

Resources Portfolio – report from Cllr Claire Kober (Chair)

Spending Review & Local Government Finance Settlement

1. On 25 November, the Chancellor presented his Spending Review which set the overall path of public spending, including local government, for the next four financial years. The results of the Review were not as adverse to local government as widely expected and we take this as a sign that the Government listened to the concerns of the sector that were raised through the Autumn. We provided an on-the-day briefing for members as well as running a media briefing session, co- led by Portfolio colleague Cllr Sharon Taylor OBE, which resulted in significant follow-up coverage.
2. On 17 December, the Secretary of State for Communities and Local Government published the provisional 2016/17 local government finance settlement and consultation which showed how the decisions made as part of the Spending Review reflect on allocations of grants to individual local authorities. We provided an on-the-day briefing and discussed the consequences further in the annual finance conference which I chaired. At the time of writing, an official response to the settlement consultation was being prepared in line with the timescales set by the Government.

Business Rates retention

3. We continue to work with the Government on implementation of full retention of business rates, due to come in by 2020. This is a complex reform which requires careful consideration so that it doesn't have an adverse impact on councils which are currently reliant on top-ups as part of the system, while maintaining a strong incentive. An important aspect of this is management of the financial risk of business rates appeals, avoidance and evasion – we are working with the Government on options to manage this risk and expect to hear more in Budget 2016 on 16 March.

Local Government Finance Conference

4. On 6 January, I chaired the LGA's annual local government finance conference, this year titled 'Forward View'. We heard addresses from the Secretary of State for Communities and Local Government Greg Clark MP, Steve Reed MP provided the Labour perspective, and LGA officers and council finance directors discussed the implications of, and responses to, the Spending Review and the local government finance settlement. The event was well attended, with approximately 100 paid delegates.
5. Cllr John Fuller, Vice-Portfolio Holder jointly ran a workshop on financing new housing alongside Cllr Keith House, Deputy-Chair of the Environment, Economy, Housing & Transport Board.

Financing infrastructure and growth

6. As part of the Financing Infrastructure and Growth Portfolio Grouping, Cllr Fuller and four Portfolio colleagues initiated a capital financing workshop with Barclays and legal experts Mills & Reeve, as a fact finding exercise to explore options for councils to access capital funds. This meeting took place on Monday 11 January and is part of the Portfolio's overall aim is to construct an 'innovation inventory' setting out ways that councils can best access finance and who can provide it.
7. As part of his role in jointly leading the Portfolio's work on European & Structural Investment Funding (ESIF), Cllr Roger Phillips represented the LGA at the Technical Assistance Working Group (TAAG) meeting on 14 December. TAAG provides advice to help facilitate the

management by the Managing Authorities and, as appropriate the Growth Programme Board of the European Regional Development Fund (ERDF) and European Social Fund (ESF) Technical Assistance (TA) Programmes in England so that they achieve the TA Objective. Key actions agreed were the revised Terms of Reference for the working group, together with a detailed analysis of how many of the outline TA applications have gone forward to full application stage.

Welfare

8. Cllr John Fuller gave evidence on behalf of the LGA to the Work and Pensions Select Committee hearing on the local welfare safety net on 2 December. Cllr Fuller argued that Government is increasingly relying on local government to ensure that the most vulnerable households are able to respond effectively to the welfare reforms. He made the case for greater freedom to integrate and co-locate services, and for adequate and appropriate long-term funding for the local safety net. A full transcript of the session is available [here](#).
9. Cllr Claire Hudson brought together the Resources members who are leading the welfare reform work stream in mid-December. Members discussed and agreed to take responsibility for the following priorities: Cllr Sue Murphy CBE is leading on welfare, employment & skills; Cllr David Renard is leading on welfare and housing; and Cllr Aaron Shotton is leading on families. Cllr Claire Hudson will have oversight of the whole work stream and will also make connections with other key areas including Health.

Local Government Services

10. Council employees have been offered a two-year pay increase from 1 April 2016. The majority of employees - those on salaries starting at £17,714 per annum - would receive an uplift of one per cent on 1 April 2016 and a further one per cent on 1 April 2017, with those on lower salaries receiving higher increases to take account of the new National Living Wage.
11. The total increase to the national paybill resulting from this offer is 2.4% (£364.175m) over 2 years (covering the period 1 April 2016 to 31 March 2018). Approximately 0.4% of this figure is designed to meet our immediate obligations under the National Living Wage and to start the process of moving towards the expected level of the National Living Wage by 2020.
12. The Trade Unions met on 7 January and decided the basis on which they will consult their members on the Employers' offer.

Public sector exit payment cap

13. The LGA continues to lobby Government on the planned introduction of an exit payment cap for public sector employers to take into account concerns raised by local authorities. The Enterprise Bill is making its way through Parliament at the moment and efforts have been made to ensure that sufficient consideration is given to the detail of the operation of the cap before its implementation, expected to be in the latter half of 2016. In November, briefing were issued to the regional groupings advising them of our understanding of how the exit payment cap will work, who it will effect and how it is expected to interact with pensions strain costs.

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