

Resources Board – report from Cllr Richard Watts (Chair)

Local Government Finance

Fair Funding Review and Business Rates Retention

1. We are continuing our work on further Business Rates Retention and the Fair Funding Review in conjunction with MHCLG. The Business Rates Retention officer working groups on Fair Funding and on Systems Design have both met since the last Councillors Forum. The Systems Design Working Group considered some MHCLG work on resets, a paper on different ways of incentivising pooling, draft criteria for placing non-domestic properties on either the central or local list, and a paper on implementing the funding of appeals centrally. Resources Board cleared the LGA's [response](#) to the appeal paper, which was submitted to MHCLG in June. The Fair Funding Review working group considered area cost adjustments, how to deal with transition at implementation and legacy capital finance. These issues will be discussed in further detail at a meeting of the Task and Finish Group on Business Rates Retention and the Fair Funding Review which I Chair in my role as Resources Board Chair and which has further representation from the Board.
2. As part of the LGA's work programme on the Fair Funding review, we are launching two tools to help the LGA and member councils evaluate the impact of various Government and stakeholder proposals on their council. It will also enable member councils to develop their own proposals by seeing the impact on their own and other authorities. Firstly, a model to allow local authorities to see the impact on funding levels of using different needs formulae, key cost drivers and their weightings and secondly a model to identify the impact of various options for adjusting for council tax and council tax support on individual authorities.
3. Further consultations on further Business Rates Retention and the Fair Funding Review are expected from the Government in the autumn.

LGA Annual Conference

4. On 3 July, we launched a paper Local Government Funding – Moving the Conversation On. This paper is the beginning of our work on the 2019 Spending Review, which will build the case for long term, sustained investment in local government as well as laying out the positive outcomes this would deliver for the country. This particular paper looked ahead to 2025 and showed that the forecast funding gap will be nearly £8 million per annum by that time.
5. The paper was discussed at the parallel plenary session “At a crossroads – the future for local government funding” where the speakers included the Vice Chair of the Board, Cllr John Fuller and the LGA's Senior Vice-Chair, Cllr Nick Forbes. Although the session was early in the morning on the final day, it was a well-attended session with barely any seats untaken.

Public Accounts Committee Report on Local Authority Financial Sustainability

6. The House of Commons Public Accounts Committee published the report of its inquiry into local authority financial sustainability. The LGA submitted written evidence to this inquiry and the LGA's Chief executive, Mark Lloyd, appeared as a witness in May. The report reflects a number of the points made by the LGA including recognition of the significant funding pressures and huge financial uncertainty facing all councils and acceptance of the LGA's funding gap analysis to 2020 that was the latest available at the time of the inquiry .The report

7 June 2018

also highlighted the need for a long-term solution to the adult social care funding crisis with long-term funding for the NHS needing to be matched by a significant investment in adult social care and public health services.

Insurance Mutual

7. The new mutual company was incorporated by the LGA on 1 May 2018 as LGAM Limited. Ian Rogers (Chief Actuary at Government's Actuary Department) and Brian Roberts (Former CIPFA President) are directors. James Alexander is company secretary.
8. The mutual is now appointing a service provider to provide professional support including business development, underwriting and a range of other work to prepare to open for business. The proposed hybrid-discretionary mutual structure learns from previous attempts at mutuals entering this market. The structure ensures the exposure of the mutual is capped. This removes the possibility of future calls on money which has been a character of MMI's demise. Such a structure is used by a number of mutuals, including the Fire and Rescue Indemnity Company and local government internationally.
9. There will be an information day held at the LGA [on 6 September](#) which will be open to all LGA member local authorities to attend. Politicians and officers are encouraged to attend. Details for sign up can be found on the LGA website.

EU Funding

10. To date we are still awaiting details on how, or when, the Government's UK Shared Prosperity Fund (UKSPF) will be administered, the allocation principles, or the overall quantum of funding. A period of pre-consultation is being run through regional roundtables until September, which we will be providing support to councils who are invited. The government will hold a major consultation is expected later this year. The LGA is pressing Government to provide clarity of the detail of UKSPF to best equip local areas following the UK exiting the European Union. More details can be at the [Beyond Brexit discussion document](#) and our Moving the Conversation On [Brexit Conference Report](#).

Workforce

Pay Negotiations

11. Two-year pay awards of 2 per cent and 2 per cent have been recently agreed for Chief Executives and Craftworkers. The outcome of the unions' consultation of Chief Officers on the Employers' two-year offer of 2 per cent and 2 per cent is expected shortly.
12. The LGA's Workforce Team and local government unions have issued joint advice to councils on issues related to moving employees on to the new pay spine next April.

Apprenticeships (Levy)

13. The LGA continues to provide a national programme to help councils get the best return on their levy investment. With councils facing a need to invest £207 million in Apprenticeship training every year or lose the money to HMT (if it's not spent within 24 months) the LGA launched a support programme to help those councils in need of help. The programme offers up to 20 councils with onsite advice and guidance to improve workforce development and apprenticeship levy investment plans. LGA received 34 requests from councils for support in

7 June 2018

June. The [support programme](#) runs from August to January and all 34 councils will receive support.

Welfare

LGA Evidence on Universal Credit

14. The Work and Pensions Committee held an [evidence session](#) on Universal Support, as part of its ongoing inquiry into Universal Credit. LGA officers worked in collaboration with the Local Authority Welfare Reform Steering Group, to give evidence to the committee on behalf of local government. Prior to this the committee heard from former Work and Pensions Secretary, Iain Duncan Smith MP, who said that the support provided by councils and other agencies to claimants is essential to the success of Universal Credit.
15. Officers told MPs that the Universal Support programme would be better equipped to help achieve the Government's welfare reform aims if councils had the flexibility to address each claimant's needs. Officers also highlighted the need for the Government to ensure Universal Credit is compatible with wider reforms to working-age welfare, and the housing and employment markets.

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