

## **Resources Board – report from Cllr Richard Watts (Chair)**

### **Local Government Finance**

#### 2019 Spending Round

1. Ahead of the September Spending Round we stepped up our lobbying supporting the case for local government as part of our [#Councilscan campaign](#). This included continuing to press the need to meet the funding gap facing councils, a major survey of councils and the savings they have made since the last spending review (the results of this are still being analysed) and [analysis](#) of variations in costs of children's services between councils to show that these can be explained by external factors.
2. On 4 September, the Chancellor delivered the 2019 Spending Round setting out funding for government departments and public services for 2020/21, which included a funding package of more than £3.5 billion for councils. On the day of the announcement, we issued a [briefing](#) providing a summary of the key announcements alongside our view on the proposals, and a [media statement](#) which has been widely covered.
3. With the full Spending Review now expected to be in 2020 we are continuing our work preparing for it by building the case for local government and gathering evidence of how local government is a 'good investment' by generating savings in public spending.

#### Business rates retention and fair funding review

4. The implementation of further business rates retention and the Fair Funding Review has been postponed to April 2021. We will continue to work with the Government to ensure they are introduced in a transparent way through extensive consultation with local government. The political Task and Finish Group on these two reforms, which I chair, will continue to meet to discuss the LGA's own policy direction on this.
5. Following the Ministry of Housing, Communities and Local Government [consultation](#) on business rates retention last year, we commissioned LG Futures to prepare an [Excel based illustrative model](#) showing how the proposed alternative system might work. The model is illustrative because it is based on currently available data and decisions have still to be taken on the data to be used and how authorities may be rewarded under the scheme.

#### Audit issues

6. In September, Resources Board again discussed the issue of delays to the completion of external audits of local authorities for 2018/19. On the Board's behalf I wrote to the Local Government Minister at MHCLG to highlight the issue and seeking assurances that local authorities will not be penalised for delays beyond their control. We are now calling for the audit deadline to be put back in subsequent years. I also wrote to the Welfare Delivery Minister at the Department for Work and Pensions (DWP) to seek assurance that councils would not be penalised for delays to the audits of councils' housing benefits claims.

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7. Earlier in the year we [responded](#) to the [National Audit Office \(NAO\) consultation](#) on the principles of the new Local Audit in England Code of Practice. The NAO has now published its [response](#) to the consultation, which agreed with many of the points we made, and also launched a [consultation on the draft of the new code](#). The Board will be asked to agree a response to the consultation on the draft code at its next meeting.
8. [The Secretary of State announced a review](#) of the audit framework that will look at the effectiveness of current audit arrangements, the transparency of reporting, whether auditors are making full use of reporting powers and the gap between taxpayers' expectations and what auditing delivers. The review, led by Sir Tony Redmond, is [also seeking views](#) on the quality of local authority financial reporting and external audit. Following consideration by Leadership Board and the Improvement and Innovation Board of the broader issues, the next Resources Board will consider a detailed response to the review.

#### Public Works Loans Board

9. In October, HM Treasury announced a 1 per cent increase in the Public Works Loans Board's (PWLB) interest rate for new loans. This could cost councils an extra £70 million in the next 12 months. Officers have discussed the issue with officials from HM Treasury and MHCLG and we have expressed concerns over the impact this will have on the financial viability of capital schemes, including vital council house building projects, as these may have to be cancelled. Councils will be looking for ways of safeguarding their capital programmes and may wish to consider the revised offer from the UK Municipal Bonds agency.

#### **Workforce**

##### Tackling recruitment and retention challenges

10. The 2019 Memorandum of Understanding with MHCLG gives the workforce team an objective to "identify the 5 occupations with the most significant recruitment and retention problems and target advice and support on those areas". The team used the annual workforce survey to identify the occupations and has developed the following list: Planning; Social work; Legal; Information and Communications Technology; and Building Control.
11. We are pleased to be able to report that the main focus of our work will be a £1m plus contract that has been agreed with Government Equalities Office to run a series of 'returner' programmes targeted at getting people who have formerly worked in certain hard to recruit professions back into work. Starting later this year we will be running two return to social work programmes, one aimed at those who have been out of the profession for less than five years and one for those who have been out for 5-10 years; a return to IT programme, return to planning and a lighter touch return to legal programme. We will keep members up to date with the programmes as they develop.

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Pay negotiations for mainstream staff

12. UNISON, GMB and Unite (the three trade unions representing the main bulk of the local government workforce) lodged their 2020 pay claim on 24 July. The claim is for a 10% pay increase, an additional day's leave and a two-hour reduction in the working week. Councils in each of the nine English regions, plus Wales and N Ireland were consulted at regional pay consultation briefings during September and October. Each event was led by colleagues from the LGA's Workforce team. Eight of the eleven elected members of the National Employers' Side attended at least one event (Cllrs Roger Phillips, Richard Wenham, Sian Timoney, Sharon Taylor OBE, Keith House, Goronwy Edwards, David Poole and John Hussey).
13. Each event was well attended by members and officers from most councils in each region. Attendees' views were sought on the unions' claim as well as broader issues including the timing of when a pay offer might be made. On this point specifically, there is a consensus that the level of uncertainty currently pertaining to national politics is such that the National Employers should await the outcome of the much anticipated General Election. Not least because of the two main parties' policy positions on the level of the National Living Wage in the short to medium term which could have a direct impact on lower pay in the sector.
14. The National Employers will be meeting on 5 November in order to receive feedback from each of the eleven pay consultation briefings and to consider next steps.

Equality, diversity and inclusion

15. The LGA conference on equality, diversity and inclusion was suggested by Cllr Taylor as part of her role as "LGA Champion" on these issues in local government. The event was held on 1 October with speakers from across all public services sharing good practice and was attended by over 100 delegates. Cllr Taylor chaired the day and ran a session at the end asking for pledges of what delegates would do in their councils to improve or raise the profile of equality and inclusion issues in their council. LGA collected this information and will work with Cllr Taylor to plan next year's activities for this strand of work. Under Cllr Taylor's guidance we have spent this year on activities to raise the profile of workforce equality, diversity and inclusion issues with councils so that they will be taking account of it in their transformation and workforce plans. For example case studies, articles in First magazine by Cllr Taylor, twitter campaigns to join in equalities issues like mental health awareness week and gender pay gap reporting. We hope the information gathered from the event will enable us to develop more ways of working directly with councils to help them be more inclusive employers, e.g. by developing a disability passport, carers passport and guidance on gender neutral language in the recruitment process.

Apprenticeships

16. The team launched the second phase of the Apprenticeships Accelerator Programme (AAP) to councils in June. This programme provides on-site consultancy support to help councils spend their apprenticeship levy getting the best Return On Investment. AAP is grant funded for a second year by the Education & Skills Agency. Following an open application process there are 34 projects covering 37 councils that will receive support in 2019/2020.

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Workforce data improvements

17. As part of a programme of improvements to availability of workforce data we have launched [an infographic document](#) with handy statistics.

**EU Funding and Successor Arrangements**

18. Resources Board lead members received an update from MHCLG who reiterated the deal and no deal preparations for the European Regional Development Fund aspect of the European Structural and Investment Fund. They also outlined the situation for European Territorial Cooperation funds.
19. The LGA continues to lobby for current EU funding to be spent locally and for the UK Shared Prosperity Fund to be a localised, place based fund as part of the LGA's wider preparedness work for the UK's exit from the EU. Through membership of the Growth Programme Board and [press work](#), we continue to highlight the impact of a gap between the end of the ESIF programme and the delayed start of the UK Shared Prosperity Fund.

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