budget submission had been agreed by Lead Members of the Resources Board, and a link to the submission would be circulated to Members later in the day. The submission highlighted in particular the projected £7.1bn funding gap by 2019/20, and that further business rates retention may be an opportunity to address that. 50% business rates retention would ensure that no authority lost out in the Fair Funding Review.

It was highlighted that following the discussion on adult social care at the previous meeting of the Board in June 2017, the LGA had written to the national political parties and invited to host a round table to discuss the issue. The Liberal Democrats and crossbench peers had accepted, and officers were waiting for a response from the Labour Party. The Government had declined, but did talk about further collaboration. In addition to this, the LGA Chairman and the Chairman of the Community Wellbeing Board were meeting the Secretary of State for Health the

following week.

In the discussion which followed the following points were raised by Members:

- Concern was raised that legislation on home to school transport had not changed in 7 years, and current legislation was at odds with the Government's ambitions on post-16 education.
- Members agreed that social care was an urgent national issue which required a more equitable method of funding, and supported the idea of a round table to consider potential solutions.
- Regarding housing finance, Members highlighted that councils were under pressure of dealing with safety measures following the Grenfell Tower fire, and also needed to build more homes. They should be given flexibilities to build more through devolution of funding, localisation of planning fees, and removing the cap on Housing Revenue Account funding.

Decision

The Resources Board **noted** the report.

7 Update on Welfare Reform

The Chair highlighted that Rose Doran (Senior Adviser) was unable to attend the meeting, but an update on Welfare Reform would be considered at the next meeting of the Board. It was highlighted that the roll-out of Universal Credit, and the subsequent financial implications for councils and partner organisations, would be a priority for the Board in 2017-18.

Decision

The Resources Board **noted** the update.

Action

Full update on Welfare Reform to be considered at the next meeting of the Board.

8 Minutes of the previous meeting

Decision

The Board **agreed** the minutes of the previous meeting held on 22 June 2017.

9 Workforce Update

Selena Lansley, Head of Workforce, presented the report and explained that it set out key workforce policy developments which had taken place since the last meeting of the Board in June 2017, particularly in the areas of local government and fire service pay, sleep-in allowances, and the Come Back to Social Work campaign.

Members noted that the Government had changed its policy on sleep-in

payments, which were paid to staff who slept at their workplace, which were now covered by the national minimum wage rate. The Resources Board Lead Members had agreed to keep a watching brief on the issue, which would present significant financial pressures in terms of potential back pay and ongoing salary costs.

In the discussion which followed the following points were raised by members:

- Pay negotiations on the pay spine were ongoing, and officers were awaiting announcements from the Chancellor on the public sector pay cap in the Autumn Budget on 22 November 2017. It was predicted that there would not be a blanket lifting of the cap, but there may be a targeted approach in favour of nursing staff and some other roles.
- On fire service pay negotiations, the employers side had offered a 2% increase backdated to July 2017, and 3% from April 2018. The offer was conditional on reaching an agreement on the broadening of the fire fighter role. Originally the unions had rejected the offer, but following a clarification from the employers, the FBU would consult on the pay offer with a recommendation to accept. The Fire Services Management Committee was meeting today to discuss a response.
- Members highlighted the support for a restructure of the pay spine, and a pay spine review working group was in the process of considering options. The Board would continue to be updated on pay negotiations as they progressed.

Decision

The Resources Board **noted** the report.

10 Future of Funding Currently Sourced from the EU

The Board considered a report which updated members on the continuing work on the future of funding which was currently sourced from the EU. This included progress since the successful launch of the LGA's discussion document '*Beyond Brexit*' which aimed to inform the design and delivery of the UK Shared Prosperity Fund.

In the discussion which followed Members raised the following points:

- The existing arrangements and mechanisms by which EU funding was distributed by DCLG was not fit for purpose, and should be devolved to various tiers of local government.
- EU funding was worth a lot of local government, particularly for skills training and getting people back to work.
- The National Growth Board had a lot of work to do on securing pots of EU funding in the short, medium and long term, and there were a lot of complex issues to consider.
- Members also requested further details on the membership and priorities for the LGA's Brexit Task and Finish Group for 2017-18.

Decision

The Resources Board **noted** the update report.

Action

Membership and priorities of the Brexit Task and Finish Group to be circulated to the Board.

11 Next Steps to Develop a Local Government Mutual

Sally Burlington (Head of Policy) introduced the report which provided the Board with an update on work to identify potential founding members of a local government mutual, and details on arrangements for an initial meeting to be arranged for November 2017.

Members noted that good progress had been made to identify councils to become founding members of the mutual. The Lead Adviser for the Mutual had visited 22 local authorities since June 2017, and had arranged to visit a further 28. 10 authorities had signed up to date, and it was hoped that more larger authorities would sign up in due course.

It was highlighted that an initial meeting was proposed for 3 November 2017 where the mutual would be founded. A second meeting would agree the procurement documents. The LGA's Commercial Advisory Board was working on a joint venture arrangements to provide professional services to the mutual.

In the discussion which followed, the following points were raised by Members:

- No London Borough Councils had signed up to the mutual to date, but they were one of the groups the LGA were working with through the London treasurers group.
- It was confirmed that there would be no financial agreement for founding members of the mutual at this stage. There were significant tax advantages in forming a mutual, which would hopefully present a significant saving to councils.
- When founding members were willing to provide information on their councils' claims history officers would be able to consider the various types of risk which would require insurance.
- It was agreed that Cllr Claire Kober OBE would represent the LGA at the first meeting of the founding members.

Decision

The Resources Board:

- a) **noted** the draft decision document for local authorities and the draft consultation documents for the mutual itself; and
- b) **agreed** that the Resources Board should convene the first meeting of the Founding Members on 3 November 2017 and nominate Cllr Claire Kober OBE to attend as the representative of the LGA.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chair	Cllr Claire Kober OBE	Haringey Council
Vice-Chairman	Cllr John Fuller	South Norfolk District Council
Deputy-chairman	Cllr Claire Hudson	Mendip District Council
Members	Cllr Philip Atkins OBE	Staffordshire County Council
	Cllr Hilary Carrick	Cumbria County Council
	Cllr Barry Macleod-Cullinane	Harrow Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Byron Rhodes	Leicestershire County Council
	Cllr David Williams	Hertfordshire County Council
	Cllr David Finch	Essex County Council
	Cllr Rishi Shori	Bury Metropolitan Borough Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr Sarah Hayward	Camden Council
	Cllr Amanda Serjeant	Chesterfield Borough Council
	Cllr Christopher Massey	Redcar & Cleveland Borough Council
	Cllr Simon Shaw	Sefton Metropolitan Borough Council
	Cllr Clarence Barrett	Havering London Borough Council
Apologies	Cllr Sian Timoney	Luton Borough Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Adam Paynter	Cornwall Council
	Cllr Graham Whitham	Sutton London Borough Council